

Bachelor's thesis
International Business
Specialisation
2016

Joonas Östring

E-COMMERCE IN B2B

– Study Case Hilti (Suomi) Oy



TURUN AMMATTIKORKEAKOULU
TURKU UNIVERSITY OF APPLIED SCIENCES

Joonas Östring

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Everyone is familiar with online stores today and it is quite safe to assume majority of us have purchased something online. It is a convenient and quick way to browse and compare products, and to make purchases. Online stores are widely on display and are marketed frequently. However, what most of us do not know, is that e-commerce is many times larger in business-to-business than in business to customer sale.

Business-to-business e-commerce is thriving and growing rapidly yet it is not as widely studied subject as B2C sales. The impact to the strategies of B2B marketers is massive and every company that intends to remain competent has to consider e-commerce as a key channel. Customers in B2B use e-commerce services for various purposes which are often similar to the B2C markets – price comparison, information finding and procurement.

This thesis explores the known theories used in business-to-business marketing and how they include e-commerce. Subsequently the impact of e-commerce to the buyer-seller relationship is discussed and how companies have adapted to it.

The aim is to provide propositions for B2B marketers on how to adapt to the growing demand of internet-based services and how e-commerce can support developing and maintaining relationships with the customers. Hilti (Suomi) Oy is used as a study case and more specifically Hilti online service. Furthermore, I deliberate the effect of Hilti online to the customer loyalty and what is the main function of the service. These are done by analysing literature on the subject and conducting interviews with Hilti customers.

KEYWORDS:

Business-to-business, relationship marketing, consumer behavior, e-commerce, customer loyalty

Joonas Östring

VERKKOKAUPANKÄYNTI B2B MYYNNISSÄ

Verkkokaupat ovat jokaiselle tuttuja ja hyvin suurella todennäköisyydelle suurin osa meistä on ostanut jotakin verkkokaupasta. Verkkokauppa on vaivaton ja nopea tapa vertailla tuotteita ja tehdä ostoksia. Ne ovat myös laajasti esillä ja mainostettuja. Useimmat meistä eivät kuitenkaan tiedä, että verkkokaupankäynti on suuruudeltaan moninkertainen tavanomaiseen yritykseltä kuluttajalle myyntiin.

B2B verkkokaupankäynti on kukoistava ja nopeasti kasvava ala, mutta siitä huolimatta sitä ei ole tutkittu yhtä laajasti kuin B2C verkkokaupankäyntiä. Verkkokaupankäynnin vaikutus B2B markkinoijalle on massiivinen ja jokaisen yrityksen täytyy ymmärtää verkkokanavan painoarvo strategiaa miettiessä. Asiakkaat B2B hakevat samoja asioita verkkokaupoilta kuin kuluttajatkin – hintojen vertailua, tiedon etsimistä ja hankintaa. Tämä opinnäytetyö tutkii jo olemassa olevia B2B markkinoinnin teorioita ja verkkokaupan roolia niissä. Tämän jälkeen tutkitaan verkkokaupan vaikutusta ostajan ja myyjän väliseen suhteeseen ja kuinka yritykset ovat sopeutuneet muuttuneeseen tilanteeseen.

Tarkoituksena on tuoda esille ehdotuksia miten B2B markkinoija voisi mukautua tilanteeseen, jossa asiakkaat vaativat yhä enemmän digitaalisia palveluita. Tarkoituksena on myös löytää vastauksia miten digitaaliset palvelut (tässä tapauksessa verkkokauppa) voivat tukea ja kehittää myyjän ja ostajan välistä suhdetta. Käytän Hilti (Suomi) Oy:ta esimerkkitapauksena ja Hiltiin verkkokauppaa. Koitan löytää yhteyden asiakkaan lojaliteetin kasvun ja verkkokaupan käytön välillä. Tutkin myös verkkokaupan pääasiallista käyttö-tarkoitusta asiakkaille. Vastauksia näihin asioihin koitan löytää analysoimalla aiheeseen liittyvää kirjallisuutta ja haastattelemalla Hiltin asiakkaita.

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LIST OF ABBREVIATIONS (OR) SYMBOLS

M&E	mechanical and electrical
B2B	business-to-business
B2C	business-to-customer

1 INTRODUCTION

This thesis studies the use and possibilities of e-commerce in B2B sales and the impact it has created. Hilti (Suomi) oy will be used a study case and more specifically the M&E segment in Pirkanmaa region. B2C sales have seen a shift from the traditional brick and mortar shops to online for quite a while now. However, according to Frost&Sullivan the B2B e-commerce market is expected to be double (\$6.7 trillion vs. \$3.2 trillion) the size of the B2C market. Yet the construction industry is lagging behind. It is not until recently that construction companies selling to B2B customers have become more aware of the possibilities of the e-commerce. Furthermore, the customers have learned to demand more convenient and faster ways to find relevant information and make purchases on the spot, regardless of their location. Therefore, I will interview my own customers in the construction industry to find out how Hilti online (online store) adds value to the relationship with the customers. Additionally I will try to analyze its effects on the loyalty of the customers towards Hilti.

There are many incentives for companies to invest in the online channel. First of all, it allows the customers to make purchases by themselves, thus freeing the salesperson to engage in other activities such as finding new promising prospects. Furthermore, customer is able to purchase and find information when it is convenient for him/her and is not limited to the opening and working hours of the seller. Most importantly it is a great cost saver – maintaining an online shop is immensely less costly compared to physical shops or technical salesman making the sales.

1.1 Motivation

A year and a half ago I became interested on the topic while working in Hilti retail center in Turku. Hilti had just launched a new Hilti online website with the focus on creating awareness and getting our customers to use the website. The message was clear from the top management – Hilti believes e-commerce greatly

deepens the relationship with our customers and helps to build their loyalty towards Hilti. It was also to battle our biggest competitors with large retail center networks in Finland. “Businesses design their marketing channels to provide maximum value to their customers while minimizing costs associated with the creation of economic utility.” (Vitale et al., 2009, 5) However, it was not until I became fulltime employee of Hilti in the fall 2015 as an account manager with my own customers in Pirkanmaa region when I realized I could greatly benefit of researching the effect Hilti online has on my customers’ loyalty and their buying behavior. Furthermore, I understood the importance of asking directly from my customers how they perceive Hilti online and how it could be improved.

Business-to-business e-commerce is expected to be double from 5,5\$ (trillion) in 2012 to 12\$ (trillion) in 2020. (Internetretailer.com, 2014) However, there is little studies done on this subject and no real theories have formed on the effects of e-commerce as a sales channel in business-to-business markets. Moreover, most of the statistical data available encompass companies such as Alibaba that provide a platform for companies to sell directly to other companies, instead of companies having their own e-commerce channels to sell directly to their customers. Therefore, I believe it is extremely important to research this subject area and find current data and gather information directly from Hilti’s customers. This will allow me to make relevant conclusions about the state of the Hilti online channel and what improvements could be done to develop it further.

In business-to-customer sales the product itself is the main driver for the buying decision for the customer. Therefore, it is not as relevant for the seller to provide additional services to make the sale. Business-to-business markets work in vastly different way and the product is defined as the total offering that can encompass everything from financing terms to delivery options and additional services. ((Vitale et al., 2009,6) As mentioned before, many of Hilti’s biggest competitors such as Würth, Sejotec and other wholesalers have physical stores spread around Finland (compared to 10 Hilti retail centers in the whole country), thus providing them with an edge in the ease of conducting business with them. Hilti is a direct sale organization and therefore it cannot compete in the number of retail stores

and has to find other ways to combat this issue. “57% of the buying process is done prior to engaging with sales.” (ecommerceandb2b.com, 2015) It is quite clear that for these reasons e-commerce will play a pivotal role in the success of Hilti in the future. Customers has to be able to find information and make purchases even when directly engaging with a salesperson. Furthermore, customer has to be aware of this possibility, familiar with it and it needs to be easy and available wherever the customer is located.

According to ecommerce-manager.com Intershop conducted a research (2013) where they asked over 400 B2B companies about e-commerce in the retail sector. Even though Hilti operates in the construction industry and is a direct sale organization, I believe the findings are relevant. Around 46% of the respondents recognized the difficulty of bringing the customers from offline to e-commerce however, at the same time they acknowledged the benefits of the shift and how it could result to higher brand loyalty. (ecommerce-manager.com, 2014) Over 97% respondents saw mobile commerce being important in the future and planned to create mobile-optimized stores. (ecommerce-manager.com, 2014) Hilti is aware of this, therefore Hilti has an online mobile application available. I believe it is crucial to drive more customers to use mobile apps to make purchases as it can be done directly from the worksite, without the need of engaging with a salesperson. Business-to-business buyer-seller relationship differs from business-to-customer relationship in many ways. First of all it is expected to be more interpersonal and the seller is usually expected to provide technical expertise, consulting and the relationship is projected to be long-term. ((Vitale et al., 2009, 9) Therefore, Hilti online provides support to these issues. It can be used as a source of information (products, prices etc.), technical support (technical data about the products, design data, engineering solutions) and the ease of making purchases.

