

The current e-marketing activities of SME. Case Fotomina Ltd

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<p>This thesis explores the current e-marketing activities of Fotomina Ltd and suggests possible improvements. The topic of this thesis has an important applied perspective for small and medium sized businesses. The e-marketing activities in the case of Fotomina were planned with an eye on the lack of resources young businesses usually have. While working on the thesis it was noticed that e-marketing literature is centred on large businesses with a lot of resources and a variety of ways to operate. In the case of this thesis the research was carried out especially to be applied by small companies in the early stages of their development.</p> <p>Being a young company that started its business in 2009, Fotomina is still in its infancy. As this thesis developed, it has opened up the encouraging ambitions of the CEO that will be conducive to the future success of the company. The thesis points out some problems Fotomina in particular and SMEs in general face in this regard. Nonetheless, the thesis draws its conclusions on a positive note giving recommendations to Fotomina on possible improvements of e-marketing activities.</p> <p>The thesis follows a qualitative approach. The answers to interview questions have been correlated to both theoretical and practical situations. A major limitation in this regard was that the thesis could not obtain the views of all interviewees originally planned. The main reason was the reluctance of most competitors to participate and answer the questions due to competitive reasons and the sensitive nature of information. However, Fotomina can learn from this by becoming more aware of the competitive environment in which it wants to succeed.</p>	
<p>Keywords E-marketing, SME, Internet Marketing, Online Marketing, Search Engine Marketing and Optimization</p>	

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1 Introduction

E-marketing refers to business activities used by online SMEs (small and medium enterprises) to run their businesses in order to earn revenues and improve profitability. E-marketing activities have an opportunity to reach more customers than usual retail stores because of its ability to market and sell products online. E-marketing delivers benefits by adding the number of players involved in a business. The purpose of e-marketing is to give the possibility for online businesses to create cost-effective opportunities, stimulate, strengthen and enhance relationships with stakeholders and customers. In these circumstances e-marketing has to be innovative.

The process of an investigation of the e-marketing activities contains both fields such as business management and engineering research. This thesis concentrates mainly on a business side of the project but as Fotomina Ltd operates through a website, the author sees the need to mention the engineering side. It is appropriate to note that the concepts of “Internet marketing”, “online marketing” and “e-marketing” are very similar, and for this reason these terms are used in an interchangeable way.

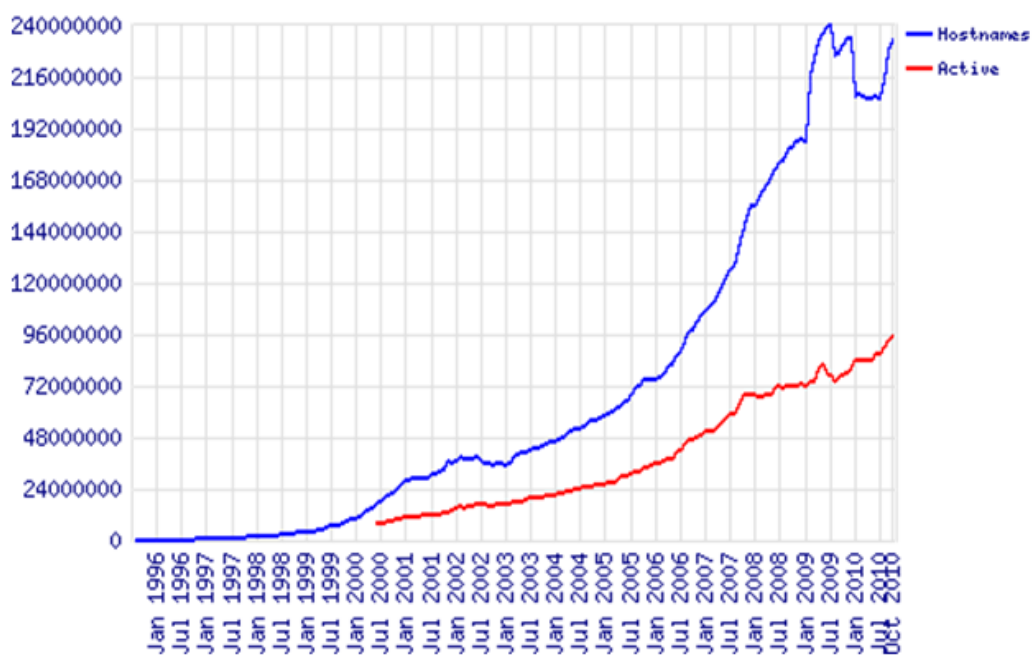
The objective of this thesis is to explore e-marketing activities of a young on-line SME Fotomina Ltd, that operates in an Internet environment. Fotomina Ltd is an international photo stock agency established in 2009 and headquartered in Finland. The company heavily depends on the Internet and is therefore crucially dependent on marketing its products via the Internet for earning its revenues.

The author of this thesis makes a number of suggestions and recommendations on how to improve the e-marketing activities of Fotomina Ltd. Recommendations given to the management are based on appropriate theoretical frameworks and interview results. The author has sufficiently researched valuable academic literature in this area and also narrowed it down to benefit the case of the company Fotomina Ltd.

1.1 Background

During the past fifteen years Internet has become a great technological space where companies are aware of successful opportunities to run their businesses. Companies started to move from business place to business space, created websites and placed their products and services online for sale. This trend explains the huge growth of websites on the Internet. Table 1 provides the data for the period between 1996 and 2010, which bears evidence to the fact that in October 2010, there were 232,839,963 websites operating. (October 2010 Web Server Survey. The total number of websites on Earth.). There is no doubt about the fact that e-marketing attracts businesses both from the point of enhancing revenues and controlling costs.

Table 1. Total Site across All Domains January 1996 - October 2010



1.2 Potential benefits from the project

The primary beneficiary of this project is Fotomina Ltd because it carries out its business through e-marketing activities. If the company concentrates on the active usage of e-marketing activities, it can “increase its sales, add value to the products, enhance the brand image, save costs and bring itself closer to all the stakeholders by

delivering all round benefits” (Smith & Chaffey 2008, 23.). Writing a thesis is also beneficial to the author in the form of gaining further knowledge and experience in the field of e-marketing and contributing it to Fotomina Ltd.

1.3 Project objectives and investigative questions

The objectives of the thesis are to study the existing e-marketing practices followed by Fotomina Ltd and to offer suggestions and recommendations of additional creation and improvement of its e-marketing activities.

The author stated the main question of this thesis: How to improve e-marketing activities of Fotomina?

There are four investigative questions (IQ) presented below:

IQ 1 What is the current status of e-marketing in SMEs like Fotomina in general?

IQ 2 What are the benefits of e-marketing?

IQ 3 How important is the website for an online SME and how does Fotomina’s website work at the moment?

IQ 4 What is the future of e-marketing?

Table 2. An overlay matrix

Investigative questions	Theory	Results
IQ 1 What is the current status of e-marketing in SMEs like Fotomina in general?	2.1 SMEs and e-marketing	4.1.1 Current status of e-marketing in Fotomina
IQ 2 What are the benefits of e-marketing?	2.2 E-marketing and its benefits 2.3. E-marketing activities	4.1.2 Benefits of e-marketing
IQ 3 How important is a website for an online SME and how does Fotomina’s website work at the moment?	2.4 Models used for website development	4.1.3 The importance of a website for an online SME and Fotomina
IQ 4 What is the future of e-marketing?	2.5. Future trends of e-marketing	4.1.4 The future of e-marketing

Table 2 presents an overlay matrix for this thesis. Investigative question 1 (What is the current status of e-marketing in SMEs like Fotomina Ltd in general?) will be answered using the theory presented in chapter 2.1 (SMEs and e-marketing) and the results of the interviews will be presented in chapter 4.1.1 (The current status of e-marketing in Fotomina). Investigative question 2 (What are the benefits of e-marketing?) will be theoretically researched in chapters 2.2 (E-marketing and its benefits) and 2.3 (E-marketing activities) with the interview results interpreted in chapter 4.1.2 (Benefits of e-marketing).

The theory used in chapter 2.4 (Models used for website development) will help to answer investigative question 3 (How important is a website for an online SME and how does Fotomina's website work at the moment?) and analyse the results from the interviews in chapter 4.1.3 (The importance of a website for an online SME and Fotomina Ltd). The results of the interviews in chapter 4.1.4 (The improvements of Fotomina's e-marketing activities and the future of e-marketing) will be supported by the theory from chapter 2.5 (Future trends of e-marketing) and will answer the investigative question 4 (How to improve e-marketing activities at Fotomina Ltd in the future?) The investigative questions of the thesis are connected to the theories presented and are answered in the interview results. The main question: "How to improve e-marketing activities of Fotomina?" is answered in the Discussion chapter.

1.4 The case company: Fotomina Ltd

"Small and medium businesses are the backbone of the EU economy. They account for 99% of all companies and provide employment to 75 million people" (Eurostat, 2005.). This statement appropriately summarizes the fact that future businesses will be dominated by SMEs. The number of SMEs in the entire world is high, but e-marketing, in spite of its popularity, needs to become an efficient practical tool.

