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Entering eCommerce – Experiences from a Finnish Ferry Company - Case Silja Line

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Abstract

The period around millennium-change has seen the boom of different e-commerce solutions and initiatives. First dedicated new economy companies (the so-called dotcom-companies) seemed to rob the market, but little by little established old-economy companies have taken a more dominating role in the market. This study follows the early months of development of the interactive reservation system for Silja Line Ltd., a Finnish ferry company operating at the Baltic. Silja competes for the market leader position in its market with Viking Line, but the market has too several other players. The article reviews literature on the early phases development of e-commerce sites, and reflects Silja's developments against those in the literature. Based on Silja's experiences, the article gives recommendations for entrants to e-commerce business. Especially the article is valid for builders of electronic reservation systems, but tries to extract general knowledge applicable in the first stages of any e-commerce site. The author has had a consulting role at the development of the e-commerce application for Silja. Research method can so be called action research. The article gives an integrated picture of the decision-flow about e-commerce in Silja, and documents the outcomes of these decisions.

1. Introduction

Commerce is fast moving to Internet. Of the speed we have different statistics, but the trend is clear. Business-to-business e-commerce is growing fastest, but

applications of Business-to-customer e-commerce are too finding foothold. Hardly anywhere do two principal growth trends meet so clearly as in the area of electronic commerce in tourism. Tourism is one of the fastest growing industries in the world, but it is too confronted with high pressures: Among other things, the planning of door-to-door journeys should be made easier, waits in transit should be eliminated, taking accompanying goods or baggage should be made easier, and making payments slicker. The technology is now mature enough to offer exciting benefits to passengers throughout their journey. The benefits for sellers may be important ones. Take an example from e-commerce promises for the airlines: *“For the airlines, this will also reduce the 20 to 25 per cent overhead on cost of ticket distribution. The net impact on the economic result will be significant”* (Rae, 1998)

A key technology even for tourism is the Internet, which is placing power into the hands of the individual consumer by enabling specific travel requirements to be matched against a wide choice of supply options. More responsive operational management can now tailor travel offerings individually to these needs, too. Together, these herald an era of delivering ‘unique products to unique customers’ (Rae, 1998). Through Internet, electronic contacting can happen through www-applications, e-mail or different file transfer arrangements, just to give a few examples. More traditional forms of electronic communication, say airline and other computer-based reservation systems, as well as the total field of electronic payment systems belong to this field too.

Described with some important expressions, the world’s travel industry is huge, growing, and rapidly changing. Currently estimated at \$3.1 trillion, it is forecast to grow to \$7.1 trillion by the year 2007. Change is being driven both by the shifting expectations of the traveler, and by pro-active industry initiatives. Increasingly these are both being shaped by innovations in technology. Change is occurring in four key areas (Rae, 1998)

- Individual consumer power
- Operational optimization processes
- End to end journey management
- Improvements to the travel experience.

The world economy has changed after the latest economical depression that appeared during the change of this decade. Before it there was a significant boom in tourism (like in world economy generally). The boom materialized itself in both leisure and working segments. People had money to travel for vacations and successful trade required businessmen and –women to travel both overseas and domestically. At the end of last decade the situation changed significantly. The reduction of passenger miles was not epochal, but similar to the sequences of the Oil Crisis in the 70s, the structure of traveling and its arrangements came to a big turn. The trend was again towards less departures and bigger transport units.

Electronic commerce and tourism support each other through many effects. The first type of effect is what we call a “market effect”. Time and money saved through the use of electronic commerce can be used for tourism purposes, as we look at the leisure part of the industry. At the side of this effect we can too see a “competitive effect”. Electronic means of communication compete with actual physical traveling.

One important issue is that the services sold in tourism consist very much of information, though physical goods and especially physical transfer services are too of key importance. We arrive to a complicated logistics area, where effective information flows supporting physical flows are of key importance.

Our research question in this article is:

- Which are the critical issues to be taken into account when establishing an electronic commerce offering?