One of the concerns is that e-commerce will only play part in shifting sales from other channels to online however, according to ecommereanbd2b a study conducted by Frost&Sullivan showed that 31% of B2B e-commerce revenue will be incremental. (ecommerceandb2b.com, 2015) Furthermore, research conducted

by Forrester found that business-to-business customers using e-commerce had higher average order volumes than customers using offline channels. (forbes.com, 2014) It is quite easy to see the transition to online channel has already begun and companies need to react to this trend.

E-commerce is vital for a company to survive in today's business-to-business markets. As discussed before, creating an easy way to find information and make purchases are at the core of the online channel. However, e-commerce is much more. It allows the company to access vast amount of data and makes the data collection and processing immensely easier. Reviewing site visits, the number of purchases and the amount of each purchase, the page views and the amount that customer spends on the site can be easily done. (oracle.com, 2011) Furthermore, online channel plays a vital tool as a marketing channel and supports the launch of new products or campaigns by providing visibility and the chance for the customers to explore them with their laptops, mobile phones or tablets. "The site should support flexible scenarios that react to visitor and other events and take merchant-defined actions that will enhance the customer experience, increase order sizes, and provide useful information about the customer for future action." (oracle.com, 2011) Hilti online can be modified to meet the customer needs with features such as creating favorite lists (list of products that the customer usually purchases), managing the Hilti tools (date of purchase, number of repairs, serial numbers etc.) and creating purchasing order numbers to target the purchases to specific worksites or such.

As discussed above I had quite a many reasons to conduct my thesis on this subject. I believe I will personally benefit from the research quite a lot as it allows me to understand my customers' needs more specifically and react to the findings accordingly. Furthermore, the study will be beneficial for Hilti as well as the findings can be somewhat generalized to all the Hilti customers. Despite the fact that business-to-business e-commerce is rapidly growing market and many companies acknowledge it, create even more demand for this type of research and the relevance to Hilti and business-to-business sales in construction industry is high.

1.1.1 The objective of the thesis and research questions

The objective of the thesis is to study the effect of e-commerce in today's business to business environment and how both buyers and sellers are reacting to it. Furthermore, I will study the effect of e-commerce on the loyalty of the customers and to observe its impact on their buying behaviour using my own customers in Pirkanmaa region as a study case. Furthermore, the objective is to find reasons and motivations why or why not the customers use Hilti online and then how often and to what purpose they use it. Finally the objective is to find solutions and suggestions for improvement based on the findings.

The thesis is designed to answer the following questions:

1. How does the e-commerce affect the seller-customer relationship in business-to-business markets?
2. How today's B2B marketers have responded to the rise of e-commerce?
3. Does Hilti online affect the loyalty of the customer towards Hilti?
4. What changes should be implemented to Hilti online to further enhance the customer experience?

1.1.2 Structure of the Thesis

Chapter two will cover all the B2B marketing, consumer behaviour and relationship marketing theories that I believe were relevant for the Thesis and that will provide an adequate outlook of the current state of e-commerce in business-to-business marketing. These theories provide the platform that companies apply in B2B marketing. Therefore, in the literature review I will scrutinize if these theories consider e-commerce as essential as I believe it is today. Furthermore, I will reflect how Hilti approaches e-commerce and why it should place even greater focus on e-commerce in the future. The literature review will also address the importance of establishing a solid relationship between the seller and buyer before engaging in e-commerce. Additionally the current outlook of the construction industry is analysed and the impact it has on the role and importance of e-commerce in B2B.

Following the literature review is the methodology chapter four which discusses how the research was implemented and what research techniques were used. Moreover, it will provide reasons as to why I chose these particular methods. Furthermore, it will explain the validity and reliability of the research.

Chapter five will analyse the findings. The results of the interviews will be presented and analysed thoroughly to provide a better insight from the customer's point of view. These interviews with few of my key customers in Pirkanmaa area offer in-depth overview how they and their companies perceive e-commerce from the buyers viewpoint.

Lastly in chapter six I concluded all the findings of the research and tried to provide assumptions and answer the research questions. Hopefully the conclusion will give an encompassing view of the current situation of e-commerce in B2B, how companies react to it and how Hilti can improve its current Hilti Online through these findings.

2 LITERATURE REVIEW

Organizational buying behaviour is widely covered subject and there are numerous theories written about it and it is quite easy to find statistical data regarding it. Therefore, it is crucial to cover some of these theories and try to compare it with customers' online buying behaviour in business-to-business sales to find similarities as well as differences with more common sales channels. Although organizational buying behaviour differs from consumer behaviour in many ways, they both involve people thus, it is worth looking into both topics to get a more comprehensive picture about the subject.

2.1.1 Business-to-business marketing and consumer behaviour

Consumer behaviour involves the use and disposal of products as well as the study of how they are purchased. This means understanding that consumers behaviour process from the perspective from the what, when, where, how, from whom, and how often to purchase goods and services. (Kumra Rajeev, 2007, 2) It is important to understand that both B2B customers as well as B2C customers have a need that the seller tries to fulfil, even though their reasons and buying process differs greatly. To find out the underlying reasons for the purchase the seller has to use effective segmentation of the customers. Effective segmentation implies that it can be measured, it needs have enough potential to create revenue, it needs to be within the reach of the company and it that it is realistic to actually be implemented. (Kumra Rajeev, 2007, 4) However, after successful segmentation as the seller has identified the right markets and customers, B2C and B2B diverge quite a bit. In B2C sales the seller focuses on attracting a single individual to purchase and use its product. Conversely B2B the marketer has to identify all of the potential buyers within a company and recognize their individual authorities to contribute to the final decision. This is called a buying centre inside a company. ((Vitale et al., 2009, 56). These individuals are driven by different forces and these can be divided into four groups: Environmental – what is the

current economic outlook in the industry domestically and globally? What is the competition doing etc.? Second group is Organizational – What are the underlying strategies and objectives of the company? Third force is group – What is the role of the buyer relative to others in the company and is there interaction within the group that could influence the decision? Fourth force is individual – what is the individual's function in the company and what the personal motives that influence his decision to make the buy are. (Hutt & Speh, 2008, 69) Therefore, “the organizational buying process typically involves a complex set of smaller decisions made or influenced by several individuals” (Hutt & Speh, 2008, 75) Furthermore, B2B marketer has to consider broad amount of variables to determine and eventually to satisfy the needs of the customer. First of all, he has to study the needs of the customer's customers to understand what to sell and how. Moreover, he has to be able to identify the customer's needs as well as all of the individuals' needs within the buying centre. ((Vitale et al., 2009, 56) In Hilti's case the seller has to first identify the industry where the customer operates (mechanical, electrical, construction etc.) Subsequently he has to discover the individuals within the company who make the purchases for example the foreman at the jobsite or project manager in the office as the “marketing efforts will depend upon which individuals of the buying centre are more influential for a given decision.” (Hutt & Speh, 2008, 80)

2.1.2 Value adding and total offering

To be able to offer value to the customer the seller then needs to meet their needs. These requirements comprise of three different needs namely Organizational needs, individual's needs and the buying center member's personal needs. ((Vitale et al., 2009, 59) Organizational needs include technical specifications of the product, price, availability that provide value to the buyer. Individual needs include the person's professional needs such as acquiring the most lucrative terms in contracts. Personal needs are the person's own needs that might affect his career or to get recognition. ((Vitale et al., 2009, 59)

In business-to-business the final product is called total offering and encompasses a lot more than just the product itself. "Total offering is the offering that provides a complete solution to the buyer's needs. This may include financing, delivery, service, or based on the buyer's preference, only the core product." (Vitale et al., 2009, 5). However, this is not the case if the customer is satisfaction with the total offering. In this case it often leads to a repeat purchase. (Vitale et al., 2009, 71) Furthermore price is not only the price of the product. "Evaluated price is the total cost of owning and using the product. This may include transportation, inventory carrying costs, financing costs, potential obsolescence, installation, flexibility to upgrade, cost of failure, and obsolescence of existing products or equipment plus the price paid to the vendor" (Vitale et al., 2009, 18) All of the above mentioned factors play a key role in the rise of e-commerce in business-to-business. "More than two-thirds (68%) of B2B buyers now purchase goods online, up from 57% last year" (marketingprofs.com, 2015). However, e-commerce is vital tool in the straight rebuys but is quite hard to integrate into modified rebuy or a new buy. New buy is a much more complex process as discussed earlier – it requires direct salesforce to identify the individuals and their needs in the buying centre and adapting the total offering for them. (Vitale et al., 2009, 60) Modified rebuy occurs when customer is not completely satisfied with the value they are receiving and therefore requires the salesforce to define the changes in the buying process, whether it is a change in the product itself or in the services that come with it. (Vitale et al., 2009, 71) When the customer is satisfied with the total offering a straight rebuy is usually the next step and in this case e-commerce is a valuable tool.