Fotomina Ltd is presented in this thesis as a case company, a young SME operating on-line that needs e-marketing activities in order to develop and succeed in its business. Fotomina Ltd is an international photo stock agency, which offers

photographers a platform to upload and sell their work through the website. The main products of the company are high quality print and web resolution photos and vector art, which can be used for marketing purposes like the creation of brochures, advertisements, magazines, and websites, etc. Currently Fotomina's official website www.fotomina.com is under the reconstruction and the preliminary version of Fotomina's website is available on <http://www.elkhomsa.com/>

The goal of Fotomina Ltd is to offer customers (media agencies) competitively priced images and give opportunity to photographers to sell their art. "Fotomina does this by offering low-priced royalty free images starting from \$1 or alternately through a subscription-based mechanism. A member can buy and download images at an inexpensive rate. The photographer who sells images will be paid a commission based on the type of license purchased." (Fotomina 2010.)

There are two categories of images: the stock photos and vector stock. The stock photos are divided into several groups: animals, arts and architecture, background and texture, business, computers, editorial, food and drink, industries, technology. In Fotomina's photo bank, in March 2009 there were more than 1500 photos and vector arts. The business involves day to day signing up of new customers and uploading the photos.

The target market or markets are the media, advertising agencies which are interested in high quality pictures in order to use them in marketing services. Fotomina is planning to make translations to French, Russian and Italian. This is expected to lead to the growth of its markets and increase the flow of new customers. Currently, there is intense competition between stock photo banks like Big Stock Photo (www.bigstockphoto.com), Dreamstime (www.dreamstime.com), and iStockphoto (www.istockphoto.com). These agencies in addition to those who are in a similar business have millions of high-quality photos and vector arts in their collections, which compete with each other by offering competitive commissions on photos sold.

Fotomina Ltd has a challenge in marketing its business through the Internet. Fotomina Ltd is aware of possible e-marketing activities its competitors use, but Fotomina Ltd itself has a lack of experience and proficient skills to implement e-marketing activities. One of the most serious challenges is the construction of the company website. Fotomina's website should be revised wherein new features as colours fonts and positioning of images should be brought in. Fotomina should work towards improving to the design of the website as well as the software platform. Once the website is redone it would cover and conform to a number of criteria such as fast response and user friendliness that would retain the customers' interests and lead them on to convert their visits into orders. According to the CEO of Fotomina Ltd, the company's BETA version website is expected to be released by the end of 2010.

1.5 The international aspect

The international aspect of this thesis is as strong as the objective to explore the e-marketing activities for Fotomina Ltd. With the growth of the Internet, markets shifted from local to international and finally to the global ones. Operating on international markets is a responsible activity because it gives an advantage of being in a space where the customers can find the SMEs whenever there is a need. The Internet is a huge limitless space where thousands of businesses from all over the world operate online. E-marketing activities allow the SME, especially the younger ones, to market their product lines directly to an unlimited number of customers using cost-effective e-marketing tools.

The key advantage of such tools is the absence of limits on time, border and geography. Establishing business activities online gives SMEs the advantage of being online 24/7, in the Internet businesses never sleep. Also, the website of the company can be run by the owner himself because it does not require extra personnel and salary payments. The Internet gave a great opportunity for SMEs to start operations online when the costs are under control, there are no limitations for profits and business can be managed from any part of the world.

This chapter can be concluded with the following observations. Nowadays, while applying e-marketing activities, SMEs are able to access a vast amount of information, use it for the company's benefit in economical way, promote their products and reach consumers who would like to purchase online. Online companies have to make investments in their websites and earn revenues through online advertisements and other promotional measures. Also online businesses should be always easily reachable by customers anytime. Fotomina Ltd is no exception to this. The objectives of this thesis are defined by focusing on Fotomina's situation. All observations presented above will be considered and thoroughly discussed in further chapters.

2 Theory review

This chapter contains the theoretical background related to e-marketing and its activities. The author used in her study a wide variety of books, electronic articles, case studies and publications connected to e-marketing, e-commerce and Internet. E-marketing, e-commerce, online and Internet marketing have a strong connection with each other. Due to their close affiliation and identical nature they all can be bunched under the concept of e-marketing. It should also be noted that effective e-marketing activities cannot be created without the use of appropriate information systems.

Theories suitable for the case company Fotomina Ltd are considered in this chapter. The ways how Fotomina can apply such theories are discussed. As mentioned earlier the focus of this thesis is Fotomina that is why it is essential for the author to direct theories towards benefiting the company the most.

2.1 SMEs and e-marketing

A study carried out by Gilmore, Gallagher and Henry (2007, 234-247) provides information about the challenges, obstacles and limited real practical applications of e-marketing. Gilmore et al. (2007) has analysed the status of SMEs in the usage of the Internet and e-marketing in 2000 and 2004. The main goal of the analysis was to notice the changes during four years period and see trends in the usage of e-marketing activities.

According to Dogra (2007, 297) e-marketing concept is "moving elements of marketing strategies and activities to a computerized networked environment such as the Internet and is the strategic process of creating, distributing, promoting and pricing goods and services to a target market over the Internet or through digital tools". It is also "the process of building and marketing customer relationships through online activities to facilitate the exchange of ideas, products and services that satisfy the goals of both the parties" (Mohammed 2002, 4).

The study accomplished by Gilmore et al. (2007) draws a pessimistic view of SMEs using the Internet in the design and implementation of e-marketing activities. SMEs are

in their infancy and they have a limited knowledge on how to apply e-marketing activities. The outcome of the study made in 2000 showed that SMEs were not interested in using the Internet in their business activities and did not consider the Internet as an efficient tool to increase profits. At that time SMEs were blind to the benefits through the communication with customers through a website. It was hard for the companies to accept the fact that e-marketing activities will dominate over traditional marketing. (Gilmore et al. 2007, 234-247.)

The reason for such distrust in Internet marketing was the lack of profits. SME relied more on the profits made using traditional marketing than an uncertain outcome of marketing through the Internet. In addition, there was a lack of professionals who could manage website development and online marketing activities. In most cases SMEs are dependent on external consultants. There is always a threat of unreliability. SMEs could hire professionals to design and maintain their websites but there is a risk and uncertainty whether the work will be done properly. (Gilmore et al. 2007, 234-247.)

Generally online sales have not covered the costs spent on website creation. Research made in 2000 discovered that even if some of the SMEs could use the Internet on a proficient level, e-marketing activities could not bring benefits because at that time the majority of consumers were not aware of the efficient usage of search engines and had poor knowledge of finding online the products they were looking for. The situation has changed in 2004. Gilmore et al. (2007) showed that SMEs in 2004 no longer considered the fact that costs were an insurmountable factor but were learning more about the usage of the Internet and adoption of e-marketing activities. (Gilmore et al. 2007, 234-247.)

The study explains that e-marketing is not only about what advantages companies get but it is a complex process on making the company being visible and recognizable for customers online. The comparison of the results in 2000 and 2004 revealed the tendency of some companies to consider e-marketing as a necessary tool to develop business. SMEs realized the importance and advantages of a website and online presence.

Gilmore et al. (2007, 234-247) admitted that SMEs are still in an infancy stage in regard to the development and utilization of the Internet and e-marketing, and it would be a while before they achieve a certain level of maturity.

Nowadays SMEs started their active online business operations but they still should be aware of the challenges hidden behind e-marketing benefits: the tight competitive environment of Internet, the essential need to apply an ever-growing number of tools, which are continuously changing and new innovative ones appearing. The most common challenges are security of the website and the customers' information. According to Chaffey, Ellis-Chadwick, Johnston and Mayer (2009) when building a website company should use reliable protection systems against the viruses and attacks of hackers. No-wadays it is a common problem when the well developed websites are attacked and information is stolen, for instance a customers' credit card information while purchasing goods online or the whole website can be blocked and all activities stopped. Hackers demand big amount of money from website owners in order to give the control of the website back. Such attacks ruin businesses and especially harm customers, for example still customers' information during the online payment process. (Chaffey, Ellis-Chadwick, Johnston & Mayer 2009, 433.)

The security of customers' information privacy is the most important reason to invest in websites protection. Also a poor appearance of the website is a risk that can fail the whole business. People won't be interested and won't trust to a website with primitive features, no security systems. Such operational problems of the website as information overloads, inappropriate links and banners, inefficient use of resources act non-motivators and repel visitors. Customers expect to visit a functional website with an informative content and modern features to navigate the WebPages. (Chaffey, Ellis-Chadwick, Johnston & Mayer 2009, 433.)

2.2 E-marketing activities

According to Chaffey (2007, 339) e-marketing consists of such activities as online advertising, search engine marketing, sponsorship and online PR. E-marketing

activities are the key tools that help online businesses to become visible for customers through the use of electronic communication technologies.

2.2.1 On-line advertisement

On-line advertisement is one of the e-marketing activities. In an on-line advertisement all the three methods: sponsored promotions, pay per click and banner advertisements are used. Pay per click is widely used by companies to earn costs per 1000 views or so. Pay Per Click (PPC) combined with Search Engine Optimization (SEO) is an effective low cost activity to increase traffic to the website by making it visible to search engine users. It is essential to decide on efficient key words of the website and place appropriate information on products and services. It requires minimum investment.

