MARKETING MANAGEMENT OF A SUCCESSFUL E-BUSINESS

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Abstract: Marketing management occupies an increasingly important position in the business world, as well as in the sphere of electronic commerce. Some participants, however, underestimate the importance of this marketing support, which may be one of the major causes of the failure and inability of some companies operating on the Internet to grow. The aim of this paper is to develop an effective marketing management process model, which can significantly contribute to the increased competitiveness of companies operating on the Internet. The validity of this model is then applied on a Czech e-shop, which has long been one of the leaders of the Czech Internet market. To achieve the objective of this paper the current situation will be analysed, and synthesis of the findings from research literature as well as modelling using the methods of abstraction and specification will be performed. This article is focused on Czech Internet market. Results of the survey (case study) will be used for further research in the field of e-business.


JEL Classification: M15, M31.

Introduction

“The current market economy increasingly requires the ability of entrepreneurs to perceive and respond flexibly to situations that arise on the market and adjust their business plan accordingly and act on the relationship between supply and demand.” [12]. It is clear that marketing has become fully compatible with the virtual environment. The dynamic development in this field indicates that it must be considered as a complex group of activities that determine its success. This integrated concept is formed into marketing management. Marketing management currently includes a wide range of activities that a successful company must respect and support in the development and implementation of their core business strategy. Hence, this paper deals with a process model of marketing management in e-business, which is influenced by many external and internal factors.

1 Statement of a problem

Formation of an effective concept of marketing management in e-business affects the elements of other disciplines such as marketing, management, or electronic commerce itself. We can therefore talk about the interdisciplinary of the subject under examination. The initiators of marketing management in e-business must create synergy between the most effective tools in every field to achieve the best outcome. When forming the marketing management process, marketing managers should follow the developments in these various fields. In the case of marketing, this statement becomes ever more important.
1.1 Marketing and management not only in e-business

Customers are increasingly demanding, hence the essence of marketing, consisting in satisfying the needs and wishes of customers, is becoming an increasingly difficult task. Current marketing activities must constantly be improved and transformed in virtually all industries to increase the chances of success. Pilik defines the current concepts of marketing as traditional marketing, traditional marketing with innovative features and new marketing trends. The decision whether to choose a traditional or innovative marketing approach depends on many factors [16]

The main attributes of successful modern marketing are: 1) It is wrong to equate marketing with sales. 2) Integration of marketing communication tools instead of planning a communication tool separately. 3) Focus on customer care rather than customer acquisition. 4) The transition from operating on the market to operating in cyberspace. 5) The transition from marketing using one channel to using multiple communication channels. 6) The transition from marketing focusing on the product to marketing focused on the customer. [14], [16]. The main difference between traditional marketing and modern marketing (especially technology enabled marketing) is described in following table (Tab. 1).

Tab. 1: Traditional marketing versus technology enabled marketing

<table>
<thead>
<tr>
<th>Marketing area</th>
<th>Traditional marketing</th>
<th>Technology enabled marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segmentation</td>
<td>Demographics</td>
<td>Behavioural</td>
</tr>
<tr>
<td>Advertising</td>
<td>Push</td>
<td>Pull</td>
</tr>
<tr>
<td>Promotion</td>
<td>Mass</td>
<td>Tailored</td>
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<tr>
<td>Pricing</td>
<td>Set by firm</td>
<td>Set by customers</td>
</tr>
<tr>
<td>Distribution channels</td>
<td>Intermediaries</td>
<td>Direct</td>
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<tr>
<td>New products</td>
<td>Constrained</td>
<td>Customer Driven</td>
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</table>

Source: [7]

A successful company, however, does not reject any concept of marketing, but integrates its individual components in the context of traditional and modern approaches to marketing into complex management activities. Empirical results show that companies which do not address their marketing activities separately but as part of a system of activities achieve their business and marketing goals more effectively. Many managers still confuse marketing and sales management. When marketing and sales are in conflict, short term sales goal often win, while marketing’s position in organization is diminished. The same attention should be devoted to traditional and modern elements of management and their effective use in marketing management. As well as marketing, the basic principles of the highest importance of planning, sophisticated decision-making systems and organization, and the use of appropriate managerial skills, accountability and system of motivation should all be taken into account. These principles can reflect e.g. a definition which understands management as “the process of creating and maintaining an environment in which individuals work together in groups and effectively reach selected targets.” [2]

Put simply, marketing management reflects a combination of elements of marketing and management. The problem is further complicated by its use in e-business. In principle,
the marketing management process follows the same principles as conventional trading, but the specifics of the virtual environment should be respected. In particular, marketing managers should monitor the trends in industry that they can significantly shape.