Furthermore, the rise of the hypercompetition where new companies are rising rapidly and toughen the competition, force the existing companies to find new ways to combat this. (Vitale et al., 2009, 22)

2.1.3 E-commerce

Hilti has realised both the rise of the e-commerce as well as the toughening competition and reacted with heavy investments in Hilti online. E-commerce can be defined as “the use of Web-based applications, decision support tools, and associated services to streamline and enhance strategic sourcing processes and knowledge management” (Hutt & Speh, 2008, 43) Furthermore: “E-procurement systems provide purchasing managers with a rich information environment and a sophisticated set of analytical tools they can use to evaluate the performance of suppliers” (Hutt & Speh, 2008, 46). Hilti recognized the value e-commerce creates – it supports the other sales channels by providing the customers a platform to research products, to make purchases and find other information. All of which can be done from anywhere with internet connection. In a study provided by Accenture B2B customers stated that “54% researched products on a smartphone or tablet computer, up from 41% in 2013” (Accenture, 2015). The ease of which information about products and prices can be found creates challenges for business-to-business marketers – the customers do not have to rely only on contacting the seller to acquire the information. In fact, 69% percent of the respondents in Accenture’s study, stated that they decided not to proceed with the sale for different reasons for example 37% found a better price from another supplier. (Accenture, 2015)

However, with correct strategy and implementation e-commerce can definitely be used as valuable tool to engage customers and increase their loyalty. “Ideally, the goal is to create a mutually rewarding relationship in which the customer becomes dependent on the solution or system rather than on just the core product.” (Vitale et al., 2009, 74) With the access of internet the organizational buying behaviour is changing in a way that customers are able to research information about products and prices with less inconvenience. Thus it is essential for the seller to provide the buyer with an online experience that satisfies the three needs discussed before. The seller has to understand what the buyer values and more importantly how to change their perception of what is valuable. Furthermore, one of the key issues is for the seller to be able to make the buyer fully understand

the total cost which is defined as: To unlock savings and growth opportunities, the purchasing function must develop a keen understanding of the total cost and value of a good or service to the firm. The cost of acquiring and managing products or services. ((Vitale et al., 2009, 20)

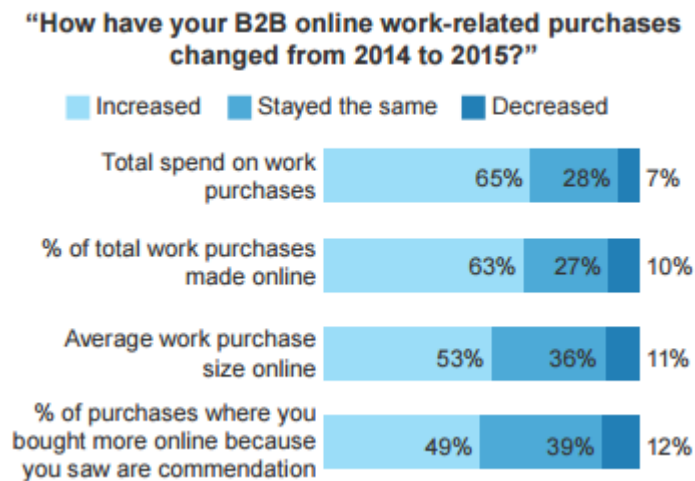


Figure 1 The change in online purchases from 2014 to 2015 (Accenture, 2015)

As can be seen in figure 1 the trend of making purchases online in business-to-business is increasing. This shift to using e-commerce by companies can be easily understood by reading the study of procurement processes at 60 companies conducted by Aberdeen. They found that “e-procurement cut purchasing cycle time in half, reduced material costs by 14% and purchasing administrative costs by 60% and enhanced the ability of procurement units to identify new suppliers on a global scale” (Hutt & Speh, 2008, 43)

Furthermore, it is important to realise that it is not the online channel alone but an omnichannel system where each of the channels support each other.

“What would you say are the primary drivers behind your organization’s investment in omnichannel initiatives?”

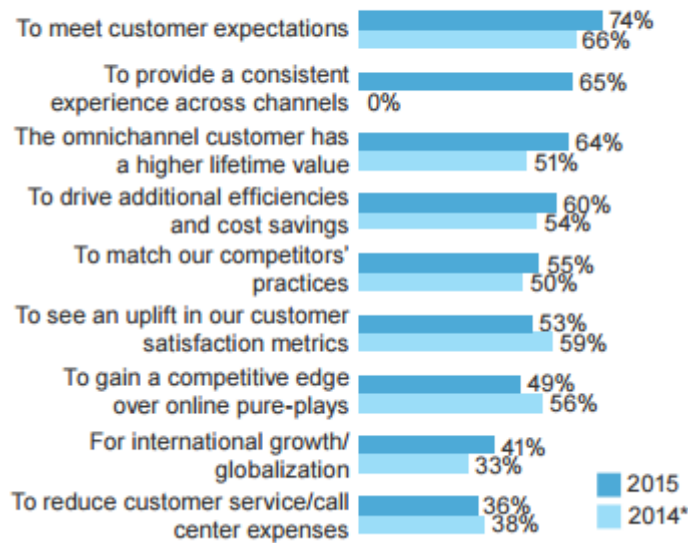


Figure 2 Main drivers behind organizations investment in omnichannel (Accenture, 2015)

As seen in figure 2, this system of omnichannels with increasing share of it coming from online channel creates opportunities but challenges as well. It is important to understand that most of the consumer behaviour is learner behaviour thus, the customers tend to act in a way they have previously done. (Kumra Rajeev, 2007, 139). Therefore, it is the sellers’ duty to convince the customer of the value online channel provides and communicate it to everyone in the buying centre.

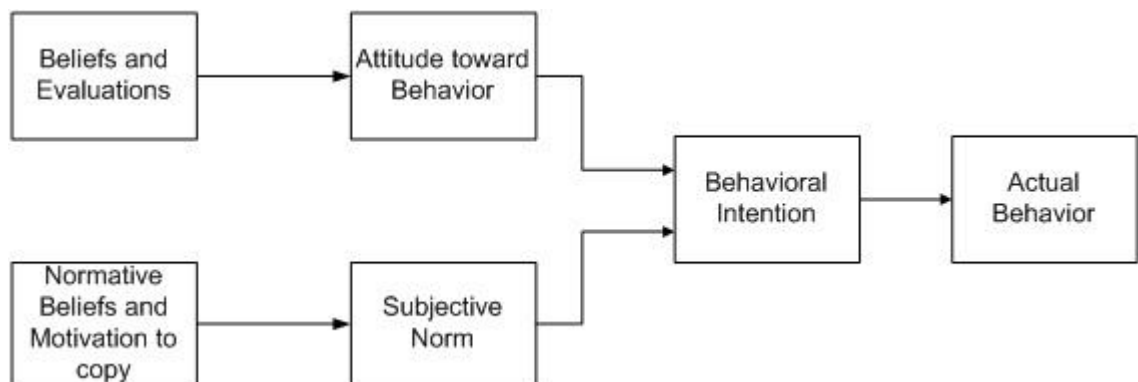


Figure 3 how a person’s behaviour is actually formed. (Kumra Rajeev, 2007, 177)

As seen in figure three the actual behaviour of an individual is a combination of different beliefs, valuations, norms and attitudes that lead to a way the person behaves. This creates a challenge for the seller to actually change the attitude of the buyer in case he/she is not willing to use online channel or does not realise the benefits of using it. "Attitudes are: Predispositions towards action. About or towards people and things. Evaluative of people, objects and ideas. Made up of emotional reactions (affective), thoughts and beliefs (cognitive), and actions (behavioural) components." (Kumra Rajeev, 2007, 171). However, attitudes can be changed and the more information is about the subject is communicated to the customer the higher the change of changing the attitude is. (Kumra Rajeev, 2007, 171).

Organizational buying behaviour as discussed consists of different layers of buyers, their needs and the total offering that the seller can provide. This creates the evaluated price that the buyer then considers. The rapid increase of e-commerce in B2B has created the demand for quicker, more transparent and easier way to make purchases. As can be seen in figure four, why customers repeat purchases from the same supplier.