The image shows a Google search results page for the query "e-marketing activities". The search bar at the top shows the query and the search button. Below the search bar, there are navigation links for "Web", "Images", "Videos", "Maps", "News", "Shopping", "Gmail", and "more". The search results are displayed in a list format. The first result is an advertisement for "Email Marketing" from ConstantContact.com, with a headline "350,000 Small Businesses Choose Us for Email Marketing. Try it for €0!". Below this, there are several organic search results, including "eMarketing tool nr. 1" from emarketeer.com, "Top 10 E-marketing strategies of today and tomorrow" by DaveChaffey.com, "Principles of e-Marketing" by Dejan Petrovic, "Stages in developing your e-marketing plan" from Business Link, "Internet marketing" from Wikipedia, and "Marketing" from Wikipedia. A red box highlights the advertisement section, and a red label "PAY PER CLICK ADVERTISEMENTS" points to it.

Figure 1. The pay per click advertisements

According to Mordkovich and Mordkovich (2005) the PPC ads are mainly textads which contain key words and appear in organic search engine results and attract users to click and enter the website (figure 1). Pay per Click ads are successfully used to seasonal or special marketing initiative. PPC ads are well known among search engine users and are considered useful because of the clear content on that websites sell. It is also it is considered to be the most low cost advertising activity. The advertiser knows

how many people clicked the ad and how many of them bought the product or service in the website. (Mordkovich & Mordkovich 2005, 18-22.)

Nielsen and Pernice (2009) explained that sponsored links are not very much different from pay-per-click, except the fact that they contain additional features that would not only drive traffic to one's website but also the sponsored ones which might add value to your products (figure 2). (Nielsen & Pernice 2009, 342-345.)

The image shows a Google search interface for the query "royalty free pictures". The search results are displayed on a white background with a blue header. The search bar contains the text "royalty free pictures" and a "Search" button. Below the search bar, there are navigation links for "Web", "Images", "Videos", "Maps", "News", "Shopping", "Gmail", and "more". The search results are listed below, with the first three results highlighted in a red box. A red box labeled "SPONSORED LINKS" is positioned to the right of the first three results, with a line pointing to the red box around the first three results. The first three results are:

- Shutterstock® Pictures** (www.Shutterstock.com) 12 Million Royalty Free Pictures. Download Any Picture. Use Forever. (Ads)
- Royalty Free Pictures** (www.Dreamstime.com/RoyaltyFree) Free Stock Photos & Digital Images 10 Million Images - HD Only \$0.20
- Royalty Free Photos** (GettyImages.com) Search our Creative Resources to Buy Images for Commercial Uses.

The remaining search results are:

- Free Photos - Free Images - Royalty Free Photos - Free Stock ...** Download free photos and illustrations. Thousands of royalty free photos and illustrations. For commercial and non-commercial use. No registration required. (www.freedigitalphotos.net/ - Cached - Similar)
- Public Domain Pictures - Free Stock Photos** Home for Public Domain Pictures. Free for private and commercial use. ... Royalty free stock photos. All pictures are free for commercial and personal use. ... (www.publicdomainpictures.net/ - Cached - Similar)
- stock xchng - the leading free stock photography site** 28 Jul 2009 ... »Affordable inspiration: royalty-free photos, illustrations, video, audio and Flash® files from iStockphoto.com ... (www.sxc.hu/ - Cached - Similar)
- Royalty Free Photos, Stock Photos, Photography and Royalty Free ...** The best royalty free stock photography images under one roof. More than 2600000 stock photos, images, photographs and pictures for immediate purchased. (www.inmagine.com/ - Cached - Similar)
- Pictures Free Download** Free pictures: bigfoto.com, the royalty free photo agency offering free download of all pictures (with link or reference). See copyright for details. ... (www.bigfoto.com/ - Cached - Similar)
- Royalty Free Pictures** download hundreds of Free Royalty Free Pictures, Images and Photos and textures for 3d.

Figure 2. Sponsored links

Online advertising develops rapidly and nowadays short text message is a link to the advertiser's website. In general, the advertiser pays to give visibility this way, buying keywords that it wants its brand associated. For example, figure 2 provides the sponsored links given by Google when the key words "royalty free pictures" were entered into the search. Three websites appeared in the first rows marked by another color: Shutterstock.com, Dreamstime.com and Getty images.com. These advertisers

pay Google to show their websites first. In this case Google has found the similarities in the key words of the websites and the phrase "royalty free pictures" and made their brand visible to users interested in royalty free pictures.

Banner Advertisements are yet another popular mechanism to promote e-marketing activities for a company which would utilize third party websites to place their advertisements as banners (figure 3). Banner ads are placed in the websites in various visual forms, sizes and colors. Banner ads can contain a small ad with a picture or a brief message. It is usually displayed at the top of the homepage of a website and on which the user is prompted to click. A simple click on the banner leads to the advertiser's site where customers can find information about the product, service or event which is being promoted. (Parker & Morley 2009, 485-486.)

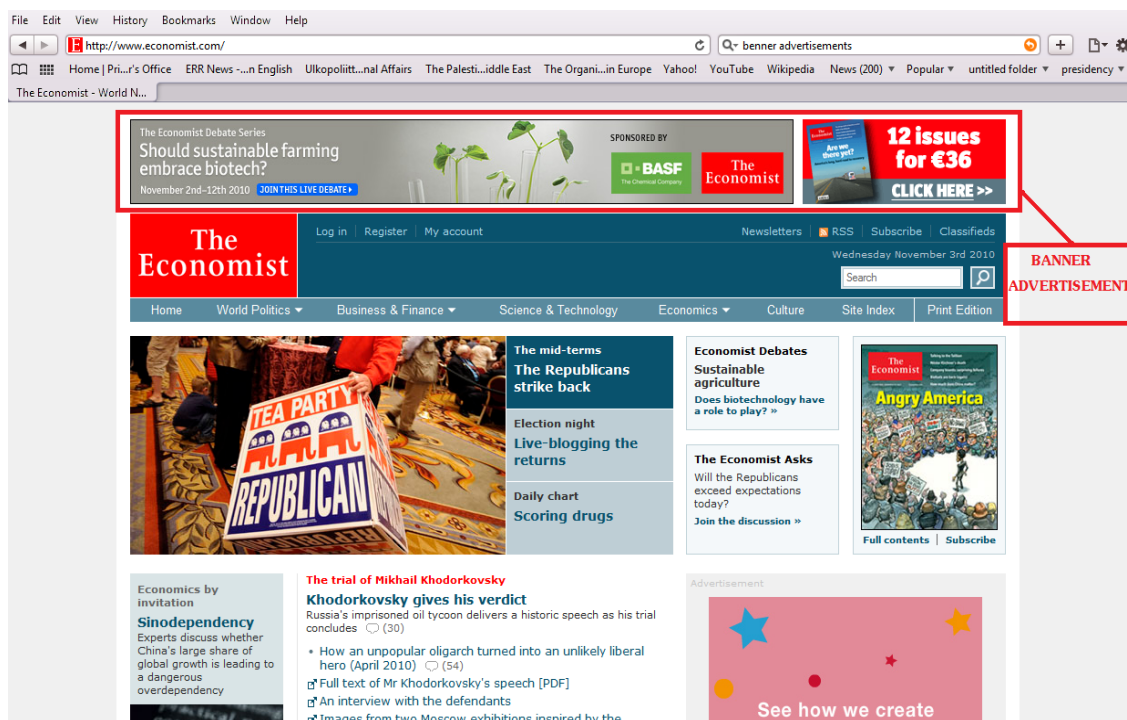


Figure 3. Banner advertisement

Park and Mittal (1985) mentioned that the banner or banner ad is probably almost as old as the Web and remains the most used promotional tool online. To maximize the effectiveness of the advertising campaign the banner should attract the audience to

click on it. The message on the banner should be clear and eye-catching. (Park & Mittal 1985, in Sheth 201-231.)

Parker and Morley (2009, 485-486) explained that the advertiser has to pay a fee in order to have his banner advertised on a third party website. Banner ads need more investment comparing with Pay Per Click ads but there is a possibility to decrease costs by searching for people who wish to place banner ads on your website and earn money from them. This, however, needs expertise and preferably the services are outsourced. (Parker & Morley 2009, 485-486.)

2.2.2 Search Engine Marketing and Optimization

According to Colborn (2006, 3-4) “search engine marketing is the application of all tactical elements associated with the search industry and manipulated to form a plan or strategy to achieve online goals”. Search engine marketing is inherently linked to search engines and can be described as an exercise in the marketing of the website through search engines. SMEs and online businesses appreciate search engine marketing because it offers a huge quantity of information and possibility to attract huge number customers by being low in cost and open to analysis and research. It may replace one day the traditional marketing techniques. The major search engines are Google, Yahoo, Bing Search etc.

Jon Rognerud (2008, 21-24) in his book “Search Engine Marketing process Ultimate Guide to Search Engine Optimization: Drive Traffic, Boost Conversion Rates and Make Lots of Money” presents the search engine marketing process as a four step process: evaluation of the target marketing business by researching and fulfilling relevant keywords and text on the website; competitor analysis in terms of keywords; optimization of content of the website by creating page titles, meta tags, create HTML and XML sitemaps; continuous control of the website content. (Rognerud 2008, 21-24.)

A search engine must consider hundreds of factors to differentiate the good site from the bad website. Search engines use a complex algorithm and methods which

differentiate one search engine from another. The website link, like fotomina.com, can appear in the first page result using a keyword in one search engine, for instance Google, and at the same time it may appear in another search engine, for example Yahoo, far from the first result page using the same keyword.