After studying the issue on the basis of the current literature, we draw conclusions on the same question based on a real project followed up in action research setting in Silja Line Ltd, a Finnish ferry company.

Methodologically, our study is action research, which is characterized through the following (Hult & Lennung, 1980): “*Action research simultaneously assists in practical problem-solving and expands scientific knowledge as well as enhances the competence of the respective actors being performed collaboratively in an immediate situation using data feedback in a cyclical process aiming at an increased understanding of the totality of a given social situation primarily applicable for the understanding of change processes in social systems undertaken within a mutually acceptable ethical framework*”. In our research setting, the researcher worked as an external participant in a project group developing the e-commerce application. Work was directed after immediate feedback from the rest of the organization. Mutual adjustment was necessary: both the researcher and Silja had to adjust their goals for the project in order to arrive at a collaborative setting. Focus was on the social systems and social interaction processes with the customers and within Silja, while the technical solutions were given some but less attention. From the very beginning it was clear for all that the project should too be documented in scientific terms and concepts. For the researcher, as well as for Silja, learning and increased competences were an important outcome of the project.

2. Established Knowledge on the Establishment of New www-Sites for Electronic Commerce

Currently, literature on electronic markets is booming. Here we limit our focus on trying to extract 10 basic guidelines for the start-ups in electronic commerce as stated in the literature. They are summarized in Table 1

Table 1: Guidance for e-Commerce from Current e-Commerce Literature

Offer complete product packages for sale (Bakos, 1998); (Slywotzky, 2000); (Grover & Ramanlal, 1999).
Build customer trust (Friedman, Kahn, & Howe, 2000); (Schoder & Yin, 2000); (Rose, 2000).
Build a user community (Stauss, Chojnacki, Decker, & Hoffmann, 2001); (Rheingold, 1994); (Payton & Brennan, 1999).
Provide contact points (Olson & Olson, 2000).
Keep the customer alert and informed (Olson & Olson, 2000).
Update the site constantly (Huang, 2000).
Appreciate customer loyalty (Atkins, 1998); (Prahalad & Ramaswamy, 2000).
Focus on user interface design (Huang, 2000).
Establish security (Jones, Wilikens, Morris, & Masera, 2000)
Establish entry point to your site (Aaker & Joachimsthaler, 2000; Joachimsthaler & Aaker, 1997); (Carr, 2000; Grover & Yeng, 2001).
Consider and avoid channel conflict (Andaleeb, 1996);(Weiss & Kurland 1997) ; (Cordell, 1994).

In the electronic commerce environment, the customer should not be offered just what he/she seems to look for at the first place. The customers must be offered supplementary products and complete personalized product packages. As Bakos (1998) puts it: *“The ultimate objective is to provide customized services according to individual preferences, whether expressed or inferred. Increased selling effectiveness comes from being able to design appropriate products to address the needs of individual consumers, and then being able to identify the moment when a customer’s purchasing decision is most likely to occur...”*. The customers must be able to specify the product they want by themselves, even in the case of traditional physical product offerings. Slywotzky (2000) introduces the concept of “Choiceboard” as a metaphor for platform for the production of personalized

service and product offerings. There is too profound discussion on whether product customisation will more benefit buyers or sellers (Grover & Ramanlal, 1999). In principle customers might want tailored products, but tailoring them too much makes product and price comparisons impossible, as has been the case for example in airline fares (Dennett, Ineson, Stone, & Colgate, 2000). The presence of too many choices can lead to confusion and frustration, it also leads to greater transaction costs, which could potentially deter people that are not very savvy using technology or people that are not patient enough.

Customer trust is an absolute necessity for successful e-commerce (Friedman et al., 2000); (Schoder & Yin, 2000). Basic properties of a secure transaction are that the ordered products and services will come as ordered, and that the payment happens in an ordinary way. For example, credit card data must not be used for other purposes, and the credit card data must run over secured connections. One important element in trust is that the customers feel that data on their buying behaviour must not be distributed without their consent. Electronic commerce companies must assure customers their privacy in this respect (Rose, 2000) in order to maintain trust.