Marketing managers should take into account that the purchasing behaviour of potential online customers carries different characteristics than traditional customers; they are better informed about the products as well as the products of their competitors. With the creation of a virtual environment companies no longer only compete among themselves, to a certain extent they must also deal with the online users as well. The advantages of the online environment can be utilized for successful trading - the possibility of direct interaction, two-way communication with users, precision targeting, instant updating, the customer can be reached in several ways at once, the ability to communicate 24 hours a day, 7 days a week. [3]

In e-business it is also important to look at the competition differently - both existing and new entrants onto the e-market. The current market trend is consolidation of strong sales into large units and small specialty e-retailers who meet the needs of certain customer segments. From this it follows that medium-sized retailers are heavily threatened in the virtual environment. Also, e-businesses that only operate domestically must also take into consideration the foreign market - customers are no longer limited by place or time. The electronic environment has changed the previous concepts of business. Companies which previously only ran a bricks and mortar shop are now also setting up virtual stores. Likewise, companies which previously only had virtual stores are now setting up bricks and mortar shops. Sellers are responding to the needs and wishes of the customer, which has led to an increase in the existing number of competitors. Some authors classify e-business as one of the marketing tools whose dynamic development affects virtually the whole of the business environment. E-business has a significant impact on future commercial relationships or the application of trade policy both on domestic and foreign markets. The global trend points to the influence of electronic trading on the transformation of companies and the subsequent transformation of the world’s markets.

In 2010, according to the Czech Statistical Office almost 27% of the registered companies in the Czech Republic trade electronically, i.e. companies which received during the monitored period at least one order via the Internet or another computer network. In 2009, 20.5% of such companies were registered. Whereas in 2002 the value of sales was 5%, in 2010 this figure increased to 24.9% (i.e. almost 8.1 billion dollars), whereas in 2010 the share value of electronic sales in total sales for small businesses was 11.9%, for medium and large companies it was 26% and 28.8%, respectively. [6]

According to the Association for Electronic Commerce (APEK), e-business in the Czech Internet market produced 33 billion crowns in 2010, which is about 6 billion more than in 2009, for 2011 this amount is estimated at 37 billion crowns. This reflects a growing trend and a likely prediction of further development of the investigated field. [1]

Companies that use the Internet for trading showed a significant shift towards effectiveness in the following areas: effective means of communication between employees, companies and business partners, speeding up distribution network processes, reduction in stored goods and the subsequent waiving of binding finances in warehouse stock, the abandonment of fixed prices and adoption of a dynamic pricing model, increasing market sales without increasing costs. [5]
1.2 Marketing Management

Marketing management is an integral part of business management and represents the continuous effort of a company to allocate existing resources to the target markets and programs with growth potential as effectively as possible. The basic objective of marketing management is to achieve competitive advantages by creating an effective relationship with the target segments, selecting marketing strategies in relation to corporate goals and effectively selecting and motivating the implementers of marketing management. According to Vaculík, marketing management in essence means the management of demand, i.e. to influence the level, timing and composition of demand in such a way that enables the achievement of business objectives [18].

According to Kotler, the major challenges in marketing management lie in developing marketing strategies and plans, the acquisition of marketing information, making connections with customers, creating strong brands, creating market supply, creating distribution networks, monitoring values and creating long-term growth [13]. Meyers defined that enterprise marketing management is a “category of enterprise designed to make marketing more effective, efficient and accountable by streamlining and automating processes. It covers the entire marketing lifecycle from budgeting and planning through to cross-channel execution and analysis and reporting.” [15]

Marketers of a successful marketing management concept must respect the factors that significantly influence its final form. The most important factors include: the changing environment in which the company operates, the impact of competition and the resulting threats and opportunities for the monitored company, increasing demands to meet potential customers’ needs and wishes, defining effective strategies with regard to the limited resources of the company, its skills and business objectives, the company’s mission and vision; the company’s ideas about new products and markets, the benefits of the new marketing system. (Own analysis)

In terms of the marketing management concept, there should be designed a marketing politics including: organizational structure of marketing and sales department, the main product groups and territorial diversification of customers, personnel analysis, motivational system, effective communication in terms of the department and company, directive guideline of marketing and sales department. The intention of this marketing politics is to simplify management and work of marketing and sales department. [8]

It can be stated that marketing management function consists of distinct fields: customer orientation supported by market research, a top-management, market-back responsibility, strategic management, build around market segmentation, targeting and positioning, supported by competitive analysis and managed by a team of analytical specialists, demand stimulation, including selling, sales promotion, and media advertising, the responsibility of a sales department. [20]

2 Methods

The main methods of this article are based on analysis of contemporary situation and its comparison with theoretical framework and also synthesis of the findings in theoretical framework and case study of the chosen internet company. Problem solving is based on modelling of marketing management process in e-business and its specification and validity on a Czech Internet company.
3 Problem solving

Concept of marketing management in e-business is based on the similar characteristics as marketing management in other enterprises. Marketing managers in e-business have to take into account also the development, trends and specification of e-business field and e-marketing for e-business. It can be argued that e-business environment changes the existing rules of marketing, management and marketing management. Therefore, marketing managers have to find new ways to succeed.