Beal (2003) in his article "Search engine optimization-Keywords" explicated search engine optimization (SEO) as the process of choosing phrases and targeted keywords relevant to the content of the page or site in order to be indexed and well positioned in the pages of search results (for example, photo stock agency). Optimization is essential because a well optimized site can see its traffic increase by over 60%. Using search engine optimization an online SME can generate traffic to their web pages and ultimately make money. (Beal 2003.)

The foundation of SEO is the right choice of keywords. The aim of online SMEs is to attract the many Internet users as possible. And very often online companies choose the keywords that are frequently typed in search engines. Frequently made mistakes are listed below.

1. Some websites position themselves very generally without any exact keywords: for example, a music download site that is set to "mp3".
2. Other sites often are trying to position themselves in competitive intentions: for example a small site that refers to gambling appears on "online game".
3. The biggest mistake online SMEs make is in positioning themselves off topic: for example, a fitness products site that is positioned on "fashion".

To avoid these mistakes and bring traffic to the website it is essential to choose the right keywords. In the beginning the online company has to know the target customers it wants to attract and the concrete objectives of its website. Google offers many tools available free of charge, which help to select the right keywords (for instance keyword generator, Google Trends and Google Insight). (Beal 2003.)

Test Generator keywords from Google can be found at adwords.google.com also there are other online SEO websites which offer an automated way to analyze business competitors META KEYWORDS. For example, a site devoted to digital images or a site of a photo stock agency could theoretically be positioned on the query "picture", you will agree that the two sites do not really deal with the same subject. We must therefore choose keywords based on the theme of the site and the Internet audience targeted. (Beal 2003.)

2.2.3 Online public relations

According to Chaffey et al. (2009, 522-524) online PR (online public relations) is “an effective e-marketing activity that increases the popularity and awareness of the company , its products and website pages by posting attractive information about the company on other intermediary websites which are well-known for target customers”. Online PR can be presented as a link building between the websites. Like one advertises his website on the webpage of someone else. This creates a kind of interconnected network. Such tight cooperation through the link building enables search engines to rank websites higher in their search results and bring traffic to the website.

Except for advertising on the other party websites, online PR has other important activities, such as communicating with media online by writing press releases and sending them to the media, journalists and customers to keep them updated on the company’s activities. Other alternatives to press release writing are blogs, RSS and podcasting. The company can create a blog and fill it with daily or weekly favourable news, such e-marketing activity spreads the information among the interested customer groups. Before publishing, information should be carefully checked to prevent misunderstandings. (Chaffey et al. 2009, 522-524.)

Such online PR activity as RSS gives opportunity to visitors to follow updates happening on a website. This tool is used together with XML code that allows detecting new information published on the website and informing the signed up customers. In case of podcasting refers to publishing online video and audio press.

Audio and video blogging attracts customers' eyes, keeps them interested and increases websites traffic. (Chaffey et al. 2009, 522-524.)

2.3 E-marketing benefits

Internet has a vital role in e-marketing activities and frequently in academic literature authors like Chaffey (2007, 339) tend to use "e-marketing concept" synonymous with "internet marketing" and "digital marketing". This thesis focuses on the theory of e-marketing and will continue to operate using the term "e-marketing". According to Poon and Swatman (1999) e-marketing benefits can be divided into direct and indirect ones, some of them could be instant and some take a considerable amount of time. Direct benefits are short-term benefits like reduction of the advertisement costs and increase in the revenues by the addition of customers. The indirect benefits are long term ones and include such processes as introduction of the new product or service to the market with an opportunity of expanding the existing business. (Poon & Swatman 1999 in Fay & Celia, 1999, 118-119.)

The benefits of e-marketing activities are cost-effectiveness, opportunity to communicate worldwide without time and geographic boundaries and offer multimedia broadcast. (Poon & Swatman 1999 in Fay & Celia, 1999, 118-119). These advantages can be explained that online businesses do not need to spend extra money for instance on rent, services like heating, electricity, water as retail store do. Online SMEs do not have an excessive need for middle men and therefore they can reduce costs in this matter. Warehouse and inventory expenses can be brought to minimum by using just-in-time (JIT) ordering technique, when orders are transferred to supplier right after customer has made a purchase decision on products from the websites. After purchasing the product customer can leave a feedback on the product's quality.

In the fast phased business world of today the use of Internet technologies have been growing up rapidly and e-marketing could be considered as "marketing of communications". Katz and Lazarsfeld (1955) had defined marketing in its traditional sense as "one communicating with many", like a firm with its customers. However, over a period of time up to present days marketing started to demand for more

efficient communication from the consumers (Abrahamson, Forsgren & Lundgren, 2003, 1-6; Hoffman & Novak 1995, 3.). Active online communication between customers and online SMEs gives advantage to satisfy and delight customers adding value to the business.

2.4 Models used for website development

The starting point for successful e-marketing activities for SMEs is the website. It is considered to be a “window” through which the users start to interact with an organization. Kuzic (2010) explained that the design of a website and the quality of the content affect customers’ perceptions and attitudes towards the company (Kuzic 2010, 1-10.). The website’s quality can attract customers and make them stay on the website and purchase goods or services and on the opposite, poor quality of the website can make customers leave the webpage and never come back. A company has to consider a website as a “face” of the whole organization. To start e-marketing activities SME is in need of a model, that takes into consideration both technical and effective aspects of the website design. In case of this thesis Kano's model and Portal Management Model are found as the most favourable ones.

2.4.1 Kano's model

According to Zhang and von Dran (2001) Kano's model provides online companies with an economical and easy way to check and improve the quality level of their website design. It explains the levels of quality along with clarification of the possible process of transformation from one quality level to another satisfaction level over a period of time. The time in this case shows the changes happening in customer’s quality level after buying a product or using a service (figure 4).

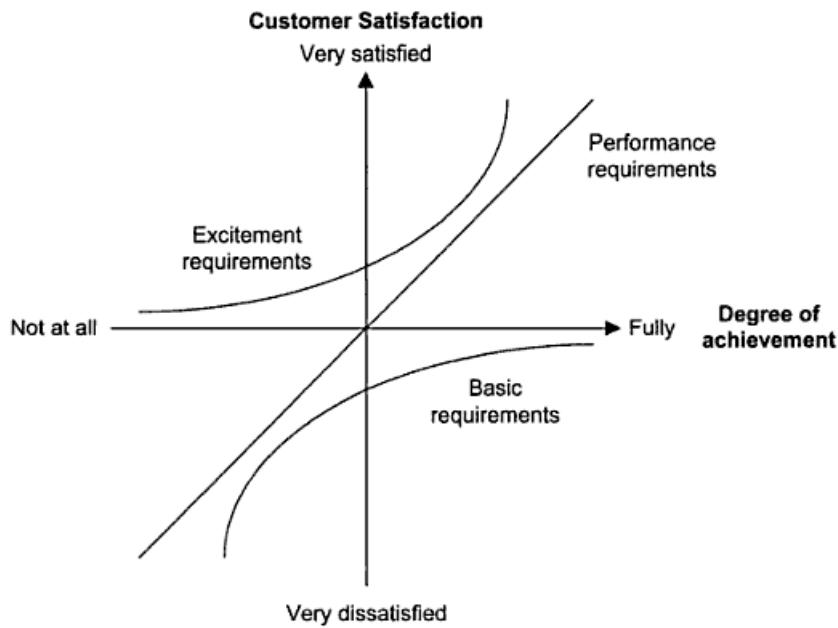


Figure 4. Kano's Model of customer expectations (Marti 2007, 22)

Kano's model defines three levels of customers' expectations for a business to succeed, whether selling a product or rendering a service. They are named as (a) basic, (b) performance and (c) excitement. The basic level fulfils the criteria of the most minimum that customer needs. It contains basic, simple items and services which the customers do not notice and do not have any thought about until the moment when such basic things are absent. For instance, when buying a mobile phone, the customer assumes that it would have essential amenities as sending and receiving messages and phone calls. This is taken for granted, but when a prospective customer does not see such features mentioned it acquires the characteristic of a disadvantage. (Zhang & von Dran 2001, 1-10.)

The performance level is a characteristic that is measured using certain standards. As an example for this case a fast and helpful customer service could be given. When people are queuing in the bank they look for and note the ability of the personnel to serve customers fast and skilfully, the customer appreciates less time taken for waiting for the actual service. (Zhang & von Dran 2001, 1-10.)

The excitement level is easy to identify, as it refers to items and services that bring unexpected admiration and happiness to a customer. A gift card worth a certain amount of money issued by a boutique in honour of a client's birthday or toy gifts to children when travelling by airplane, are generous gestures that would pleasantly surprise customers. It is important to mention that eventually items and services on an excitement level will transfer into usual and then to expectations. (Zhang & von Dran 2001, 1-10.)

It is essential to mention that retail store marketing differs from e-marketing in the ways how and when the customers learn about the quality of the products. In the case of a web store, the customer experiences the quality of the product after purchasing it online when it is delivered to his/her home. In the case of a retail store purchase the customer can see, touch and try the product. Besides when buying goods online there is no real face-to-face contact between seller and buyer. It excludes the possibility to communicate verbally or non-verbally. In order to balance the quality of the service design of the website should be well planned. (Wolfenbarger & Gilly, 2000, 1362-1366.)