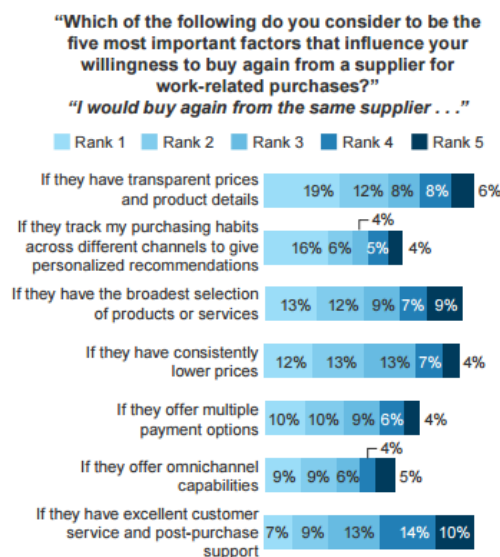


Figure 4 Factors influencing customer's re-purchases. (Accenture, 2015)

Transparent prices and product details is clearly the most important factor influencing the willingness to buy again from the same supplier. Therefore, a company with great online channel is able to satisfy the buyers with a detailed prices, products and information in their website. This allows the seller to have an online channel that supports all the other channels. Consequently creating a working omnichannel system to provide the customers with a total offering that generates the maximum amount of value to the buyer. "The business marketer must simultaneously appeal to all levels and disciplines in the buying center." ((Vitale et al., 2009, 73). Online channel supports all of the three kinds of needs discussed earlier i.e. each of the buyers can easily find the technical information, product information, best prices and other concerns through online without the need of contacting a sales rep of many possible suppliers. This is a great time saver as well which adds to the total offering and creates additional value to the customer.

"Creating excellent omni-channel customer engagement requires leaders that are committed to delivering digital and customer experience excellence and willing to rally the company around these shared goals." (Accenture, 2015)

2.1.4 Relationship marketing

However, before a company like Hilti can engage a customer with e-commerce services a working relationship must be established. Morgan and Hunt (1994) refers it as relationship marketing where the object of the seller is to establish a mutual trust and commitment between the buyer and seller, subsequently developing and maintaining the relationship. (See John Egan & Michael J. Harker, 7) Christopher et al., continues "the dual focus of getting and keeping customers" (See John Egan & Michael J. Harker, 7) It differs greatly from the earlier view of marketing that used to be "American Marketing Association's (1995) analysis of planning and controlling the "marketing mix". "(John Egan & Michael J. Harker, 18)

Gronroos (1995) states that relationship marketing focuses on the mutual relationship between the two parties where both enjoy the same objective of creating

profit through exchange and fulfilment of promises (John Egan & Michael J. Harker, 19) Creating the mutual trust lies in the hands of the seller and e-commerce can be considered to be part of developing and taking the relationship further. Furthermore, relationship marketing targets towards a situation where the buyer participates in the designing and development of the seller products and services. (John Egan & Michael J. Harker, 19) Making all of these investments the buyer minimizes the customer's desire to taking advantage of alternatives which provide short-term benefits (John Egan & Michael J. Harker, 7) and to benefit the customer by lowering transaction costs (John Egan & Michael J. Harker, 8) The advantage to the buyer is explicit: "loyal customers are far more profitable than customers who are price sensitive and perceive few differences among alternative offerings" (Hutt & Speh, 2008, 90) Even though executing a well-planned relationship marketing strategy is beneficial for a company such as Hilti, it is not without its defects. First of all, the loss of control – the company is more tied to the buyer, thus limiting its options to execute unilateral action without consulting the buyer first. Indeterminedness – the relationship is more determined by its history, again tying the seller sternly to the buyer. Resource demanding – maintaining and developing a relationship can be quite time and resource consuming (potential for unexpected demands) and should be carefully evaluated. Furthermore, it can preclude the seller from other possibly more lucrative opportunities. The customer relationship management should consist of on-going discussion with individuals encompassing all levels of the buyer's organization and constant evaluation of the state of the relationship to ensure customer retention and profitability of the strategy. (Hutt & Speh, 2008, 101)

As discussed in section 2.1 e-commerce can play a major role in today's business-to-business environment after a relationship has been established. The advantages are numerous – from providing an easy platform where to find information and procure products to quick price comparison and product search. "It is estimated that purchase orders processed over the internet cost only 5\$ compared with the current average purchase order cost of 100\$" (Hutt & Speh, 2008, 42)

However, these advantages are threats as well. “Rivals are continually working to attract the best accounts away; customer requirements, expectations, and preferences keep changing, and the possibility of friction-free exploration of options in real time on the Web conspire to raise the rate of customer defections” (Hutt & Speh, 2008, 92) Therefore, it is mandatory for a company to stay ahead of the competition with excellent products and services.

2.1.5 Construction industry in Finland

Construction industry in Finland has been in a downward trend for quite many years. (rakennusteollisuus, 2015)

Rakentamisen määrän kehitys (kausitasoitettu ja työpäiväkorjattu)

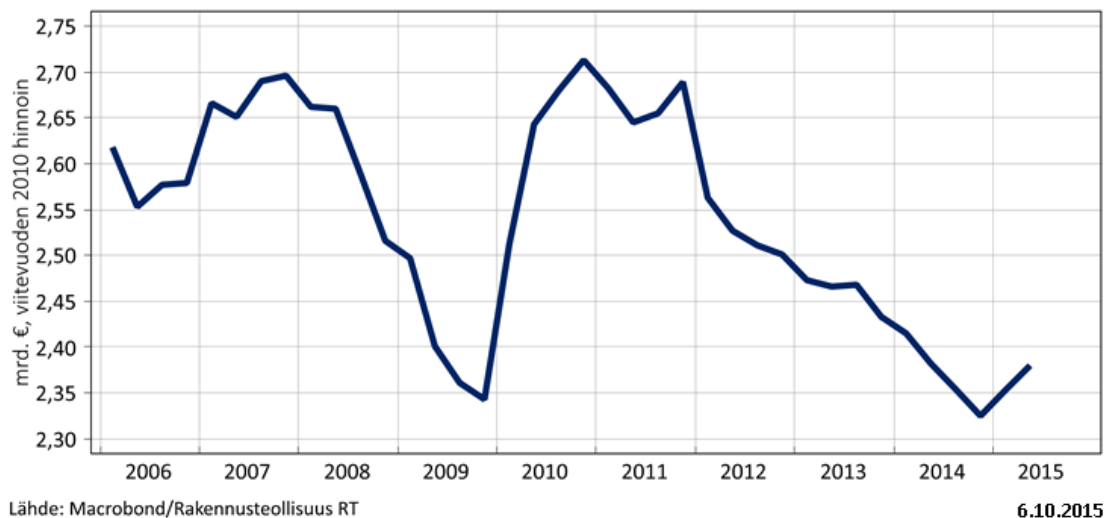
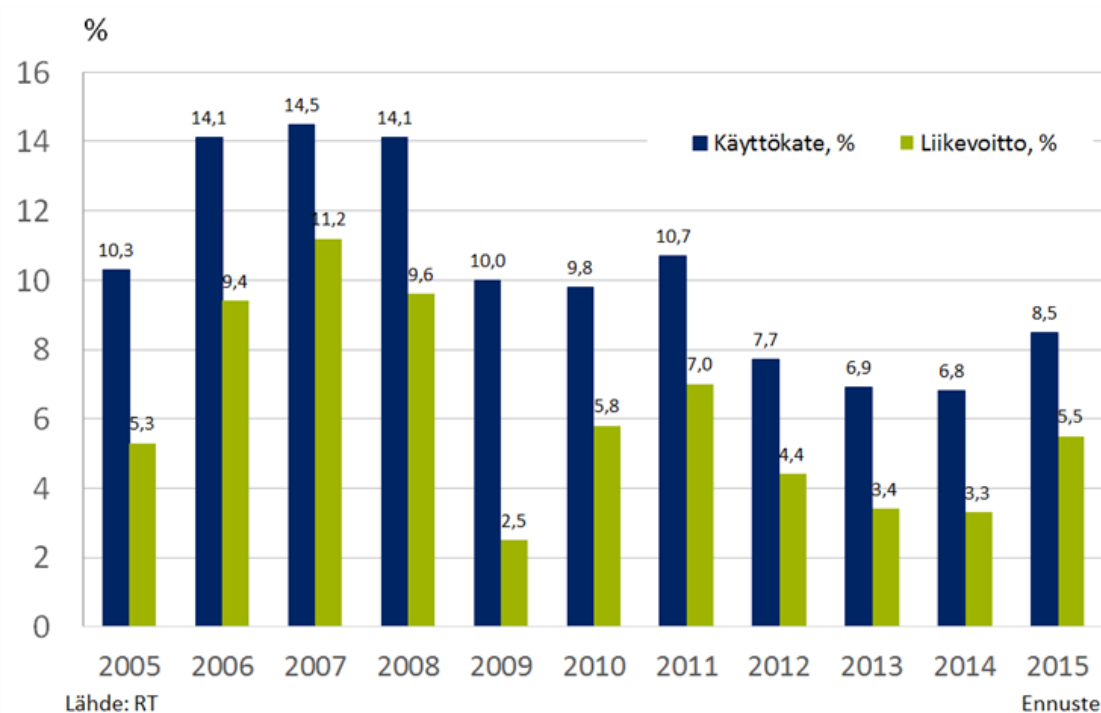


Figure 5 The development of the amount of construction in Finland (rakennusteollisuus, 2015)

Figure five depicts the amount of construction in Finland since 2006 and it is easy to see trend going downwards. Therefore, to survive and to be able to capture a higher market share Hilti has to find ways to do it in a de-pressing market environment. Even though construction industry is seen as traditional with slow reac-

tions to new technologies (outside the products itself), the customers have become more aware and demanding of online services. This was one of the main drivers for Hilti to launch a new website and I see this particular moment as a good opportunity to study the effects of the website and how customers perceive it today.