3.1 Marketing Management in E-business

Marketing management in e-business could be called also as the e-marketing management that reflects specific forms for online marketing and management. The concept of marketing management in e-business can be divided into these key phases:

1. **Situational analysis in e-business** – It means the process activities based on a description of the current development of the company and the use of analytical methods to predict the future development of the company. Situational analysis in e-business includes: analysis of e-business environment, analysis of microenvironment and internal analysis of the internet company. Analysis of e-business environment is based on economic situation of online and offline market, e.g. financial crisis nowadays means for e-business an opportunity to increase its position and improve its economic value. It means that in these times customers decide to online buying because of better price availability. Further analysis of e-business environment includes for example legislative restriction and support in e-business, e.g. building of trust in e-business, buying and selling safety, technology condition of e-business (it means e.g. marketing designing of websites in context of the Internet technology) and prediction of other development in e-business, e.g. F-commerce or business on social sites, especially Facebook or M-commerce, which means business connected with tablets or smartphones. Analysis of microenvironment includes online and offline competition analysis, analysis of supplier-customer relations and online customer analysis (it means online buyer behaviour, target group of online users and its wishes, needs and preferences). Internal analysis is based on SWOT analysis of the Internet company and SWOT analysis in e-business.

2. **Online segmentation, online positioning, online targeting** – These strategic steps go before own e-marketing management process. Online segmentation divide virtual world to the chosen homogenous segments, e.g. according to online buyer behaviour that is different e.g. in social sites or in discussion portals. Internet company should chose the strategic online segment where focuses its own effort. After that, online positioning is needed that includes definition of the product or service against competitors and against particular groups of consumers, e.g. Internet company that focuses on luxury goods from the foreign market or on fashionable exclusive products. Finally, online targeting is important – generally, the main group of online users is between 18 and 35 years old from the middle and higher middle class.

3. **Establishing a marketing strategy (e-strategy)** – The business strategy is a key activity of all company activities and its effective use is an effective tool in the fight against competition. After defining the core business strategy it is further elaborated into the level of corporate strategy which is used to elaborate a functional strategy, which in turn corresponds to the marketing strategy. In the e-market, the specific strategy is
designed, called e-strategy. E-strategy goes out the specific form of e-marketing (especially marketing on social media, internet marketing, low cost marketing, e.g. viral marketing, behavioural online marketing, search engine optimization, PPC systems etc.) and information management (or e-management, with deals with the collection, processing, management and distribution of information to one or more users) with knowledge management and marketing. The intention of the strategy is long-term alignment of business activities so that it could be achieved the mission, vision and aims of the company. Marketing managers must understand the role of strategic management and marketing process to handle the demanding and critical management function. It is therefore necessary to systematically connect the strategic management process and strategic marketing process.

4. Tactic choice of e-marketing mix – E-marketing mix is based on specific forms of marketing for e-business. E-marketing mix includes online production or service that is diversified from the offline market, online dynamic pricing that is being adapted to the low cost of management or usable payment systems for e-business and online interaction with its users and competition, online communication and propagation dealing with internet marketing tools, customization, personalization, recommendations, online interaction, affiliates or reputation scoring etc. and online distribution and placing that includes e.g. direct online and offline ways of goods delivering without any distributors. Kallyanam and McIntyre includes to e-marketing mix also these marketing tools: rules based systems, collaborative filtering or group characterization, privacy policy, security policy, web pages, homepage navigation and search tools, usability and testing, banners and meta ads, sponsored links, viral marketing, remote hosting, help desk, message boards, chat rooms, user ratings and reviews, wish list or registries. [11]

3. Marketing planning and plan – A summary of activities that lead to the setting of goals with an emphasis on marketing and that find ways of achieving these goals [4]. “Marketing goals are derived from the corporate goals; they can be characterized as functional sub-objectives within the goals structure” [17]. At the same time these goals should be compatible with the level of definition and implementation of the marketing strategy based on the concept of the business strategy. The result of the planning process, including situational analysis, development of marketing objectives and strategies and the establishment of a marketing program, is a marketing plan which should include the characteristics of the current marketing situation of the company, an analysis of the strengths and weaknesses, opportunities and threats of the company, an analysis of the competition and its activities, marketing strategies and programs in connection with marketing and business objectives, definition of the resources (human, material and capital) for implementation of the marketing plan, definition of roles, responsibilities and competences, financial analysis and budget, time schedule, marketing information system, definition of the control system and method of measuring compliance with the planned objectives.