In other words, when the customer evaluates the product he/she does not calculate the difference between the expectation and the actual use of the product. It is very possible to overestimate the customer's expectations by providing not enough information about the product or service. (Zhang & von Dran 2001, 1-10.)

2.4.2 Portal Management Model

It is evident that websites play a key role in the development of successful e-marketing activities. One well known theory developed by Damsgaard is the The Portal Management Model. Damsgaard (2002, 409-420) presents four stages of a portal's lifecycle (figure 5): Attraction, Contagion, Entrenchment, and Defence. The model suggests designing an attractive website with efficient tools that attract customers, gaining customers' attention. When the website has a certain position then start internalization process to new marketplaces by constant proactive solutions in order to keep customers attached to the website. (Damsgaard 2002, 409-420.)

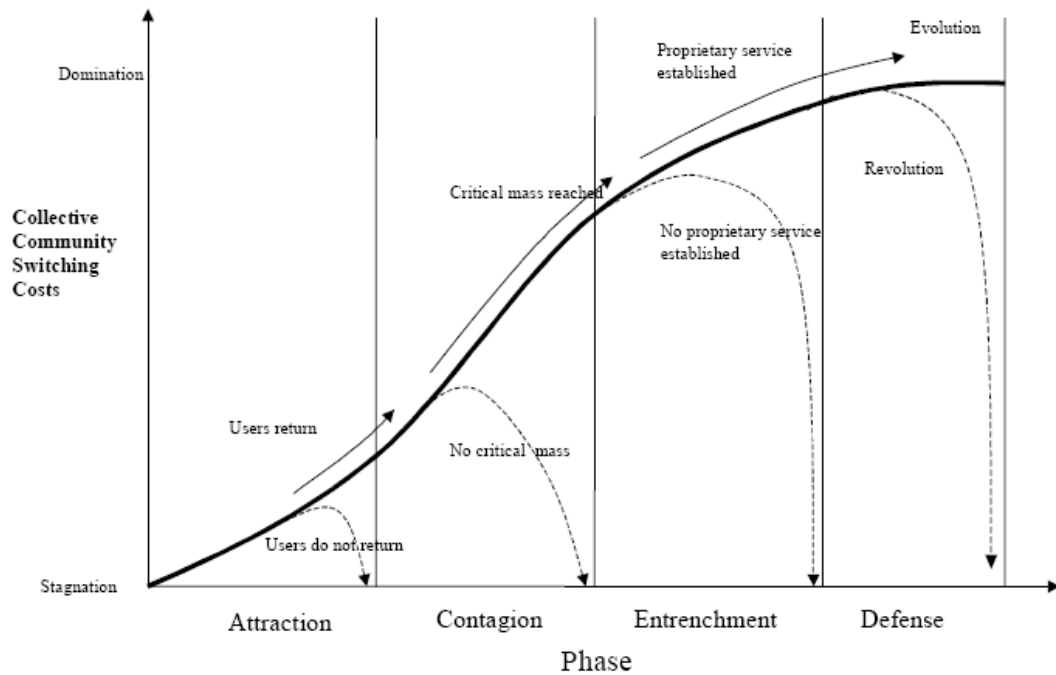


Figure 5. Portal management Model (Damsgaard 2002, 413)

Damsgaard (2002, 409-420) explained that on the stage of attraction the main aim of the company is to invite customers to see how the website serves customers and to get feedback on the situation. The contagion stage follows after the stage of attraction and can be explained as the retention of the regular visitors of the website and the creation of a portal community in order to strengthen the feeling of a strong portal's community. On the entrenchment stage when the website users already have a portal community it is essential to implement exclusive service that would lock in customers and give them a feeling of satisfaction while visiting the website. The defence stage is presented as the control and evaluation of the website's activities. It is essential to take care of the website, pay close attention to users in order to solve problems with the website services. It is an ongoing process that requires constant updating of the information.

(Damsgaard 2002, 409-420.)

According to the Portal Management Model the nature of the topic and content of the portal can be classified into three dimensions: "horizontal (fields of operation) or vertical (specific type of people) as well as specific geographical specialty". It is essential for a company to decide if its website will concentrate on a particular narrow

topic or will have a more wider range of information or will it operate locally or internationally. (Damsgaard 2002, 409-420.)

An example of the scope of horizontally narrow portals could be concentrating on particular types of flowers; in the case of a horizontally broad scope an example is the general subject about flowers. In the case of a vertical dimension the targets are people. In the case of a narrow vertical dimension an example of a portal only for young bikers could be given. A broader view of the vertical dimension could be a portal about all bikers. As well as the geographical dimension should be considered: is it a local town portal or an international one. (Damsgaard 2002, 409-420.)

The thesis will provide recommendations with applicable activities to Fotomina in order to keep Fotomina's website full with customers. The recommendations can be found in the Discussion Chapter.

2.5 Future trends of e-marketing

According to the article "Future Trends of Internet Marketing" produced by Himshilp development of businesses online is a comprehensive process connected to constant e-marketing activities in the Internet environment. Strategy and tactics of promoting goods and services are constantly changing, as it requires innovation of new marketing tools aimed to attract customers. The Internet age built an entire advertising industry and e-marketing today has become one of the major tools of competition. Companies nowadays are motivated to work through the Internet. The global web is continuously improving for users and methods of internet marketing are progressively developing to increase technical audiences at its qualitative development. (Himshilp. International Marketing Consultants. Future trends of Internet Marketing.)

The article "Future Trends of Internet Marketing" speaks that in the future, such e-marketing tool as search engine optimization will dominate over tother e-marketing methods. In order to succeed, website owners should fill their websites with a complex and updated content, concentrating on personalization of the information. In the future, search engines will be more sensitive to unique contents. Nowadays new

features start to appear when search engines start to be sensitive towards the geographical location, date of publication and media content. For example Google started to use new features like real time search and Social Search. In order to be visible to search engines in the future the content of the website should be appropriate, tailored and efficient. (Himshilp. International Marketing Consultants. Future trends of Internet Marketing.)

In case of paid search advertising the article shows that search advertising will remain a practical e-marketing activity in the future. When users will use search engines as a main tool to find information in the Internet, they will see results and also click on the relevant ads. PPC will bring traffic to the website and the success in the continuous traffic depends on carefully selected keywords. (Himshilp. International Marketing Consultants. Future trends of Internet Marketing.)

Social media networking websites like Twitter, Facebook, Livejournal etc. can take your business to the next stage towards success. They are already visible to search engines search results. In the nearest future e-marketing through social media networking will be the most efficient tool. Nowadays companies all over the world create own Facebook or Twitter accounts and have own fan pages. Social media networking website help companies to get comments and feedback from the customers and advertise their own products and services. (Himshilp. International Marketing Consultants. Future trends of Internet Marketing.)

Blogging is the process of filling the website with fresh content. The potential future for blogging is very optimistic. It is a good investment in terms of unique content that brings visitors to the website. Publishing interesting articles on a website and creating the valuable portfolio will increase the website's popularity and potential sales. (Himshilp. International Marketing Consultants. Future trends of Internet Marketing.)

Chapter two provided a wide range of theories significant for Fotomina for the reason that the application of them can identify e-marketing activities and try to satisfy the needs of the customers. The theoretical aspects of e-marketing will be taken in the

process of the evaluation of the current e-marketing status of Fotomina and also suggest recommendations for adoption in the future. Consequently two important models are considered: Kano's Model and the Portal Management Model. Both models were explored and further recommendations for Fotomina's website will be made based on the theories of both models presented in Theory Chapter.

3 Empirical research

In this research methods are used to test investigative questions in order to bring out a new valuable outcome. The research methods in a qualitative study involve the collection of primary data through interviews. In case of this thesis the primary data was collected personally and through email interviews. The interviewees were competitors to Fotomina Ltd and the Chief Executive Officer (CEO) of Fotomina Ltd himself.

3.1 Data collection method

The author of the thesis used a qualitative data collection method as email interviews. In author's opinion qualitative approach gives opportunity to carry out the research of the topic deeper bringing new valuable outcomes. Quantitative approach in this case would not bring deep outcomes, but it would just support the theories superficially.

Qualitative research in case of this thesis study involved the collection of primary data through email interviews. Originally, the author had the intention of collecting five interviews. It was considered that five interviews is an optimum amount for the thesis. The interview questions were sent to the interviewees by email requesting them to answer the interview questions.

Unfortunately, two of them- BigStockPhoto.com and iStockphoto had declined. After the negative responses the author tried to contact other Fotomina's competitors sending tens of emails with requests for an interview to such photostock agencies as shutterstock.com, jupiterimages.com, alamy.com, kuvapalvelu.com, auroraphotos.com, dinodia.com, alaskastock.com, photosota.com, to name only a few of them, but no answers were received. The companies refused to participate in the interviews because of the sensitive nature of the topic. It is understandable that companies would like to keep their secrets on e-marketing activities. And the author also learned that there is a tight competition on the Internet arena. The author contacted companies from all over the world: Europe, Asia and USA but got negative replies. It took a lot of time to hear the responses from the companies.

3.2 Interviewees

The interviewees were chosen from three categories. The first interviewee is an expert in the field of digital marketing and websites promotion from the Czech Republic, Prague. It was a valuable contribution because his knowledge and experience showed the actual situation with SMEs: understanding what they want, what kind of marketing strategies they have and what they desire to acquire. The author of the thesis decided to interview an expert in the field of digital marketing and websites promotion was in order to increase reliability and give a deep and broad investigation on the questions. The author has contacted the expert in the field of digital marketing and websites promotion by email on 15th of July 2010 and received answers for the interview questions on 24th of July 2010.