Building a user community will greatly expand the possibilities for successful e-commerce. User communities have several beneficial characteristics (Stauss et al., 2001). Through virtual communities customers can discuss product offerings with each other, and the customers can see that even other people trust the service offering. Virtual communities of course do not exist just for the purposes of joining customers of electronic commerce. *“Virtual Communities are social aggregations that emerge from the Net when enough people carry on public discussions long enough, with sufficient human feeling, to form webs of personal relationships in cyberspace”*(Rheingold, 1994). The importance of user communities is too well understood for example in health care (Payton & Brennan, 1999). User communities will exchange ideas and experiences over products and services, and satisfied customers will pull more customers to the products and services.

One part in the security feeling of customers is that they have contact points to real people if needed, and too through other media than the web. *“Today, we are seeing “reintermediation”, or the reintroduction of people to online interaction to link sources and services”*(Olson & Olson, 2000).

Keeping the customer informed and alert of the proceeding of his/her transaction is of immense importance. Technologies like email can help foster trust by responding to request in a timely manner (showing attention) (Olson & Olson, 2000). If the customer contact is not maintained all the time, the customer will lose the sense of activity and feel disappointed.

Visiting a www-site must be rewarding. The user must have access to true and recent information, and expects to find the newest information from the www-site. The user must be able to conduct the transactions he or she wants through the www-site. For example, all the product and service offerings marketed through other

channels must be available at the www-site too. That's why it is important that the contents are up-to-date and updated constantly (Huang, 2000).

Customers must be rewarded for their loyalty to a www-site. Different regular customer programmes serve this goal. (Atkins, 1998) introduces the concept of "appropriability: *"Appropriability refers to the ability of different stakeholders to retain for themselves the financial benefits that arise through the exploitation of an innovation"*. In other words, the benefits from e-commerce must too touch upon the customers in lower prices and transaction costs. Giving attention to the customer is too important: *"Engaging in dialogue with a diverse and evolving customer base in multiple channels will place a high premium on organizational flexibility"* (Pralhad & Ramaswamy, 2000).

User interface design is of primary importance even in electronic commerce, since the customers can always turn to other sites if the user interface is not feasible. Building a www-site is a compromise between simplicity and robustness leading to complexity (Huang, 2000). According to her, in some cases *"to design virtual shopping environments that are perceived as complex, large-scale and crowded is to promote the image of leading-edge corporations."*

Security is a key concern for the customer and the seller as well. The standards and norms for secure www-sites are quite established ones, but however the customer feelings about the security must not always be correlated to the absolute level of security: the customer can feel that an insecure site is secure and vice versa. The customer must have a feel of privacy, and feel absolutely safe that his or her money will not be lost in the transaction. A cry for absolute security would anyway be naive. As (Jones et al., 2000) state: *"Requirements concerning security, reliability, and availability must be made by trading off costs and benefits and identifying acceptable levels of risk"*.

Only very strong brands enjoy a constant flow of customers without massive marketing (Aaker & Joachimsthaler, 2000; Joachimsthaler & Aaker, 1997). Others will have to cater for entry points and gateways to their www-sites. Positioning the e-commerce site to portals and other www-sites is of immense importance (Carr, 2000; Grover & Yeng, 2001).

Especially for industries that are very dependent on external agents and retailers, the issue of channel conflict can be of major importance (Andaleeb, 1996; Weiss & Kurland, 1997). The usual consideration is, that if the producer of the goods or services itself enters retail activities, the current external marketing channels would suffer and not like the situation. Especially important these considerations have come now during the Internet era (Cordell, 1994). In tourism, travel agents are a powerful market force, and keeping them satisfied for any company in travel business is of key importance.