Rakennustuoteteollisuuden kannattavuus



Rakennusteollisuus

6.10.2015

Figure 6 Profitability of construction industry (rakennusteollisuus, 2015)

As can be seen in the picture above representing the profitability of construction industry the operating profits (blue line) and the profit (green line) are far from the numbers before the recession in 2008. Thus creating a lucrative opportunity for Hilti to offer e-commerce services to help the customers to reduce costs. Purchases made online and delivered directly to the worksite are far more cost effective than having one or two employees driving to purchase the product directly from the retail center. Purchasing online allows the employees to stay at the worksite and working consequently making them more productive and reducing costs from the company.

Consumer behaviour and organizational behaviour have their similarities as well as differences. Furthermore, the increase in the use of e-commerce in B2B sales and demand for omnichannels systems have created a challenge for the suppliers quickly adapt to the toughened environment. Even though, there are multiple theories about consumer and organizational behaviour which we have been deliberating throughout this Thesis, I believe the effects of the omnichannel and online channel system especially in construction B2B industry have not been studied widely yet. Furthermore, it is quite difficult to find statistical data concerning particularly B2B e-commerce in construction industry. Therefore, I see it as an opportunity to compare these theories that have been discussed with my own findings through analysing my own customers buying behaviour and conducting interview.

3 CASE COMPANY

Hilti AG is was founded in Liechtenstein in 1947 by brothers Martin and Eugen Hilti. Today it operates in over 120 countries with headquarters in Schaan and it is still privately owned by Martin Hilti Trust Fund. "Hilti offers products, systems and services that have leading-edge technology and provide professional customers in the construction and energy sectors with innovative solutions that feature outstanding added value." (Hilti.com) Hilti develops, manufactures, sells and maintains its products completely, thus keeping everything under its own control. Therefore, Hilti is able to offer the most innovative, novel and premium quality products and services to create maximum value to the customers. Hilti's strategy is to create sustainable value through constant differentiation to build a better future with commitment to protecting environment and benefiting society. Hilti AG's turnover in 2014 was approximately 4,4€ billion.

Hilti (Suomi) Oy has over 160 employees with over 10 retail centres in Finland. With over 65 sales representatives, site engineers, customer service representatives as well as Hilti online the company is able to service customers wherever they are, whenever they need it. Hilti (Suomi) turnover was around 37€ million in 2014 and has been growing steadily for the last ten years not including 2008 which was the only year of decline.

However, as a direct sales organization Hilti realises that competitors have an edge in presence and availability as they are available in most of the retailers selling construction equipment and tools. Therefore Hilti invested heavily in creating a new Hilti online in 2013 and since then one of the key objectives has been introducing it to the customers and creating more loyal customers. Hilti understands the value of being available 24/7 and allowing the customers to make purchases and find information via internet thus, reducing the edge of such competitors as Würth (over hundred retail stores in Finland).

My case study concentrates on my customers in Pirkanmaa region. They consist of 86 different mechanical, electrical and HVAC customers operating mostly

within Tampere. However, some of them are large companies such as Näsin Vesijohtoliike, Caverion Oy and Kotisun. Therefore, I am able to collect valuable data from different size of companies and from different type of buyers within these companies ranging from owners to site managers to purchasing managers. This enables me to cover all levels of the buying centre and receiving valuable information of their buying behaviour and reasons to use or not to use Hilti Online.

4 METHODOLOGY

4.1.1 Research methods

There are two main approaches to research: quantitative and qualitative data. One way of distinguishing between the two is the focus on numeric (numbers) or non-numeric (words) data. Quantitative is predominantly used as a synonym for any data collection technique (such as a questionnaire) or data analysis procedure (such as graphs or statistics) that generates or uses numerical data. In contrast, qualitative is used predominantly as a synonym for any data collection technique (such as an interview) or data analysis procedure (such as categorising data) that generates or use non-numerical data. (Mark Saunders et, Philip al. Lewis and Adrian Thornhill, 151) The research methods used in this Thesis are both quantitative (mostly numerical data and statistics) and qualitative (interviews and analyses of theories and data).

As there is not enough theory of studies behind the subject but mainly statistical data which is not always exactly concentrated in my specific subject I will be implementing an exploratory research. An exploratory study is a valuable means of finding out 'what is happening; to seek new insights; to ask questions and to assess phenomena in a new light' (Mark Saunders, Philip Lewis and Adrian Thornhill, 139) There are three principal ways of conducting exploratory research: 1. a search of the literature; 2. interviewing 'experts' in the subject; 3. conducting focus group interviews.(Mark Saunders, Philip Lewis and Adrian Thornhill,140). I will carry out the first two approaches – searching and analysing literature and conducting interviews with Hilti customers. My objective is to research the current situation of e-commerce in business-to-business environment and what types of changes and adaptations B2B marketers have had to implement in order to stay competitive.

Furthermore, I try to find a correlation between the increased use of e-commerce (Hilti online) with the deepened customer satisfaction, and see if there is effect on the customers buying behaviour. Based on these findings I will provide an

analysis of and suggestions on how to improve and develop Hilti online to enhance the customer experience and extend their loyalty.

My approach will be inductive as my objective is to gather data and make conclusion based on my findings. Inductive theory is defined as a process “in which you would collect data and develop theory as a result of your data analysis.” (Mark Saunders, Philip Lewis and Adrian Thornhill, page 124) Then I will try to relate them with existing theories about business-to-business marketing. Furthermore, I will try to provide my own theory on the subject and then compare it with the existing theories and try to find possible correlations and differences.

I will use my own customers in Pirkanmaa region as a study case. It consists of companies working mainly in HVAC and mechanical and electrical industries. Therefore, I believe my best approach will be to conduct interviews to gather as much qualitative data as possible I will conduct personal interviews with open questions to gather more detailed information. Subsequently I will carefully go through the data and analyse it to formulate a theory behind the findings. Then compare it with existing theories and provide solutions.

The time-frame which I will study the data for research questions number three and four is from 2013 until 2015 as that is when the new Hilti online was launched. The exploration of literature and statistical data is mostly the most recent available data as well. Therefore making it a cross-sectional timeframe. Cross-sectional timeframe can be defined as “the study of a particular phenomenon (or phenomena) at a particular time.” (Mark Saunders, Philip Lewis and Adrian Thornhill, 155) I believe with the actual figures and numbers I can gather from Hilti and at least 5 to 10 detailed interviews my data will be valid and can be somewhat generalised amongst all the Hilti customers.

I will gather detailed data from my own customers through interview as well as analysing existing data about the buying behaviour of my customers using Hilti online. Furthermore, I will try to find out if there is any correlation between the start of using Hilti online and their subsequent level of loyalty towards Hilti. After gathering all the data and analysing it I will try to formulate a theory based on my

findings. Based on that theory I will provide my own suggestions and conclusion on the subject. This will give me a comprehensive view of not only the e-commerce situation of my own customers but Hilti as whole as well.

4.1.2 Research design and data collection

Research design can be thought of comprising of three different layers: research strategies, research choices and time horizons. (Mark Saunders, Philip Lewis and Adrian Thornhill, 136) The objective of these categories is to provide an answer to the research questions.

The research for the Thesis began by formulating the research questions and subsequently reviewing the literature. During reviewing the literature I decided I would receive the best results by analysing the e-commerce in B2B as widely as possible to answer the first and second research questions, and by conducting interviews and questionnaires to answer the following two research questions. However, after conducting my questionnaire the answer rate was extremely low with minute value to my thesis, I then decided to conduct more in-depth interviews with customers that I knew we're using e-commerce services and had at least somewhat decision power over their procurements.

