

Saimaa University of Applied Sciences
Business Administration Lappeenranta
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International Business Management

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**Developing e-commerce in charity setting
Case: The Finnish Seamen's Mission**

Master's Thesis 2013

Abstract

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The purpose of this case study was to develop the Finnish Seamen's Mission's e-commerce so that it would be more effective and attract new customers and at the same time it would support organization's marketing strategies. The main goal was to make strategic e-commerce development plan.

The first theory part concentrates on strategy, planning and common strategy tools. A good solid strategy is the basis when starting and developing concepts. The second theory part concentrates on e-commerce and digital marketing. This part handles e-commerce environment and the requirements of the e-commerce. The e-commerce environment differs from other business environments and that is why it is important to understand the terms and rules when planning e-commerce. The digital marketing part talks about digital marketing channels and tools, which vary from traditional marketing. It is crucial to understand digital marketing channels, when planning e-commerce marketing.

The empirical part has been carried out by reading and reflecting on the literature, perception of the current situation, doing competitor analyses and creating development plan. The e-commerce development plan is built up by analyzing both external and internal environment of the case organization, specifying strategies, finding out general development points, setting marketing objectives and determining actions.

Keywords: e-commerce, strategy, digital marketing, charity organizations

Table of contents

1 INTRODUCTION.....	4
1.1 Background of the study.....	4
1.2 Objective of the study and limitations.....	7
1.3 Research question.....	8
1.4 Research methods.....	9
1.5 Structure of the study.....	11
2 OPERATIONAL FRAMEWORK.....	12
2.1 Non-profit organization.....	12
2.1.1 Special features on non-profits.....	13
2.1.2 Non-profits in Finland.....	14
2.2 The Finnish Seamen's Mission.....	15
2.3 E-commerce in the Finnish Seamen's Mission.....	17
3 STRATEGY AND PLANNING.....	20
3.1 Basics on strategy and strategic process.....	20
3.2 Strategic planning in non-profits.....	23
3.3 Strategy tools.....	23
3.3.1 SWOT-analysis.....	26
3.3.2 Porter's Five Forces.....	28
3.3.3 The Boston Consulting Group Matrix.....	29
3.3.4 Critical success factors.....	31
3.3 E-commerce strategy.....	31
4 E-COMMERCE AND DIGITAL MARKETING.....	33
4.1 E-commerce environment.....	33
4.1.1 Basic e-commerce requirements.....	35
4.2 Digital marketing.....	36
4.2.1 Search engine optimization.....	38
4.2.2 Pay-per-click (PPC) search marketing.....	41
4.2.3 Social media.....	43
4.2.4 Facebook advertising.....	44
4.2.5 E-mail marketing.....	46
4.2.6 Metrics.....	48
5 STRATEGIC E-COMMERCE DEVELOPMENT PLAN FOR THE FINNISH SEAMEN'S MISSION.....	49
5.1 Competitor analysis.....	49
5.2 Porter's Five Forces model in e-commerce markets.....	62
5.3 Strategic decisions.....	64
5.4 Development points.....	66
5.5 Marketing actions.....	72
6 RESULTS AND FINDINGS.....	79
7 CONCLUSION.....	85
Figures.....	88
Formulas.....	88
Graphs.....	88
Tables.....	89
References.....	90

1 INTRODUCTION

1.1 Background of the study

The internet is a daily tool for more and more people. In Finland as many as 89 % of those aged 16 to 74 use the internet and three out of four use it daily. Finland is one of the top countries in Europe in internet use. Internet is used for everyday matters, information search and communication. (Tilastokeskus, 2013.)

According to TNS Gallup Online Shopping –research, over 3.178 million (75 %) of Finnish people have used internet as shopping channel in 2012. In the future, e-commerce growth is based not so much on network purchase proliferation, but rather a change in buying frequency and variation in different product groups. (TNS Gallup, 2013.) In 2012 e-commerce's total value was 7.1 billion euros, of which the share of services was more than 3.9 billion euros and purchases of goods amounting to more than 2.7 billion euros. (Tilastokeskus, 2013.) These statistics show that e-commerce is in many cases a good option when choosing the sales channels, even one-fifth of the total e-commerce purchases are made from abroad (TIEKE Tietoyhteiskunnan kehittämiskeskus ry, 2013).

E-commerce is at the simplest one internet page providing product information and explaining how to make online order without making any calls or visits to actual physical store. Tighter definition says that purchase process cannot include any e-mails to seller, thus e-mail communication should include only order confirmations from seller to customer. The basic benefit of the e-commerce is that the whole purchasing process from finding the product and looking into the product, buying the product and receiving the confirmation can be done online. E-commerce term can be used when shop has at least 10-20 products and products are rationally organized by using internet usability and purchasing process is lightly automatized. Typically e-commerce offers a lot of information of the products/services sold, for example pictures, numbers, product information etc. After finding the products, the customer can collect them to a personal shopping cart and proceed to checkout and use different payment methods

when paying the purchase, receive confirmation and finally receive the products as delivered to home. Typical e-commerce serves customers by collecting purchasing history data, by telling of offers and campaigns. (Vehmas 2008, pp. 4-6.)

With e-commerce, businesses can reach people all over the world and at the same time reach operational cost savings. Costs of creating, processing, storing and retrieving paper-based information have been decreased. E-commerce offers possibility to mass customization. E-commerce has revolutionized the way consumers buy goods and services. The pull-type processing makes it possible for products and services to be customized to the customer's requirements. Internet brings lower telecommunication costs, because it is much cheaper to send a fax or e-mail via the internet than direct dialing. E-commerce also helps in cases where products can be downloaded or e-mailed directly to customer. (Tassabehji 2003, pp.12-13.)

At the same time e-commerce brings benefits to customers. It can add customer value in many ways. E-commerce can give customers services 24/7, which means that shopping can be done whenever needed. E-commerce gives a chance to see wider selection, and possibility to easily order product from abroad. Customers can compare prices and choose the cheapest product. E-commerce has also improved the delivery process for example with online tracking systems. (Tassabehji 2003, pp.12-13.)

The importance of e-commerce is obvious for many companies and nowadays many companies have opened their own e-commerce. Also this phenomenon can be seen in third sector as many charity organizations have strengthened their operations by opening their own e-commerce. Opening the e-commerce must be more than just the idea of opening the e-commerce. E-commerce must be planned well and go together with strategy of the company and must not be opened just because everyone has one.

The author of this thesis works in non-profit organization called the Finnish Seamen's Mission as head of fundraising. The idea for this thesis came from the need to develop fundraising in the Seamen's Mission. Fundraising devel-

opment is based to financial difficulties that the Finnish Seamen's Mission is facing. At first plan was to write on larger scale how the Finnish Seamen's Mission has, will and should develop fundraising. After some time, the author realized that subject was too difficult to evaluate during the given time, because changes demand quite a lot of time and money. After realizing this fact, the subject was narrowed into e-commerce development.

The aim of this thesis is to develop the Finnish Seamen's Mission's e-commerce in a way that it will be more effective and attract new customers and at the same time see what impacts it will bring to supply chain. Thesis will look at issues from the strategic and marketing point of view. The ultimate goal of this thesis is to create strategic development plan for the Finnish Seamen's Mission's e-commerce.

According to Milan Kundera:

"Business has only two functions - marketing and innovation." (The Economist Newspaper Limited, 2013.)

This sentence explains clearly the meaning of the marketing and on-going development work. Without marketing and new innovations businesses can't succeed. Businesses need constant development and on-going market actions, and the constantly changing internet has made this even more crucial. It is obvious that marketing and development need money, and companies must decide what are their core businesses that will be developed and to what extent. In this case the Finnish Seamen's Mission has decided to develop its fundraising to be able to strengthen their brand and to be able to receive more income. One step inside this fundraising development is the e-commerce.

E-commerce development in this case was seen important, because it could be supportive channel for other fundraising actions and could also to some extent support charity brand building. The Finnish Seamen's Mission launched their new websites in 2012 and at the same time it was a good time to do something to their e-commerce. As mentioned earlier, today many companies and also charity organizations have their own e-commerce. The Finnish Seamen's Mission had already e-commerce up and running, but it did not meet today's re-

quirements. The old e-commerce had solid small income, but it was seen that there could be potential to receive better profit from the e-commerce by developing it. There is potential in the e-commerce sector, but it also demands a lot of work and effort. The old e-commerce was marketed only in the Mission's own magazine, so it was obvious that also marketing should be added to be able to receive better profit. The old e-commerce had a lot of different kind of products and it seemed that a clear strategy was missing and that is why this thesis will also concentrate on strategic issues.

There have been many theses done discussing about e-commerce and the development of different kinds of e-commerce businesses, but there is a lack of e-commerce development in the charity setting. What is the difference between charity shop and normal e-commerce? How does the charity aspect influence the strategy? Does it influence the competition? Does it have some influence on marketing? Also some theses have been done about the Finnish Seamen's Mission, but those are concentrating on social issues on churches abroad or the services the churches offer abroad from the customer service/satisfaction point of view. None of them concentrate on e-commerce or charity aspects. This topic is very current and interesting.

1.2 Objective of the study and limitations

The objective of this study is to create a strategic development plan for the Finnish Seamen's Mission's e-commerce. The goal is to produce strategy, development steps and marketing actions for e-commerce. Strategy is based on competitor analysis and Porter's Five Forces model. It is essential to understand how and what the competitors are doing in the e-commerce market to be able to develop e-commerce in the correct way.

This thesis concentrates on strategic decisions and marketing actions. Strategy will concentrate on strategy generally and strategic tools presented in the theory part are used when forming the strategy for e-commerce. Marketing will concentrate on digital marketing, because it seems the most suitable for e-commerce. The thesis will give also other development steps for e-commerce, which are seen as important to be able to improve customer satisfaction. All the develop-

ment steps and marketing actions are done with limited budget, and due to this, some limitations have been set. Theory of this thesis was chosen so that it would support the actual development plan and also could be implemented into practice when launching the development plan. Due to this, the theory presents a lot of different kind of strategy tools and also introduces digital marketing methods, which are used in the development plan.

This thesis will not include any technical issues, for example concerning the platform. Also some marketing actions, A/B testing, and search engine optimization are left out because the budget was limited. Even though the Finnish Seamen's Mission works abroad, there is doubt that customers living abroad would be so interested in buying product from e-commerce, or at least the selection should be different. Thesis concentrates on successful e-commerce and is not talking about actual donations. Thesis is limited to talk about individual customers, not companies, because individuals are seen as the most potential buyers in this case. It concentrates on customers in e-commerce and mainly on potential customers, because many of those who already support the Finnish Seamen's Mission don't like to shop online. It also tries to find a way to commit e-commerce's customers (new and old). The idea is to look into this specific case but at the same time give some tips to other charity organizations struggling with the same problem.

1.3 Research question

The main research question in this thesis is:

- How should the Finnish Seamen's Mission develop its e-commerce so that it would support fundraising and at the same time add profit?

Purpose of this question is to research opportunities to develop e-commerce in such a way that it would support other charity campaigns and also add the profitability of the e-commerce. To be able to answer this question, the current situation is examined before making any decisions on how to develop the e-commerce. Also other charity shops are reviewed. The sub questions can be formulated:

- How to develop the strategy of the e-commerce?
- How and what development steps should be done to the e-commerce with limited budget?

This issue is relevant to the Finnish Seamen's Mission because as mentioned already it has decided to develop its fundraising, and the e-commerce is one part of this development. Answering the main question improves the fundraising, brand, and profits.

1.4 Research methods

This thesis is a case study where direct observation, archival records and documentation are used for collecting evidence. The purpose is to understand how the case company should develop its e-commerce so that it would support fundraising and at the same time add profit. The thesis handles this single case and the results cannot be directly applied to other organizations. The case study is only one of several ways of doing social science research. Other ways can be experiments, surveys, histories and analysis of archival information. Each of these has its own special advantages and disadvantages, depending on three conditions: a) the type of the research question, b) the control an investigator has over actual behavioral events and c) the focus on contemporary as opposed to historical phenomena. Commonly case studies are preferred, when "how" or "why" questions are asked, when investigator has little control over events and when focus is on a contemporary phenomenon within some real-life context. Figure 1 shows different types of situations leading each strategy. The case studies are often used to contribute knowledge of individual, group, organizational, social, political and related phenomena. (Yin 2003, p. 1.) For this topic it was obvious that the method chosen was the case study, because it was handling a certain specific topic within an organization, focused on contemporary events and research questions were based mainly on "how" questions.

Strategy	Form of Research Question	Requires Control of Behavioral Events?	Focuses on Contemporary Events?
Experiment	how, why?	Yes	Yes
Survey	who, what, where, how many, how much?	No	Yes
Archival analysis	who, what, where, how many, how much?	No	Yes/No
History	how, why?	No	No
Case study	how, why?	No	Yes

Figure 1. Applicable situations for different research strategies (Yin 2003, p. 5.)

Well, what does the case actually mean? The word “case” is in use, but actually it is rather challenging to define. Gillham defines case as: unit of human activity embedded in the real world; which can only be studied or understood in context; which exists in the here and now; that merges in with its context so that precise boundaries are difficult to draw. A case study investigates the above to answer specific research questions (that may be fairly loose to begin with) and it seeks a range of different kinds of evidence, evidence which is there in the case setting, and which has to be abstracted and collated to get the best possible answers to research questions. (Gillham 2010, pp. 1-2.)

Evidence for the case studies can come from six sources: documents, archival records, interviews, direct observation, participant-observation and physical artifacts. Documentation can mean letters, memoranda, other communiques, agendas, announcements and minutes of meetings and other written reports or events. Archival records can mean among other things, for example, organizational records, such as organizational charts and budgets over a period of time. Direct observation means making a field visit to the case study site. (Yin 2003, pp. 83-93.) In this case documentation, archival records and direct observation were used.

Data analysis comprises examining, categorizing, tabulating, testing and otherwise recombining both quantitative and qualitative evidence to address the initial propositions of a study (Yin 2003, p. 109).

This thesis has been carried out by reading and reflecting on the literature, observation of the current situation and looking into annual reports, sales charts of the old e-commerce and other sources, doing competitor analyses and creating a plan based on these steps. The e-commerce plan is built up by analyzing both external and internal environments of the case organization, specifying strategies, setting development steps and marketing objectives, and determining actions.

1.5 Structure of the study

The first chapter gives an introduction of the case and also justifies the importance of the study. The second chapter gives an overview of operational framework, presents non-profit environment, introduces the case company the Finnish Seamen's Mission, and explains e-commerce background in the Finnish Seamen's Mission.

The first theory part concentrates on strategy and planning by giving the basic information of strategy and strategic planning and also introduces some strategy tools. The first theory part also explains basic information of the e-commerce strategy. The second theory part consists of e-commerce and digital marketing. It gives an overview of the e-commerce environment and e-commerce requirements, and introduces digital marketing, common digital marketing tools and metrics.

The empirical part starts with the competitor analysis, which will be the basis when forming the strategy and making the decisions. Also Porter's Five Forces analysis is done before deciding the strategy. Development plan introduces the strategy chosen and explains the strategic decisions made. Plan also includes some more general development points/practical changes, which can affect customer satisfaction and profitability. The last chapter of the empirical part will present the marketing actions. The plan includes the following elements: strategy chosen, customer segmentation, product selection, other development steps needed, marketing channels and other marketing activities for e-commerce.

The sixth chapter will present results and findings by gathering all the development steps under one table and also via SWOT-analysis, and defines the critical success factors of this case. The last chapter sums up the whole work into.

2 OPERATIONAL FRAMEWORK

This chapter presents the non-profit environment, introduces the case company the Finnish Seamen's Mission and explains e-commerce background in the Finnish Seamen's Mission.

2.1 Non-profit organization

The case company, Seamen's Mission, is a non-profit organization. When talking about non-profit organizations, often different terms are used. Different scientists have created their own terms for this group of actors and their own terms based on their own theories. Terms often used are the NGO sector, the third sector, nonprofit sector, the voluntary sector, non-profit (nonprofit) sector, civil society etc., and these terms are often used interchangeably. (Helander 2002, pp. 33-65.)

Non-profit organization means that the primary goal is not to make revenue. Many non-profit organizations highlight their mission. This means that in non-profit organizations the actual work and for whom the work is done is the most important thing. To be able to achieve their mission requires efforts from many stakeholders in the organization. In addition to the members of the staff non-profits need membership fees, donations, purchases of customers, and partners in the efforts. (Vuokko 2010, p. 14.)

In society there are four sectors: private, public, third and fourth. Third sector includes different kind of organizations, associations, whose organization, decision-making and action method may, for example due to volunteering activities, be less structured than in the first two sectors. Fourth sector refers to all non-formal action for example families, friends, households etc. (Vuokko 2010, p. 15.)

Non-profits still have financial goals, even if they are not primary goals; the financial goal can be for example to be able to cover the costs, or minimizing the costs. If the non-profit produces a surplus, its mode of operation is different from the way companies use their revenues. In non-profits their surplus is used and collected for the organization so it might better implement their mission. Based on this it can be said that non-profits have two kinds of goals: 1) implementing their mission and 2) achieving their financial goals. (Vuokko 2010, p. 20.)

Non-profits can be divided into three different groups based on financial models. First group is private membership organization and it means that their goal is to promote their member's rights, and the activities are funded by membership fees, but it can also receive funds from the municipality. Members can also donate for example their time and efforts to the organization. Members do this to be able to have services that benefit themselves. The second group is awareness and philanthropic organizations, and this model means that the goal is to produce more than just membership benefits. Their mission is to raise awareness, educate, to promote and develop a certain activity. These organizations are funded mainly with public funds. Also, private people and companies are giving donations to these organizations. Third group is public sector's non-profit organization and its funding is based on tax incomes. (Vuokko 2010, pp. 21-23.)

Organizations can also be divided into following categories: 1) service organization, 2) non-governmental organization, 3) voluntary organization, 4) lobby organization, 5) interests organization, 6) expert organization, 7) educational organization, 8) membership organization, 9) awareness organization, 10) philanthropic, 11) being together and 12) culture organization. These categories are based on the mission that the organization tries to achieve. (Heikkala 2001, pp. 44-47.)

2.1.1 Special features on non-profits

Non-profits have some special features that have impact to their actions. Firstly as mentioned before, the main goal is not to gain profit. The mission is more important than the financial goal. (Vuokko 2010, p. 25.)

One difference compared to companies is the exchange ratio. Companies offer products and services to their customers and customers pay for these. In membership organization, exchange ratio is most similar to business companies. Members will pay the membership fees and with those fees services are produced mainly for members. Non-profits often receive their incomes from different parties than those who are their work's target group. (Vuokko 2010, p. 25.)

One special feature is that demand exceeds supply. In many cases there are more people who need help, support and services from non-profits, and because of lack of funds, non-profits cannot serve all who would need them. Another special feature is that non-profits offer ways to think (not concrete things) and not so much concrete products. Activities and achievements assessment are different from business enterprises. As earlier mentioned in non-profits the financial goal is not the most important indicator. The operation can be evaluated by members, funders, donators, target group, volunteers, politic decision makers, media and other partners. The most important thing when evaluating non-profits is their goals being set (mission). In many organizations voluntary work has an important role and in some cases the whole operation can be based on it. (Vuokko 2010, pp. 25-28.)

Other special features that have impact on non-profits' actions are the Associations Act, the principle of general aid, tax exemptions and tax relief operations, as well as the opportunity to receive support from gambling companies (Harju 2007, p. 17).

2.1.2 Non-profits in Finland

Associations have long roots in history. In Finland, already during the Middle Ages there were hunter's organizations. One of the most well known at the time was organization called "Pirkkalaisten järjestö". In the end of 1700's clubs and societies were established and many of those were secret societies offering entertainment to their members. In 1906, freedom of association was given in Finland. (Otavan Suuri Ensyklopedia 1981, p. 8025.) Today there are almost 130 000 associations in Finland. (Suomi.fi, 2013.)

An association is a group of people (more than two) who want to achieve the same non-financial goal. In street language, the association is often called an organization. Associations may be registered or unregistered. The registry is administered by National Board of Patents and Registration of Finland. (Perälä, et al. 2008, pp. 13-15.)

The Association Act and association rules regulate association's operations. According to the Association Act, an association must have a non-commercial purpose, must follow the law and act properly. (National Board of Patents and Registration of Finland, 2013). Association acts differ from country to country.