3. The Case Silja Line Ltd

3.1 The Finnish Ferry Market

There are ferry connections from Finland to Stockholm or Kapellskär, Sweden, to Umeå, Sweden, to Tallinn, Estonia and to Rostock, Germany. In addition, casual cruises to Riga, Latvia, are organized. The market leaders are Silja Line, and Viking Line, that both are about equally big, and have a tight competence for the market leader position. In addition, some 10 smaller companies located in Estonia, Stockholm and Åland run shorter routes, such as from Maarianhamina/Åland to Stockholm and between Helsinki and Tallinn. A new entrant is the Greek-owned Superfast Ferries, that runs two ferries from Hanko to Rostock. In addition, there are many freight ships that too carry passengers from Helsinki to Germany. In mainland Finland, traffic is concentrated to Helsinki and Turku, with Vaasa too having daily connections to Sundsvall. The Åland Islands enjoy the stop of all ferries, as this grants the ship a possibility to sell tax-free products. Stops in Åland are Maarianhamina and Långnäs.

The industry has long traditions and is proud of the continued operations in the harsh Nordic environment. However, the market is not growing. Main route income is typically shared between three sources: passenger ticket income, sales on the ship, and freight income. Viking Line has constantly made profit, but Silja has behind it many years of losses. The smaller competitors would not carry very many loss years. As a consequence of the keen competition, long-term investments are down: for 15 years the market leaders Silja and Viking have not ordered new ships, mainly because these big investments might be too risky for them to carry. In addition, a constant discussion about putting the ships under foreign flags is running. With this threat, the ferry companies have managed to gain small subsidiaries from the Swedish and Finnish states.

3.2 Silja Line Ltd

Silja Line (Later shortly Silja) operates six passenger ships with car-carrying capabilities. The concept of combination tonnage, with passenger cabins, public areas and car decks on the same keel, is the kernel of the business idea. The key financial figures for Silja Line for the last five years are in Table 1.

Table 2: Silja Line's Main Financial Indicators

INCOME STATEMENT, EUR m					
	2000	1999	1998	1997	1996
Gross revenues	526	540	593	605	669
Net revenues	503	518	569	580	636
Depreciation	-37	-44	-48	-45	-47
Non-recurring items	9	3	-59		-14
Other operating costs	-451	-434	-482	-513	-557
Operating result	23	43	-20	22	18
Net financial items	-22	-26	-42	-35	-40
Result after net financial items	1	17	-62	-13	-22
Taxes	1	-1	0	0	0
Result from operations before taxes and non-recurring items	8	14	3	13	8

Silja is known as a rather conservative company that keeps away from fierce price competition and aggressive marketing. Quality of service, with traveler and ship security at the first place, is a key value. Environmental issues have always been a key marketing concept for Silja. The company has a little over 3 000 employees.

In information technology, the company runs a rather traditional mode. The heart of the company is its own reservation system run on a mainframe. Each ship by itself is a complicated information technology environment. The company has a network of some 1000 PC's, which are separated to several locations. 24-hour operation is crucial both for the ships and for the reservation system. It might be said that IT in Silja suffers from a common problem: High value but low status (Avison, Cuthbertson, & Powell, 1999).

3.3 Silja's e-Commerce Initiative

Silja entered electronic commerce with its on-line reservation system in August 2000. Pressures to adopt this line of operation cumulated as follows:

- Silja aims to be market and quality leader. Not having an on-line reservation system threatened to become a competitive disadvantage. This became painfully evident as the main competitor Viking Line opened its on-line reservation possibility earlier. Keeping up with competitors is a popular reason to invest in IT, as already found out by (Hochstrasser & Griffiths, 1991): "An almost equal number of companies, 15%, feels comfortable with aiming at the same levels of investment as their rivals. The rational behind

this approach is placed on the belief that in uncertain situations, the safest way is to follow the majority.”

