Project of Implementation of Effective Internet Marketing Strategy on Selected Foreign Market in XY Company

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Zásady pro vypracování:

Úvod

I. Teoretická část

• V systematickém přehledu uveďte teoretická východiska a předpoklady z oblasti internetového marketingu.

• Kriticky zhodnoťte dostupné prameny relevantní pro zvolené téma a identifikujte mezery v literatuře.

II. Praktická část

• Formou situační analýzy analyzujte současný stav a cílový trh vhodný pro penetraci prostřednictvím internetu.

• Na základě výsledků analýzy navrhněte projekt tvorby efektivní internetové marketingové strategie pro vybraný zahraniční trh.

• Navržený projekt podrobte vícekriteriální analýze.

Závěr
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Cílem této diplomové práce je navrhnout strategii Internetového marketingu, která má pomocí vybrané společnosti s proniknutím na zvolený zahraniční trh. Navržená strategie se opírá o teoretické a analytické poznatky, které jsou shrny v příslušných kapitolách. Všechny vrstvy v rámci externího i interního prostředí firmy na daném trhu byly analyzovány za účelem správného přizpůsobení strategie, která je hlavním výstupem této práce. Projekt navržení efektivní strategie Internetového marketingu pro zahraniční trh je podroben analýze nákladů, času a rizik. Studie je významná zejména svým mezinárodním zaměřením v souvislosti s Internetovým marketingem. Tato oblast se zdá být méně zkoumanou ve srovnání se studiemi zabývajícími se Internetovým marketingem jako takovým.

Klíčová slova: Internet, Internetový marketing, mezinárodní Internetový marketing, strategie Internetového marketingu, nástroje Internetového marketingu, proniknutí na zahraniční trh.

This study mainly aims to develop an Internet marketing strategy helping selected company to penetrate selected foreign market. The strategy proposal itself is based on theoretical and analytical findings derived in respective chapters. All layers of XY company business environment within the selected market were analyzed in order to deliver precisely tailored strategy which is the major output of the study. The project of strategy proposal is then subjected to cost-time-risk analysis. The significance of research findings lies in its international perspective in relation to Internet marketing which seems to be the area researched less than other Internet marketing-related studies.

Keywords: Internet, Internet marketing, international Internet marketing, Internet marketing strategy, Internet marketing tools, foreign market penetration.
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I hereby declare that the print version of my Bachelor's/Master's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.
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INTRODUCTION

Export is continually proving to be the essential part of the Czech economy having a significant impact on GDP of the country. Czech Republic is considered being a reliable business partner in many fields and Czech companies generally enjoy profitable international presence in many cases. This trend involves small and medium enterprises (SMEs) as well with coherent international strategies being pursued in order to exploited foreign demand on a regular basis. XY company, Czech beads retailer, is one of those companies which is aware of potential of international demand and which is carefully planning its international activities up to the detail.

With Czech beads being such a traditional commercial article worldwide, the decision to enter foreign markets offering a highly valued product was a simple one. Bearing in mind the huge popularity of beading in United Kingdom, the idea to penetrate this market seems to be more than justified. Plenty of Czech companies have been already present in United Kingdom in recent years and XY company was ready to take up the challenge as well.

Once the decision was made, the task comes up to propose a market penetration strategy and this where I am stepping in. XY company has the English e-shop already developed and the idea, which is a bright one, was to penetrate market using rather online tools preferred to their offline counterparts. So the Internet is chosen to be the key marketing channel through which target audience should be effectively addressed. Company website tailored for United Kingdom in a form of e-shop is a good one and the real task is to make it visible and bring relevant traffic which would be driving sales and meeting additional marketing objectives.