2.2 The Finnish Seamen's Mission

The Finnish Seamen's mission was founded 1875. Its mission is "the church for moving people". At the beginning association's aim was to help Finns travelling abroad, particularly seafarers and migrant workers. Today it basically serves international travelers in harbors in Finland, Finns abroad (piece of homeland abroad) and it also offers pastoral care on boats and has travelling pastor. Churches are open to all, not only to Lutherans. Visitors are seamen, Finns who live abroad, truck drivers, interrail travelers, au pairs, business men, tourists and people passing by the churches. The Seamen's Mission was established during the Imperial Senate time with the name "Finnish sailors in foreign ports, Pastoral Care Company/Suomalaisten merimiesten ulkomaan satamissa sielunhoitoyhtiö". In 1988 the name was changed to "The Finnish Seamen's Missionary/Suomen merimieslähetysseura." The current name of "The Finnish Seamen's Mission/Suomen Merimieskirkko ry" has been in use since 28 September 1994. (The Finnish Seamen's Mission, 2013.)

At the moment The Finnish Seamen's mission has 7 churches abroad and 8 churches in Finland. The number of churches has varied during the years. In Finland, the Seamen's Churches are located in Hamina, Helsinki, Turku, Rauma, Raahe, Kokkola, Oulu and Kemi-Tornio. Coast ports are also served by Navicar, the rolling seamen's church bus. Abroad churches are in Athens (work done together with Scandinavian church), Hamburg, Lübeck, London, Rotterdam, Antwerp and Brussels. Each church has the following features: shower,

sauna, possibility to maintain luggage, Finnish magazines and books as well as a possibility to buy Finnish foods and other goods. There is also phone, e-mail, fax, photocopier, washing machine, barbecue, city-info etc. In some sites it is possible to stay overnight with low price. Some activities are also carried out in Warsaw, Luxembourg and Ireland. In addition there is traveling pastor available in Asia during Christmas time. Sailing chaplains are responsible for a long-term pastoral care of seafarers', working with sailing the ship and taking part in daily life. It has been proven that this social work on the ships improves the safety on board. (The Finnish Seamen's Mission annual report 2011, 2013.)

The Finnish Seamen's mission works in co-operation with the Finnish Evangelical Lutheran Church and puts into practice social, cultural and diaconal work for seafarers and Finnish people abroad, and it also does international Christian work at Finnish ports. The Finnish Seamen's Mission works in close co-operation with the Evangelical Lutheran Church of Finland, but it is a separate organization. To be able to prevent duplication work, it is important that the Finnish Seamen's Mission and the Finnish Church Abroad work together. (The Finnish Seamen's Mission annual report 2011, 2013.)

The most important product of The Finnish Seamen's mission is "meeting people". There are over 200 000 meetings annually. In 2012 target group was 30 460 seamen, 8 000 truck drivers and 170 000 Finns living abroad. Meetings can vary from friendly handshake to multi-day church social work assistance. Values are: Christianity, diaconia, ecumenicity, sense of community, presence, openness and dynamic. (The Finnish Seamen's Mission's annual report 2012, p. 14.)

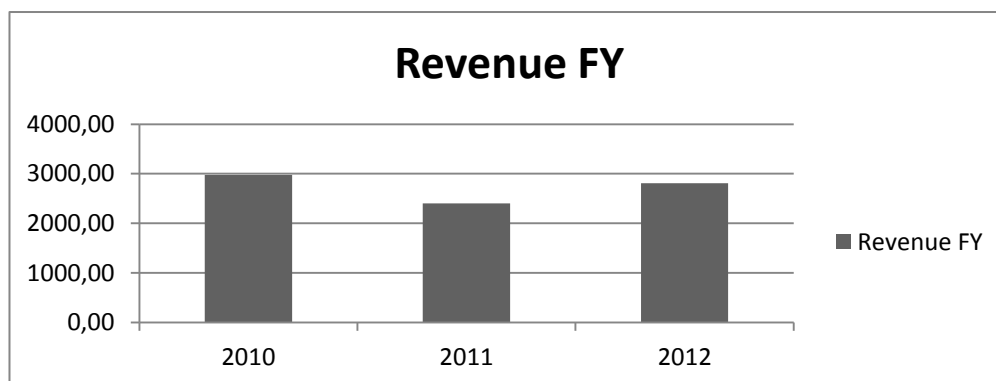
Budget deficit in the end of the year 2012 was -661 948.80 € (The Finnish Seamen's Mission annual report 2012, p. 42). 30 % of in 2012 came from the canteen, accommodation and bazar sales. 20 % came from RAY and government. 16 % came from congregations. 14 % was raised by donations. Offerings and other supporters' covered 11 %. The Finnish Evangelical Lutheran Church supported by covering 9 % of incomes. As mentioned before costs are constantly rising and biggest costs in 2012 were personnel costs 63 %, operation

costs were 19 %, and premises 18 %. (The Finnish Seamen's Mission annual report 2012, p. 17.)

As the figures tell, the Finnish Seamen's Mission has financial challenges which needs to be solved. Fundraising development could be one solution to these challenges. The Finnish Seamen's Mission has made a decision to improve fundraising and they have hired the author of this thesis to work on fundraising. The Finnish Seamen's Mission has done marketing/fundraising plans for year 2013. As one part of the fundraising plan is development of e-commerce.

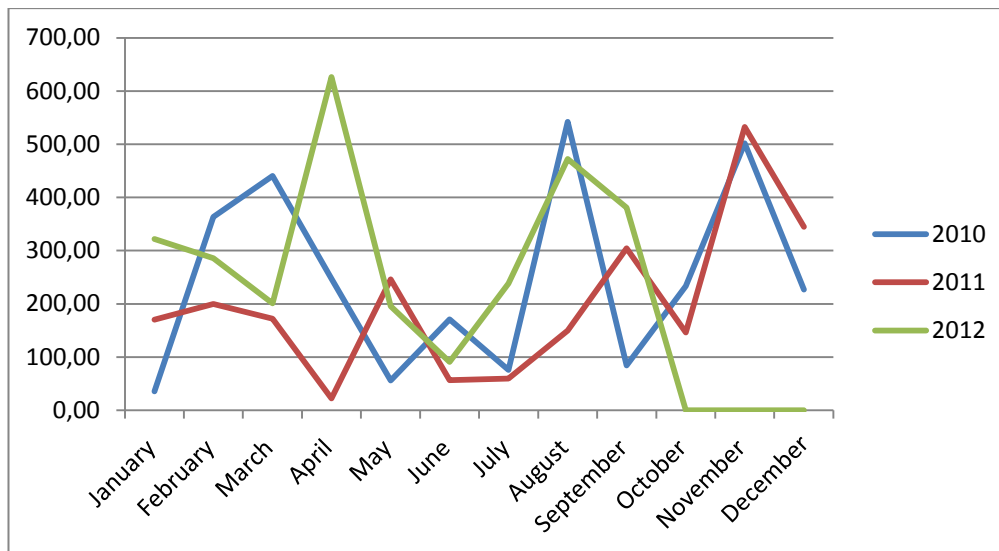
2.3 E-commerce in the Finnish Seamen's Mission

The Finnish Seamen's Mission has had e-commerce nearly ten years, but the sales have not developed as hoped and e-commerce itself has not been developed since it was launched. The Graph 1 shows the total income between 2000-3000 from e-commerce between years 2010-2012.



Graph 1. E-commerce revenues 2010-2012

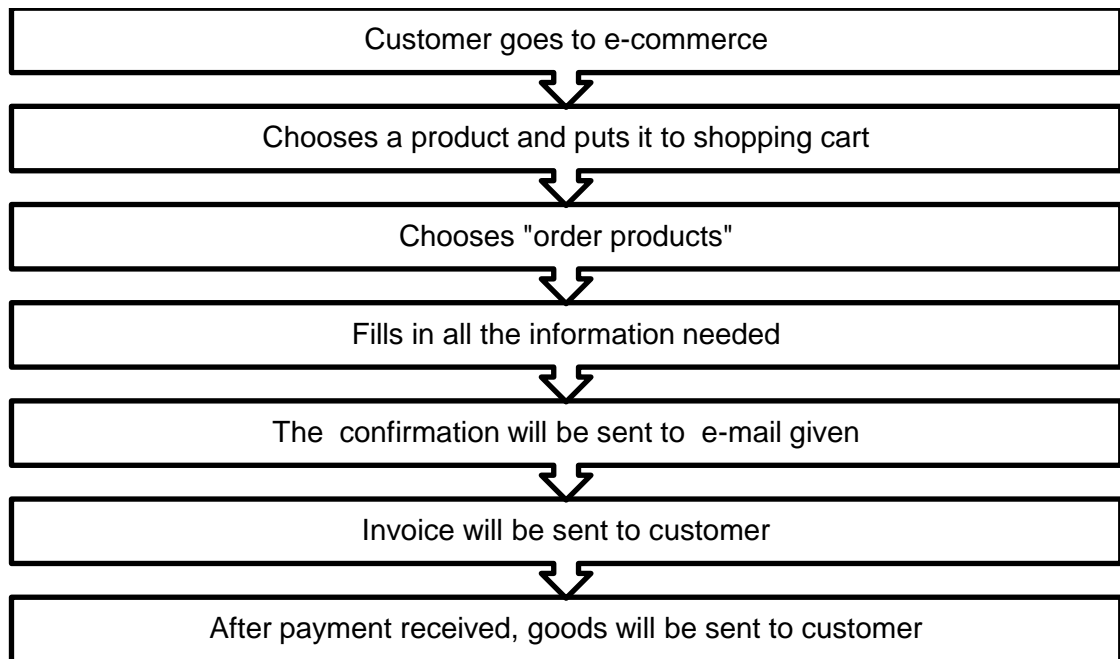
The Graph 2 shows that even the revenues have been pretty tenuous. It seems that there are clearly peaks on the sales in November and August. November's peak is obvious because people are buying Christmas presents, and the August peak can be related to the Finnish Seamen's Mission's summer parties. The e-commerce was closed from November to December 2012 and that is why there is no data concerning that time period.



Graph 2. E-commerce revenues per month 2010-2012

Because the sales have not had relevant impact on the Finnish Seamen's Mission incomes, it has been easy to underestimate the development possibilities of e-commerce. Marketing has been done only in the Finnish Seamen's Mission's own magazine (circulation approx. 2000), which is sent to members and other contact groups.

In the beginning, the e-commerce had 11 different product categories and 33 products. Orders could be done online 24/7 from the address <http://nettipuoti.merimieskirkko.fi/>. The only acceptable payment was invoice paid beforehand. The invoice was manually created and followed from Winpos system. The shipping was charged based on the exact cost of the package (package was measured before sending the invoice). Also free if picked up from the head office was possible. Orders were sent to customer within one week from the payment. E-commerce was not measured and there were no statistics of e-commerce for example conversions etc. Graph 3 indicates the e-commerce order process.



Graph 3. Order process the Finnish Seamen's Mission's e-commerce

Products that were sold were a piece of jewelry (labeled the Finnish Seamen's Mission), remembrance cards, cards and seasonal products.

At the beginning top ten products at that time were:

- 1) Golden pendant € 27.00
- 2) Bronze pendant € 29.00
- 3) Greetings card (red roses) A4 € 10.00
- 4) Greetings card (Bouquet) A5 € 5.00
- 5) Remembrance card (yacht) 10,00 €
- 6) T-shirts (logo) 10,00€
- 7) Silver cufflinks 49,00 €
- 8) The Church Christmas Card 1,50 €
- 9) Key-ring 17,50 €
- 10) Ship Card 0,50 €

When developing the e-commerce, old products must be looked through (what are selling, why and to whom). Products that will be chosen for the "new" e-commerce must be in line with the strategy chosen. It must not be forgotten that the sales are so tenuous that any general conclusions cannot be made based on previous sales.

E-commerce had also a lot of products that were not selling at all. There were many products on the inventory and the shop was a mess of everything and it brought along storage lost to organization. Inventory was held in the head office and managed via program called Winpos. Winpos is actually retail POS system, which is used in churches, but it can be used as inventory management system too. Each time new product was purchased it was put up to Winpos. Winpos has information of received goods, waste and stock movements could be done via Winpos.

E-commerce has not been something that the Finnish Seamen's Mission has concentrated on. It has just been one tool which has been used because many other organizations have it too. Seamen's Mission has launched new Websites in 2012 and wanted at the same time to do something with its e-commerce.

Actually there were two choices, either to close down the e-commerce or develop it. There is potential in the e-commerce sector, but it also demands a lot of work and effort. This thesis tries to present development steps that the Finnish Seamen's Mission could do to their e-commerce and show how they could implement the e-commerce better for their "business".

The resources the Finnish Seamen's Mission had were very limited; there is only one person working on fundraising and that is why e-commerce could be one easy and cost-effective selling/fundraising channel for the Finnish Seamen's Mission. Because resources are very limited it makes planning and strategic work even more important in this case.

3 STRATEGY AND PLANNING

This chapter concentrates first on strategy, second on strategic planning in non-profits third on introducing common strategy tools, and finally introducing e-commerce strategy.

3.1 Basics on strategy and strategic process

Strategy can be defined in many ways. It can mean management skills, military skills, skill to achieve the goals set, or tactics (Aikio 1992, p.585). In business

management strategy can be defined in four ways: 1) strategy is plan, 2) strategy is preserve, 3) strategy is operation model in the decision flow and 4) strategy is a world view. First definition means that strategy is structured and a pre-planned process, which has a start and finish, and persons responsible for it. Second definition means that strategy explains its operations, for example products geographical coverage and organization structure, and technological competencies' relationship. Third one means that achievement depends on strategic skills. Fourth one means that it is company ideology: it is a proper principles system, which corrects things based on experiences. Strategy is company's business' story – it is operations guideline. (Näsi & Aunola 2005, pp. 14-15.)

Strategic work is part of the everyday work of the management team, because it is obvious that to be able to achieve success is part of the management's work. Strategy means decisions that are made to ensure company's success in future. In other words it means goal-oriented long-term planning. (Karlöf 1996, pp. 11- 14.) Because the environment is constantly changing in companies (for example with customers, suppliers and the authorities), companies must all the time look if their activities are performed for the execution of its strategy. (Mulders 2010, p. 26.)

In practice, strategy is handled differently in different companies. Kaplan and Norton have created a technique known as balanced scorecard (BSC) and they promoted the BSC use to link business strategy to operational performance. Link was done in two complementary ways: 1) by developing measures, which support the strategy of organization and 2) by using performance, as indicated by the measures, to influence emergent strategy. Approach has been widely adopted in industry and commerce by management consultants. (Moutinho & Southern 2010, p. 348.)

Figure 2 presents balanced scorecard's four perspectives: customer, financial, innovation/learning and growth and internal business processes. Together these perspectives will give a clear picture of the long-term vision of the company. (Mulders 2010, p. 27.)

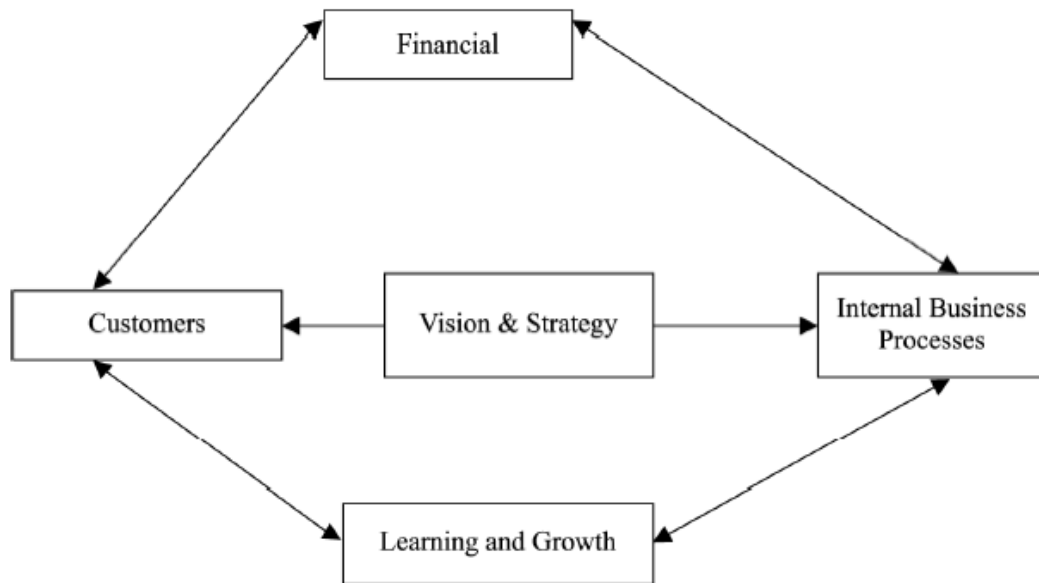


Figure 2. The balanced scorecard (Chavan 2009, p. 397.)

Lately development steps taken in the management theory and management practice emphasize the importance of relating strategy to performance management and the importance of making sure that the implementation of a strategy is cascaded through operational measure to all levels of organization. (Moutinho & Southern 2010, p. 335.)

In the end, strategy tries to achieve company's mission, which itself is not the end, but rather a process of change. Strategy's expediency depends on changes in environment. More deep and fast the time of changes is; less strict the strategy must be. Companies must be careful when choosing strategies and not to choose a strategy based on only operational cuttings. In many cases strategies based on only cuttings will transfer the basic problems and lead to even more difficult situation in future. (Lipiäinen 2000, pp. 55-56.)

Company's operation should concentrate on overall strategy, which can concretize the company's operational purpose. Overall strategy can be also called business strategy. The base of company strategy is the business idea. Besides business strategy, the company can have different business area strategies, competitive strategies as for example marketing, personnel or product strate-

gies. All the operational strategies should be based on company's overall strategy. (Lehtinen & Niinimäki 2005, p. 20.)

3.2 Strategic planning in non-profits

Also non-profits need strategy and strategic planning. Strategic thought and action are more and more important to the continued viability and effectiveness of governments, public agencies and non-profit organizations of all sorts. In most organizations, key decision makers and managers from different levels and functions almost never get talk about what is truly important; discussions are big innovation that strategic planning brings to most organizations. In many cases a structured process for key-decision makers is important, when identifying and resolving the most important issues that organizations face. (Bryson 1988, p. 74.)

Basic steps of a strategic planning process are: 1) Identifying your mission, 2) clarifying the goals that must be achieved to realize your mission, 3) identifying the strategies necessary to achieve each goal, 4) creating action plans needed to implement each goal and finally 5) monitoring and updating your plan. The best way to do strategic planning is the way that is most suitable for the organization. There is no one correct way to do the strategic planning. (Center for Nonprofit Management, 2013.)

Bryson (1988) presents in his article the 8 steps strategic planning process for non-profits. The process has following steps:

1. Development of an initial agreement concerning the strategic planning effort. The agreement should include: the purpose of the effort; preferred steps in the process; the form and timing of reports; the role, functions and membership of a strategic planning coordinating committee; the role, functions and membership of the strategic planning team; and commitment of necessary resource to proceed with the effort.

2. Identification and clarification of mandates. The meaning of this step is to identify and clarify the externally imposed formal and informal mandates placed on the organization. For many public and non-profit organizations these man-

dates will be contained legislation, articles of incorporation or charters, regulations, and so on. If mandates are not identified and clarified it might cause two difficulties: the mandates are unlikely to be met, and the organization is unlikely to know what pursuits are allowed and not allowed.

3. Development and clarification of mission and values. The third step is the development and clarification of the organization's mission and values. To be able to develop mission organization should do stakeholder analysis. In the simplest form of stakeholder analysis, the organization identifies its stakeholders and their "stakes" in the organization, along with the stakeholders' criteria for judging the performance of the organization. The organization also explores how well it does against the stakeholders' criteria. Once a stakeholder analysis is completed, the organization can develop a mission statement that takes key stakeholder interests into account.

4. External environmental assessment. The fourth phase is exploration of the environment outside the organization in order to identify the opportunities and threats the organization faces. Political, economic, social and technological trends and events might be assessed, along with the nature and status of various stakeholder groups, such as the customers, clients or users, and actual or potential competitors or collaborators.