- Silja has actively participated in the development of many travel-related concepts in Finland. Not showing own activities too in the basic business would become a burden for the credibility of the company.
- The main own distribution channel, call-center based telephone service is heavy loaded. Solutions to off-load burden from there would be needed. This is well in line with traditional IT knowledge: *“Seldom does IT reduce costs. Its main value lies in that it change and organization’s cost configuration, so that the sales or production increases without increasing staff “* (Willcocks, 1994).
- Customer have found Silja's www-site. They eagerly look for new contents. Increasingly more customers too try to contact Silja and reserve traveling services through e-mail

In our discussion about the decision flow about the e-commerce initiative at Silja we discuss the following issues taken up in (Kalakota & Whinston, 1996):

- Advertising and segmentation
- Product display and positioning
- Brand and category management
- Pricing
- Promotion and Incentives
- Merchandising and inventory management
- Customer service quality
- Location analyzing and decision making
- Retail organization and human resource management
- Financial dimensions of managing operations

Advertising and segmentation

The first phase of the project delivered a reservation interface just for the regular customers. The idea was to test the services with a smaller group, and give the regular customers a feeling of privileges. In April 2001 the storefront was opened for all customers.

Silja decided to take a rather low profile in the marketing of the new storefront: the only marketing was in the journal targeted for regular customers, with just a short notification of the new possibility. Should the application not work would there not be too much negative publicity. Further, e-commerce should not by any means to lead to price erosion, which might be the expectation of some customers.

A key to Silja's profitability is price segmentation. Customers in Sweden, Finland, Estonia and Germany have to pay different prices. Setting up national storefronts for Sweden and Finland accounted for a lot of work and thinking, as through Internet the customers can naturally visit different sites as opposed to call-center operations.

Product display and positioning

The first products to be taken with were cruises. This was because they are simple: the product packages were already there. Individual journeys are a more complicated issue: the variety of travelling options as it comes to cabin category, timing of the journey, bringing with a car etc. is much bigger. However, for example (Christensen & Tedlow, 2000) point out that the winners in electronic commerce will be those that will be able to add even more complicated products to the offerings of e-commerce. In the first year, the long Helsinki-Rostock journey and the short frequently run Helsinki-Tallinn and Vaasa-Umeå¹ journeys were excluded from the supply through electronic commerce. Through the on-line reservation system, groups up to 10 persons can have reserved their journeys.

3.4 Brand and Category Management

The original conception was, that Silja's brand is strong enough to carry the service forward. So the major channel to the services would be the www-address www.silja.fi/se/dk/ee. No extra effort was taken to introduce the service to any portals or virtual malls. A lot of effort was put to the user interface design, so that the Silja brand would be visible too in the electronic storefront (colors, company symbols, ships, etc.). However, for the new electronic reservation system, no specific name was introduced.

Pricing

Silja started with a low-profile pricing strategy. As opposed to the major competitor Viking, the electronic storefront would not offer any last-minute bookings with reduced rates. All the prices should be the same as in other marketing channels. In Autumn 2001, special offers were anyway added to the www-storefront, and the number of reservations through that channel grew.

Promotion and Incentives

As said, promotion of the new electronic storefront was next to minimal. At the beginning, no especial incentives were given to the reservations made through the www-site. Later however, usage amounts could be increased through offering somewhat cheaper selected trips just through the electronic storefront.

¹ Shortly thereafter the whole route was sold to a new starting company

Merchandising and inventory management

As we speak of travel products, no physical inventory for the merchandise is needed. Very precise book-keeping is anyway needed. The electronic storefront is directly connected to the main reservation system of the company at the mainframe. This interface was made long before the system in other ways started to gain shape. Some additional services that would be highly demanded, for example table reservations to the ship restaurants, can however not be handled through the current system.

Customer service quality

Silja has invested quite a lot to the usability of the www-reservation system. Should the customers have problems, they can always then approach Silja by other means, for example through all travel bureaus in Finland and Sweden and through an extensive call center.

