

# Chapter 9

## About the E-commerce Activities in Finnish Lapland – Perspectives of Consumers and Entrepreneurs: E-Commerce in Lapland

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### ABSTRACT

*This chapter introduces E-commerce activities of consumers and entrepreneurs in Finnish Lapland. This chapter introduces in addition to the challenges, which SMEs face while starting E-commerce activity in the Northern Finland context, also the state of the E-commerce among consumers. Basing on the results, six interviews and the outcomes of two questionnaires, both entrepreneurs and consumers meet the first steps of E-commerce challenging. The most important question is what is the attainable incremental value for the firms and consumers via E-commerce activities? Entrepreneurs meet both pushing and pulling reasons for the first steps of E-commerce. Consumers have also noticed the incremental value of E-commerce. Mostly the experiences of consumers are encouraging. E-commerce enlarges the available services of sparsely populated areas of Lapland.*

### INTRODUCTION

This chapter introduces the role of E-commerce among consumers and suppliers of Finnish Lapland. Finnish Lapland is sparsely populated area (density of population 1.95/km<sup>2</sup>). So low density of population is challenging for the business and consumption. Thus, Finnish Lapland provides an excellent

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platform to study challenges and possibilities of E-commerce. The standing point of Lapland without E-commerce was difficult: in many areas of Lapland the local services are missing. Whether E-commerce is a robust substitute for missing local services? Furthermore, sparsely populated areas are also challenging for business: the lack in critical mass of local consumers, in which E-commerce might be solution for producers and suppliers (Gallaughier, 2002). The most important question in this chapter is, what is the attainable incremental value for the firms and consumers via E-commerce activities? How does the context, sparsely populated area of Lapland, effect on the role of E-commerce?

Entrepreneurs meet both pushing and pulling reasons for the first steps of E-commerce. Consumers have also noticed the incremental value of E-commerce. Mostly the experiences of consumers are encouraging. Especially in the branches of migration, tourism and entrepreneurship the Push-Pull effects are typical research subjects (Tata, 1977; Edgar et al., 2004; Singer, 2009; Buhalis & Main, 1998; Qian et al., 2011). In tourism, the studies are emphasizing, in addition to challenges faced while starting advanced information technology (Buhalis & Main, 1998), Push-Pull perspective in the context of tourists and destination: what are the reasons for a tourist to travel away from his/her home in order to meet new destinations? or what are those factors of tourism destination, which will attract tourists to that destination? (Murillo, et al., 2008). In entrepreneurship, there are also Push-Pull factors: what kinds of reasons in the current situation of life are pushing individuals towards to establish a new firm? and on the contrary: which factors and opportunities are tempting individuals for entrepreneurship? One forms of push effect in entrepreneurship is business incubator (Qian et al., 2011; Rusko, 2011).

Similarly, associated with push- and pull effects, this chapter considers E-commerce via these two perspectives: What kinds of reasons there are in the current business of brick-and-mortar shop, which requires the enlargement of business activities towards E-commerce? (push effect), and What are the factors for business, which are tempting to establish an E-commerce unit? (pull effect). We consider these two perspectives and other research questions using quantitative and qualitative materials by emphasizing customer experiences, strategies and business practices in the analysis. Altogether, analysis is based on two enquiries focused on Lappish consumers and entrepreneurs, and interviews of entrepreneurs.

This study is based on the combination of literature review about E-commerce emphasizing especially the noticed challenges faced while starting E-commerce activity and its multi-channel marketing possibilities (see, e.g. Bhile et al., 2002; Yang, et al., 2012; Neslin et al., 2006; Zhang, et al., 2010), associated especially with Push-Pull dichotomy. These practical perspectives are based on interviews of six Finnish SME entrepreneurs, which have established E-commerce activities.

This chapter has the following structure: after this introduction follows literature review about E-commerce and especially its features emphasizing first steps towards E-commerce. Then we introduce research design of this chapter. The empirical outcomes of the research have been presented after that. Discussion –part of chapter combines the outcomes of literature review, questionnaire and interviews. Finally, we have concluding remarks with recommendation for further study subjects.

## **LITERATURE REVIEW**

This part of the chapter is basing on two parts. At first, it is focused on the literature introducing the different forms of E-commerce adaptation of consumers. At second, this chapter considers the first steps of E-commerce and then literature emphasizing the reasons for E-commerce. We are interested these themes generally and in the context of Small and Medium Enterprises (SME) especially.

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