5. Internal environmental assessment. This step is an assessment of the organization itself in order to identify its strengths and weaknesses. Three assessment categories include-following a simple systems model-organizational resources (inputs), present strategy (process) and performance (outputs). SWOT-analysis is in key role, because every effective strategy will build on strengths and take advantage of opportunities, while it overcomes or minimizes weaknesses and threats.

6. Strategic issue identification. Strategic issues are fundamental policy questions affecting the organization's mandates; mission and values; product or service level and mix, clients, users or payers, cost, financing, management or organizational design. There are three different approaches to identification of strategic issues: the direct approach, the goals approach and the scenario approach. The direct approach works best for most governments and public agen-

cies. In direct approach strategic planners go straight from a view of mandates, mission and SWOTs to the identification of strategic issues. The goals approach is more in line with conventional planning theory which claims that an organization should establish goals and objectives for itself and then develop strategies to achieve those goals and objectives. This approach works best in public or non-profit organizations that are hierarchically organized, pursue narrowly defined missions and have few powerful stakeholders than it is in organizations with broad agendas and numerous powerful stakeholders. In scenario approach organization develops best or ideal picture in the future as it successfully fulfills its mission and receives success. Then strategic issues should solve how organization should head to its mission.

7. Strategy development. Strategy development starts by identification of practical alternatives, dreams or visions to be able to solve strategic issues. Planning team should list all the obstacles that prevent the strategy's success. After this must be prepared or requested major proposals for achieving the alternatives, dreams or visions directly or else indirectly through overcoming the barriers. Planning team needs identify the actions needed over the next one to two years to implement the major proposals. Finally the team must produce a detailed work programme, covering the next 6 months to a year, to implement the actions.

8. Description of the organization in the future. Description includes the plan, what company should look like as it successfully implements its strategies and achieves its full potential. This description is called the organization's vision of success. (Bryson 1988, pp. 74-77.)

After these 8 steps it is time for actions and decisions to implement the strategies, and, finally, the evaluation of results (Bryson 1988, p. 77).

Strategic plan should also have metrics. Measures vary depending on the plan, but common measures include often following: increased number of clients served, lower cost per service, increased revenues from fee-for-service, increased percentage of clients transitioning from the program due to self-sufficiency, increased media mentions, growth in monthly website users, time on site, pages/downloads accessed etc., increased awareness in the communi-

ty served or among specific target populations, growth in corporate sponsorships and number of policymakers briefed on objective research and analysis. Some good tools can be Google Analytics, which is a free service that allows for a detailed analysis of your Web traffic, including, among other things, numbers of users (new and returning), where they are from and how they are getting there. Awareness and opinions could be measured through in-person and online surveys and discussion groups conducted at your facility. Google Alerts (www.google.com/alerts) gives free real-time updates of media and Web mentions of keywords you set via e-mail. (Center for Nonprofit Management, 2013.)

Benefits of strategic planning are: building up strategic thinking, clarify future direction, make today's decisions in light of their future consequences, develop a coherent and defensible basis for decision making, exercise maximum discretion in the areas under organizational control, solve major organizational problems, improve performance, deal effectively with rapid changes and build teamwork and expertise (Bryson 1988, p. 78). In other words strategic planning helps to build consensus and clarity on the organization's mission, values and goals. Strategic planning stimulates new thinking and strengthens organization-wide collaboration. Plan increases odds for impact and sustainability. (Center for Nonprofit Management, 2013.)

3.3 Strategy tools

Strategic control has been recognized to serve two purposes: 1) to ensure that strategy is implemented as planned and 2) to shape strategy content during implementation. (Lawrie 2004, p.585). To be able to do this different strategic tools are available. One of the tools used in strategy work is balanced scorecard, which was shortly presented before in this thesis. There are several tools that businesses and also non-profits can use in their strategy processes, but here are briefly presented a few common tools used in many companies.

3.3.1 SWOT-analysis

Companies regularly estimate whether the strategy is still in line with developments on the market. To be able to do so weaknesses and strengths of the company are often inventoried. The developments on the markets are consid-

ered as threats and opportunities. The strong and weak sides are handling things inside the company, as the threats and opportunities are handling things outside the company. The companies can evaluate their strategy based on these external and internal issues and this evaluation is called a SWOT-analysis. (Mulders 2010, p. 341.)

By using SWOT-analysis the external analysis is the first applied to establish if the market has space and opportunities to do business. For example if in a certain segment there is no need for a product marketed by the company, there is no need to analyze strong and weak sides of the company in context of this market segment. If the market offers possibilities, the company can go on by analyzing the strong and weak sides. (Mulders 2010, p. 342.)

SWOT-analysis brings together critical strengths, weaknesses, opportunities and threats and it is useful when formulating strategy, because the strategy that is not based on a combination of internal strengths and external opportunities is not efficient. (Moutinho & Southern 2010, p. 124.)

SWOT-analysis has been criticized because it does not concentrate enough external things, which affect businesses (Karlöf 1996, p. 55). Critics also maintain that SWOT-analysis relies on subjective intuitions, is unsystematic, avoids quantification, and lacks predictive power. Its use as a stand-alone tool instead of a model for situational analysis as part of a more comprehensive toolset for strategy development has been criticized too (Fehring, 2007). (Agarwal et al. 2012, p. 12.)

SWOT-analysis works best as analysis which sums issues. In this way can be facts of analysis used and also avoid vague and superficial thinking. (Malmi et al. 2006, p. 106.) The figure 3 shows the framework of SWOT-analysis.

Desirable	Undesirable
OPPORTUNITIES	THREATS
STRENGTHS	WEAKNESSES

Figure 3. SWOT-analysis framework (Novicevic et al. 2004, p.87).

3.3.2 Porter's Five Forces

Understanding competitive situation and coping in competitive situation are the most important things in the job of the strategist. Many time companies look into completion too narrow and the competition is seen as it includes only direct competitors on the market today. Yet competition includes more elements than just today's direct competitors. (Porter 2008, p. 3.)

To be able to do that, Michael Porter invented the five forces model, which can be used to analyze the interactions with customers, suppliers and competitors and evaluate the threat of new entrants and substitutes (Moutinho & Southern 2010, p. 124). Figure 4 indicates the five important forces that determine competitive power in a business situation: supplier power, buyer power, competitive rivalry, threat of substitution and threat of new entrants. If these forces are intense, almost no company earns on the market. If these forces are favorable many companies succeed. (Porter 2008, p. 3.) Five forces analysis gives an answer to key question: what is going on the industry? Which are the most important things concerning competition? The five forces framework explains the industry's average prices and costs and therefore the average industry profitability, which companies are trying to beat. (Magretta 2012, p. 38.) Understanding the five forces model helps to avoid being disadvantaged by forces and also to see opportunities to gain competitive advantage (Moutinho & Southern 2010, p. 124). Also understanding of the five forces model helps to understand the strategic position of the company on the markets (Porter 2008, p. 4).

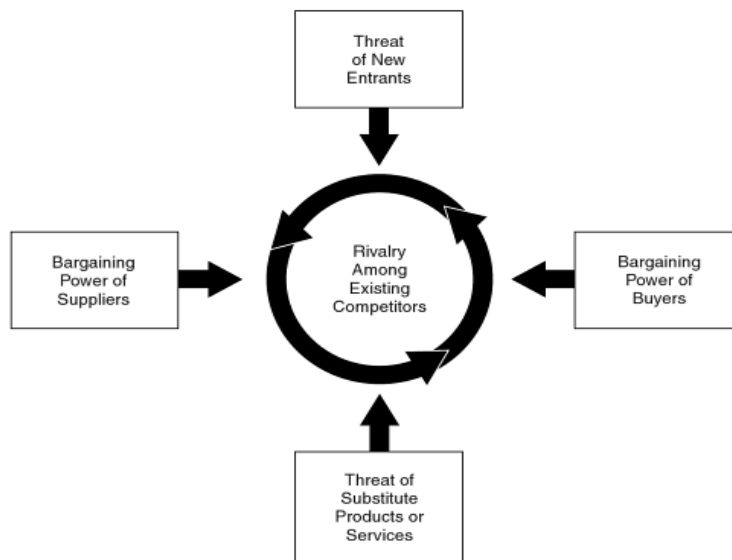


Figure 4. Porter's five forces (Porter 2008, p.4).

3.3.3 The Boston Consulting Group Matrix

The Boston Consulting Group matrix is a tool that can be used to determine whether the business's portfolio of products is in balance with overall strategy and whether it is linked between various businesses that are sound in the long term. (Moutinho & Southern 2010, p. 124.) The Boston Consulting Group matrix (BCG Matrix) maps products on to a two-dimensional matrix. The approach applies as well to services as any form of strategic business unit. According to the Boston Consulting Group, the two most major factors which govern the long-term profitability of a product are the rate of growth of its market and the share of the market that the product has relative to its largest competitor. The Boston Consulting Group introduced the model in the form of a simple two-dimensional matrix. The two axes of the matrix are relative market share and market growth rate. (Proctor 2000, p. 26.)

When using Boston Consulting Group approach, company classifies its products according the growth share as shown in Figure 5. Stars have high- growth, high-share of business or products. In many times, stars need big investments to be able to finance their rapid growth. As time goes on stars growth will slow down and they come as cash cows. Cash cows have low-growth, high-share of

business or product. Cash cows need less investments to hold their market share. Still they bring a lot of money to company. Question marks have a low-share business units in high-growth markets. Question marks (or wild cats) require a lot of investments to keep up their share, let alone increase it. Management should think carefully of the question marks and think which ones of these can become stars and which ones are not going to make it. Dogs have low-growth, low-share of businesses and products. Dogs may bring enough money to maintain them, but will not give a large source of cash. Company must add new products all the time to be able to make some of them stars and eventually cash cows. Limitations of Boston Consulting Group approach are: they can be difficult, time-consuming and costly to implement. Management can find it difficult to define which products will be in a certain category. Criticism has also been given, because Boston Consulting Group approach will concentrate on current business and gives little advice to future. (Kotler & Armstrong 2010, pp. 65-66.)

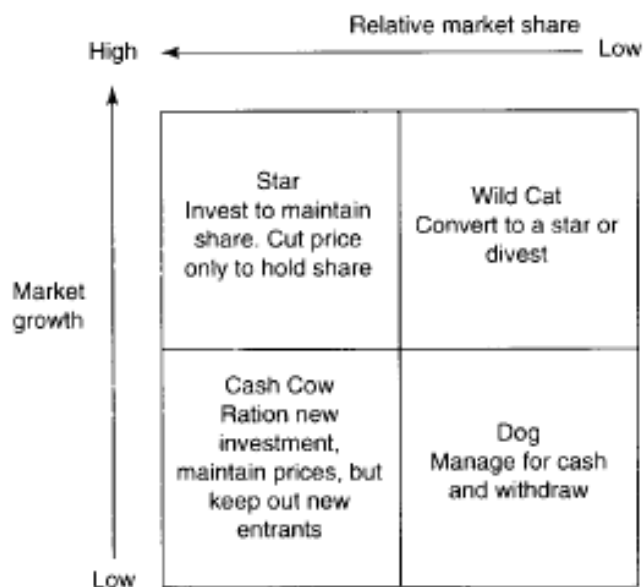


Figure 5. The Boston Consulting Group Matrix (Proctor 2000, p.27).

3.3.4 Critical success factors

Critical success factor analysis is used to identify those competencies (or pressure points) where it is essential to the organization to succeed (Moutinho & Southern 2010, p. 124).

Critical success factors (CSFs) are also called key success factors. Daniel (1961) proposed CSFs, and Rockart (1979) popularized CSFs in study of information systems. Over the past several years, the CSF approach has been widely adopted and used in a variety of different fields of study to determine the most critical factors influencing company's success. Rockart (1979) states, the CSFs for any company lie within a certain limited domain; if they are met, it is possible to guarantee the success of competition and greater operating achievements. (Lin et al. 2004, p.602.)

Critical success factors are the specific factors that bring success in certain sector and in certain competition situation. When CSFs have been defined, measures must be set and followed. By identifying CSFs businesses will be more focused on essential matters. (Karlöf 1996, p. 219.)

CSFs should be implemented and defined to each view separately. The problem, when using CSFs, is often that each view will have many CSFs. In the beginning the CSFs meant 3-6 most critical success factors that defined on which business company would be successful. Another problem will be often the large number of metrics. It is not always possible to follow one CSF with one meter. Biggest problem in this approach is that easily different part of the metrics will have no connection with each other. For example some companies define metrics based on departments, marketing will define customer metrics, finance financial metrics etc., and in many cases this leads into situation that the perspectives between causal relationships will not be taken into consideration. (Malmi et al. 2006, pp. 73-74.)

3.3 E-commerce strategy

In today's business environment it is impossible to avoid e-commerce; it seems to be imperative, it is not a choice anymore. Still many companies are wonder-

ing, what is the best way to do business in digital economy. It seems that, when moving into e-commerce world, it is necessary to implement e-commerce strategy. E-commerce strategy should concern not only the appropriate technology, choices of tools and solutions, but also the coherence and integration of these choices with other company processes (Cagliano et al., 2003) and with their wider strategy for supply chain management. (Webster, Beach & Fouweather 2006, p. 353.)

Most business plans include similar subjects like missions, objectives, competitive strategies, financial analysis etc. E-business plans should pay more attention to marketing, especially internet marketing, than normal business plans, because internet makes many marketing strategies possible. Internet is ubiquitous and ubiquitous marketing is possible. (Moutinho & Southern 2010, pp. 411-412.)

E-commerce strategy should include longer-term strategic decisions concerning operation, improvement, innovation and integration as well as efficacy. It is important to understand the modern organizations conceptual levels to be able to understand context of e-commerce strategy. The infrastructure of the modern organization consists of four conceptual levels: 1) the business model level, where a general long-term business strategy is defined, 2) the operations strategy level, where decision are made about medium- to long-term operational aspects, 3) the operations management level, which deals the tactical processes and 4) the information system (IS) and information technology (IT) architecture level, which defines the supporting information and technology necessary. The task of operations strategy and operations management is to implement the general business strategy and smoothly use the tools and information flows from the 4th level. Organization must also find ways to take advantage of even better new operational and IS/IT capabilities to operate with new and existing business models. E-operations strategy is concerned with both internal and external decisions necessary to translate the business vision. Those business models, that are all the time developed, will be a fluid collection of business activities, and each activity has a limited number of competencies to create value. (Lowson 2002, pp. 298-299.) E-commerce strategy should be connected and

integrated to business strategy, and it is not a separate strategy without any connection to other strategies.

E-commerce offers many opportunities to improve revenues and also to improve operations strategy. It gives a possibility to have a direct contact with the channel that has not been open earlier (for example retailer or wholesaler). E-commerce is accessible 24/7. Sales can be added by offering information regarding large selection of products and services that do not need to be in inventory. The internet gives better possibilities to personalize and customize buying experience. The internet is also much faster than physical channels to show new products etc. Prices can be changed and adjusted very easily and rapidly. The payment collection cycle is much shorter than in normal shop. Reduced facility costs is one benefit that e-business offers. Other positive impacts are among other things centralized inventory, self-sourcing, cost-reduction, improving supply chain and reduced product handling and shorter supply network. (Lowson 2002, p. 300.)

There are also drawbacks in e-commerce for example shipping takes more time than going to shop and taking the product with you, accountability/legality: it is difficult to control things, when internet allows anonymity, not customized pages produce communication barriers, technology development is fast and this often affects business and increases handling costs, if customer participation is reduced (for example supermarkets). (Lowson 2002, pp. 301.)

4 E-COMMERCE AND DIGITAL MARKETING

This chapter presents the e-commerce environment and digital marketing.

4.1 E-commerce environment

Internet is doing everything faster, better and cheaper. Internet has affected companies' communication, how they share information with business partners and how they buy and sell. Also it has affected the companies' view of internet investments. When companies start electronic business projects many forget conventional thinking about the need for a return on investment and concentrate

rather on how their initiatives are advancing their overall business strategy (improve customer satisfaction, increase brand awareness, open new business channels etc.). E-business must be followed at all costs. (Damanpour 2001,p. 16.)

E-commerce has several definitions. One definition for e-commerce says that:

“Electronic commerce involves the undertaking of normal commercial, government, or personal activities by means of computers and telecommunications networks; and includes a wide variety of section. The electronic commerce areas’ model (Choi et al., 1997) is the first such model considered. This model depicts activities involving the exchange of information, data or value-based exchanges between two or more parties (Chan and Swatman, 1999).” (Kao & Decou 2003, p. 239.)

Within e-commerce, four business models 1) business-to-business (B2B), 2) business-to-consumer (B2C), 3) consumer-to-consumer (C2C) and consumer-to-business (C2B) are used for distinct transactions types (Lowson 2002, pp. 295-296).

Figure 6 shows that the most popular products/services purchased from e-commerce in 2011 in Finland were accommodation services, tickets (to concerts, movies, theaters etc.), traveling services, clothes and shoes, books and magazines, gambling and products related to hobbies (Tilastokeskus, 2013).

Ostanut	% -osuus 16—74 -vuotiaasta väestöstä			
	2008	2009	2010	2011
Majoituspalveluita ¹⁾	31	26	32	34
Pääsylippuja teatteriin, konsertteihin elokuviin yms.	24	26	32	33
Matkailupalveluita (ei majoitus) ¹⁾	..	25	32	33
Vaatteita ja kenkiä	22	23	25	31
Veikkauksen rahapelejä	17	20	23	27
Kirjoja ja lehtiä ²⁾	18	19	22	24
Harrastukseen liittyviä tuotteita (ei urheilutuotteita)	16	16	21	23

Figure 6. The most popular products and services 2008-2011 (Tilastokeskus, 2013).

4.1.1 Basic e-commerce requirements

Because e-commerce is rather easy to build up, it might easily lead to conclusion that it is also easy to keep up. Actually the e-commerce must be all the time updated and developed to achieve success in that business area. (Trepper 2000, p. 53.) Basic information of e-commerce must be clearly presented and updated as well as the product information. As competition intensifies attention must be paid to the product information, to easy upfront purchase process and also to visitor satisfaction. E-commerce must be constructed to be an interesting marketplace, where doing business is not only smooth and effortless, but also comfortable. (Ruotsalainen, Närhi & Juntunen 2010, p.9.)

Finnish Competition and Consumer Authority has launched a check-list to e-commerce about matters, that should be mentioned when doing business in Internet. The e-commerce should provide basic contact information, which are easily accessible and provide some company information. Product information should follow the legal requirements and also order confirmation should be given to consumer. E-commerce should inform clearly what kind of customer communication will be sent to customer and what the customership means. Also customer service information should be presented clearly and also mention the opening times. Terms should be clearly presented. Payment methods should be well presented. Returns and cancellation policy (14 days according to Finnish law) should be available. E-commerce is always related to the processing of personal data. Description of register should present how the privacy of customer is handled. Description tells which, where and how information will be used and how the data is protected. (Finnish Competition and Consumer Authority, 2013.)

When implementing e-commerce it is important to pay attention to chosen business model. Who are the customers and what is the purpose of the e-commerce? Customers define the product selection of the e-commerce. The chosen customer segment should be big enough to have customers in the e-commerce and to be able to make profit. Product selection must be categorized so that even those who have not used much internet can find easily products they want and make an order. Structure must be clear and professionally built

(clear product categories etc.). It is obvious that people do not want to spent time looking for a certain product, if they can find the same product with same price more easily from another e-commerce. (Vehmas 2008, p. 35.)

Usability is an approach that can be applied to the analysis and design for a range of products which defines how easy they are to use. The British Standard/ISO Standard defines usability:

“extent to which a product can be used by specified users to achieve specified goals with effectiveness, efficiency and satisfaction in a specified context of use”.

Usability is often tested before redesigning project by usability experts, who give analysis of an existing site or prototype (deficiencies and improvements given). Another way to test usability is usability/user testing, which means that representative users are observed performing representative tasks using a system. (Chaffey, Ellis-Chadwick, Johnston & Mayer 2006, pp. 312-313.)

Graphic design, interface logic, careful implementation and usability are affecting to visual design of e-commerce. These things make the first impression to customer, for example the feeling can they trust the e-commerce. When planning e-commerce should be also considered how it is going to be marketed and by marketing add the reputation of the e-commerce. Because in internet the competition is tough and there are several e-commerce options to choose from; e-commerce must somehow stand out. If nobody knows about e-commerce's existence, it cannot succeed. Well planned e-commerce, that has put effort to advertising and getting the reputation, has better chances to succeed in tough competition. (Vehmas 2008, p. 36.)