The second respondent was Fotomina's direct competitor Dreamstime, from the United States. The questions were posed to Dreamstime.com twice: initially on 17th of May 2010 and the answers for the interview questions were received on the next day and second time the author has contacted Dreamstime on 3rd of August 2010. The reason for that was a new interview question about the Dreamstime website. The idea to add one more question appeared after receiving the answers for the interview questions from the expert in the field of digital marketing and websites promotion from the Czech Republic. The author of this thesis was interested to know Dreamstime's opinion about the importance of own website. Dreamstime has answered interview questions and send friendly email. The Dreamstime's answers were fulfilling but short for one reason: the company is governed by confidentiality clauses, which prevents it from giving complete information.

The primary analysis cannot be considered as completed if it does not take into account the valuable views of Fotomina's Chief Executive Officer. In order to accomplish this objective, to understand the company's expectations and improve e-marketing activities of Fotomina, the third interview was made with the CEO of Fotomina Ltd in Finland. There was a lot of discussion with the CEO of Fotomina during the whole thesis writing process. CEO of Fotomina preferred to answer interview questions by email. The reason was CEO's tight schedule. The email

interview gave CEO of Fotomina Ltd gave freedom to think about questions and possibility to answer questions any moment the CEO could. The author of the thesis has sent interview questions to CEO of Fotomina Ltd by email on 12nd of May 2010 and the answers were received on 21st of May 2010.

Also valuable comments and the opinions of photographers (Fotomina's customers) were gathered in August 2010 and evaluated from Fotomina's forum opened on Microstock Group.com – a meeting place for microstock photographers. It is an international website where young companies like Fotomina can advertise their websites and invite photographers from all over the world to sign up and upload their pictures to the websites. The forum was started in March 2009 at the same time when Fotomina commenced its operations. The owners of Fotomina had invited the photographers to come and see the new photo agency to upload the pictures. During the initial stages, there was a significant amount of sceptics on the part of the photographers to cooperate with Fotomina.

3.3 Reliability and validity

The author decided to use email interviews because of the interviewees' locations in Czech Republic and USA. The interviewees were interested in the topic and especially an expert in the field of digital marketing and websites promotion from Czech Republic gave valuable information in his answers. The author of the thesis supported new findings by theories and case studies in theory chapter. Direct competitor of Fotomina- Dreamstime.com also provided valuable information. Even the answers were short but straight to the point. Dreamstime was actively participating in the email correspondence process.

The interviewees had no limits on time set by author when answering questions. The emails with interviews and answers on the questions were sent out and received in English. All the interviewees had very good level of English. In this case the reliability and validity of this thesis is based on the honest replies from the interviewees.

In order to increase the reliability and validity of the thesis, the author has collected preliminary data from case company's forum on www.microstockgroup.com. This is an international, well-known website where photographers have a powerful community to discuss new and already well developed photo stock agencies. Photographers have visited Fotomina's website and gave comments on the website design, content and technological features. In author's opinion it was essential to pay close attention to Fotomina's forum where the potential customers displayed their opinions and attitudes towards Fotomina's website. There have been a lot of suggestions made on how to improve the website. Based on the interview and the theoretical framework, the author then formed the interview topics and question areas.

The author was actively searching for additional interviewees during the entire thesis writing process. She was sending new emails and contacting new companies. The author has contacted companies in Finland as well, for example Kuvalapvelu Oy send a negative reply on the interview request explaining that their e-marketing activities are very limited and they have a minor experience in e-marketing. It was noticed that email requests for interviews were in most cases ignored and no replies ever received. But the author of this thesis did not give up and has decided to work on the valuable information from the interviews she had.

When three interviews were collected the author has carefully examined each of them and pointed out valuable information for the thesis. The author saw that the interviewees' responses had close analogy in the way that companies should have strong communication with customers and should always work on the visibility and attractiveness of their websites in the search engines. Each interview supported another one when talking about the advantages of e-marketing activities and activities. For example, an expert in the field of digital marketing and websites promotion wrote about his experience when promoting websites for his customers and Dreamstime supported one's opinion that deep knowledge and technology are essential e-marketing activities for deriving the benefits. As well as CEO of Fotomina was aware of the potential success when applying e-marketing activities.

By adopting universally accepted research methods, which go with qualitative studies and overcoming the limitations by seeking to choose models through an accurate theories, the author believes she has set the tone to proceed and to provide answers to investigative questions, which have got practical value to Fotomina Ltd.

Of course more interviews would improve reliability of the thesis. The author during the whole process of the thesis writing tried to contact new companies and ask for the interview. The chief limitation was inability to get the targeted interviewees due to their reluctance of to provide information while citing the reasons of sensitiveness and non-disclosure clauses. Otherwise, the answers supplied by the other parties are found to be very valuable, which has enabled the author to suggest applicable recommendations which Fotomina could follow.

In spite of low response activity for the interviews the author aimed to produce reliable and valid thesis and give valuable and practical recommendations on e-marketing activities for Fotomina Ltd. In order to accomplish this, the author took into an account a mix of valuable literature presented in theory chapter and has examined interviews which gave essential information for this thesis. The author has logically combined findings from theories and interviews in order to give applied recommendations that have direct utility to the case company- Fotomina Ltd.

4 Analysis and results

The objective of this thesis is to investigate practical e-marketing activities for Fotomina Ltd. In order to succeed the primary research was accomplished and the author in this chapter analyses the data collected and presents the result of the study. The key points like the importance of the e-marketing activities and value of website for Fotomina were revealed.

4.1 Interview results grouped according to investigative questions

The interview questions were posted to the three interviewees keeping in focus the investigative questions which are reproduced again here:

The main research question: How to improve e-marketing activities of Fotomina Ltd?

IQ 1 What is the current status of e-marketing in SMEs like Fotomina Ltd in general?

IQ 2 What are the benefits of e-marketing?

IQ 3 How important is the website for an online SME and how does Fotomina's website work at the moment?

IQ 4 What is the future of e-marketing?

4.1.1 The current status of e-marketing in Fotomina

When describing the Fotomina's e-marketing activities and its current state the CEO of Fotomina told that prior to the launching of Fotomina he had gathered some data and carried out a brief analysis of digital marketing. Based on this, Fotomina's objective is to offer an attractive price for its products, which would draw the customers to its website. But the CEO of Fotomina also mentioned that there have been difficulties with the website management and tight competition on the market. The owners of Fotomina have admitted that they have a lack of resources and expertise in the field of e-marketing activities.

Though Fotomina is a small organization, it has an organizational structure that defines its functions. Fotomina's managers have their own responsibilities to serve their

customers irrespective of the size of businesses they own and operate. However, the advantage of being small is realized in its structure being less bureaucratic, easy to manage and the partners having strong communication skills that enable them to find quick solutions to the needs of customers that add value to all their commercial functions.

Based on its culture and value systems, Fotomina Ltd is trying to establish a strong corporate culture for maximizing its output. The company employees focus on their tasks, and they support each other by doing their duty proactively and productively. One of the partners is responsible for marketing and bringing in the clients and another one takes care of the technical side of the work that includes the registration and uploading processes onto the company's website. This gives them the opportunity to focus both on what to do and how to do their respective tasks in order to succeed.

Fotomina Ltd is an empowered organization where people know what they have to do and how to delegate the responsibilities assigned to them. In other words, they are self-reliant in nature. On its part, the management of the company supports and stimulates its employees to achieve the goals of the company. Employees have frequent interactions through regular communications, meetings and discussions where many fresh ideas are planned, presented and discussed. Ideas, which could contribute to the positive result of the company, are implemented.

4.1.2 Benefits of e-marketing

The first respondent (an expert in the field of digital marketing and websites promotion) had pointed out several benefits in the planning and applying of e-marketing activities: a company gains the cost-advantage and the customers get the price advantage. The result is the improvement in the revenues, increased profit through lowered costs.

Start-up and inexperienced SMEs can drive such benefits only if they seek the help of experts in the field for it would save wasted costs and unproductive outcomes. The first three years is a vital stage when the company can understand if it can survive or

not and the next two years is the period when should sustain in the market. Link building and active online public relations help in boosting the revenues of the companies with least costs. Advertising costs are under control because such projects can be handed over to Ad clicking companies, which would know where to and how to place the advertisements so that more targeted visitors come into the company's website.

Dreamstime.com did not provide any specific answer when answering the question about the benefits of e-marketing activities in their company. Dreamstime only made a statement that deep knowledge and technology are essential prerequisites for deriving the benefits.

Fotomina's perception of advantages of using e-marketing activities is to earn money, and any business owner would like to see returns on investments and Fotomina is no exception to this. There are many aspects as content creation, digital media creation managing customer lists to actual delivery of the end products attached to an e-marketing activities and having these activities under control of professionals is always beneficial for the SME . Outsourcing in this case will maximize the advantages.

4.1.3 Importance of the website for online SME and Fotomina Ltd

According to the first respondent (an expert in the field digital marketing and websites promotion) nowadays, companies are interested to have a website because its competitors are also having one. While there is nothing wrong in this, the problem is that much planning does not take place in the design and running of a website. This is because SMEs have very little expertise and experience in e-marketing activities and development of a Website.