Comprehensive strategy proposal is needed. In order to attain logical synthesis between theory and practice, relevant literature review is presented. However, apart from fundamental theories presentation, this review challenges available resources and aims to critically assess their contribution to the field. Analytical part then serves as a linking bridge between theory and project and it provides important insights into both internal and external environment of XY company with major focus on target market itself. With theoretical foundation and analyses results in mind the Internet marketing strategy is proposed afterwards. In the end the project is subjected to cost-time-risk analysis and particular conclusions are derived.
I. THEORY
1 LITERATURE REVIEW INTRODUCTION

Following literature review aims to provide the reader with a theoretical background surrounding the issues of a project part. Literature review should help the reader to understand basic concepts and theories which are directly related to the proposed project. However, this review goes beyond simple presentation of basic theoretical assumptions. This chapter rather seeks to evaluate relevant sources which were available and to critically assess their contribution to the field of Internet marketing.

This review is written in a way which enables reader to take a look at various theories from different perspectives. There are various interpretations of particular theories within the literature and the challenge is to force the reader to think about them and to take a stance towards them. Among other things the review aims to identify small gaps in the literature which may be filled in with the further research.

Literature review is logically structured in a way to allow the reader to maintain a gradual continuity in a learning process. First part deals with the general introduction into the Internet marketing and the second part includes the evaluation of particular Internet marketing options. Every subchapter begins with a short foreword followed by the theoretical insights introduction and different authors’ point of view comparison. Most of the sub-chapters end with a brief conclusion and critical assessment.

Following review should serve as a brief guide to the topic of Internet marketing and its role in current business environment. Diverse sources are used in order to provide a comprehensive preview of the field. Majority of the theoretical part is based on contemporary studies introduced lately as the area of Internet marketing is a truly dynamic one and validity of some older studies is becoming being outdated a little bit.

The aim was to develop a review which is not too general and not too narrow. The focus was set accordingly. After reading this literature review the reader should be able to understand fundamentals of Internet marketing and should be able to follow the project part without any difficulties.
2  INTERNET AS A MARKETING TOOL

Internet has undoubtedly become one of the most important and influential marketing media in past two decades. Since its introduction back in last century it has significantly changed the business field over the years. It provides its users with a specific environment which nowadays represents a huge opportunity for marketing managers all around the world.

It is not just a website based on particular corporate identity which makes the Internet marketing complete and successful. It is rather a mix of complex options and activities which are surrounding the website – a basis for Internet marketing. These options have to be examined in order to establish a theoretical background for the project part.

Businesses nowadays are facing a crucial challenge when it comes to proper use of the Internet, especially if they strive to compete on a global scale. Since the selected firm which is the subject of this study is categorized as a SME, the following literature review takes into account this specification and focuses mainly on Internet marketing suitable for SMEs with an international presence.

2.1  Role of the Internet in current business environment

Stehlíková and Horcovák (2009, p.129) describe several opportunities arising from the proper use of the Internet. They claim that generally speaking these include “cost cutting, competitive advantage getting, communication improvement, acquisition of new opportunities, streamlining business processes, and customer care improvement”.

Duarte and Pais (2010, p. 6) see the benefit in the interactivity of the online environment and highlight perks of two-way communication available through multiple sources. Duarte and Pais (2010, p. 6) conclude that firms may enjoy “easier access to information, reduced cost of economic interactions and improved communication with customers” by engaging in suitable Internet marketing strategies.

Internet among other things enables marketers to get valuable insights on consumer behavior quite easily. As an implication it allows them to indirectly influence both consumer behavior and consumer decision-making far easier than any other media nowadays.
Muske et al. (n. d., p. 1) suggest that Internet environment allows small businesses to equally compete with bigger players at relatively low costs. Moreover, it allows them to reach the world-wide presence with a relative ease.

There are several ultimate objectives set to be met in current business environment by business Internet users in order to make the full use of online media from a marketing perspective. Generally, they aim to build awareness, drive sales, grow loyalty and retention and influence consideration. (Google Think Insights, © 2013)

Nevertheless, since we live in a turbulent era and Internet represents a highly dynamic environment, it is absolutely vital to keep up with ever-changing trends surrounding this media and marketers have to be ready to constantly adapt their strategies in order to meet specific needs and expectations.

There have been large amount of studies dealing with the role of the Internet and its impact on the business area, marketing in particular, however there are only few studies available focused on its weaknesses, especially on foreign markets, when compared with other media. Lack of such literature does not allow us to objectively assess its potential regarding the issue of international market penetration via the Internet.