Location analyzing and decision making

Location management is no major problem for travel services. However, Silja operates a multi-country multi-language environment. The basic solution was that in Finland services through the www-interface are sold just in Finnish language, and the cruises should start from Finland, and in Sweden, services are just sold in Swedish language, and cruises must start from Sweden. In the long run problems in maintaining this structure will however emerge, especially as Swedish is the second official language in Finland, and traditionally Silja has had a lot of Swedish-speaking customers. So far no good solution to this problem has been found.

Retail organization and human resource management

For the electronic commerce initiative, no special personnel was recruited. All performed their work on a project basis. However, together some 10 persons were deeply involved in the development of the prototype electronic storefront.

Financial dimensions of managing operations

No especial project account and budget was established to the building of the on-line reservation system. The costs were included to the daily operating costs of information processing unit, which seems to be the way Silja usually tends to operate. With this structure, it was easier to get political acceptance to the project in the organization, that is cost sensitive, and where many projects wait for their fulfillment. For example, investment on an on-line -reservation system would be at a competitive disadvantage when directly opposed to an investment say on ship safety. In the same line of operations, the system carries no fee to its users: no commissions are collected from any unit to maintain the system.

3.5 Assessment of Success

After about one year of operation, some 2-4% of reservations happen through the www-service. With good offerings, top periods have emerged with a share of some

8%. Yearly, some 5,5 million passengers are carried, and some 310 000 passenger cars utilize the ferries. However, one reservation usually contains a large number of passengers and services.

The rate could be higher, but this usage frequency already shows that the sales channel is functioning, and that at least a small group of customers has found the www-channel. Most probably, the site has not brought many new customers to Silja, but has unloaded other stressed channels, especially the busy telephone call center. Fortunately, Silja's position is so strong that the feared channel conflict of distribution (dissatisfied sales agents) has not realized itself very strongly.

Maybe most importantly, building of the www-based reservation system has had an effect on the total conception of sales. Integration and co-operation of the marketing management, IT-department and the call center has intensified. For example, simultaneously with the introduction of the www-based reservation system, the whole regular customer program was renewed, and the major change was an introduction of three levels of regular customers, as usual for example in the airline industry. However, these two projects were run independent of each other.

As the market leader, Silja has shown its capability to master new medias like the Internet. In assessments of some Finnish trade journals, Silja's www-reservation system has got good assessments.

4. Lessons Learned

We now return to the literature list of important issues for e-commerce, and reflect on the Silja case based on them.

Offer complete product packages for sale

Silja started with uncomplicated cruise products, but has since then broadened the scope of offered products. Unfortunately, still the most complicated (and profitable) travel arrangements seem unsuitable for the e-commerce. Neither has Silja expanded product offerings to other areas than its basic products.

Build customer trust

Silja believes that its respected brand name in the Nordic countries is enough to build customer trust. Silja has decided not to sell customer information further to anyone.

Build a user community

Within Silja's site, there are especial sites for kids (Pikku Kippari) and teenagers (Plankton Club) with some interactive capabilities. However, internet is not yet fully utilized to build a user community.

Provide contact points

Silja's competitive advantage is that it is a well known brand and brick-and-mortar company in many Finnish and Swedish cities. Telephone services are many and easy to access (toll-free numbers). The customers should have no fear if something goes wrong with internet-contacting.

Keep the customer alert and informed

Silja will send reservation confirmation both through e-mail and traditional mail. However, no other contact will exist between the paid registration and start of the journey.

Update the site constantly

Silja's www-page is rich in contents and is updated all the time. For layout reasons, an external marketing agency is used. Especially during the last half a year update frequency has been increased.

Appreciate customer loyalty

Silja has an extensive regular customer program. It is however insensitive to the method through which the customer reserves his/her travel. As price reductions have been added to the www-site reservations, the channel has won on the number of made reservations.

Focus on user interface design

Silja's www-sites are maintained by a marketing agency in order to make a professional and coherent appearance. The reservation system user interface has gained applause from Finnish trade journals. Silja pays especial attention not to load the pages with too much information and to keep the layout spacious, so as should a day on the sea be.