Most of young SMEs do not carry out sufficient background research in the customers' behaviour. If e-marketing is to succeed, it should be preceded by an analysis of historical data the collection and analysis of which no doubt is time consuming but without it a proper planning cannot take place and like any other marketing, e-marketing should additionally have a plan in place which serves as the starting point.

Companies, which have such a plan and in addition start sponsored links as online activities, have more chances to succeed comparing with other companies who do not have e-marketing activities.

In the first respondent's opinion a friendly website should be filled with valuable content related to the products and services presented on the website. It should state clear objective of the website and navigation process, for example an easy registration process, downloadable and viewable files, and chat rooms. The website should choose attractive colour designs; also it is essential to use RSS in order to let customers be updated about the news on the website and make the customers to come again to the website. Pay per click (PPC) though is an excellent e-marketing tool.

The second respondent (Dreamstime.com) explained that the Dreamstime.com's website has been designed to exploit the advantages offered by online opportunities. Dreamstime's suggestions to make a customer friendly website subsisted on accessibility and user friendly design, chat and forums. Furthermore, transparency, affordable prices were mentioned as features that have capabilities to attract and retain customers to one's website.

Dreamstime used to promote several techniques to bring customers online:

- Regular banners and advertising methods are used.
- Referral programs and word of mouth techniques are applied.
- By transcending regular boundaries of markets the users are given the opportunity to experience the best the company can offer within the industry.

Dreamstime uses all adverts: Pay-per-click sponsored link and or banner and allows the flexibility to the site/partners' audience (users/customers) to decide, which would be the optimal fit. Through regular monitoring of the website, the services are modified, tailored and customized for the visitors.

Fotomina's experience in outsourcing the design and running of website has not been pleasant. The Russian expert whom it had first engaged wrote the script but its limitation was soon realized for multiple pictures could not be uploaded by photographers; in order to overcome this, Fotomina hired some Web developers from

India, who neither delivered the product nor returned the money. The site had to return to the original script which has been modified with additional features; currently, the owners of Fotomina are working on a BETA version of a new website, which would be launched by the end of the year 2010. Such an experience, it may be noted attracted harsh comments from the user forum.

Referring to the Portal Management Model Fotomina Ltd, being on the attraction stage of the portal's life cycle has invited customers to visit the website and get feedback from them in order to make improvements needed. Fotomina realized the importance of community groups had established such a group. The discussion forum can be found in this link URL: <http://www.microstockgroup.com/new-sites-general/fotomina/>. The first ever response is reproduced below to indicate the level of distrust among the photographers.

“That logo looks awfully similar to one we are fairly familiar with me anyway, I won't be going there as I never had much success with Scandinavian sites”

(www.microstockgroup.com)

Nonetheless, the CEO of Fotomina has demonstrated patience, maturity and leadership qualities in his replies, which had the effect of slowly converting the disbelievers into believers. The photographers did understand the fact that no company in this area starts with huge of stock of photos, and it is built up gradually. Within 3 weeks of its commencement, Fotomina could get a stock of 1500 photos, which is not a bad outcome.

Given the fact that Fotomina is an infant in the photo online business, its non-appearance in the poll on the rating of website should not be taken to be a major disadvantage. It is also to be noted that Fotomina has decided to remake its website as it realizes that customers would not stay on its website if it does not contain user friendly attractive features (figure 6).

When <http://fotomina.com/> was typed into the Google Search Engine, it returned 189 results in 0.24 seconds. The very first result titled, when clicked returned the site Fotomina as per the screenshot reproduced below:

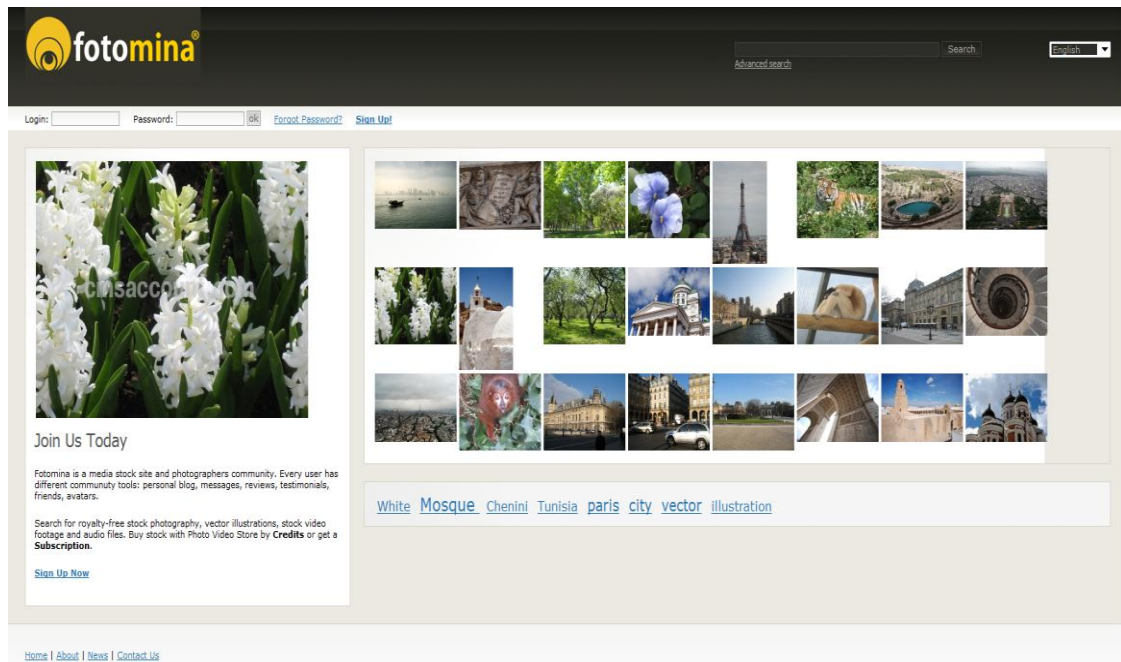


Figure 6. Fotomina’s website homepage.

1. Site Responsiveness: Quick
2. Navigation: Easy and orderly
3. Comprehensiveness of information: Inadequate, spelling error (community), needs better and up to date contents. For instance, the News area is as old as 2009. FAQ field was empty.
4. Technical Features are comprehensive, but, except for photos other fields are empty; this may make the customer to leave the site quickly.
5. Visual features are attractive and engaging.
6. The sign up features would have to be more customers approachable, for instance, the word 'who' are you appears to be an offensive language, or it needs to be changed into more customers friendly terms.
7. Security and Private Policy concerns
Private policy field is empty
8. Pricing: The subscription policy needs improvement; it provides for only one method and asking for a \$20/- per subscription per day may not help in building along-term base.

9. From the site statistics, it is not clear whether the traffic is for the entire period since the website was launched or per day. This needs to be specified.

Adequate care needs to be taken when installing transaction and payment systems because errors in this regard would put the customers away from the website and cause damages to the company's reputation. A poor website is a waste of money and time. Customers are not interested in empty pages with no content and primitive features. Fotomina sees a major weakness in this regard for currently it does not have in house expertise for the design and development of its website and at the same time cannot afford to carry on without developing a proper one for its business growth.

Nonetheless, it is here the leadership qualities of Fotomina could be found for the owners of Fotomina are still determined to bring out a totally redone website by the end of 2010 by overcoming such weakness.

4.2 The future of e-marketing

According to first respondent e-marketing activities in the future will be an integral part of business success. In his opinion SME will learn how to use e-marketing tools and become visible in online environment, search engine optimization, online advertisement and online PR will be successful e-marketing activities in the future. There will be fewer personnel needed in order to run the company. Also such obstacles as geographic location, age are removed. E-marketing will replace traditional marketing and will develop actively new methods to bring customers to the website will appear.

Dreamstime.com gave no specific answer except a general observation from which one can perceive to mean that the future of digital selling would centre on higher exposure of SMEs to the trade through increased product offerings, tailoring to the needs of the customers by understanding them better and tailor the products accordingly.

The issues discussed in this chapter related to the analysis as well as application of concepts and principles relating to e-marketing activities. The chapter had highlighted

specific issues relating to the e-marketing by connecting them to investigative questions as well as to Fotomina. In the next chapter the author will give suggestions and recommendations on e-marketing activities to the case study company based on the results and the theories introduced.

5 Discussion

The process of an investigation of e-marketing activities for Fotomina was a comprehensive task that required a lot of time to see the results. The e-marketing activities in the case of Fotomina had to take into account the lack of resources, which make it extremely difficult for the young SME to succeed. The first three years are decisive for their survival and the next two years are all the more critical to sustain in the market.

This chapter summarizes all findings made by the author after presenting theoretical literature and providing the interviews' results. Based on this information the author will provide the recommendation for Fotomina's e-marketing activities.

5.1 Main results of the thesis in a nutshell

Most of the researchers talk about the advantages of e-marketing over the conventional marketing. All the interviewees, including the CEO of Fotomina, are optimistic about the growth of the concept. Fotomina has to take time in order to implement the e-marketing activities. The owner of Fotomina is aware of both the prospects and problems involved in developing e-marketing activities.