4.2 Digital marketing

As internet become commercialized in the 1990's, it has at the same time created a new tool that marketer should handle. Internet has created new necessary services, like internet connections, e-mail and Facebook. Internet has also opened different kinds of sharing services (also a new distribution channel) and it has irrevocably changed the way people are making buying decisions. (Pullinen 2012, p. 16.)

Traditionally, marketing communication has been TV, radio and printed marketing planning and use, but since 1990's internet has become more and more important to marketers. The barrier to start digital marketing is low, because internet is open to everyone and starting costs are pretty low. Also almost everyone is using the internet; in the spring 2011, 89 % of Finnish people had used internet during last three months. As the smartphones are getting more and more common the internet usage increases. (Mainostajien liitto 2012, pp.16-17.)

Internet is used as a tool for information searching. According to Google's research automobile buyers find approximately 20 sources before making the buying decision. 97% of people, who took part in the research used internet as information source. More and more power is given to consumers as the product information is available for everyone all the time. Consumers can easily classify, compare, modify and share information on the internet. This changes marketing and marketing has to be changed from "push marketing" to "pull marketing". (Mainostajien liitto 2012, pp. 36-39.) Push marketing is a promotional strategy, where businesses try to take their products to the customers. The term "push" stems from the idea that marketers are trying to push their products at consumers. Pull marketing takes the opposite approach. The aim of pull marketing is to get the customers to come to you, hence the term "pull", where marketers are attempting to pull customers in. Sales tactics often used for pull marketing include mass media promotions, word-of-mouth referrals and advertised sales promotions. Pull marketing tries to create brand loyalty and keep customers coming back, whereas push marketing is more concerned of short-term sales. (Houston Chronicle, 2013.)

Internet marketing as a term refers to an external perspective of how internet can be used in conjunction with traditional media to acquire and deliver services to customers. Another alternative term is e-marketing or electronic marketing, which has broader scope since it refers to digital media like web, e-mail and wireless media, but also includes management of digital customer data and electronic customer relationship management systems. Digital marketing has same meaning as electronic marketing; both describe the management and

execution of marketing using electronic media such. (Chaffey, Ellis-Chadwick, Johnston & Mayer 2006, pp. 9-10.)

Earlier marketing was targeted to mass. Today's marketing on internet is targeted to even more and more smaller segments. Before internet there were no reasonable tools to serve different kind of segment groups. (Juslén 2009, p. 42.) Figure 7 shows the 5 Ss (launched by Smith and Chaffey) of e-marketing, which suggest five broad benefits or reasons for adopting e-marketing, which marketers can use to set objectives for e-marketing. (Chaffey, Ellis-Chadwick, Johnston & Mayer 2006, p. 13.)

Benefit of e-marketing	How benefit is delivered	Typical objectives
Sell – Grow sales	Achieved through wider distribution to customers you can't readily service offline or perhaps through a wider product range than in-store, or lower prices compared to other channels	<ul style="list-style-type: none"> • Achieve 10% of sales online in market • Increase online sales for product by 20% in year
Serve – Add value	Achieved through giving customers extra benefits online or inform product development through online dialogue and feedback	<ul style="list-style-type: none"> • Increase interaction with different content on site • Increase dwell-time duration on site by 10% (sometimes known as 'stickiness') • Increasing number of customers actively using online services (at least once per month) to 30%
Speak – Get closer to customers	This is creating a two-way dialogue through web and e-mail forms and polls and conducting online market research through formal surveys and informally monitoring chat rooms to learn about them. Also speak through reaching them online through PR	<ul style="list-style-type: none"> • Grow e-mail coverage to 50% of current customer database • Survey 1000 customers online each month • Increase visitors to community site section by 5%
Save – Save costs	Achieved through online e-mail communications, sales and service transactions to reduce staff, print and postage costs	<ul style="list-style-type: none"> • Generate 10% more sales for same communications budget • Reduce cost of direct marketing by 15% through e-mail • Increase web self-service to 40% of all service enquiries and reduce overall cost-to-serve by 10%
Sizzle – Extend the brand online	Achieved through providing a new proposition and new experience online while at the same time appearing familiar	<ul style="list-style-type: none"> • Improve branding metrics such as: brand awareness, reach, brand favourability and purchase intent

Source: Smith and Chaffey, 2005

Figure 7. The 5 Ss of internet marketing (Chaffey, Ellis-Chadwick, Johnston & Mayer 2006, p. 14).

4.2.1 Search engine optimization

Basically there are two ways to receive visitors to internet pages either to pay for visitors or get visitors with free methods. (Davis 2007, p. 29.) Search engine

marketing's aim is to receive visibility on the search engine's results page. There are two options to receive visibility in search engines: paid keyword advertising or search engine optimization. The special feature of search engine marketing is that consumer has intention to do something, when typing a search. The traditional mass marketing is often interruptive marketing, for example on commercial breaks, banner etc. The idea of this is to interrupt as many people as possible, when search engine marketing's aim is to communicate with possible consumers, who have shown by typing the search their interest toward product/service. (Mainostajien liitto 2012, pp. 85-86.)

Search engine optimization (a free method to receive more visitors) is a structured approach used to increase company's or its product's position in search engine natural or organic results listings for selected keywords or phrases (Chaffey, Ellis-Chadwick, Johnston & Mayer 2006, p. 376). There are two things that are making the search engine optimization an exceptional marketing method. Those who use search engines are often already interested in the subject of the search, so there is already a call for marketing actions, and to be able to receive big search engine visibility might need only small inputs in relation to results, if the searches are not very competitive in optimizing or if the optimized page has already good base to increase visibility. (Mainostajien liitto 2012, p. 90.) Figure 8 shows the difference between paid and organic results in Google.

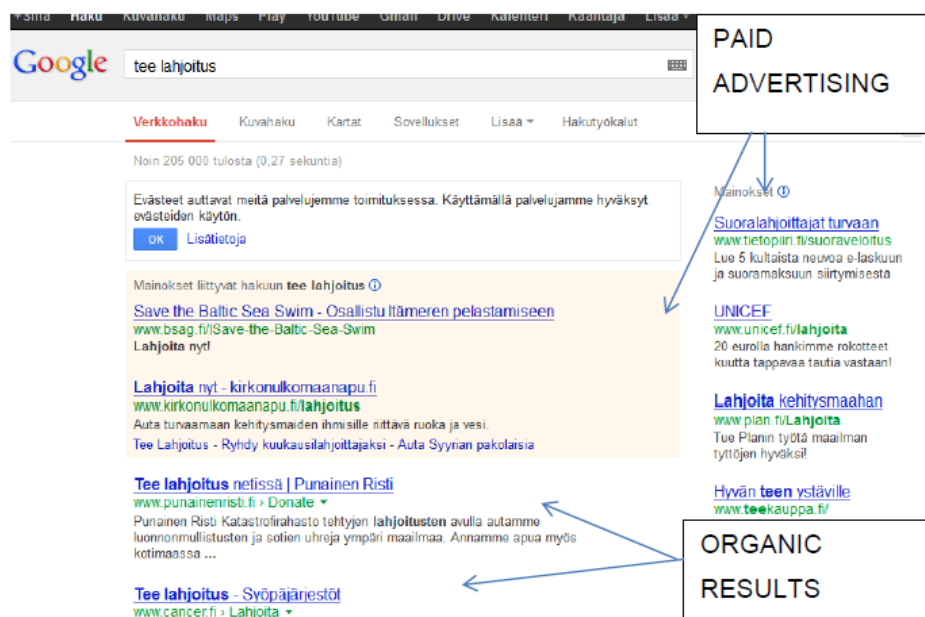


Figure 8. Paid and organic results in search engine

The idea behind the search engine optimization is to help search engines to bring people that are interested in certain subject to company's pages. The aim is to receive overall search engine visibility control, not only bring up commercially important pages in search engines. Traditional commercial search engine optimization tries to lift as up as high as possible the product pages by using general terms like "iPhone 5 price". Communicative search engine optimization tries to receive as good customer service as possible. Reputation management means overall result control when searching, for example on company's name. (Mainostajien liitto 2012, p. 90.)

In practice the search engine optimization starts by setting goals, defining resources and doing keyword research (Mainostajien liitto 2012, p. 92). First thing is to get the page into Google and other search engine systems. For example in Google there is "add url" page (www.google.com/addurl.htm), where it is possible to add page into Google and after adding Google automatically index all the linked pages. The only negative thing is that it can take time for a page to be ranked highly in search results even if it is the index. To be able to succeed in the search engine marketing the main point is to achieve keyphrase relevance, since it is what engines strive for; match the combination of keywords typed into search box to the most relevant destination content page. (Chaffey, Ellis-Chadwick, Johnston & Mayer 2006, pp. 377-378).

Each search engine has its own method that improves ranking of pages, but there are some common factors that have influence on search engine rankings. The number of times keyphrase is repeated in the text is the key factor in determining the position of keyphrase. Search engine's check that a phrase is not repeated too many times (like donation, donation, donation, donation, donation etc.). The more links page have from good quality sites, the better ranking page receives. With page rank tool (<http://www.prchecker.info/index.php>) it is possible to check page's rank and Google uses this for delivering relevant results. It counts each link from another site as a vote, but all votes are not equal as Google gives greater weight to pages that have themselves high page rank. Keyphrase that appear in the title <TITLE> is more likely to be listed higher than

keyphrase in the bodytext. Meta-tags are part of the HTML file, typed in by the creators of the page, which is read by the search engine robot. Keywords, that are part of HTML page, result in a higher search listing, if they match the typed keyword. A page that uses many graphical material and plug-ins is less likely to be listed highly. The only text on which the site will be indexed is the <TITLE> keyword. To be able to boost this, graphical images can have hidden associated text (ALT tags), that is not seen by the user (unless the images are turned off), but will be seen and indexed by the search engine machines. (Chaffey, Ellis-Chadwick, Johnston & Mayer 2006, pp. 378-381.)

The search engine optimization is not a single project; rather it needs to be one part of the web process. Search engine changes are based on evaluation, so by following the actions results can be improved. (Mainostajien liitto 2012, p. 93.)

4.2.2 Pay-per-click (PPC) search marketing

PPC search marketing or paid listing are very much like conventional marketing; here a relevant text ad with a link to company page is shown when the user types a certain phrase to search engine. Difference to conventional advertising is that advertiser pays only when the ad's link is clicked. The relative ranking of paid performance placements is typically based on the highest bid cost-per-click value for each keyword phrase. The company, who is willing to pay the highest price, will get the top place. Google also takes the relative clickthrough rates of the ads into account as they rank the sponsored links; the ads that are not seen as relevant will drop down or disappear from the listing. (Chaffey, Ellis-Chadwick, Johnston & Mayer 2006, p. 381.)

In Finland keyword advertising usually means Google's advertising. Google has their own PPC program called Google AdWords. Also the AdWords is based on auction where everyone can compete about same customers. In keyword advertising the advertiser chooses the words that are shown up, what kind of ad will be shown with each chosen word, what is the maximum cost advertiser is willing to pay per click and the daily budget. When this has been done is the ad part of the auction, where minimum and maximum price set are auctions for the

ad. The one who pays most will be shown at the top. As mentioned already the Google's system is more complicated and the formula is:

$$\textit{The final location of the ad} = \textit{Price paid for the ad} \times \textit{quality score} \quad (1)$$

(Mainostajien liitto 2012, pp.86-87.)

Before starting to use Google AdWords campaigns, it's important to develop a plan for advertising by setting goal for a campaign. For every campaign created, advertiser gets to choose a budget, pick where ads appear geographically (within a specific country, city, or within a custom-created area), and select where ads appear online (on search pages, display network pages, or both). Audience should be kept in main and campaigns should be targeted to those areas where the services are offered. Campaigns should be given appropriate name (like name of the goals), which will make tracking and editing easier. (Google, 2013.)

In general, the AdWords ads are short and include only 130 digits including spaces and URL that is shown in the advertising. In fact it has only 25 digits reserved to title and 70 digits to text. The best way is to include the keywords that are used in targeting also in the ad. Short and clear sentences are usually best and ad should also have call to action (for example donate). (Davis 2007, pp. 179-180.)

Keywords are words or phrases chosen to match ads with corresponding user search terms and relevant web content on the Google Network. Selecting high quality, relevant keywords for advertising campaign can help reach the customers you want. Google suggests using a combination of two or more keyword match types to run an effective ad campaign. (Google, 2013.)

An ad group contains one or more ads which target a shared set of keywords. Advertiser sets a bid, or price, to be used when an ad group's keywords trigger an ad to appear. It is called a cost-per-click (CPC) bid. Prices can also be set for individual keywords within the ad group. Ad groups are used to organize ads by a common theme, such as the types of products or services. (Google, 2013.)

Google also has its own display network consists of over one million web sites, videos, and applications in which ads can be displayed. Display Network (for-

merly known as the Content Network) is one part of the Google Network, or all of the web pages on which AdWords ads can appear (including the Google search results and the search network components). Ad can be automatically associated web sites, and other placements, such as mobile phone applications, where the keywords are relevant to site content. When it comes time to decide where ads appear, advertiser can also target a specific site, for example, specific topics pages or to specific target groups. (Google, 2013.)

Traditionally in digital marketing clicks are seen as results, but actually clicks have nothing to do with result; they only tell that marketing message is somehow targeted. If the click does not lead to purchase it does not have any value. (Isokangas & Vassinen 2010, pp.195-196.) This fact should be considered and also remember to follow the final conversion rate, when doing AdWords marketing.

4.2.3 Social media

Social media is a tool for making interaction by using internet's networking and multimedia features. Social media is an umbrella term for many services working on the internet like networking services, virtual worlds, publishing and sharing services, information evaluation and classification services, wikis and internet forums. Social media is open, based on involving and a typical social media's solution is a meeting place where users can produce, publish, evaluate and share content. (Juslén 2009, p. 116.)

Social media services can be classified in different ways and one way is to classify those based on their main task. This classification gives three main forms to social media: 1) networking services (for example Facebook), 2) content publishing services (for example Youtube) and 3) information classification and evaluation services (for example Digg). All forms of social media have some similar features and principles like openness, discussion, taking part, users producing content and networking. (Juslén 2009, p. 117.)

4.2.4 Facebook advertising

Facebook.com is the world's largest networking service and also very familiar in Finland. Facebook is based on each user's personal profile and networking with those profiles. (Juslén 2009, p. 118.) Facebook has worldwide over 800 million users and in Finland 2.2 million users (Parviainen & Lähdevuori 2012, p. 4). It is justified to say that it has potential to be one market channel to many companies.

Organizations and brands can make their own Facebook-pages. As everywhere in internet brand and the name are not significant when targeting a lot of fans, more significant is the want to build relationships and also to have two-way communication with customers when they want to communicate with you. (Juslén 2009, pp. 118-119.)

Beside company pages Facebook also offers possibility to companies to market their products and services. Facebook offers a possibility to segment the ad to a certain target group. Facebook allows targeting the ad based on 11 different filters, like age, date of birth, gender, based on interests, education, location etc. Compared to Google Adwords offers, Facebook has better tools for segmenting the audience. (Carter & Levy 2012, p. 102.)

Facebook allows to target based on user's interest and this means for example that advertising can be targeted to those who like certain page or who are interested in certain thing for example #Kirkko (church). The # before the word kirkko (church) means that those users have informed to be interested on issues related to word kirkko (church). When word is without the # sign it is exact interest. Facebook also offers several other options to segment target groups. (Facebook, 2013.)

Facebook offers a possibility to decide the daily campaign budget and also an option to decide when the ad is run (is it shown all the time or in the certain time during the day). Facebook allows choosing advertising payment based on either the number of impressions (CPM) or clicks (CPC) it receives. (Carter & Levy 2012, pp. 104-105.)

CPM means cost per 1,000 impressions. Every time advertisement is seen, the advertiser is charged. Using CPM means that it is more important that many people see the ad. CPM is usually more useful for those advertisers who want to promote their brand. CPC means cost per click. CPC means that advertiser is charged every time someone clicks ad or sponsored story. (Weintraub 2011, pp. 160-163.)

Facebook offers possibilities like create an ad or market sponsored story or either promote post. A standard ad or the traditional Facebook ad is located on the right hand side across the site on dedicated ad placements and displayed in the dimensions of 99 pixels wide x 72 pixels tall. (Facebook, 2013.) Figure 9 shows what a standard ad looks like in practice.



Figure 9. Example of standard ad

Facebook also offers a possibility to promote Facebook page posts. In a similar manner to sponsored stories, a page post advert allows to promote an item that has been posted to Facebook page to give it greater exposure. (Chan 2012, p. 486.) Figure 10 shows an example how the promoted post looks.



Figure 10. Example of promoted post

Sponsored Stories are specific advertisements designed to leverage the social nature of the Facebook platform. Unlike regular advertisements, which contain image and text chosen by the advertiser, sponsored stories are existing posts

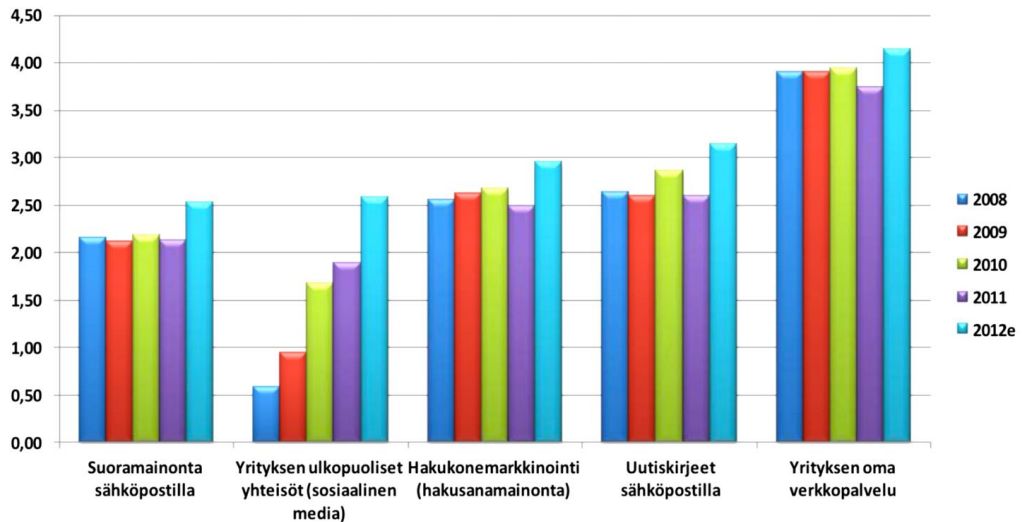
created by users that the advertiser has paid to highlight to that user's connections on Facebook. For example, when a user likes a page, this automatically creates a story that is posted to the user's News Feed, where it can be seen by their friends on Facebook. However, this story will only show up once, and may not be noticed by all of their friends given the amount of content that passes through the News Feed of the average user. The sponsored stories advertising option gives a chance to the page owner to highlight the fact that the user has liked their page, and repeatedly display the advertisement to that user's connections on Facebook. The idea is that users who see that their friend likes something may also be inclined to like it. (Chan 2012, p. 483.) Figure 11 shows an example of sponsored story.



Figure 11. Example of sponsored story

4.2.5 E-mail marketing

E-mail marketing has grown in Finland, and during last year it has grown enormously. Figure 12 presents that two of five most popular digital marketing tactics are e-mail newsletter and e-mail marketing. There are many reasons for this: the main reason is that companies want to intensify marketing and communication and e-mail marketing is a cost effective way to do it. Also a lot of customers use e-mail. (Tursas, Huttunen & Salo 2012, p. 6.)



Kuvio 2. KUINKA AKTIIVISESTI ORGANISAATIO KÄYTTÄVÄT ERILAISIA DIGITAALISIA KANAVIA JA KEINOJA MARKKINOINTIIN? (0= EI KÄYTÄ LAINKAAN, 5=KÄYTTÄÄ JATKUVASTI) – suosituimmat kanavat ja keinot

Figure 12. The activity of different digital channels and tactics in marketing use in organizations (Tursas, Huttunen & Salo 2012, p. 6).