Consequently I knew I had to implement an exploratory research to get a sense of the present situation by exploring and analysing relevant literature, and by interviews with carefully picked customers. This approach allowed the collection of data and then analysis of the data and forming of conclusion or possible theory.

Both primary and secondary data were used. "Secondary data include both raw data and published summaries." (Mark Saunders, Philip Lewis and Adrian Thornhill, 256) These include journals, books, and newspapers as seen in the picture below.

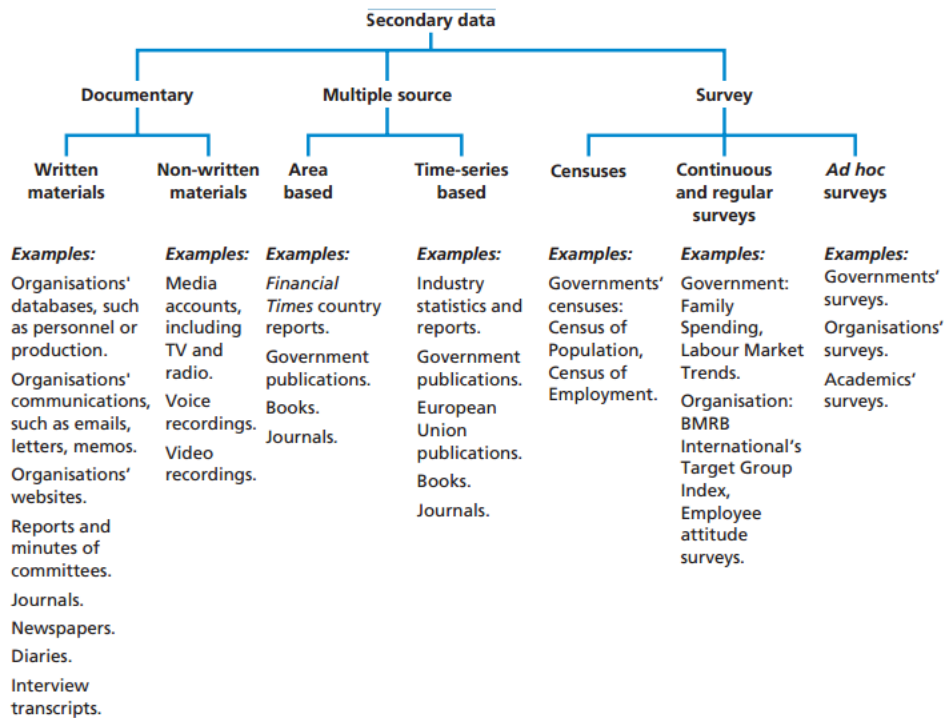


Figure 8.1 Types of secondary data

Source: © Mark Saunders, Philip Lewis and Adrian Thornhill, 2006.

Figure 7 Secondary data defined. (Mark Saunders, Philip Lewis and Adrian Thornhill, 259)

Secondary data was mostly used for the first two research questions. Secondary data includes both qualitative and quantitative data and is often used with explanatory research. (Mark Saunders, Philip Lewis and Adrian Thornhill, 258)

Primary data in this Thesis was mainly gathered through interviews and were designed to answer the research questions three and four. In this Thesis the semi-structured interviews were conducted with open and closed questions. Grummitt mentions (1980) "The use of open questions will allow participants to define and describe a situation or event. An open question is designed to encourage the interviewee to provide an extensive and developmental answer, and may be used to reveal attitudes or obtain facts (See Mark Saunders, Philip Lewis and Adrian Thornhill, 337). Closed questions were used mostly to confirm a certain fact such as "What is your position in the company?"

4.1.3 Sampling

In this thesis I used theoretical sampling to choose the theories and data I considered relevant for the research. “In this way, sampling is purposive, where critical cases are chosen to further the development of concepts and categories and to explore relationships between these to develop a theory. (Mark Saunders, Philip Lewis and Adrian Thornhill, 509). This sampling supports the inductive approach as to gather data, analysis it and formulate a theory based on the findings.

I used the approach to choose the candidates for the interviews which I thought would provide most insightful answers and data. I selected the interviewees based on their position in the company, their use of Hilti Online, their possible knowledge of their organization to provide a broader picture of their company’s approach to e-commerce and my existing relationship with the individuals.

However, these methods of sampling have their flaws and are often criticized for justifiable reasons which are discussed in the next section. Nevertheless I believe these methods were reasonable for me to use in this particular research as the customers I chose were using Hilti online and their position in the company gave them freedom to choose what and how they made their procurements. Therefore, I believe I would receive insightful and in-depth answers from the interviewees and hopefully they will provide the reader with greater understanding of the subject in question.

4.1.4 Reliability and validity of the Research

Reliability can be defined as “The extent to which data collection technique or techniques will yield consistent findings, similar observations would be made or conclusions reached by other researchers or there is transparency in how sense was made from the raw data.” (Mark Saunders, Philip Lewis and Adrian Thornhill, 600) In this research the reliability can be somewhat questioned in some parts. First of all, as the interviews were conducted by using theoretical sampling, I exposed myself to being bias in choosing the interviewees. Furthermore, as the

interviewees were my customers whom with I conduct business weekly, they might have been wary to provide negative answers about Hilti. However, to increase the reliability of the interviews I tried to form the questions in a way that would provide answer to the research questions without the interviewees being hesitant to answer honestly. Furthermore, in addition to the interviews derives from the extensive exploring of literature on the subject, provided with statistical data. These finding are then compared with each other and analysed to provide educated answers to the research questions.

“Validity is concerned with whether the findings are really about what they appear to be about.” (Mark Saunders, Philip Lewis and Adrian Thornhill, 157) I believe the main issue of the validity of the research is concerning the research questions three and four. I was not able to conduct larger sample of interviews as well as questionnaires to form a more reliable picture of the state of Hilti online and its effects on the buying behaviour of the customers and their loyalty towards Hilti. Therefore, I had to derive the conclusion from a small sample of in-depth interviews and form an assumption of the research questions. However, albeit the sample size was not adequate, I have confidence in the findings I made during the research.

Furthermore, the business-to-business market is constantly evolving, thus making this particular research fundamental to conduct again in upcoming years. Nonetheless, I believe many will benefit from the findings of the research and if they have not realised the impact e-commerce has incurred to the existing business-to-business marketing strategies, this research will help them to do so.

5 RESEARCH FINDINGS

In this section I will analyse the in-depth interviews I conducted to four of my customers. These individuals were from three different companies working in the construction industry – Ville Kulmala and Jonne Leppänen from Caverion (Suomi) Oy, Jani Huhtala from Näsin Vesijohtoliike and Matias Aallos from Kotisun Oy. Each of these companies operate in whole of Finland with Caverion being the largest one with over 2 billion annual turnover with operations in others parts of Europe as well. Therefore, I believe through these interviews I will get a detailed overview of their daily operations and the level of impact e-commerce might have had on it. Furthermore, I will get a small sense of the impact on the organizational level. Additionally I will compare and analyse their responses with the literature review and try to find correlations and similarities with the existing theories and statistical data that I found.

The interviews were semi-structured with open-ended questions to acquire the most honest and comprehensive answers. This ensured that each of the interviews were different and the flow of the interviews varied. I will discuss these interviews simultaneously with the interviewee's name mentioned after his opinion. All of the interviewees' position in the company was foreman except Kotisun's Matias Aallos who was in charge of managing teams of mechanics. Foreman's duties include day-to-day operation at the jobsite ranging from procurements to managing duties for technicians and installers.

The objective of the interview was to provide answers to the research questions number three and four. Therefore, the questions revolved around Hilti Online.

Caverion

“Caverion designs, builds, operates and maintains intelligent and energy-efficient solutions for buildings, industries and infrastructures in Northern, Central and Eastern Europe.