Fotomina has carefully analysed the unsuccessful experience in the development of the website. Fotomina's optimism could be seen in its efforts to get an improved Beta version of its website released by the end of the year. In any business the entrepreneurial spirit of the owner matters. If the same energy and spirit are deployed in way it is seen as at present, there is no doubt about Fotomina emerging as a leader in its segment of online business.

It is essential to Fotomina – a young online business, to search for financial support. Fotomina has been experiencing a crisis in funding during unsuccessful efforts in outsourcing. The lack of resources has slowed down significantly Fotomina's website development.

5.2 Challenges faced by Fotomina

While working on this thesis it has been noticed that e-marketing literature is centred on large businesses with a lot of resources and variety of interests. This is a one major challenge the SMEs including Fotomina Ltd have to face: the competition from big players.

Another challenge that slows down the realization of long term advantage is that Fotomina Ltd still has no incorporation of the internal system with the Internet. Fotomina, at present, does not have custom built software solutions because of the lack of resources. The author referred in theory chapter to Kuzic (2010) who suggested online companies to pay close attention to the design of the website and quality content as these factors affect customers' perceptions and attitudes towards the company. Currently the poor condition of the website is the main challenge for Fotomina.

5.3 Recommended Solutions

There has been a lot of discussion with the management during the whole time of the project, and a solution was to bring gradual changes to the website. The main question of this thesis was "How to improve e-marketing activities of Fotomina?" And the answer on the question is the following:

An acceptable solution for Fotomina would be an improvement of website's strategic position by a stage based renovation process. The author presented in theory chapter of this thesis a study carried out by Zhang & von Dran (2001) about affordable and efficient way to improve the quality level of the website design by applying Kano's model and completing website's valuable content. When the content will be placed and a valuable collection of the photos collected it is essential to start use of Search Engine Optimization tools and make website visible for customers.

The success of a company comes from two groups: new and repeating customers. It needs more investment in order to attract fresh customers than to retain current

customers. The process of customer retention is more essential for Fotomina than customer attraction. Satisfied and delighted customers always return to a website and support company better than any paid advertisements. The website of the online company plays a central role and for Fotomina it is essential to make content of the website more relevant and up to date in order to ensure its place and growth in its field.

The theory chapter of the thesis states two important theories for online operations of Fotomina: Kano's Model and the Portal Management Model. Both of them were used in order to give the recommendations to Fotomina's e-marketing activities. Fotomina's website is in need of fundamental modification of design and content of the website. In theory chapter the author has referred to Zhang & von Dran (2001) and explained that Kano's model can be an effective tool for Fotomina to recognize quality features to satisfy and delight customers.

As it was explained in Chapter two Kano's model categorizes customers' expectations into basic, performance and excitements. According to Zhang & von Dran (2001) these three categories could be divided into "n" number of characteristics because the field is gradually emerging and still wide open. Kano's model groups the website features into three categories (Zhang & von Dran 2001, 1-10.). They are listed below in a nutshell, in a table 3:

Table 3. Classification of website features according to the satisfaction criteria

Criteria	Features
Basic	<ol style="list-style-type: none"> 1. Site Accessibility and Responsiveness (Being able to access Web site according to user's request in terms of time) 2. Navigation (Features as site maps that makes navigation possible intuitively) 3. Readability/comprehension/clarity (Ability to comprehend meaning of written and or printed words and perceive symbols well). 4. Technical features (Search tools, printer friendly downloads, chat rooms).
Performance	<ol style="list-style-type: none"> 1. Security/Privacy (Confidentiality of information which give assurance and guarantee of safety) 2. Product Service and concerns (Concerned with products/services offered/sold through Web site, not about the site itself; price, currency and availability) 3. Accuracy and reliability of information (error-free, correct, exact, precise, right and true) 4. Timeliness,(updates of Information are current, in real-time 5. Information reliability/ representation(dependable, reliable in source/authoritative/being held in high esteem, being held in high esteem) 6. Visual design (Visual appearance)
Delighters	<ol style="list-style-type: none"> 1. Engaging (Personal expressions that emotionally connects, Persuasive, promotions) 2. Information Representation (The way information is presented, in different format/media, customized displays)

It may be noted that Fotomina is in its infancy in regard to the e-marketing and development of the website. Fotomina's website at present satisfies some of the basic features but it still needs more active development in order to improve the performance features, and it would be quite a while one can think of delighters. Organization of Fotomina's website content should include as well informative summaries, headings, FAQs etc. The structure of Fotomina's website should be built in logical manner so that the user would not be lost on the website. Another major request for Fotomina is the visual design: eye-catching images, colours, logos, title on the home page, symbols. A smart demonstration of visual features increases the interest of the users in the website.

Another important aspect was presented by author in theory chapter when referring to Chaffey, Ellis-Chadwick, Johnston, Mayer (2009) that security of data and privacy on the website are the key requirements for Fotomina's online operations. Also such features like navigation and visibility of the website play a leading role in bringing traffic to Fotomina. This means the keywords of website contents should be carefully

chosen and placed on the website in such a way that search system could find and show website link in the results. From the performance perspective, customers are interested to come back to a website with a wide range of products and services at appropriate prices along with clear explanatory texts and active website support. Also design and well-functioning software platform with variety of tools will increase the value of the website and delight customers.

Looking on the investigative questions and the importance of the website for online SMEs it is vital to underline the fact that great contents are one of the major tools to attract visitors. Website advertising will not be efficient when the website pages are empty. The Portal Management Model is presented by Damsgaard (2002) and states four applicable activities Fotomina has to follow in order to keep the website full with customers:

1. Fotomina has to create a valuable content on the website in order to attract customers.
2. It is essential to for Fotomina to start gathering users and assembling them into website communities, strengthening the popularity of the portal.
3. Also Fotomina should search for exclusive products and services and place them on the website in order to retain customers and make them attracted to exclusivity.
4. Finally Fotomina should have a long-term project on constant development of original services and products with the aim to make customers always come back on the website. (Damsgaard 2002, 409-420.)

The main challenge was that due to cost considerations, Fotomina cannot afford to go in for custom built software solutions. However, it can use such solutions available through open source and low cost routes. For instance, it can consider using the following software (figure 7) which in the open source category. The necessary details are presented below:

Name of the Software: PrestaShop

Nature of Software: Free Open Source e-Commerce Software for Web 2.0

Website Link: <http://www.prestashop.com/>

HOME | FEATURES | SHOWCASE | DOWNLOADS | FORUM | BLOG | WIKI | BUG TRACKER | DONATE :) | ADDONS |

531 users online

We grow as you grow

Shop owners appreciate PrestaShop's easy-to-use Back Office tool for adding and fine-tuning their storefronts (Front Office). With new & sophisticated Back-Office functionality added regularly, shop owners don't need to rely on others to make their Front Office look and act the way they want it to.

Developers appreciate the clean structure of PrestaShop code that they can easily adapt to their client's needs for quick turn-around. Thanks to its use of CSS and transplantable module blocks, the PrestaShop e-Commerce Solution can be customized for small or medium-sized businesses working within tight deadlines.

[Try PrestaShop](#) [Download PrestaShop](#)

- Free & Open-Source
- Scalable & modular
- Light & fast
- Sleek & intuitive interface

More than 40.000 shops use PrestaShop throughout the world!

[Visit PrestaShop's showcase](#)

Figure 7. Prestashop.com homepage

“On the Web, appearances matter. In many cases, you really can judge a Website by its cover!

The PrestaShop e-Commerce Solution was built to take advantage of essential Web 2.0 innovations such as dynamic AJAX-powered features and next generation agronomy. PrestaShop guides users through your product catalogue intelligently and effortlessly, turning intrigued visitors into paying customers” (Prestashop.com) The Company further states that “more than 40,000 shops use PrestaShop throughout the world” and the author believes that Fotomina can also benefit and become technically feasible by using such solution. However, Fotomina should carefully evaluate costs when investing into software.

From the answers furnished by the CEO of Fotomina to the investigative questions, it is evident that Fotomina is frustrated in its dependence on external sources, which are not reliable. This is not only the case of Fotomina. According to the first interviewee (an expert in the field of digital marketing and websites promotion) many SMEs face

considerable amount of operational problems in the faulty design and maintenance of their websites.

5.4 Suggestions for further research

Kano's model serves as an excellent base for development of the design features of a website. The constant research should take place in order to follow further modifications in the current technological development. E-marketing activities are constantly changing and new tools and features emerge on the Internet. Suggestion for further research could be a creation of an e-marketing strategy for an online company, where the e-marketing activities would take the place. More case studies would be needed, and it is in this direction, the author believes future research should evolve.

5.5 Evaluation of the own process

Writing a thesis is both exciting and challenging. The author is excited of the opportunities of contributing real improvements for the case company, Fotomina Ltd, by exploring useful e-marketing activities. It was challenging to filter through a huge amount of literature and to pick up the theories relevant to the topic of the thesis and specifically to Fotomina. The author had a major advantage in organizing and running the project on her own. It was a great opportunity to involve the owner of Fotomina directly into the project. The author has personally benefited in terms of knowledge and planning methods to run the operations of the company in line with its objectives. The author has utilized academic knowledge and applied it to a real case.

The author also believes that all the investigative questions were answered and applied to the case company. In this thesis the academic literature and interview opinions were interpreted in an objective and best possible manner, making the author to conclude that a reasonably good job was done. The author would further consider it a great achievement if the company should grow and increase revenues by the implementation of the recommendations made.

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