### 2.2 The fundamentals of Internet marketing

There are several definitions of Internet marketing throughout the literature reflecting different perspectives. However, there are still some common notions which are included in most of them.

Broadly speaking we may come to the conclusion that Internet marketing refers to any marketing efforts pursued via the Internet. Different definitions then add different aspects to this basic concept. It is important to note that there are some interchangeable terms which may easily substitute “Internet marketing” as a subject of the definition; these include digital marketing, emarketing or online marketing. The fact is that all of them cover the same scope and there are no significant differences in their explanations.

Digital marketing may be defined as “The marketing of products or services using digital channels to reach consumers. The key objective is to promote brands through various forms of digital media.” (Financial Times, © 2014) Chaffey (2013) suggests that Internet marketing is “achieving marketing objectives through applying digital technologies”. According to Quirk (© 2014) the emarketing in simplistic terms refers to “the application of
marketing principles and techniques via electronic media and more specifically the Internet”.

Definitions above taken from various sources have confirmed the interchangeability of presented concepts that are sometimes mistaken to be separate theories.

It is all about the technology one would suggest bearing in mind the fact that we live in an era of exceptional technological development. Nevertheless, Ryan and Jones (2012, p. 11) argue that it is still all about people and their interactions which should be the driving force behind any Internet marketing strategy. You have to understand people rather than technology itself if you seek to succeed on the web. Technology is there to provide appropriate tools while understanding people is still the key to realize the real potential of Internet marketing. (Ryan and Jones, 2012 p. 11)

Various authors confirm this consumer-driven assumption and most of them highlight that this feature remain the common element for both traditional and Internet marketing. Sheehan (2010, p. 7) however puts this assumption in question and adds another perspective by stating that Internet marketing is rather all about ideas.

Bailey (2011, p. 5) reinforces the classical direct marketing definition and claims that as for online marketing “the right message in the right place to the right person” is the ultimate objective of online efforts and he concludes that “what counts, more than anything, is profit.”

2.3 Internet marketing strategic approach

Several authors agree that there is an inevitable need to adopt, develop and plan structured approach towards Internet marketing. Lack of this strategic-oriented approach towards Internet as an important marketing channel proved to be the reason behind a lot of organizational online failures.

Chaffey et al. (2006, p. 18) found out that common problems seen within organizations included deficiencies such as “unclear responsibilities, no specific objectives, insufficient budget, experimentations without purpose, no development of new online value proposition for customers, no measurement of digital marketing results and no integration between online and offline marketing communication”.
Sheehan (2010, p. 27) reminds that in order to strengthen the overall marketing strategy it is essential to integrate both online and offline marketing efforts properly according to market needs.

Strauss et al. (2006, p. 24) define e-business strategy as “the deployment of enterprise resources to capitalize on technologies for reaching specified objectives that ultimately improve performance and create sustainable competitive advantage”. Internet marketing then represents an integral part in the context of the overall e-business strategy.

Considerable amount of studies have been published dealing with description of differences between Internet marketing communication and traditional marketing communication and their implications for e-business strategy. Chaffey et al. (2006, p. 20) came up with the “6 Is” concept which highlights factors proving Internet marketing to be unique and different when compared with the traditional one. Six “Is” refer to Interactivity, Intelligence, Individualization, Integration, Industry restructuring and Independence of location. (Chaffey et al., 2006) This concept usefully sums up thoughts of various authors and cleverly points out unique features of Internet marketing strategy.

Strauss et al. (2006, p. 29) describe the e-business model as a four layers system including activity level, business process level, enterprise level and pure play level. Processes belonging into particular levels include following:

**Activity level** – order processing, online purchasing, e-mail, content publishing, business intelligence, online advertising…

**Business process level** – customer relationship management, knowledge management, supply chain management, database marketing…

**Enterprise level** – E-commerce, direct selling, broker models, agent models…

**Pure play level** then comprises of businesses solely dependent on the online presence.

Ryan and Jones (2012, p. 28) remind that at any level it is important to “mind your Ps” referring to the fact that marketing mix consideration is as important as anything else in online marketing.