4. Implementation – It is closely linked to the planning process. According to Horáková implementation means a “company process focusing on the activities that must be performed after the selection and formulation of a strategy in order to effectively achieve its objectives.” [9]. An effective implementation process must be organized based on the company’s individual marketing functions or based on products or customers, spatial effects or a combination of these factors. Implementation and realization of e-marketing
management process includes online customer relationship management and online communication that is different from the offline market, online personalization. After that, the internet company can immediately adapt its marketing tools (especially in internet marketing) to the real wishes and needs of their potential online customers.

5. **Control and feedback** – The control process involves a comparison of the actually achieved objectives during the marketing management process with the objectives planned before starting the process. The control can be carried out as a feedback as well as a feedforward system which streamlines the whole management process. Effective control includes – preliminary, interim and final control. Controlling compliance with the plan may be undertaken through a sales analysis, market share analysis, analysis of marketing costs, analysis of profitability, and more. Control in e-business reflects advantages of Internet that are based on immediate interaction, personalization and communication with online customers. It means the online control can more effective than other control tools.

3.2 **E-marketing management process**

   All of the problems with the marketing management process formulated and described above can be converted into a process model of marketing management in e-business, as shown on the Figure 1. The individual links and relationships between the attributes of the model show the complexity of the system of the marketing management process, while respecting the principles allows the current process in e-business to be significantly more effective. This model involves aspects of marketing management that are necessary for successful e-business. The model shows that attributes in the field of marketing, management and e-business enter the process of marketing management. Marketing managers must take into account traditional and modern marketing tools, as well as the principles of traditional and modern concepts of management. Therefore, marketing managers have to regularly get the information in those fields and apply them into the practise. The important input of the marketing management process is formation of e-business – new trends, its development and competition from the foreign and domestic market.

   The process of marketing management is based on the phases of planning, implementation and control. Consequent preparation and planning belong to the one of the priority activities. At first, it is important to make a situational analysis. A major step in the success of marketing management is the creation and implementation of effective strategy, goals and vision. Based on the marketing program, business concept and a marketing plan is the intention of marketing management implemented. All phases of the marketing management process should be continuously evaluated, monitored and controlled. This makes it possible to achieve the final output of marketing management.
Fig. 1: Model of Marketing Management Process in E-business

3.3 Application of model of marketing management process

The validity of the proposed model can be demonstrated through an example of a selected Internet company. For this purpose, the largest Internet company (in terms of turnover) in its field on the Czech e-market was selected. The company was founded in 2003 as the first Internet company in its field on the Czech internet market and it is operated from a bricks and mortar shop. The selected company was willing to provide information on its management only under the condition of strict anonymity. According to available information [10], [19] about the company, there are three people involved in the
marketing of the Internet store – the marketing manager and two marketing specialists. The marketing team falls within a linearly-functional organizational structure under the manager of the whole internet store.

All of the steps in the company’s marketing activity are subject to the approval of the top management, and other teams are also consulted such as Purchasing, IT and Logistics). The company management applies a situational leadership style with a prevailing element of democratic leadership. Final decisions fall under the competence of the company management. The decision-making system is based on years of experience and market exposure. Company employees are motivated by variable wage elements whereby an increase in sales above a certain limit earns them a bonus. Also, company employees receive non-cash rewards - in the form of teambuilding activities held annually, employees can also choose holidays to a certain value as a bonus. In addition to this, a cafeteria system is applied as an important incentive for the employees.

In the framework of its marketing activities, the company defines a marketing strategy in terms of customer orientation. Thus, all activities are shaped by their wishes and needs. The dominant form of promotion is the use of Internet marketing tools. The company applies mainly PPC systems through Google Adwords and Sklik, SEO websites, banner ads on themed sites and the most visited Czech Internet portals, and to a lesser extent text adverts. It also uses traditional marketing tools such as printed advertising in themed magazines, as well as the various discounts and special offers for customers described above. It regularly organizes various competitions for its customers. The company actively uses its Facebook profile where it informs its fans about news or changes related to the e-shop. The company also now uses the concept of viral marketing through social media. Furthermore, the company works closely with other thematically focused websites, through which it informs participants about the products it sells and other information from the field in which the company operates.