The spammers have based their tactic in sending e-mail to millions of people and hoping that small amount of people would react to e-mail. Due to technical development of e-mail programs the spamming has come more and more difficult. (Mainostajien liitto 2012, p. 114.) E-mail marketing should be based on customer approval to receive e-mail. In many times at least for small companies the most difficult thing is to collect the e-mail marketing register. Often companies have already own registers (customer registers etc.), that can be used (if the permission has been received). One tool for collecting e-mail addresses is to insert an order form to homepages. Other options for collecting addresses are social media, events, fairs, competitions and of course there is option to buy e-mails. (Tursas, Huttunen & Salo 2012, pp. 23-24.) Addresses cost approximately 0.1-3 euros per address. The price depends on segmentation (how precise) and quality of addresses. (Mainostajien liitto 2012, p. 116.)

In Finland newsletters and e-mail marketing are sent with different kinds of tools. Big media houses often use a product which is meant for heavy-duty use (e.g. Lyris). Advertising agencies and media agencies use very often different tools, for example a product called Apsis. Many organizations use the programs related to content manager systems. Some are using purchased e-mail marketing tools like CampaignMonitor and MailChimp. Organizations interested in e-

mail marketing should compare different products before making the choice. There are significant differences between products in usability and in other features. Also pricing models can differ. Some pricing models are best to those organizations who sent a lot and often, when others suit better for smaller scale. (Vierityspalkki.fi, 2013.)

E-mail marketing has same rules as all marketing; only some part of marketing is seen and read. E-mail marketing should always mention the address source and also have a simple way to end the marketing. Typical things measured in e-mail marketing are bounce rate (number of obsolete e-mails), opening rate (number of openings), click rate (number of clicks) and conversion rate (number of visitors to a website who take action). When planning e-mail marketing it is important to remember that only few mouse clicks should lead to result wanted. (Mainostajien liitto 2012, pp.118-120)

To sum up good e-mail marketing highlights good manners, ethical actions, segmentation and visual resemblance with organization communication and brand image. It also helps to inform about offers, communicate cost-effectively, serve customers, get new customers, reduces cold calls, is environment friendly, helps to keep customer registers updated and also helps in measuring the effectiveness / ROI / interest and count communication costs. (Tursas, Huttunen & Salo 2012, pp. 2-5.)

4.2.6 Metrics

One of the key problems in traditional marketing has been measurement and also the reasons behind succession or failure. Internet marketing has same uncertainty factors as traditional marketing; the success cannot be predicted beforehand. There are six basic things that should be followed and measured: 1) incoming traffic (how many visitors per month; the amount tells about efficiency of market actions), 2) where the visitors come from (how many are coming through search engines, how many direct; the more links are used the more stronger your e-mail visibility is), 3) sales leads (how many questions you receive concerning products etc.), 4) amount of new customer, 5) traffic generated from different sources (helps to plan marketing, when you know what is the

most common source that your visitors use) and 6) conversion. Conversion is often followed by using formula:

$$\text{Conversion \%} = \frac{\text{Conversion pcs}}{\text{Visitor pcs}} \times 100 \quad (2)$$

Conversion is probably the most important metric, because it will help to see how the pages are actually working. (Juslén 2009, pp. 343-349.)

Other useful metrics are CPO and ROI. CPO (cost per order) is the cost of internet advertising divided by the number of orders (gained customers). ROI (return on investment) is counted for a single-period review divide the return (net profit) by the resources that were committed return on investment (%). (Juslén 2009, pp. 354-355.)

Metrics can be measured and followed with Google Analytics. Analytics is a free web analytics tool, which measures sales and conversions, but also gives fresh insights into how visitors use site, how they arrived on site and how to keep them coming back. (Juslén 2009, p. 361.)

5 STRATEGIC E-COMMERCE DEVELOPMENT PLAN FOR THE FINNISH SEAMEN'S MISSION

The Finnish Seamen's Mission's e-commerce plan uses strategic tools to be able to analyze environment, competitors and markets before making any strategic decisions on e-commerce. Based on this analysis e-commerce strategy is formed. The e-commerce plan also includes development points and marketing actions.

5.1 Competitor analysis

As mentioned earlier today almost everyone is using the internet, and it means that competition in the e-commerce markets is tough. That is why before making any strategic decisions for the Finnish Seamen's Mission's e-commerce some analysis of the situation must be done.

Three non-profit organizations, The Finnish Lifeboat Institution, HelsinkiMissio and Finnish Red Cross were chosen to be analyzed. These organizations were chosen because they all are non-profits and somehow can be seen as competitors to the Finnish Seamen's Mission. The Finnish Lifeboat organization has similar aim to improve safety on seas as the Finnish Seamen's Mission. HelsinkiMissio is religious association, which has changed its image and brand significantly and it was chosen partly because of the improved brand image. Finnish Red Cross is a big worldwide association, which differs from the Finnish Seamen's Mission, but is very successful and it was chosen because of its successful actions.

The Finnish Lifeboat Institution, founded in 1897, is the umbrella organization for voluntary maritime rescue associations in Finland. They produce search and rescue services for people in distress at sea and on inland waters. They have 2,000 sea rescue volunteers, 150 rescue vessels and over 18,000 members. More than 1000 search and rescue missions are conducted annually. (The Finnish Lifeboat Institution, 2013.)

Finnish Lifeboat Institution has their own e-commerce <http://www.meripelastus.fi/fi/verkkokauppa> integrated homepages. In the front page of the e-commerce has a call to action "by buying you are helping". The shop's language is only Finnish; even though they offer some other additional information also in English and Swedish. (The Finnish Lifeboat Institution, 2013.) E-commerce has clearly presented their purpose on the front page with their call to action. Even if the prices would be higher than in the normal e-commerce selling similar products, it can be explained with the charity aspect that they promote at the main site. For small shops like this it is likely to be cheaper and more profitable to have only one language option.

The e-commerce is outsourced to a company called Sanser Oy/ T. M. Palojoki Oy (The Finnish Lifeboat Institution 2013). Sanser was founded in 1997 for business and promotional gift company, which is part of the Palojoki-group companies (Sanser, 2013). Most probably all the products offered in the e-commerce are also delivered by Sanser. If so, the supply chain process is very simplified and easy to control. Also it saves the efforts of the Lifeboat institution,

because customer service, sending and packing products are done by Sanser. One more benefit is that outsourcing most probably also means lower risks on inventory management. The downsides are that customers may still contact Lifeboat institution and it might still bring some extra work to them and revenues might be smaller and at least in some products the revenues might go down. All these things depend of course on the contract made with Sanser. Another downside might be the e-commerce platform development. How much is Sanser willing to put effort into platform development or is the Lifeboat Institution responsible for the platform? Also it depends on the revenues and how much marketing Lifeboat Institution is willing to do to promote their e-commerce.

The e-commerce has 4 main product categories: 1) clothes and accessories, 2) safety equipment, 3) other and 4) clearances. Each category has 3-13 products and the total amount of the products offered is 38 products. Products in clothes and accessories category are mainly logo or label products of the Lifeboat Institution, also products in other categories are logo or label products. Only the safety equipment category includes products without any label. In the other category there are still seasonal products (Christmas cards) on the top of the page, even in summertime. (The Finnish Lifeboat Institution, 2013.) The low amount of products can be related either to low margin of this business or to risk management. On the other hand when talking about charity shops it is common that they offer only small scale of products. Based on the products offered in the e-commerce customers might be their own members and volunteers, but also anyone with interest in the subject or those people who want to support the cause.

Pricing seems to be affordable, t-shirt costs for example 15.50 euros, but on the other hand fire blanket costs 20.22 euros and you can find these blankets elsewhere for under 10 euros. It seems that prices depend on the product and mainly have some "charity/label extra".

The e-commerce says that delivery takes two weeks. The e-commerce offers four payment options: Nordea, Sampo, Osuuspankki and cash on delivery. The postal costs depend on the amount of the products purchased. The deliveries can be made only to Finland. (The Finnish Lifeboat Institution, 2013.) The delivery time seems to be quite long, because many organizations deliver their

products within one week. The postal costs are not presented beforehand, for example, in terms that could be explained what is the logic behind the postal costs. Terms are missing also other kinds of important information such as VAT information, and also how the customer's personal data (privacy) is handled.

The e-commerce has a user guide which helps to understand the logic of the e-commerce, and it has "search" box which helps user to find certain products from the shop (The Finnish Lifeboat Institution, 2013). Still it seems difficult to buy products, because when you click the product to shopping cart, it won't take you to actual shopping cart. Shopping cart can be found at the top of the page. Also there is no other path to go back to front page or either to one page earlier than to use the internet's own back arrow. Figure 13 shows the layout of the Lifeboat Institution's e-commerce.



Figure 13. Finnish Lifeboat Institution's e-commerce (The Finnish Lifeboat Institution, 2013).

To understand the CSFs (critical success factors) of Lifeboat Institution's e-commerce, a SWOT-analysis is carried out. Figure 14 shows the SWOT-analysis of their e-commerce. The CSFs of this e-commerce are outsourcing and good clear product selection (not too wide), which shows that they have defined their strategy well.

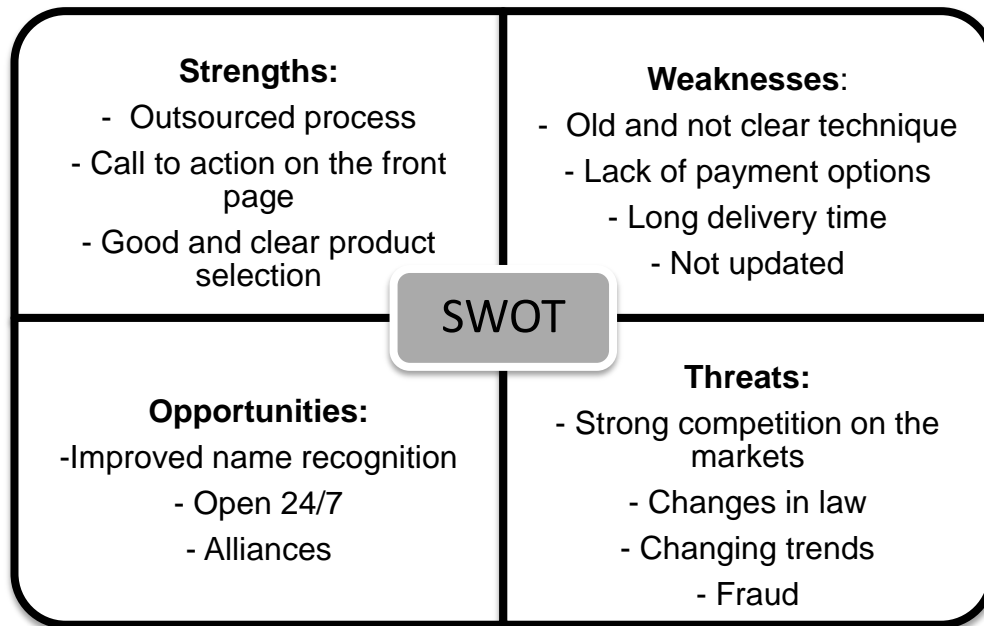


Figure 14. SWOT-analysis of Lifeboat Institution's e-commerce

The second shop evaluated was HelsinkiMissio's e-commerce. HelsinkiMissio, founded 1883, is a non-governmental organization for social services. The main task of HelsinkiMissio is to seek, find and help neglected and forgotten citizens and to challenge everyone to social responsibility and closeness. HelsinkiMissio tries to offer help where it is most needed, and is therefore keen to develop existing working methods as well as to create new forms of work to meet changing needs in society. Today HelsinkiMissio focuses on young people, elderly people and people with special needs. (HelsinkiMissio 2013.)

Figure 15 shows the HelsinkiMissio's e-commerce called HyvänKauppa (Goodwill's shop) on their internet pages. HelsinkiMissio has no call to action at all on the main page of their e-commerce. However e-commerce is situated under a donate menu, which clearly refers to charity. (HelsinkiMissio 2013.)

ADRESSIT

KIRJAT

PAIDAT

VILLASUKAT

LAHJOITUKSET

TILAUS- JA TOIMITUSEHDOT

HYVÄNKAUPPA

Hyvän kaupasta löydät adresseja, laulukirjan, t-paitoja sekä käsintehtyjä villasukkia.

Toimitamme myös suurempia määriä yrityksille.

- [Adressit](#)
- [Kirjat](#)
- [Paidat](#)
- [Villasukat](#)
- [Lahjoitukset](#)
- [Tilaus- ja toimitusehdot](#)

Tuotto käytetään auttamistyöhön.



Laula kanssamme -laulukirja

Yhdessä laulaminen on tehokas yksinäisyyden karkottaja. HelsinkiMissio on järjestänyt Laula kanssamme -yhteislauluhetkiä Inna Vintturin johdolla jo vuodesta 2000 lähtien. Nyt Inna Vintturi...

Hinta: 15,00 e
Tuotenumero: 164

Lue lisää »
Lisää koriin

AJANKOHTAISTA

Haemme lisää vapaaehtoisia lapsiperheiden tueksi. Ilmoittaudu nyt syksyn koulutukseen!

HelsingforsMissions Liisa Melin på Radio Vega: Ensamhet är dagens fattigdom

[Lisää ajankohtaista >](#)

Laula kanssamme -tilaisuudet HelsinkiMission kerhosalissa Kinaporissa maanantaisin klo 13.00 ja Palvelutalo Cecillassa Vuosaarissa klo 15.00, sekä tiistaisin klo 14.00 Alberginkadulla

Figure 15. The main page of HyvänKauppa (Goodwill’s shop) (HelsinkiMissio 2013.)

The shop offers cards, books, shirts, woolen socks and also the additional option to donate. The donation option will be in the same shopping cart with other purchases. Prices of products do not include VAT. Helsinki Mission is a non-profit organization, which is not liable to VAT. T-shirts and woolen socks have an option to choose a size. The woolen socks are made by volunteers. In the books product category there aren’t currently any products, but one book called “Laula kanssamme/Sing with us” is offered on the main page of the shop. Shirts category has only two t-shirts (same print but different model for men and women). Cards category has four different products. Wool socks are the biggest product category with eleven different products. Only t-shirts are labeled products. Total amount of products is 18. (HelsinkiMissio 2013.) The option to gather other products and donations to same shopping cart is technically possible because the VAT is always zero. Also HelsinkiMissio has only small assortment of products and they seem to concentrate on wool socks. Wool socks material might be donated by some organization or by volunteers who make the socks.

HelsinkiMissio’s shop delivers also abroad. When products are delivered abroad, will there be extra postal cost charged. Deliveries are done within 1-2

weeks. Delivery fee is 3.50 € - 7.90 € depending on the products. The purchases over 100 euros are delivered with cash on delivery (additional cost 3.65 euros). Payment can be done via online payments and also a pick up is possible. (HelsinkiMissio 2013.)

Customers are probably mainly people who want to support the cause, but also congregations. According to HelsinkiMissio's Facebook fans, the fans are between 25-44 years old and mainly located in Helsinki (Facebook.com/HelsinkiMissio, 2013).

The pricing in the e-commerce seems to have some charity extra, for example t-shirts cost 20 euros and you may buy normal t-shirts for 10-15 euros. On the other hand the wool socks are sold for 20 euros almost everywhere. Greeting cards/remembrance cards are quite cheap at 9.90 euros, but they do not have any mention about the good cause.

When picking up the product to shopping cart, a shopping cart page opens and it has clear instructions either to continue shopping or go to checkout. It also describes the whole payment/checkout process. Drawback is that you are not able to see your shopping cart before you add some product into it. Figure 16 presents the shopping cart at Helsinki Missio's e-commerce.

ETUSIVU SENIORITYÖ NUORTEN KRIISITYÖ RESONAARI VAPAAHTOISTOIMINTA LAHJOITA YRITYKSET HELSINKIMISSIO

1 OSTOSKORI 2 YHTEYSTIEDOT 3 MAKSUTAPA 4 TILAUSVAHVISTUS / MAKSAMINEN

Huom! Toimitamme tilaukset vain Suomeen!

OSTOSKORISI

tuote	kpl	hintaa	yhteensä
Aikuisten sukat, purppura Tuotenumero: 130	1	20,00 e	20,00 e
HelsinkiMission auttamistyö Tuotenumero: 177	1	50,00 e	50,00 e
Kuvionuotti-t-paita naisten Tuotenumero: 63	4	20,00 e	80,00 e
Toimituskulut näille tuotteille kotimaassa:			7,00 e
Maksettavaa yhteensä:			157,00 e

Tyhjennä Päivitä Jatka ostoksia

Seuraava

ADDRESSIT
KIRJAT
PAIDAT
VILLASUKAT
LAHJOITUKSET
TILAUS- JA TOIMITUSEHDOT

AJANKOHTAISTA
Haemme lisää vapaaehtoisia lapsiperheiden tueksi. Ilmoittaudu nyt syksyn koulutukseen!
Helsingin Missions Liisa Melin på Radio Vega: Ensamhet är dagens fattigdom
Lisää ajankohtaista >

Laula kanssamme -tilaisuudet HelsinkiMission kirkkosalissa Kinaarissa maanantaisin klo 13.00 ja Palvelutalo Cecillassa Vuosaarossa klo 15.00, sekä tiistaisin klo 14.00 Albertinkadulla.

Figure 16. Shopping cart at Helsinki Missio's e-commerce (HelsinkiMissio 2013.)

Figure 17 presents the SWOT-analysis of HelsinkiMissio's e-commerce, which is done to be able to find out their CSFs (critical success factors). CSFs of Helsinki Missio's e-commerce seem to be the option to combine charity and products, clear process and strong brand.

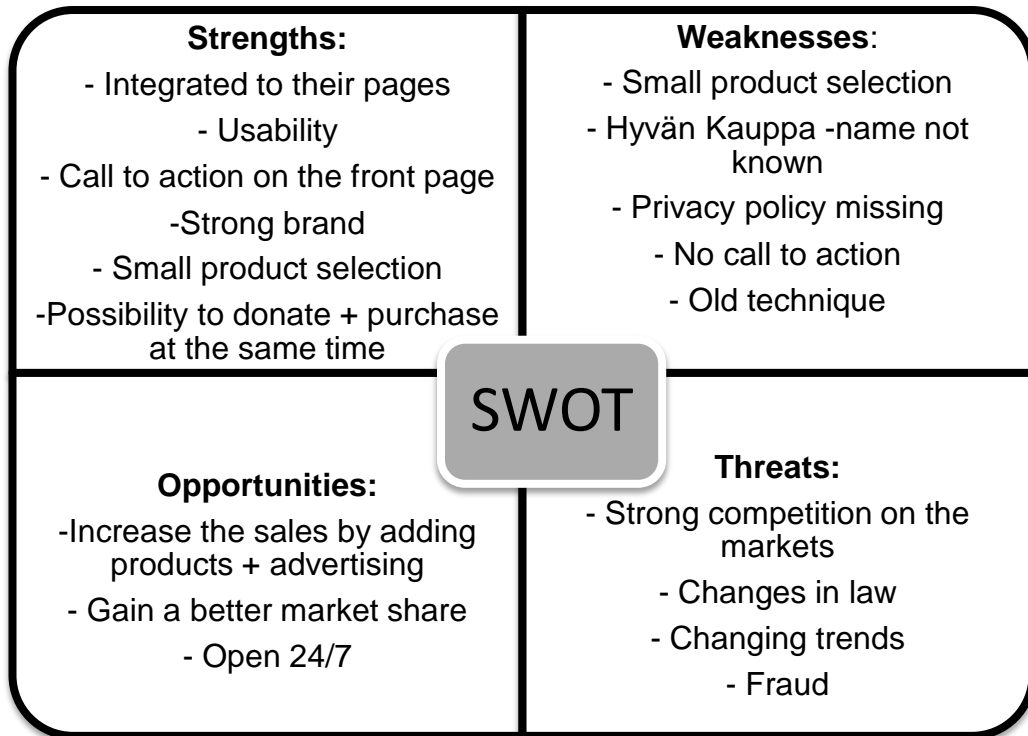


Figure 17. SWOT-analysis of Helsinki Missio's e-commerce

The third shop studied was the Finnish Red Cross' e-commerce. The Finnish Red Cross is one of the largest civic organizations in Finland. The goal of the Finnish Red Cross is to help those who need it most both in Finland and abroad. Its mission is to help people and defend the weakest. The Finnish Red Cross is one of the 187 member organizations of the International Federation of Red Cross and Red Crescent Societies (IFRC). (The Finnish Red Cross, 2013.)