Yannopoulos (2011, p. 7) assesses the impact of the Internet on marketing strategy formulation in his article where he states that “all aspects of marketing including marketing research, consumer behaviour, segmentation, relationship marketing, product management, pricing, distribution, and promotion are affected by the Internet”.

Bailey (2011, p. 8) suggests that a “team approach” is needed to meet strategic objectives. Team approach in this case represents the synergy between marketers and IT specialists.

2.4 Internet marketing in figures

This subchapter aims to briefly provide the reader with few key statistics indicating the outstanding development of Internet marketing in recent years. This statistical perspective should help the reader to realize how extraordinarily important Internet has become in our lives throughout the years.

Research data of Eurostat (2013) have shown that 70% of people living within EU used the Internet at least once a week in 2012. The aim of European Union is to increase this rate up to 75% by 2015. The survey also showed that 45% of EU individuals admitted that they made an online purchase in 2012.

IABEurope researchers (2012) reported that 65% of all Europeans were online back in 2012 counting 426.9 million people. Research findings additionally shown that European Internet users spend 14.8 hours online per week. 51% of European online users claimed that Internet significantly helps them when making purchase decisions. (IABEurope, 2012)

Fennah (2012, p. 8) highlights that €24.3 billion were spent on online ad market within the EU in 2012 (see Figure 1). It is interesting to note that “online” has become second biggest media category in Europe during 2012 (measured by market share) overtaking newspapers and strengthening the position just behind TV (see Figure 2)

![Figure 1 European online ad growth](image-url)

Source: Fennah (2012)
Generally, most of the research results from various sources point out to Internet statistics, data and facts showing continual growing trends and rising impact of areas such as search engine optimization, blogging, social media, lead generation, lead management, email marketing, marketing automation or web analytics. The vast majority of studies dealing with digital marketing data only confirm what is already known by underlining the huge potential of Internet for marketing in quantified terms and rates.

2.5 Internet marketing – SME perspective

Although there is a belief that SMEs are actually capable of competing with far bigger companies online, there are still some peculiarities of this area which have to be considered and assessed given the fact that normally these companies are limited at least by the amount of resources which may be invested into Internet activities.

The issue of Internet marketing within SMEs has been studied extensively in recent years. Chou and Hsu (2008, p. 250) say that “Internet marketing allows SMEs to overcome the natural disadvantage of small size and geographic distance and thus allows them to access customers, suppliers and collaborators all around the world”. Authors add that among other things Internet marketing helps significantly SMEs with internationalizing their activities and with making their foreign presence stronger and more competitive. Awan and
Zhang (2013, p. 175) claim that Internet also enables SMEs to take advantage of foreign niche markets and helps them to facilitate their operations there.

Downie (2003, p. 9) argues that generally speaking there are two important areas within SMEs mostly influenced by the online presence; communication and distribution. Downie (2003, p. 9) continues that if one is to take benefits of this online presence, there is a “need for a strategy to be established” prior to e-marketing engagement.

Khunthong and Chaveerug (2011, p. 50) claim that Internet implementation strategy for SMEs is composed of three factors involving information richness, relation exchange and joint learning. As a consequence of outcomes of these factors, customer relationship quality and corporate image should be enhanced according to researchers. In the deeper context, the overall firm’s marketing competency should be increased then if the company makes the full use of opportunities offered by the online media.

Consequences of online presence for SMEs have been extensively debated by many researchers, most of them pointing to benefits emerging from virtual environment. Nevertheless, certain threats and obstacles posed by the online presence have been examined as well in most of the studies. It is obvious that circumstances vary according to type of the industry and according to particular market characteristics which makes generalized research bit biased, however certain traits proved to be applicable in most cases dealing with SMEs’ Internet marketing.

### 2.6 International Internet marketing

As suggested before, Internet can significantly help not only SMEs to enter foreign markets more easily. Plenty of authors dealing with global marketing issues have devoted several paragraphs describing the role of the Internet in the global business environment in their studies.