Our services and solutions are used in commercial, industrial, public and residential buildings and processes ensuring business continuity, safe, healthy and comfortable conditions, optimised performance and cost control. Our revenue for 2015 was approximately EUR 2.4 billion. Caverion has approximately 17,400 employees in 12 countries in Northern, Central and Eastern Europe. Our head office is located in Helsinki, Finland. The Caverion share (CAV1V) is listed on the Helsinki Stock Exchange (Nasdaq Helsinki).” (Caverion.com)

kotisun

”Tänä päivänä olemme valtakunnallinen, Suomen johtava omakotitalojen käyttövesi ja lämpöverkkoremontteihin erikoistunut yritys. Työllistämme Suomessa yli 200 henkilöä. Erityisen korkea asiakastyytyväisyys on kantanut meitä tähän asti ja kantaa meitä myös tulevaisuudessa. Kotisun Oy kuuluu vuonna 1984 perustettuun Panostaja-konserniin.” (kotisun.fi)



”Näsin Vesijohtoliike Oy on monipuolinen LVI-alan osaaja, joka on toiminut alalla jo 50-vuoden ajan. Yhtiön liikevaihto on noin 14 miljoonaa euroa ja henkilökunnan määrä noin 80. Meiltä saat monipuoliset urakointipalvelut aina pienempiin tai suurempiin urakoihin. Lisäksi meiltä saa erilaisia lämmitysjärjestelmiä (esim. maalämpö) asennettuna ja hoidamme myös huollot ja tarvittaessa korjaukset.” (näsinviesohtoliike.fi)

5.1.1 Utilization rate

First of all I was surprised how often each of them used Hilti online. If it was not daily it was weekly. Huhtala stated that even though he used Hilti Online to procure supplies approximately two times a month, he found Hilti Online a great tool to find all kinds of information – information that he once obtained only by contacting a Hilti representative or visiting local Hilti retail centre. Similar findings were

acquired by Accenture in its research in which they found that over 37% changed suppliers for different reason such as finding a better price through online searching. (Accenture, 2015)

Kulmala praised the ease of use - he uses Hilti only almost daily and is able to procure all the necessary accessories for the work-site without contacting anyone. Leppänen shared Kulmala's thoughts, browsing Hilti online to make purchases and find information is a weekly routine. Aallos from Kotisun who said he spends majority of his time sitting in a car or office has found Hilti online a great tool to access information regardless of his location.

5.1.2 Purchasing behaviours

When asked about how much the interviewees spent time browsing Hilti online the find answers correlated perfectly with the statistical findings discussed in the literature review – over 63% percent of total purchases are made online. (Accenture) Huhtala mentioned he spends 15 minutes on average browsing in Hilti Online, thus creating favourable opportunities for impulse purchases. He then admits that often he purchases more products than he originally intended to. When asked to be more specific he continued that when browsing online it is considerably easier to see products you could need or would have otherwise forgotten to purchase. Leppänen basically echoed Huhtala's words – he added that Hilti online allows him to find new methods for issues in the workplace. Although he admitted that repeat purchases take the bulk of the purchases. Kulmala, in the other hand, said he does not make impulse purchases and stays with the original list of items he was planning to get. Similarly he spent considerably less time (five minutes on average) browsing Hilti Online than Huhtala or Leppänen as well. Therefore, I find it necessary for B2B marketers to find more ways to entice the customers to spend more time on the website. There is a clear correlation between the increased share of e-commerce and larger purchases as well as customer satisfaction.

5.1.3 Customer satisfaction and loyalty

Laptop and mobile phones were the most often used devices for browsing Hilti online. Kulmala said that the convenience of conducting purchases with laptop is the prevalent motive to use Hilti online - he can easily purchase the necessary products whilst performing other tasks during the workday. Thus, reducing the risk of forgetting the orders for the next day. Huhtala followed with the same reasoning. He uses Hilti mobile application to find information or to make purchases. He admitted using browsing Hilti online during his free time as well. This is consistent with the objective of Hilti online – creating customer satisfaction and increasing loyalty towards Hilti. Kulmala does not use Hilti online at home for the reason that orders have to be placed during the workday to ensure their arrival for the next day. However, when there is a need, he first logs on to Hilti online. Furthermore supporting the hypothesis of Hilti online increasing customer loyalty. Kotisun has provided their employees with tablets, therefore Aallos does majority of the browsing with the device. However, he said laptop and mobile application are valid alternatives as well.

However, Hilti is not the only supplier with e-commerce services. Kulmala admitted using online services of two other supplier's Rexell and SLO as well. The reasoning was similar: Convenience and ease of use. Leppänen used entirely e-commerce to make purchases. However, he favoured Hilti online for its user-friendly browser which allowed stress-free and easy browsing. Therefore, it is not surprising leading reason companies invested in omnichannel services was to meet customer expectations. (Accenture) Huhtala and Aallos both said Hilti Online is currently the only web-service he used.

5.1.4 Value adding service

When asked if the interviewees considered Hilti Online as value adding service each of them quickly agreed. Leppänen started listing benefits: No middlemen

which minimizes communication errors, orders can be placed whenever it is convenient and Hilti stock balance in real time. Kulmala deliberated the key value to be simply time saving – he can create complete list of the most frequently used products and easily order them whenever it is suitable for him. This allows him to concentrate better on the operative side of work which requires more time and energy. In Huhtala's opinion the major benefits came from the possibility to order from anywhere with internet access at any time of the day. This way he does not need to rely on Hilti representatives to make the order, thus allowing him to add more emphasis on the work itself. Aallos considered the most valuable benefit to be the exact knowledge of each order – what is ordered and where to.

5.1.5 Issues and additions

However, Hilti online is not without its defects. Each of the interviewees agreed that at times it can be challenge to find the right products. They are used to call certain products with their “slang” words and are not always quite sure what the official names are. Kulmala said this can be quite frustrating and would not happen when ordering through Hilti customer service or representative. Therefore, it is occasionally necessary to contact Hilti representative or visit Hilti retail centre, hence invalidating the benefits of Hilti online. Even if it happens rarely, the issue still needs to be addressed and developed further. Leppänen was mainly content with Hilti online expect for minor issues with package sizes and delivery. Huhtala was quite pleased with the current Hilti online expect for the occasional glitches in the mobile application. Aallos felt the only issue relating to adding new delivery addresses – he would like it to be easier to add new delivery address and them to be dispensable (currently the address remains in the system after delivery).

Kulmala naturally sees the main modifications and additions should be on the software itself – the search engine should be more intelligent and be able to suggest options after typing the first letters. Additionally it would beneficial if the products could be found using the “slang” words as well. Therefore, making it faster

and easier for the customers to use. Furthermore, the system should automatically update when the number of products is changed without the need of manual updating. Leppänen said he would prefer Hilti having its own delivery system and not relying on national services such as Posti. This would reduce or completely eliminate the errors in the deliveries. Aallos suggested a more accurate system of overseeing the company's apparatus – a system that would pinpoint what Hilti devices each of the employees have. Huhtala was content with the current version and did not find any major areas in need of improvement. It is quite safe to make an assumption of these answers that Hilti online greatly enhances the value to the total offering and develops the buyer-seller relationship even further. As discussed in the relationship marketing section, it is mandatory for the buyer to allocate sufficient amount of resources to develop the relationship with the seller to ensure suitable return from the partnership.

5.1.6 Digitalization in the future

Lastly the direction of each of interviewees organization was discussed how they saw digitalization and e-commerce shaping how they operate in the company. Kulmala saw his organization was definitely moving towards more digitalized processes and majority of the purchases of the whole organization happening through e-commerce services. It is emphasized from the management level that use of electronic commerce is advised and it continues to develop with ever accelerating speed. The organization shared the same principals for using e-commerce as did Kulmala himself. The user-friendliness, quickness and availability generate time savings and eventually higher margins. Leppänen from the same organization had identical thoughts – he sees a clear trend in digital buying and believes that only a fraction of purchases are done face-to-face today. Furthermore, he assumed it would be only a matter of time before tables were a common sight in worksites. Huhtala saw similar types of reformations in his organization. The company had contemplated of equipping the foremen and other personnel with tablets to enable on-site purchases and other procedures faster and more conveniently. Kotisun has already equipped their personnel with tablets which are

the used for information finding, purchases and such. Aallos was definite that e-commerce is the direction Kotisun is heading and as the web-sites and e-services develop further it is only natural that it ensues.

All of the theories discussed in the literature review to the discussion in the interviews support the conjecture that focusing on a value adding service such as e-commerce service creates loyalty of the buyer to the seller. Furthermore, it can be concluded that e-commerce has changed the relationship between the buyer and seller greatly – the available information and the ease of comparing different suppliers and products have forced the selling companies to higher transparency and overall higher efficiency and quality. As discussed in the literature review, customers spend considerable amount of time on the internet comparing alternatives and finding better solutions that can lead to higher returns on their investments. Therefore, Hilti is correct to focus on Hilti online to create loyalty amongst its customers and to further develop and cling on to the existing relationships.

The theories discussed in the literature review concerning business-to-business marketing and relationships are all applicable to analyse e-commerce and can be used by B2B marketers form objectives and strategies to develop e-commerce services further.

6 CONCLUSION

The objective of this research was to provide answers to these questions:

1. How does the e-commerce affect the seller-customer relationship in business-to-business markets?
2. How today's B2B marketers have responded to the rise of e-commerce?
3. Does Hilti online affect the loyalty of the customer towards Hilti?
4. What changes should be implemented to Hilti online to further enhance the customer experience?