The e-commerce of the Finnish Red Cross can be easily accessed from their main page, but it has also direct address <http://www.punaisenristinkauppa.fi/>. It seems to be separate page. It offers search box and it has also scrolling advertising element, which includes a call to action. It has also the option to choose Swedish language. (The Finnish Red Cross, 2013.) The advertising box has clearly been updated to the season and it offers for example wedding gifts etc.

The layout is clearly more modern and professional than in the two e-commerce businesses looked at before. On the page some scroll up must be done, but it is doable. It is clearly bigger than two previous organizations.

The e-commerce has nine main product categories: 1) seasonal products, 2) cards, remembrance cards, books, 3) donations (tee merkkiteko/ make a difference), 4) first aid, 5) textiles, 6) safety products, 7) for young people and kids, 8) gifts and leisure and 9) VAPEPA (voluntary rescue service). Under these categories there are subcategories. The shop has a total of 332 products. The biggest categories are gifts and leisure, with 98 products, and first aid, with 98 products. Smallest category is donations with 11 “products”. (The Finnish Red Cross, 2013.) Also this e-commerce allows taking donations and other products into same shopping cart, but it seems that VAT is not counted correctly in the shopping cart. The other big category, first aid, is clearly related to the Finnish Red Cross’ cause and action. The other one, gifts and leisure, have labeled products in it, but also products that present the Red Cross in other ways, for example red heart casserole (red + heart). Figure 18 shows the layout of Red Cross’s e-commerce.

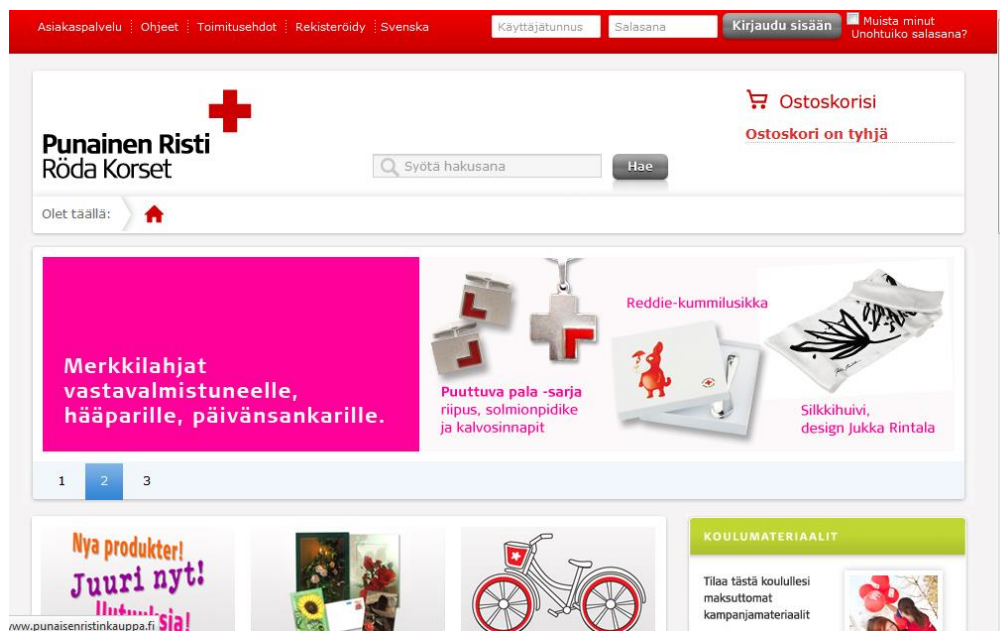


Figure 18. Red Cross e-commerce main page (The Finnish Red Cross, 2013.)

Customers are probably all people supporting the cause. Red Cross’ Facebook page has 40,493 fans and the biggest group is 35-44 years old people living in

Helsinki (Facebook.com/punainenristi, 2013.) This amount of Facebook fans obviously shows the popularity of this cause and it must also affect their e-commerce revenues. The risk of adding new product into inventory is smaller, because the capability to take risks is higher. Still there are clearly segmented products like VAPEPA, which are meant for people taking part in that service.

The pricing seems also to differ in this shop depending on the product, but for example t-shirts cost 22 euros and remembrance cards 14 euros. Clearly at least some products have a charity extra in the price.

Visual layout of page has clear connection/similarity to Red Cross' brand image and the red color is frequently used. Also technique behind the e-commerce seems to be modern. Figure 19 shows how the shopping cart can be seen all the time on the top of the page, and customer can whenever see what is in it at any time.

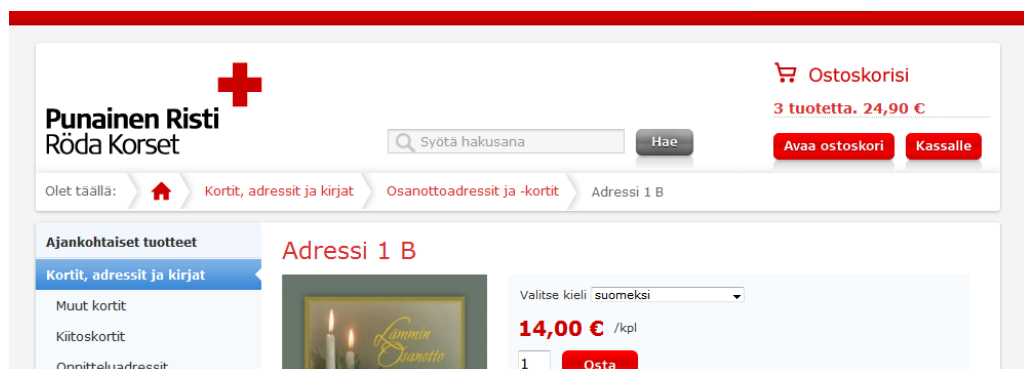


Figure 19. Shopping cart visibility (The Finnish Red Cross, 2013).

The purchases can be paid via internet banks, credit cards, cash on delivery (costs 4 euros extra) and companies have also invoice option. Normal delivery time is 1-2 weeks. The delivery cost depends on the weight of the purchase. VAT is 0, 10 or 24 % depending on the product. Deliveries are made also abroad, but must be made via e-mail. (The Finnish Red Cross, 2013.) There are several payment options available, which of course helps to gain more customers.

Figure 20 shows the SWOT-analysis of Red Cross's e-commerce. CSFs (critical success factors) of Red Cross' e-commerce are strong brand, charity aspect, technology and big audience.

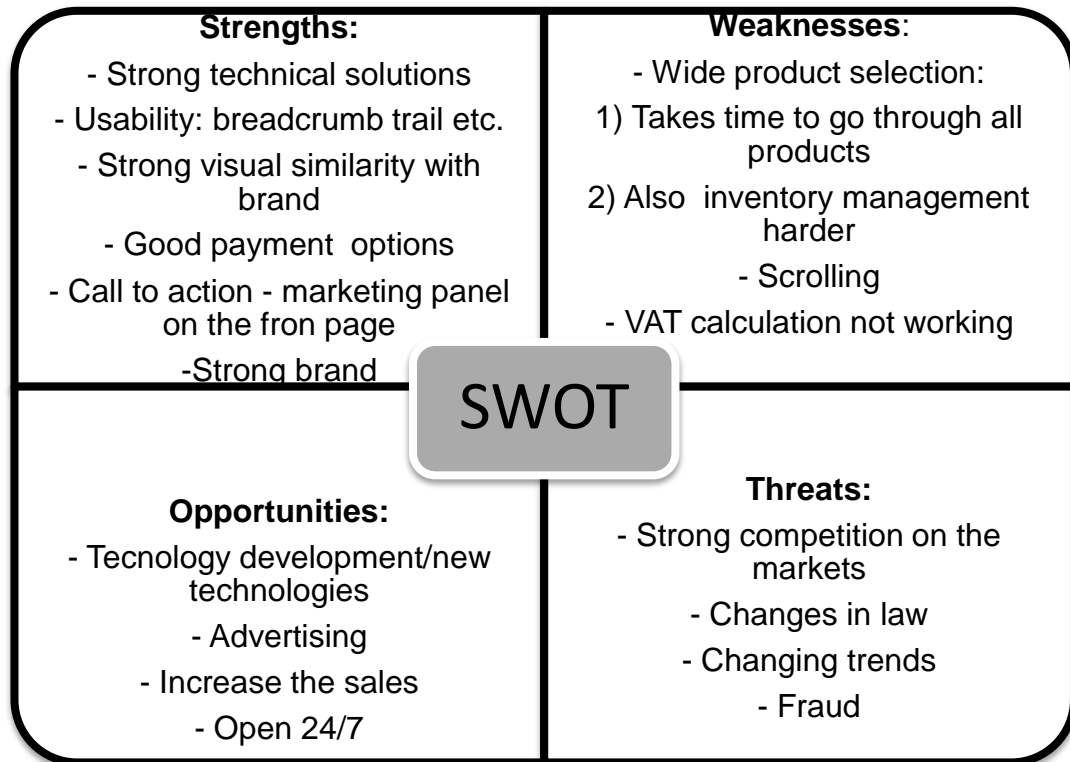


Figure 20. SWOT-analysis of Red Cross e-commerce

These e-commerce businesses had some similarities, but also there were differences for example in technical solutions and also the product selection varied a lot. There were even some basic issues which should be improved in some shops.

It seems that if e-commerce has wide product selection, it might be hard to find the products wanted, and in these cases clear product categories and search box are needed. Figure 21 shows a clear breadcrumb trail, which Red Cross had, that helps customer to easily move on the sites.

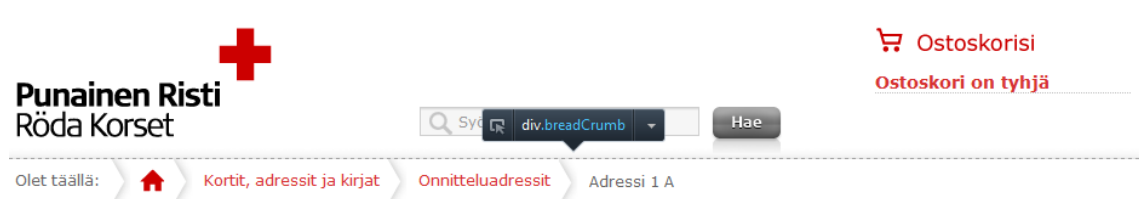


Figure 21. Breadcrumb trail (The Finnish Red Cross, 2013).

Table 1 presents the summary of findings of competitor analysis. When talking about charity e-commerce businesses, probably the most significant thing is that they already have a strong brand and e-commerce is one additional channel to support their causes.

COMPETITOR AND MARKET AREA	STRENGTHS	STRATEGY DEVELOPMENT	CSFs IN THE FUTURE
<p>The Finnish Lifeboat Institution operates in Finland</p> <p>E-commerce revenue 680 eur/2008 (The Finnish Lifeboat Institution, 2013.)</p>	<ul style="list-style-type: none"> - Strong brand, justified purpose - Outsourced e-commerce - Good e-commerce strategy 	<ul style="list-style-type: none"> - Probably are not very interested on developing e-commerce → probably no big changes coming - Supporting other donation possibilities - The institutional financing is more important for this organization 	<ul style="list-style-type: none"> - Strong brand image → needs to keep up - Products have clear connection to cause
<p>HelsinkiMissio operates also in Finland, products can also be ordered abroad by e-mail</p> <p>2012: Visitors at</p>	<ul style="list-style-type: none"> - Clear product selection - Lot of potential customers - Strong brand - Possibility to 	<ul style="list-style-type: none"> - puts efforts to strengthen the internet visibility. Also e-commerce development possible 	<ul style="list-style-type: none"> - Good partners in advertising -> strong brand image

<p>internet pages 86 262, e-commerce revenue 10 000 €, total fundraising revenues 97 652 € (HelsinkiMissio, 2013.)</p>	<p>purchase and donate at the same time</p>		
<p>The Finnish Red Cross operates in Finland, but also possibility to order abroad</p> <p>The whole fundraising: 15 564 872.67 €/2012 (The Finnish Red Cross, 2013.)</p>	<ul style="list-style-type: none"> -well-known strong brand - new technique -Usability, breadcrumb trail etc. - Possibility to combine donation and purchase 	<ul style="list-style-type: none"> - Strong development of electronic environment → increasing sales - Also technical development 	<ul style="list-style-type: none"> - strong brand → products advertised as support to organization/ good cause - Big audience already existing -Technology

Table 1. Summary of findings

These findings have been used as basis, when planning the strategy for the Finnish Seamen’s Mission’s e-commerce. For example it seems that each of the competitors had connections between their cause and the products. Technology varied between these three, but still it seems obvious that technology is at least somehow important when developing the e-commerce. Also each of the organizations studied seem to have a clear strategy, which seems to be thought

through carefully. All the strengths found could not be copied for the Seamen's Mission's e-commerce, for example the possibility to combine donation and products must be studied more. Also this competition analysis shows that there is a competition on the markets, but by concentrating and constantly following changes/trends it is possible to gain profit. To be able to succeed a constant competitor analysis and follow up must be done.

5.2 Porter's Five Forces model in e-commerce markets

After analyzing some competitors on the market it seemed better to do some other analysis before making any strategic decisions. The Porter's Five Forces model was used in analyzing the situation a bit more.

Rivalry between existing competitors on the market is one of the Porter's five forces (Magretta 2012, p.37). As mentioned earlier the competition on the e-commerce markets is tough, so the markets are quite full. Still many people are using internet as one channel so in a way it is a must to have e-commerce. The Finnish Seamen's Mission had in the beginning of the process already e-commerce in operation. The existing e-commerce had already inventory, which could be at least to some extent used also in the new e-commerce.

The threat of new entrants is the second of Porter's five forces. High entry barriers protect an industry of new entrants who would add new capacity and seek to gain market share. (Magretta 2012, p.50.) It is very easy to enter and also to leave e-commerce markets. Launching e-commerce is quite easy, but marketing and actually making the shop succeed demands professional skills and understanding of constantly changing digital markets.

Substitutes are the products that meet the same basic need as the industry's product in a different way. Because substitutes are not direct competitors, they often come from unexpected places. Due to this substitutes are not easily seen. (Magretta 2012, p.46.) On the e-commerce markets, substitutes are quite easy to find, because of search engines and price comparison services. Also the traditional shops offer substitutes that sometimes are easier to reach. When talking about charity organization on the markets, the price is not the most relevant

thing; it all comes down to questions about what and why people want to support.

Powerful suppliers charge higher prices or insist on better terms, lowering industry profitability. (Magretta 2012, p. 44.) The Finnish Seamen's Mission has several suppliers who have delivered products to e-commerce. First of all some suppliers' must be changed or at least the products ordered need to be changed. Also the products bought might change along the process. The suppliers' need to understand the charity aspect of the Finnish Seamen's Mission and the prices should be looked at all over again. The new suppliers need to also understand the charity aspect and actually all prices should be tendered. Suppliers should also see that they gain something for selling these products to this good cause, for example, good will and also some additional advertising. In the end, goal is to receive long-term profitable relationships with suppliers.

The inventory management should be transferred to e-commerce and managed straight from there. Because the orders are sent from the head office, it will make process go more smoothly, and keep it all the time up and running.

Figure 22 shows one option how the supply chain can be envisioned, but of course it can be also seen more complicated figure, for example adding the advertising, the choices made to the figure. This figure tries to give a simple view to supply chain.

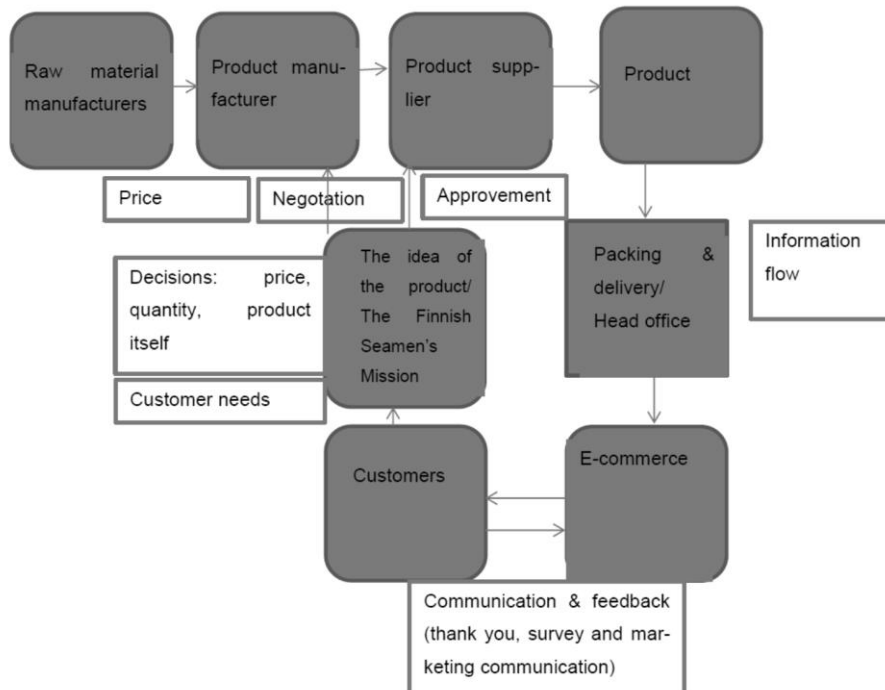


Figure 22. The Finnish Seamen's Mission's supply chain

Powerful customers will make the prices down or demand more value in the product, thus capturing more of the value for themselves. In both of these cases industry's profitability will be lower, because customer will have added value for themselves. (Magretta 2012, p. 42.) As mentioned before in this case the price is not the most important thing; more important is the brand and the way people are attracted to your cause. The Finnish Seamen's Mission has already some existing customers in the e-commerce and of course those customers need to be kept, but at the same time informed more about the work that the Finnish Seamen's Mission is doing (the reason why money is needed). From the customer's point of view, call to actions are important and also the answers to the question: why support this cause.

5.3 Strategic decisions

To sum up the analysis before, e-commerce is not an easy market to succeed, but it is used by many these days as one channel, and at the best it can support other fundraising activities of the Finnish Seamen's Mission. Probably it will not be a goldmine, but it can be important supporting tool as the Finnish Seamen's Mission has made the strategic decision to develop their fundraising. The anal-

ysis done also showed that strategy is important when launching e-commerce. Good strategy is clearly recognizable.

In practice, there are two options for strategy: 1) product focused or 2) charity focused. In any case, the e-commerce should support other fundraising operations so that it can be used as support in campaigns, for example in wool sock donation campaign; there could be also available socks with logo on it in addition to donations. If the chosen strategy is product focused, the product range should represent the well-known brands which are sold at a higher price than normal. Figures 23 and 24 present both strategy types' ups and downs.

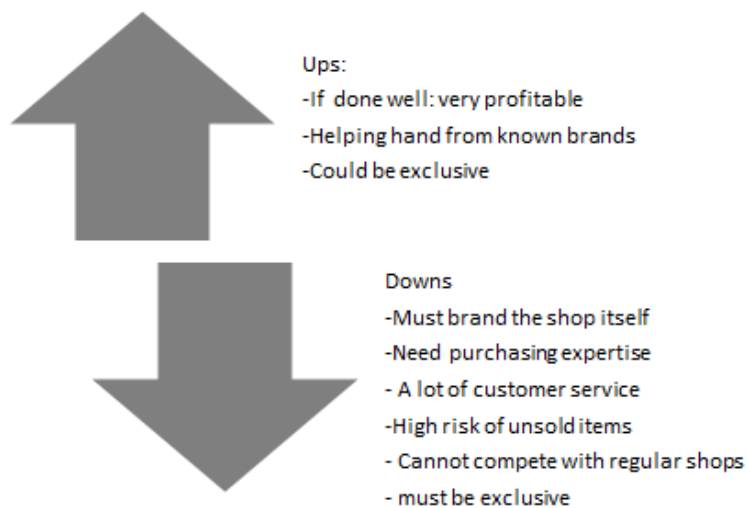


Figure 23. Ups and downs in product focused e-commerce

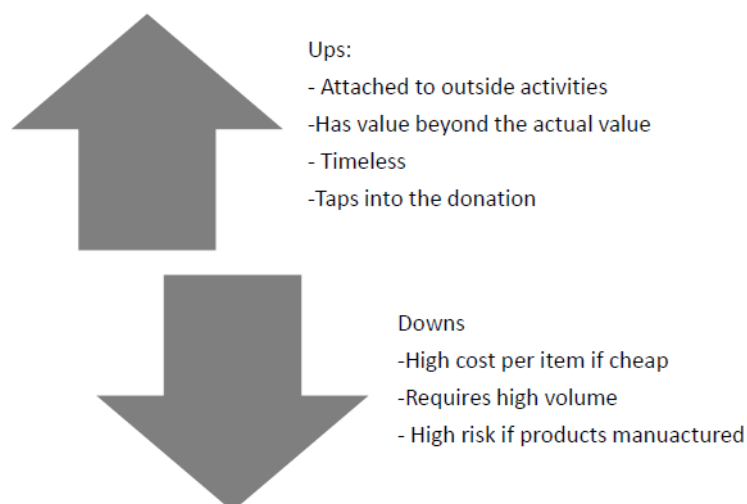


Figure 24. Ups and downs in charity focused e-commerce

The most essential thing is to choose the strategy and re-design the product portfolio so that it follows the chosen strategy. At the beginning, the product portfolio was not clear and the strategy could not be identified. Of course one important thing affecting product selection is the chosen customer segment. Existing supporters of the Seamen’s Mission is one clear segment.