Hollensen (2010, p. 90) reminds advantages of SMEs regarding global operations highlighting quicker response time, flexibility and adaptability. Hollensen (2010, p 90) points out to latest trends of “globalization of technology” and “Internet revolution” which brought plenty of opportunities to the global market. He argues that due to this revolution, especially SMEs can take the advantage of developing global sales platforms and embracing e-commerce websites.
Doole and Lowe (2008, p. 18) say that “the Internet has revolutionized international marketing practices”. According to Doole and Lowe (2008, p. 19) Internet has enabled SMEs to cut the entry costs and costs of reaching international customers, cut the costs of global advertising and to find critical mass of customers for niche products. Doole and Lowe (2008, p. 19) consider the “information as a critical resource possessed” rather than inventory. There have been several other merits cited in their study including global networks support, suitable market research medium or excellence in gaining customer feedback.

De Búrca et al. (2004, p. 686) describe four driving forces that represent the ability of companies to exploit Internet applications abroad. Those include market penetration, product transformation, cost/efficiency and performance improvement. These drivers should add value and enhance competitiveness in the global market as a result of effective Internet marketing.

It is important to note that the nature of international Internet marketing vary according to business model in which the company is engaged. Generally, two basic models comprise B2C (business-to-customer) and B2B (business-to-business). Objectives of both slightly vary and this fact has to be taken into account when reviewing the literature. It turned out that most of the authors put more emphasis on B2C sector when evaluating international Internet marketing strategies.

Literature review has also shown that majority of authors have focused their studies on issues of international Internet marketing in connection with areas such as global communication, distribution, market-entry strategies, marketing research, customer relationships, e-commerce and brand development. These areas have been the most covered ones within international marketing textbooks in relation to the Internet.
3 INTERNET MARKETING OPTIONS

There is a large amount of tools available when it comes to Internet marketing options consideration. Moreover, emergence of new ones seems to never stop. These tools can massively help marketers to develop and build upon their marketing plan. Understanding of options which are available to utilize is necessary if one aims to benefit from the online presence. There is a real need to continually review latest online developments within the industry to stay competitive.

The truly wide range of Internet marketing tools does not allow presenting all of them however the most common ones are explained in this chapter. The chapter covers descriptions and peculiarities of each one of chosen tools and highlights the way of how to use them properly in order to surpass the competition. This chapter should provide the reader with insights of diverse online options which marketers have these days.

3.1 Search engine marketing (SEM)

Search engine marketing has certainly become one of the most influential online marketing tools in recent years. It has been a subject of various studies as well. Broadly speaking SEM is all about visibility and searchability. The ultimate objective of SEM is to obtain highest possible ranking positions for most relevant business-related keywords within search engine results pages (SERP). There are plenty of factors and aspects that have impact on the ranking as well as plenty of ways of how to reach those favorable positions.

There are various search engines used by the customers all around the world assisting with their decision-making and influencing their consumer behavior. As the most important ones can be categorized Google, Yahoo, Yandex or Baidu. Search engines serve customers to quickly access and process information by leading them to particular websites according to relevance match with searched keywords.

Panda and Tapan (2013, p. 58) define SEM as “a form of Internet marketing that seeks to promote websites to increase their visibility on Search Engine Results Pages (SERPs) through the use of Search Engine Optimization (SEO), paid placements, contextual advertising and paid inclusion”. Several studies have shown that marketers nowadays are continually shifting their resources allocated for the marketing plans into the SEM as it proved to be a very relevant source of website traffic making often conversion rates higher in comparison with traditional media.
Ungr (2013, p. 22) describes a simplified general 5-steps process of how to approach SEM in order to fulfill its potential to the maximum. He highlighted following steps:

1. Know your target group.
2. Find places on the Internet where your target group is likely to be found and choose your channels accordingly.
3. Be present and searchable at those places.
4. Bring the target group to your website and aim for conversions.
5. The whole process has to be analyzed continually and optimized according to results.