Overall I felt the research provides an informed platform on the subject and creates an opportunity to research it further. I believe it answers each of the research questions and offers the reader a fine introduction into the subject. However, as I was not able to get answers to the questionnaire and interviewed just four different people, in that sense I am wary to generalize the findings excessively. Nonetheless, I believe since my extended explore of literature and in-depth interviews supported each other and the outcomes of the theoretical side correlated with the practical ones, I have confidence that my personal observation is valid.

6.1.1 Research question 1

It can be concluded that e-commerce has a major impact on the relationship between the seller and the customer. It became quite clear from the literature and statistical findings that customer value and expect an omnichannel system where e-commerce plays a major role as information and procurement channel. The interviews supported the theoretical part entirely as each of the interviewees felt Hilti online was a value adding service for them and for their organizations. As more than two-thirds (68%) of B2B buyers make online purchases (marketingprofs.com, 2015) and the interviewees each agreed they make majority of their purchases already online. Furthermore, the interviewees all listed the ease of use, time saving and managing purchases as few of the major benefits of using Hilti online and these factors supported the statistical data of reducing the purchasing cycle, cutting the cost of procurement and the administrative costs. (Hutt & Speh, 2008, 43) Additionally the effortless search for product information and prices was seen as valuable part of e-commerce in the interviews and in the study conducted by Accenture price transparency was listed as the most important factor when considering a re-buy from a supplier. (Accenture, 2015)

It is quite safe to state that B2B trade is digitalizing rapidly and customers are searching for easier, faster and low-cost means to procure, find information and to administrate supplies and apparatuses. However, one needs to take into consideration that e-commerce services the straight rebuys and will not work in modified rebuys where customers demand changes in the procurement process. (b2b) Additionally the customer might need technical support where e-commerce will not fulfil the customer needs. Therefore the supplier companies need to offer an omnichannel service where each of the channels support each other to cater the needs of the customer. These concerns are bound to have an influence on how B2B marketers approach the building, developing and maintaining of a successful relationships with its customers. This research provided great deal of evidence of the above mentioned transformations occurring.

6.1.2 Research question 2

As the customer's expectations and demands are fluctuating the B2B marketers have adapted and created new approaches and strategies to combat it. As found in the Accenture findings, companies are responding with more efficient and complete e-commerce services to provide customers with full omnichannel system. B2B e-commerce is already many times larger than B2C e-commerce which demonstrates how the B2B marketers have realised the issue and implemented strategies to benefit from e-commerce. The seller companies offer the customers with e-services to increase price transparency, easy comparison, cost effective channel for procurement and to search for information. E-commerce and more specifically Hilti online provides majority of these requirements based on the interviewees answers. However, it is essential to understand that customer needs differentiate and therefore an omnichannel system is required where sales representatives, customer service and online channel all cater different needs. Hilti online is part of the omnichannel system and it plays a crucial role in the straight rebuys where customer is satisfied with the current system.

The interviews provided mirrored the literature review – the value Hilti online added to the customer experience recurred throughout the interviews. Hilti has managed to create a service to directly respond to the toughening environment in B2B sales that e-commerce has generated. Hilti online provides a platform for customers to make procurements effortlessly and with great transparency. As discussed before in the literature review the statistical data in the Accenture research supported these findings. Furthermore, the state of construction industry which is discussed in a later section, forces the seller companies to be more creative and cost-efficient.

Nevertheless, I could have dwelled deeper into the subject to provide the reader with more thorough conclusions. The limiting factors were the amount of companies interviewed and secondly all three companies operate in the same industry. Therefore, I encourage further research on this particular issue.

6.1.3 Research question 3

The third question relied mainly on the interviews, however some of the findings in the literature review can be generalized to support the interviews. Researching relationship theory provided number of conclusion to the question: 1. after establishing a relationship with a buyer, the seller must concentrate on developing and maintaining the relationship – Hilti online offers cost savings, administrative services and customer satisfaction. Interviews supported these conjectures and it is quite safe to presume these lead to stronger loyalty towards Hilti. 2. It is crucial to analyse the profitability of the relationship to avoid missed opportunities – B2B relationships take energy and time. Hilti online minimises the need of face-to-face contacts when conducting the day to day operations, thus generating time to focus on big picture. 3. Loyal customers are less price sensitive – Hilti online allows customers to examine their prices independently making repeat purchases easier without the need of discussing price after each purchase. This has a great impact on the supplier company – first of all it releases huge amount of time for the salesforce to focus on other matters such as acquiring new customers as they do not need to negotiate or discuss prices before each purchase by the customers. Furthermore, customers might make additional purchases of new products if they are satisfied with the current supplier and they can easily find the prices online. Therefore, e-commerce can create more sales without the direct contact of sales representatives.

As mentioned before, the interviews indicated that Hilti online is seen as value adding service and functions as the first place to go whenever there is a need for supplies or information. I am confident this research provided a well-informed conclusion to the third research question. E-commerce services enhance in general and Hilti online enhance the customer loyalty towards the seller. The literature review supports the claim that loyalty adds value to the supplier - “loyal customers are far more profitable than customers who are price sensitive and perceive few differences among alternative offerings” (Hutt & Speh, 2008, 90)

6.1.4 Research question 4

The key purpose of Hilti online is to respond to the increased competition and the expectations of the customers in B2B industry. Furthermore, the state of construction industry in Finland forces Hilti to implement novel strategies to generate profits and grow the business profitably. Hilti online can be concluded to be the most rapidly growing and most significant channel to ensure future success and to maintain existing customer relationships. Additionally it can create new relationships if customers are expecting e-services that might not be available or are not in the same level with their current sellers. Therefore, developing Hilti online further has to be underlined as one of the major strategies in the upcoming future. The current value it provides and the customer satisfaction it creates in addition to the outlook of the construction industry is a proof of its significance.

Presently Hilti online is considered to be reliable and working channel as the interviews indicated. Even though, the sample size is just four people – each of them were regular users and had little to none complaints about the service. The suggestions for improvement related mainly to minor glitches in the software to trivial add-ons and changes to the website. In conclusion it is a complete service with a little need for improvement and services as an essential tool in creation of customer loyalty and development of relationships.

The research answered quite well to the fourth question and can be generalized somewhat, even though the sample size was only four people. However, the fact that the four interviewees can all be considered “heavy users” has considerable value in the deliberation.

This thesis provided answers to all of the research questions and I have confidence in stating that B2B marketers should emphasize e-commerce significantly and it is bound to create more theories surrounding the subject.

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Figures:

Figure 1: Accenture https://www.accenture.com/_acnmedia/Accenture/Conversion-Assets/Dot-Com/Documents/Global/PDF/Digital_3/Accenture-Mastering-Omni-Channel-B2B-Customer-Engagement-Report.pdf Consulted: 15.11.2015

Figure 2: Accenture https://www.accenture.com/_acnmedia/Accenture/Conversion-Assets/Dot-Com/Documents/Global/PDF/Digital_3/Accenture-Mastering-Omni-Channel-B2B-Customer-Engagement-Report.pdf Consulted: 15.11.2015

Figure 3: Kumra Rajeev, 2007, Consumer Behaviour, Himalaya Publishing House

Figure 4: Accenture https://www.accenture.com/_acnmedia/Accenture/Conversion-Assets/Dot-Com/Documents/Global/PDF/Digital_3/Accenture-Mastering-Omni-Channel-B2B-Customer-Engagement-Report.pdf Consulted: 15.11.2015

Figure 5: Rakennusteollisuus <https://www.rakennusteollisuus.fi/Tietoa-alasta/Talous-tilastot-ja-suhdanteet/Kuviopankki/> Consulted: 20.11.2015

Figure 6: Figure 5: Rakennusteollisuus <https://www.rakennusteollisuus.fi/Tietoa-alasta/Talous-tilastot-ja-suhdanteet/Kuviopankki/> Consulted: 20.11.2015

Hiltin asiakkaiden haastattelu (1.3 – 30.3 välisenä aikana)

1. Mikä on tehtäväsi yrityksessä?
2. Kuinka usein käytät Hilti onlinea?
3. Kuinka paljon keskimäärin käytät aikaa Hiltin verkkokaupassa?
4. Käytätkö muiden toimittajien verkkokauppoja?
5. Millä laitteilla käytät Hilti onlinea?
6. Mihin tarkoitukseen käytät Hilti onlinea?
7. Mitkä ovat suurimmat syyt käyttää Hilti onlinea?
8. Koetko palvelun tuovan lisäarvoa?
9. Mitkä ovat suurimmat haasteet/viat Hiltin verkkokaupassa tällä hetkellä?
10. Mitä lisäisit tai muuttaisit Hiltin verkkokaupassa?
11. Mihin näet yrityksesi suuntautuvat sähköisessä verkkokaupankäynnissä?