E-commerce plan is based on the charity strategy option; because it is the most natural way and it can also use some products, which are already in the inventory. To be able to achieve this strategy, products must be reduced and also select clear support products into shop, which can be seen more as support than consumer product. The mission of the e-commerce is to support fundraising and be a profitable charity shop, which gives a good feeling to buyer and seller. The mission was chosen, because the fundraising development is part of the company’s strategy and also fundraising needs to have different kinds of support options. Mission is based on idea “when you give you will get”. Vision of the shop is to be “Successful, well-known and innovative charity shop”.

The financial goal was to add sales up to 100 % at the first year. Estimated costs of the shop at first year are higher than upcoming years so it will eat some profits. Table 2 presents the estimated profit and costs at the first year.

Estimated profit	Costs	€
6 000 €	Theme/layout	490 €
	Platform costs	539 €
	Marketing costs	3 200 €
	Products	
	Total:	4 229 €

Table 2. Estimated profit and costs of the development

5.4 Development points

Clear developments other than marketing actions are presented in this chapter. Development has to be made step by step exploring the processes and product

portfolio. What products the shop has, are they selling and why they are selling? Who are the buyers and why do they buy?

Actually products that were selling were very typical for the charity shops and sell quite well in all shops. Piece of jewelry (with label) will promote good cause and cards are often needed. There were many products that were not selling at all. Figure 25 shows 20 most selling old products in Boston's matrix. Most products are situated in the dogs and question mark categories, which shows that some changes are needed. In the first year the product selection is just reduced and new product development is left to second operational year.

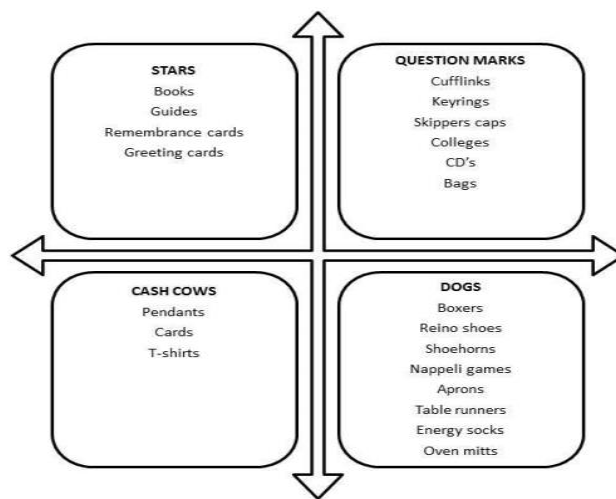


Figure 25. Top 20 products sold in the Boston's matrix

Based on the matrix and the other analysis, the e-commerce should have 5-7 clear product categories. Clearly those products that are in the star and cows categories should be kept also in the new e-commerce. New planned categories are 1) Jewelry (subcategories: silver jewelry, gold jewelry and bronze), 2) Cards and publications (subcategories: ship cards, Christmas cards, greetings cards, remembrance cards and publications), 3) Logo products (t-shirts, "Reino" shoes all with logo etc.), 4) religious (baptism certificates, Bibles etc.) and 5) seasonal (products inside this would related to time of the year for example in Christmas cards, gifts etc.). The ideal product amount for the Finnish Seamen's Mission's e-commerce would be between 20-30 products and the product portfolio is based on existing products, because this way the risk will be lower.

The next questions are: who are buying these products and who are going to buy these in the future. The old customers are already familiar with the Seamen's Mission and most of them probably are members of the Finnish Seamen's Mission. 42.8 % of members are male, 56.6 % female and 0.6 % congregations. 32.2 % have informed their age and the average age is 62 years. Only 9 % speaks Swedish as mother tongue. 1.6 % live in Helsinki Metropolitan area. (The Finnish Seamen's Mission CRM, 2013.) It seems that there are not significant differences in the gender, but the average age is about 62 years, and when choosing products this must be taken into consideration. Only 9 % speak Swedish and this indicates that in the beginning the shop could be launched only in Finnish. As many of the existing customers seem to be older people; it is good to still offer to them option to order by phone, but mainly recommend to use the e-commerce. Advertising in the Finnish Seamen's Mission's own magazine is important also in the future to be able to reach this group. This is the most important group and should not be forgotten. New customer groups should be those who want to support the Seamen's Mission's cause. One customer group could be similar to customers that already exist. Other customer groups might be people interested in religion or people who have been living abroad or families with people working on the seas.

According to TNS Gallup's research, 11 % of women age 15-69 donate money to charity; of women age 50-69, 16 % donate. Highly educated, with at least upper secondary college graduates are interested in charity work and donate the money. Senior staff and senior leaders are more likely to donate money to charity. Pensioners are willing to donate the money. People keen on philanthropy read magazines related to home, decorating and health. Many of those people read Finnish magazines like Avotakka, Koti ja Keittiö, Viherpiha, Hyvä Terveys, Pirkka and Yhteishyvä. Equality is very important to these people. Environment is also important to this group and 85 % recycle. (TNS Gallup, 2013.) Advertising could be targeted to some of these magazines (online and offline) and maybe the Finnish Seamen's Mission could also launch recycled products, for example paper pearls made from old advertising materials.

Target group can be divided to segments: 1) former customers, employees, stakeholders etc., 2) existing customers (members, seamen, truck drivers, people living abroad and older people supporting the cause), 3) new potential supporters (people generally wanting to support some charity cause, boat owners, people who have lived in areas where the Finnish Seamen's Mission has operations and people who want to support Christian organizations). Also, Kotimaa company's segmentation method called Jäsen 360°/Member 360° could be used as a tool when finding new customer groups. Jäsen 360°/Member 360° is Finland's largest segmentation research, which brings the churches much-needed information about the nature of people living in the certain church's area (Amt.fi, 2013). If using this segmentation in marketing it should be done as experimental test to be able to explore little by little what is the best segment for the Finnish Seamen's Mission.

When the development process started the company called Kotimaa, who had delivered the e-commerce platform informed that the old platform, Wosbee, is going to closed down and they suggested that Finnish Seamen's Mission would take new platform called Mycashflow. Mycashflow was chosen as the new platform, because it seemed to have basic features needed, price was reasonable and Kotimaa company was familiar to this platform, which was the most important thing to the Finnish Seamen's Mission if support in use or in maintenance would be needed in the future.

The payment process should be easier and all the common internet payment methods should be added to the shop to be able to make the purchasing process easier. The Finnish Seamen's Mission should search for the cheapest way to add the payment methods, because it is after all a charity shop. Mycashflow offers Checkout Finland's online payment method service without any opening or monthly fee; only when purchase is made is commission charged. This is a good option for the Finnish Seamen's Mission, because it brings costs only if somebody buys from the e-commerce.

The shipping costs should be compared to other charity shops and the cost of the invoice should be less, for example 8 euros (and it should be meant to companies buying from the e-commerce). In many e-commerce platforms the ship-

ping cost is based on the weight of the products; also Mycashflow works this way. The shipping costs will be the following:

- Letter to a maximum weight of 0.5 kg shipping costs 4.00 € (incl. 24% VAT)
- Letter to a weight not exceeding 2.0 kg shipping costs 7.50 € (incl. 24% VAT)
- Maxi letter weight up to 0.5 kg shipping costs 7.50 € (incl. 24% VAT)
- Maxi letter weight up to 1.0 kg shipping costs 9.00 € (incl. 24% VAT)
- Package weight up to 5.0 kg shipping costs 11.00 € (incl. 24% VAT)
- Package weight up to 15.0 kg shipping costs 14.00 € (incl. 24% VAT)
- Package weight up to 30.0 kg shipping costs 19.00 € (incl. 24% VAT)

Also terms of delivery, privacy policy and instructions must be added into e-commerce.

Accordingly, usability is one important aspect of e-commerce. Successful e-commerce needs other things beside usability, but without good usability success seems to be unlikely. In e-commerce usability means that the customer finds the product and the information that he/she is looking for. Customer also needs to do the purchase process without any interruptions and process must be clear. If there will be too much problems or interruptions during the process, it is very likely the process is not finished. Clear ordering process is critical. Figure 26 shows that in the old shop when customer clicked a product to shopping cart, the cart itself did not open to customer. Customer does not necessarily understand that he/she needs to click the shopping cart to be able to see what is in it. Figure 27 shows that the process would be clearer to customer if each time when adding a product to shopping cart, the cart would be opened to the screen.



Figure 26. The situation after adding the product into shopping cart (The Finnish Seamen’s Mission 2012.)



Figure 27. The suggested situation after adding a product to shopping cart

Old order form did not have any place for marketing permissions. Marketing permissions should be added to be able to send customers e-mails to remind of new products etc. Also the ordering process should be developed so that it would add profits of the Finnish Seamen’s Mission.

The shop should clearly promote that it is a charity shop, which uses all the revenues for the Seamen’s Mission’s operational work helping and supporting people living abroad. Shop could also have some other charity elements. It could present a short info of where and how the profits are used and how it will

help the Finnish Seamen's Mission with its work. Figure 28 shows an example how the shopping cart could be designed in way that it presents the cause.



Figure 28. Charity shopping cart (Pilipinokuno 2012.)

These steps should be done before trying to receive customers to the shop. After these are fixed, marketing actions can be implemented.

5.5 Marketing actions

The most significant change to be able to attract new customers is to add sales are marketing actions. As mentioned already the e-commerce marketing has not really been done. Marketing should be improved at least by adding Google ad-words marketing and Facebook marketing to be able to get more customers to the shop. Also e-mail marketing should be launched. The marketing action budget is 3200 euros and the marketing is planned to start in October, because before Christmas people are more likely to support charities and also that is the best time to market Christmas presents.

Search engine optimization should be the first step, when trying to attract new customers to e-commerce. The most important thing in this is to make sure that the most common keywords are first chosen and then checked that those words will be also found in the e-commerce, but this is just the first step. The chosen shop platform offers features which will help the page go up in the search engine results. Mycashflow includes search engine friendly URLs, content-rich interface tags, site map, as well as many other technical details. The Search engine optimization and A/B testing need to be done, but are not included in this marketing plan budget. A/B testing for the e-commerce should also be carried

out, but for that is recommended to use external partner to be able to receive the best result. Even A/B testing is not budgeted to these marketing actions, but it is crucial to be able to receive better conversion. At the A/B testing should at least be following things checked through call-to-action (is there one, phrasing and location), landing page's pictures, forms, texts, the price highlighting and colors plus sizes of different buttons. Basically the idea behind A/B testing is to create two versions of the e-commerce and test which ones generates better conversion.

Before implementing any marketing actions it is relevant to define the chosen segments. In the beginning when there is no certainty of the segments, it is good to choose few different segments for Facebook marketing as test groups to be able to get more information of what is working and what is not working. The chosen segments should also be interest in products offered in the e-commerce. The first segment chosen is women over 50 years old living in Finland and interested in charities. The second segment is people 28-40 years old interested in traveling. The third segment is people aged 30-50 and interested in "merimies/seamen". The fourth segment is the persons over 18 interested in "kirkko/church". The last segment is the friends of people who are already connected to the Finnish Seamen's Mission in Facebook, and also the existing Facebook fans. All of the chosen segments were chosen from those living in Finland, because at the beginning the idea is that e-commerce starts in Finland. The other segments beside the first should be divided also by gender, so the results could be evaluated closer. The groups were chosen because by adding different kind of groups can be piloted if they are interested about the Finnish Seamen's Mission's e-commerce or about the cause.

The idea of the advertising is to make people click on the advertising and after they have clicked the goal is to lead them to landing page, which explains a bit more about e-commerce and also offers the option to join the e-mail posting list or has clear link directly to the e-commerce.

The chosen advertising types for Facebook advertising were promoting posts and standard ads and the budget for this is 1500 euros. The idea is to try both pricing models CPC (cost per click) and CPM (cost per thousand impressions)

and to follow carefully, which one works better, because it is hard to say which model will be more suitable. For standard ads the idea is to use products, that could be suitable for Christmas gifts like jewelry and seasonal products such as Christmas cards. The idea is to add promoted posts once a week and mainly use standard ads. As advertising starts must be it followed and changed according to the results. To be able to see what works there should be three different categories (the Christmas card and silver pendant and "Reino" shoes). Table 2 shows the planned advertising: segments, budget and advertising types. Both advertising types (promoting posts and standard ads) are used for all the chosen segments, because in this way could be easily indicated, which method works better.

Facebook advertising planned October 2013		
Segment	Promoting posts, budget 400 €	Standard ad, budget 1100 €
Women over 50 years, living in Finland, interested in charity	x	x
Women 28-40 , living in Finland, interested in traveling	x	x
Men 28-40 , living in Finland, interested in traveling	x	x
Women 30-50, living in Finland, interested in "merimies/seamen"	x	x
Men 30-50, living in Finland, interested in "merimies/seamen"	x	x
Women over 18, living in Finland, interested in "church"	x	x
Men over 18, living in Finland, interested in "kirkko/church"	x	x
Fans of Merimieskirkko or friends of fans	x	

Table 3. Planned Facebook advertising

In Facebook under the advertising sheet the campaigns can be followed, monitored and edited. Basically when starting a campaign it should be followed immediately for both the campaign and its feedback. There are many meters, which show the efficiency of the campaign for example CTR (how many shows lead to one click), cost-per-click, how many clicks there were, costs, new fans

etc. The main point of the Facebook advertising is of course the conversion and its development.

The other actual marketing action planned for the Finnish Seamen's Mission is Google AdWords advertising, and to this was budgeted 1500 euros. The idea is to create an advertising campaign in Google AdWords which can be changed along the way, and also the basic idea is to market the shop. The most suitable way to start Google AdWords is to make small test campaign at the beginning, and then after analyzing the results of it change the campaign. First thing is to choose right keywords to campaign. Because there is quite much competition between charity organizations, it could be that the keywords chosen might be expensive.

Idea is to produce two different kinds of ads to campaign and to see if there is a difference on the advertising texts. The advertising texts should always include the call-to-action. Figure 29 shows the planned ads, which include texts "Tue Merimieskirkkoa osta hyvää tekevä tuote!/Support the Finnish Seamen's Mission by buying a charity product!" and "Tee hyvää osta kannatustuote!/ Do charity act buy charity product!". Another option is to promote Christmas season like "Osta hyvää tekevä joululahja Merimieskirkon puodista!/ Support and buy a charity Christmas gift!".



Figure 29. The example ads

When advertising in the AdWords, it is possible also to add the advertising to Google's display network, but because the Finnish Seamen's Mission has not a lot of experience on Google marketing it is recommended to start the advertis-

ing only by using the search engine marketing, which means that the advertising will be shown only in Google's search results.

When doing the advertising the keyword match option must be also chosen, which means controlling which searches can trigger your ad. The match types are broad match, broad match modifier, phrase match, exact match, and negative match. Broad match means that the ad may show if a search term contains keyword terms in any order and possibly along with other terms, and ads can also show up in close variations of keywords. Broad match modifier means that ads only show when a search contains modified terms, or close variations of the modified terms, in any order. Unlike broad match keywords, modified broad match keywords won't show your ad for synonyms or related searches. Phrase match means that someone searches for an exact keyword or exact keyword with additional words before or after it. Exact match, unlike phrase match, means that someone searches for additional words before or after exact keyword, the ad won't show. Negative match can be used to be able to prevent ad from showing to people searching for certain terms. (Google 2013.)

Usually the broader the match type is, the more people will see it and the more expensive it is. In the Finnish Seamen's Mission's case it is recommended to use broad match modifier and phrase match depending on the popularity of the keyword used. Table 3 shows the planned AdWord campaign without keywords. Keywords are suggested to choose in a fundraising brain storming based on the words that lead to e-commerce and the main site and also based on the words that are common like "lahja/gift" and "hyväntekeväisyys/charity".

Google AdWords e-commerce campaign October 2013			
	Broad match modifier	Phrase match	Daily budget
Ad 1, 10 keywords	x	x	25 €
Ad 2, 10 keywords	x	x	25 €
Total budget for month			1500 €

Table 4. Suggested AdWords campaign.

To be able to follow the campaign must be some targets defined before starting the campaign, and as the goal is to receive new customers, the target could be

related to sales growth. Target could be that 2 % of visitors should buy something from the e-commerce. Also in Google's AdWords the main meter should be the conversion, because the aim of the advertising is to receive new customers.

E-mail marketing is one important tool for the Finnish Seamen's Mission when they want to add sales and marketing in e-commerce. The Finnish Seamen's Mission should actively collect e-mail addresses from the customers and potential supporters to be able to build marketing register. First of all the Finnish Seamen's Mission must add to their homepages a link, where people can join the mailing list and this list, should also be promoted in their Facebook pages. E-mail addresses should also be collected from fairs and events by organizing competitions etc. At this moment there are already enough addresses that e-mail marketing could be started. The e-mail marketing target group is now approximately 300 addresses. Table 4 presents the marketing e-mails time table. Marketing e-mail are planned to be sent approximately 5-6 times per year mainly near holidays or some other special occasions.

Time	Purpose
January	
February	Valentine's day
March	
(end of the) April	Presents for summer parties, graduation, Mother's Day etc.
May	
June	
July	
August	New products
September	Sea Sunday
October	Father's Day
(end of the) November	Christmas presents/ also for corporations
December	

Table 5. Planned e-mail marketing.

The next option is to choose a proper tool for e-mail marketing. There are many different options on the markets, but to be able to find the correct one, the Finn-

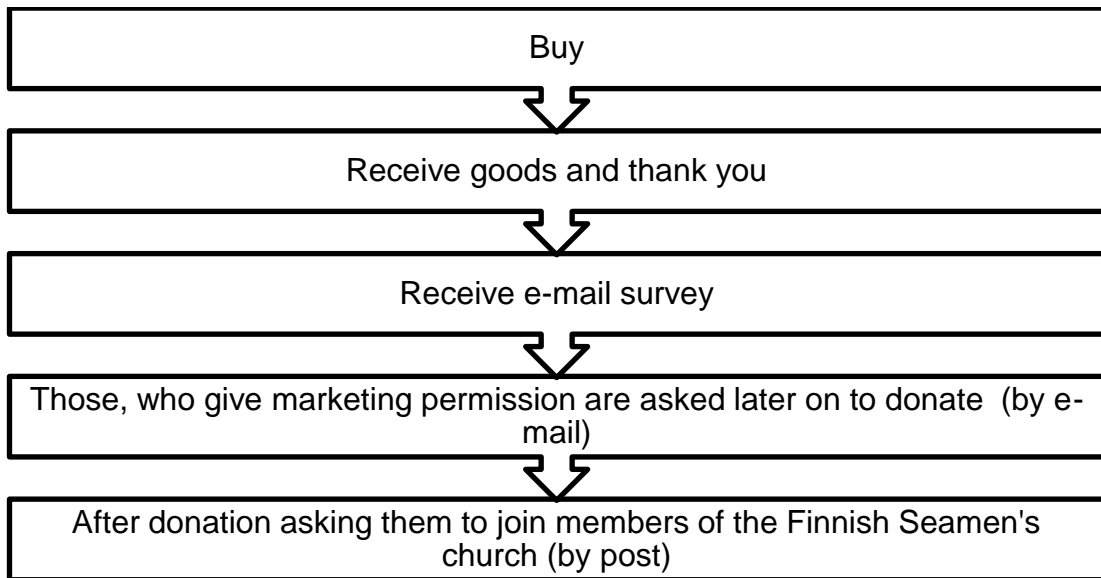
ish Seamen's Mission has listed the features an e-mail marketing tool should have: the possibility to build own template, easy to use, export/import to Excel, mobile ready, spam and A/B testing, unsubscribes and bounces, Google integration, reporting, reliability and safety. One important factor is of course in this case the cost. After comparing a few options on the market and seeing their prices it seems a good idea to start the marketing with e-mail marketing tool Campaign Monitor offered via Mycashflow. Campaign monitor is a basic tool which is suitable for the Finnish Seamen's Mission's use, because the pricing is based on the amount of the e-mail sent (0.02 € per e-mail) and basic fee (5 € per campaign).