The design and concept of the company’s website corresponds to the character of the range of products sold and meets the visual and practical requirements for easy use and sale of products. On the homepage of the e-shop the company highlights the benefits of purchasing products. They consist, for example, in various customer loyalty programs, support services for the purchase of goods (free shipping, personal approach to each order, special discounts and rates, packets, and the so-called hour of fulfilling wishes, i.e. daily price adjustment for selected products based on the votes of site users). The company offers its customers a wide range of options for payment, delivery and receipt of goods when ordering. Payment can be made in cash on receipt or delivery of goods, bank transfer, credit card, online banking, or new payment systems like PayPal or PaySec. The customer can pick up goods personally from a number of delivery points throughout the Czech Republic at bricks and mortar stores which closely collaborate with the Internet company or the goods are delivered to the customer through the Czech postal service and all transactions take place on delivery. This company is very different from other Internet companies who only offer limited services in this direction.

The company also follows other trends in e-commerce. One of the company’s priorities is the security of its business and a guarantee of the quality of its services and products. Hence, it is a member of the Association for Electronic Commerce, which awarded certificates of quality and safety of selected stores (currently 314 Czech Internet shops are members of the Association). It is also examined by the main control institution in its field;
the company is verified by the service “Verified by customers” through the portal Heuréka.cz.

The planning system for marketing management is established in accordance with the conceptual and strategic approach of the company. The planning system is elaborated over the long-term, where it is established in accordance with the marketing strategy which is oriented towards the customer; the medium-term, whose evaluation takes place annually; and the short term, where it is compiled quarterly. The company keeps the detailed wording of the marketing plan confidential but in general it performs regular situational analyses, which focus on a SWOT analysis, analysis of the macro environment and in particular an analysis of the competition. The plan is established in accordance with the assigned budget and the available resources of the company. Marketing activities are not viewed individually but as part of the company’s marketing system. The process of implementation of marketing activities is continuously monitored and adjusted in accordance with changing conditions. Controls are also performed after sales initiatives which evaluate the achievement of objectives through an analysis of profitability in terms of costs incurred for marketing activities.

4 Discussion

This article is confined to the Czech Internet market because it is generally very difficult to get any information from the selected companies. Author of this article was able to obtain cooperation only with a Czech Internet company that was willing to get information about its goals, strategy a marketing strategy under the strict anonymity. Companies are generally very guarded information about themselves and their intentions or plans. Likewise, it is very difficult to obtain information about companies for scientific purposes. It is clear from the available information about the selected company that marketing is considered as an important part of the entire business concept. They follow all the new trends and activity are primarily focused on the customer. According to available information, ideas and intentions of the company follows the competition – this statement shows that the described company defines and shapes the Internet market in the area. However, the question arises whether its marketing strategy is one of the best. According to Kotler, the successful strategy is one that is unique and that is difficulty imitated.

Principle of marketing management is a comprehensive concept based on marketing and management. The basis for success is to define and implement a unique strategy, vision and achieve short and long term goals. Thanks situational analysis, it is easier to facilitate the achievement of this success. It can be said that the selected company regularly creates and evaluates the situational analysis and marketing plan. The marketing manager said that she has rich experience in the field of management and marketing and she is regularly educated in communication and motivational skills. Author of this article unfortunately had not possibility to get more information by other employees. The details of the business strategy could not be published. It can be only assumed, based on available other information (internal materials and web page of the company), what the concept of strategy and marketing activities are. This company is leader in this field and long-term planning more expansion (the company was not willing to provide information about the intentions).
Conclusion

Today’s business and marketing strategy is based primarily on adapting to reality and the lifestyle of the customer. Therefore, in e-commerce a marketing management system approach has an inimitable significance. However, the question arises whether marketers of online stores perform an in-depth analysis of their marketing activities and evaluate the effectiveness of their actions. Marketing and business management must be approached systematically if a company is to achieve its strategic goals. This can be provided by a process model of marketing management which can guarantee long-term success and a strong market position, as described by the activities of the case study company which is a long-term market leader on the Czech Internet market.

It can be said on the basis of literature research and experience of the author that many firms generally do not implement the system concept of marketing management at all or only to a limited extent. This means that they either approach to the problem in terms of marketing or only in terms of management. In the case of e-business, they do not reflect new trends that form the Internet market. Therefore, these companies are not competitive on the Internet market. If companies include marketing management system approach in its strategy (as well as in marketing management model for e-business), they can significantly increase their competitiveness and market position. Rare information about the selected company demonstrates this statement.

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References


[10] Internal materials of the chosen internet company


[19] Website of the chosen internet company


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