Establish security

Again, Silja believes that its brand name will secure the users of the security of the site. No especially sensitive data about the customers is either stored or demanded. All payment arrangements run through standard user interfaces offered by the Finnish or Swedish banks. No tamper-proof security against false reservations can be established, but so far these have been no problem, especially as the journey must be paid in advance in order to keep the reservation in order.

Establish entry point to your site

Silja has been rather passive in participating in different kinds of portals. Again, the idea is that people looking for a ferry trip will recognize the site www.silja.fi/se/dk/ee without trouble. In Germany, the www.silja.de is reserved for other use, and the company uses the site www.silja-line.de.

To sum our discussion, Silja Line has decided to run a low-cost, low-profile strategy with its introduction of on-line reservation system. The advantages of this kind of proceeding have been:

- Slow, secure process without major drawbacks or failures: risk avoidance

- Moderate investment
- Little disturbance to other existing business models and delivery channels, low channel conflict
- Avoidance of price competition on the net
- Moderate burden to the personnel.

The selected line of proceeding has of course not been without disadvantages too:

- No decisive relief for the stressed call center
- No major changes in market share
- No major image or brand benefits.

Much of literature on electronic commerce is targeted at dotcom. –enterprises, that are first at the early stages of business. Issues and priorities for them are different than for established companies like Silja. Trust, security and a wide variety of contact points to the company are natural characteristics of a company like Silja. Neither does the company look for fast profits and speedy business growth, but is rather satisfied with maintaining the current business positions.

5. Conclusions

As reflected against the theory, our article comes to some conclusions. They are discussed below and summarized in Table 3.

Table 3: Main Conclusions of the Article

- | |
|---|
| <ul style="list-style-type: none">• Good to start with simple product structures• For a strong brand portals etc. of less use• Channel conflict not so important• Multinational sites hard to maintain• E-commerce a major possibility for product and process redesign• E-commerce can prosper too in the hands of the IT-department• A careful start can be recommended |
|---|

In general, the academic discussion about e-commerce is well applicable to the Silja case too. However, we might see some cues that the current discussion is targeted

toward new-start-up companies that maybe just operate on the Internet and have to fight for customer attention.

The issues in Table 1 seem important for Silja too. However, offering complete product packages is quite difficult in the travel industry, and accordingly Silja too has put just its core products to the www-site first. Maybe the most complex products will not be included for a long time, not to speak of supplementing services offered by others. It might not be a bad idea to get customers accustomed to e-commerce first through simple products.

Another issue of less importance for a company like Silja is that of establishing entry points to the www-site. A strong brand can just build www-sites with its own name, and usually customers can find the service. No complicated networking to portals and other sites is absolutely needed, even though that can too be beneficial to collect occasional customers. Continuity is of importance, for example the name Silja has been around since the beginning of the century.

The issue of channel conflict neither came into deep discussion in the case of Silja. The demand by customers to have on-line electronic services is so strong, and all the competitors so active in the field, that Silja just had no other possibilities, and the other marketing channels just have to accept this. A key point for Silja was a wish to relieve the pressures towards the overloaded telephone call center.

Especially in travel industry, price differences between countries are a key for profits. E-commerce is going to put hard pressures on them. This, and the operational problems of maintaining multilingual www-sites seem not discussed enough in the academic literature.

Our article however shows, that even for a conservative company like Silja, entering e-commerce can be a fillip for the whole organization. E-commerce demands fluent processes and clear product structures, and thus can start and influence processes building these. For a conservative company that seems to be stuck, entering e-commerce can be a kind of new start.

At Silja, the e-commerce initiative was very strongly driven by the IT-department. This seems to be against the conventional wisdom about IT-projects: usually they are expected to have their owners at the business units.. However, in the case of Silja this arrangement has worked in a satisfactory way. A key has been sufficient amount of resources and top management support for the IT-department to manage the issues.

In general, Silja had a careful start. For a company with established customer base and a strong brand name this is a good strategy. A company having to establish these first – or one having nothing to lose – can maybe afford faster and more aggressive moves.

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