Basically the e-mail marketing should also be followed. How people react to e-mail sent to them? How many open the mail? How many of people receiving click links on the mail and how many mail buy? What is the final conversion? What difference A/B testing makes? How many will unsubscribe? There are several indicators which show if the e-mail marketing is working or not. This should be followed constantly and change marketing according the results received.

Later on the Finnish Seamen's Mission could consider banner marketing and also consider launching a bigger product campaign (with one product) to promote their e-commerce and products. This requires of course a really good product that would be successful. Without the visibility and without new customers, the shop can never succeed.

In the end, when marketing is working and people have found the shop, it is time to think how to make them come back to shop and build the customer commitment. The new customers are always more expensive than the old ones and that is the reason why commitment is so important also in this case. The idea is that step-by-step process would lead the one time buyers into deeper relationship and at the same time find out the customers' opinion about the e-commerce to be able to develop it forward. First step is that after buying a product customer receives short e-mail survey asking opinions about the shop's product selection, usability and overall opinion about the e-commerce (7-10 questions). Those customers who have given permission to e-mail marketing

are asked to donate to the Finnish Seamen's Mission after one month of their purchase. The third step after few months is to ask the customers to join as members. Graph 4 shows the new planned customer journey.



Graph 4. New customer journey.

The e-commerce development should be carefully monitored and measured. A good tool for monitoring and measuring is Google Analytics, which should be implemented for e-commerce. Analytics helps to follow the results of marketing and also to find new possible segments and marketing channels for e-commerce. From Analytics can be easily seen where the visitors of the page come, what they look at on the pages, how long the visit lasts, how many of them buy etc., and also it can be used as a tool when evaluating the purchase processes. It is not enough that the incomes and expenses must be followed and evaluated. Customer satisfaction needs to be researched from time to time. Also the ideas of the customers should be taken into consideration when deciding product portfolio. When receiving enough customer data, customers can be segmented for example based on purchasing actions.

6 RESULTS AND FINDINGS

The e-commerce development plan had many development steps. To be able to easily look through all the developments planned, all the development steps

are gathered to Table 6. The main idea of the development plan was to implement new strategy and improve the e-commerce by different kinds of improvements. Beside the steps presented must search engine optimization A/B testing be done, but those are not included in this marketing budget

DEVELOPMENT STEP	IMPACT ON	METRICS
Strategy developed and chosen: charity based	Products, segmentation and marketing	Profitability (amount of the new customers)
New supply chain formed and inventory moved to e-commerce	Efficiency (inventory turnover) and improved customer service /satisfaction Supplier relationships / Sales margin	Customer feedback/ amount of the new customers Profits if the suppliers will give better prices (cause)
Development of the product selection	Sales and efficiency (inventory turnover and sales margin) Supports the strategy chosen	Improved profit Customer feedback
Segmentation	New interested buying clearly segmented customers	Improved profit (costs versus incomes are decreased → targeted marketing)

New payment methods	Customer satisfaction (more choices and faster delivery) and profit	Growth of sales Lower costs
New shipping costs based on weight	Customer choices	Profit
Terms of delivery, privacy policy, marketing permissions and instructions added	Reliability of the shop is improved and legal issues are handled properly	Customers trust/reliability
Usability	Clear and faster purchasing process without interruptions	Improved customer satisfaction → decreased sales
Charity shopping cart	Charity aspect's visibility	Justifies the prices of the e-commerce
Marketing actions: Facebook, Google and email marketing	Findability, visitors of the shop, conspicuousness, sales and the amount of the customers	Conversion % and decreased sales, new donations and conspicuousness
New customer journey	Customers and also the shop's development via customer feedback, better targeted marketing actions	Improved customer satisfaction → decreased sales, new donations and conspicuousness

Table 6. Summary of the development steps for the e-commerce

To be able to understand what is the situation of the Finnish Seamen's Mission's e-commerce after they have implemented development steps and what are their CSFs (critical success factors), a SWOT-analysis of the developed e-commerce is done.

Before the new developed SWOT-analysis, presented, in the Figure 30 is the old SWOT of the e-commerce, so the changes can be more easily compared. In the old SWOT can be easily seen that the e-commerce had more weaknesses than strengths, but still there was an opportunity to increase sales by developing the shop's weaknesses. The strengths of the old shop were that it had a lot of different kinds of products, so it was suitable for many types of customers and of course strength was that it was open 24/7. E-commerce had a solid, but still small income. Weaknesses were that it was obvious that the shop had no clear strategy, and due to the old platform the usability was not very good. The shop was marketed only in the Finnish Seamen's Mission's own magazine, and due to small circulation of the magazine it was not the best marketing channel. One weakness was that shop had none of the internet payment options and the central office's inventory was used for other things than just e-commerce.

The shop had opportunity to add sales, but still rapidly changing trends and strong completion were clear threats.

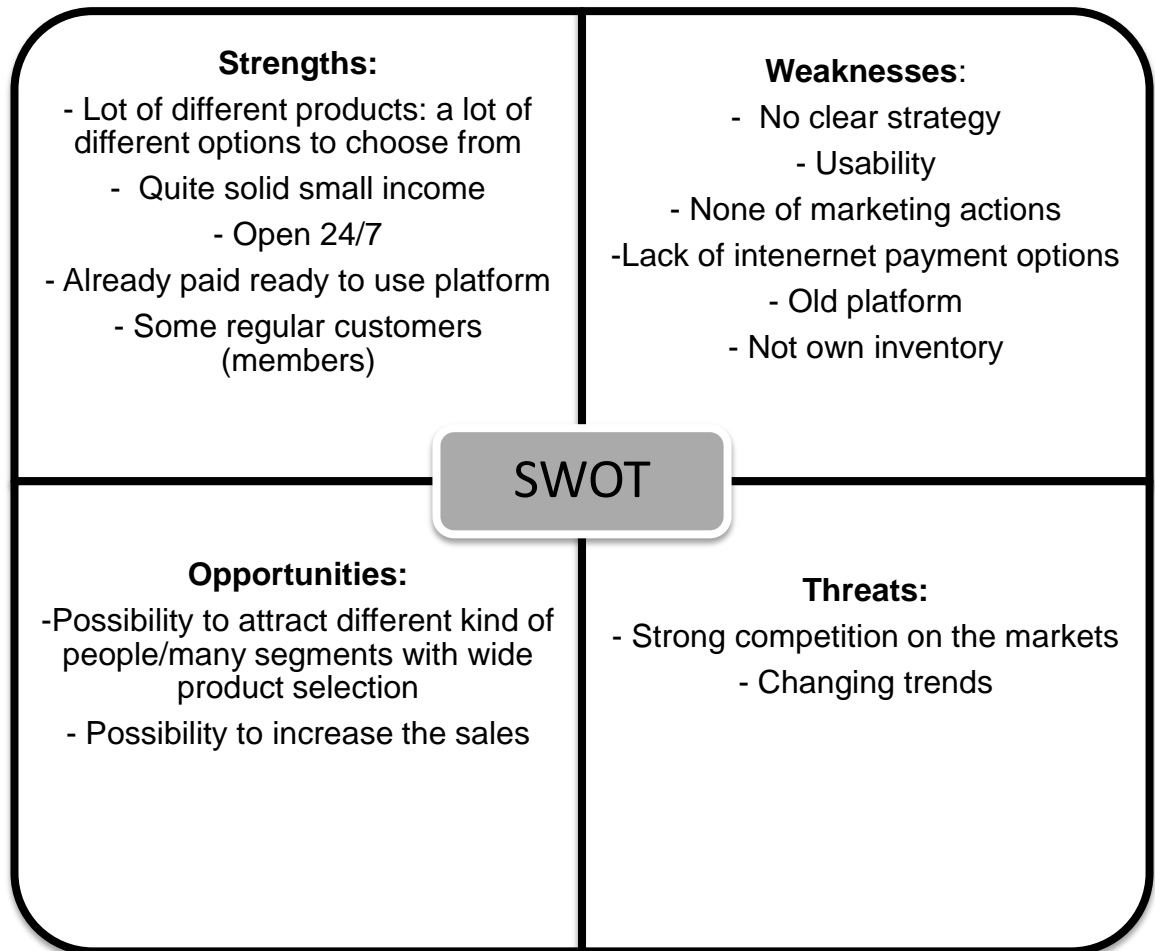


Figure 30. SWOT-analysis of the old e-commerce

In turn Figure 31 shows the SWOT-analysis of the new e-commerce. New e-commerce has clear concentrated strategy which is aligned with other fundraising actions. Also the new e-commerce has planned marketing actions, which include clear segmentation and marketing in the internet. Today more and more people use internet banks and want to pay for shopping online, and that is why the new e-commerce offers internet payment possibilities, except for credit cards. New e-commerce also has better usability as it has a new more modern platform. Usability is important to people, because they do not want to spend a lot of time in thinking how the shop works. Development costs money, and that is why all the actions must clearly be followed and measured. The weakness of the new shop is that due to cost, the shop's product category is based on old products and that might narrow the profit.

The new e-commerce has possibilities to add co-operation, and it supports better other fundraising activities. E-commerce platform also offers possibility for internationalization later on. Still it must not be forgotten that competition on the markets is tough and the trends as well as the technical requirements are changing rapidly. One thread is that the chosen strategy is not the best for this case company and the strategy and segmentation fails.

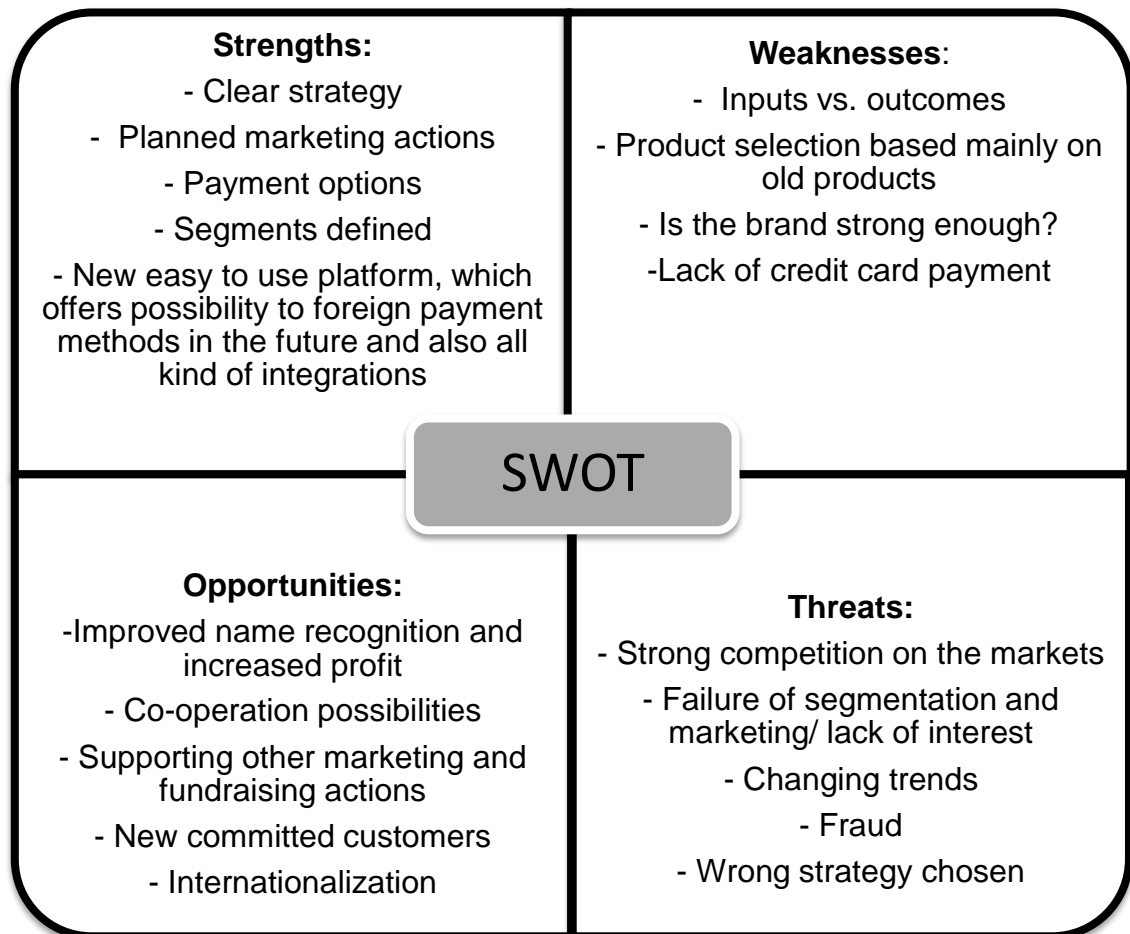


Figure 31. SWOT-analysis of the new e-commerce

Critical success factors are in this case clearly that the chosen segment is correct and that the shop attracts both the current customers and the new segments with its product selection. Also one important CSF (critical success factor) is that marketing is done in the right channel to chosen segments (successful marketing actions). Marketing in this case as in many others is one key to success. Without proper marketing, chances to succeed are small. In this case marketing means also building up the customer commitment step by step with

the new customer journey developed. Still it must not be forgotten that the basis (includes among other things usability and product selection) has to be built up well before doing any marketing, because even good marketing cannot save poor products and poor usability in the e-commerce. In other words this means that strategy is one key to success.

There is a possibility that the chosen strategy is not working as planned and assumed. In the beginning when these changes are made they should be monitored and reported on very carefully, and also estimated in case changes need to be done. One important meter is to follow the profitability (ROI) and conversion in the e-commerce. The Finnish Seamen's Mission should do regular competitor and market monitoring.

It seems that in this case there are 50/50 chances to either succeed or fail, but also the risks that are related to e-commerce business are in this case much smaller than risks related to many other marketing campaigns. Competition is tough and it might take time before the e-commerce really starts to grow. To be able to avoid unnecessary risks, the future development should be done step by step. Competition is tough also in the third sector, but without trying you cannot succeed. Constant innovation and product development are needed to be successful.

7 CONCLUSION

The goal of this thesis was to research case organizations possibilities to develop e-commerce so that it would be successful and also to launch the development plan. The e-commerce environment in charity setting was investigated; strategy was developed for e-commerce and also the actual development plan was created.

When starting up e-commerce it is important to evaluate the situation on the e-commerce markets and create a good solid strategy. Why are we going to this market? Who are our competitors? What chances do we have to succeed in these markets? What makes us different from our competitors? Who is responsible for these operations? Where does e-commerce stand in our overall strate-

gy? Do we know enough of digital marketing to be able to market the e-commerce? These and several other questions need to be answered before entering the e-commerce markets. The e-commerce should not be an operation that is not attached to any of the company's existing strategy. It is not a detached strategy, or even worse just some operation that is necessary to have these days. Successful e-commerce requires considerable work even though the actual e-commerce platform could be built up in days.

Although many charity organizations have their own e-commerce, at the same time some charity organizations have ended e-commerce because they are not profitable. This option needs to be considered in the Finnish Seamen's Mission's case. Is this worth the hard development work? On the other hand the Seamen's Mission has decided to develop fundraising and the e-commerce could in best case support fundraising with campaign products. E-commerce could be also for many people the easy way to support the Mission and at the same time feel good about it. The research made in the Finnish fundraising sector has pointed out that many people want to give support by buying a charity product.

In the future, customers will require even faster delivery times and that is one reason why e-commerce and SCM must be developed. Also the digital marketing is constantly changing. For example, new applications and platforms are developed all the time and this means that skills must be updated all the time as well. When doing e-business, it is important to remember that findability is in the key role. As mentioned earlier, in the future success is also based more and more on usability, and probably also to good customer service, which must not be forgotten. There are many issues which need to be researched, studied, followed, monitored and developed, and this requires constant work and resources.

As there is constant and growing competition also in charity markets, it is important to follow trends and do new openings. Still even when these development steps are done, it does not, guarantee success. However as in everything without development success cannot be achieved.

The development of e-commerce is not just one person's responsibility; it requires management decision and support of all the employees in the company. The e-commerce will probably sustain losses in the beginning of the development, but without development it will never succeed. It might end up to be only one part of multichannel shopping environment, but these days customers are requiring more and more possibilities to have multiple channels as they do shopping and also as they support charity organizations. Even if it is obvious that the e-commerce is not going to be an endless gold mine, it might strengthen the organization's brand and also improve profitability. Of course the question remains, how much and to what extent is the organization willing to put effort into building brand and improving customer satisfaction.

Figures

- Figure 1. Applicable situations for different research strategies, p. 10
- Figure 2. The balanced scorecard, p. 22
- Figure 3. Figure 4. SWOT-analysis framework, p. 28
- Figure 4. Porter's five forces, p. 29
- Figure 5. The Boston Consulting Group Matrix, p. 31
- Figure 6. The most popular products and services 2008-2011, p.35
- Figure 7. The 5 Ss of internet marketing, p. 39
- Figure 8. Paid and organic results in search engine, p. 40
- Figure 9. Example of standard ad, p. 46
- Figure 10. Example of promoted post, p. 46
- Figure 11. Example of sponsored story, p. 47
- Figure 12. The activity of different digital channels and tactics in marketing use in organizations, p. 47
- Figure 13. Finnish Lifeboat Institution's e-commerce, p. 53
- Figure 14. SWOT-analysis of Lifeboat Institution's e-commerce, p. 53
- Figure 15. The main page of Hyv nKauppa, p. 54
- Figure 16. Shopping cart at Helsinki Missio's e-commerce, p. 56
- Figure 17. SWOT-analysis of Helsinki Missio's e-commerce, p. 56
- Figure 18. Red Cross e-commerce main page, p. 58
- Figure 19. Shopping cart visibility, p. 59
- Figure 20. SWOT-analysis of Red Cross e-commerce, p. 60
- Figure 21. Breadcrumb trail, p. 60
- Figure 22. The Finnish Seamen's Mission's supply chain, p. 64
- Figure 23. Ups and downs in product focused e-commerce, p. 65
- Figure 24. Ups and downs in charity focused e-commerce, p. 65
- Figure 25. Top 20 products sold in the Boston's matrix, p. 67
- Figure 26. The situation after adding the product into shopping cart, p. 71
- Figure 27. The situation after adding the product into shopping cart, p. 71
- Figure 28. Charity shopping cart, p. 72
- Figure 29. The example ads, p. 75
- Figure 30. SWOT-analysis of the old e-commerce, p.83
- Figure 31. SWOT-analysis of the new e-commerce, p.84

Formulas

- Formula 1. The final location of the ad, p. 42
- Formula 2. Conversion %, p. 49

Graphs

- Graph 1. E-commerce revenues 2010-2012, p. 17
- Graph 2. E-commerce revenues per month 2010-2012, p. 18
- Graph 3. Order process the Finnish Seamen's Mission's e-commerce, p. 19
- Graph 4. New customer journey, p. 79

Tables

Table 1. Summary of findings, pp. 61-62

Table 2. Estimated profit and costs of the development, p. 66

Table 3. Planned Facebook advertising, p. 74

Table 4. Suggested AdWords campaign, pp. 76

Table 5. Planned e-mail marketing, pp.77

Table 6. Summary of the development steps for the e-commerce, pp.80-81

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