Paraskevas et al. (2011, p. 201) argue that in order to ensure favorable website positions within the SERP, there are two inevitable assumptions; appropriate keywords inclusion within the website content and logical website’s page hierarchy. These are two basic prerequisites for gaining awareness of search engines robots (sometimes referred as spiders or crawlers) in connection with selected keywords.

According to SEOmoz (2012, p. 2) search engines have two major functions, “crawling and building an index, and providing answers by calculating relevancy and serving results”. There are several search engine ranking factors according which search engines determine relevance and importance of particular websites. Those include for instance page link authority features, page keywords usage, domain level anchor text, brand metrics etc. (SEOmoz, 2012)

Plenty of studies have been dealing with the importance of advantageous positions within the SERP suggesting that investment into getting higher positions should really pay off. Bojko (2011) has conducted a study dealing with eye tracking and attention paying to results people obtain after inserting a search query into a search engine. His findings are summarized in the following figure (see Figure 3) indicating areas with the highest attention; the warmer color the bigger attention. Based on these findings we may easily come to the conclusion that higher positions mean higher attention.
Martineau (2013, p. 3) claims that it may be tricky to think only about rankings because what actually matters the most is a good click-through-rate (CTR); importance is in how often websites get clicked-on in other words. CTR is a percentage ratio showing the amount of people who viewed results in SERP and clicked on the websites afterwards. Following figure (see Figure 4) taken from Martineau (2013, p. 7) again confirms the ranking importance by showing the average CTR for particular positions within the SERP.
### 3.1.1 Search engine optimization (SEO)

SEO is an integral part of search engine marketing. There have been released several studies dealing with SEO and its impact in recent years. Roberts and Zahay (2013, p. 200) define SEO as "the process of editing a web site’s content and code in order to improve visibility within one or more search engines". The objective of SEO is to get high rankings from so called organic (natural) search (you cannot buy them, organic search happens naturally).

Adams (2013, p. 52) describes SEO as “art of being found on the Internet” and argues that it is all about relevancy. SEO comprises of many disciplines and addresses many elements relating to so called on-page and off-page editing, differing in whether the work is done on the webpage itself or away from the webpage. (Adams, 2013, p. 53)

Different authors point out to different factors regarding the most important SEO factors assessment and there is no consensus to be found within the literature on the best possible way how to do it most efficiently. However, it is not that surprising bearing mind the nature of dynamic online environment bringing new developments constantly.

![Figure 4 Average CTR vs. Average position](source)

Source: Martineau (2013)
Most of the authors, including Miller (2012, p. 124) agree that basic SEO requirements involve firstly the focus on website content and its match with relevant keywords which are put in as a search query by desired customers, and secondly the appropriate web page design with a clear structure.

The vast majority of studies have shown that keywords, their processing and usage are truly the key to the search engine marketing success, therefore it is a wise thing to do to spend considerable amount of time by their analyzing as most of the authors have agreed. Keywords research, determining the right keywords density, writing the keyword-oriented content or optimizing HTML tags according to keywords are areas which have been debated hotly within the literature and which require continuous reviewing of up-to-date studies if one wants to keep up with latest SEO trends.

Literature has suggested that search is nowadays one of the most important customer acquisition techniques on the Internet and its massive impact on the marketing cannot be questioned anymore.

### 3.1.2 Pay-per-click (PPC)

PPC (pay-per-click) as its name suggests is a kind of paid advertisement where user pays for actual amount of clicks to the website via PPC ad. PPC ads are placed within the SERP above and aside organic search results. These advertisements are also referred to as sponsored links commonly. PPC represents one of the biggest shares of search engines revenues nowadays.

Miller (2012, p. 159) describes PPC ads as “contextual or context-sensitive” in nature pointing to the fact that these ads appear only in a relevant context related to searched keywords that are associated with the particular ad. Ultimate objectives of PPC are again increasing both CTR and conversion rates.

Roberts and Zahay (2013, p. 212) describe the process of effective PPC campaign execution as follows:

1. Investigate broad search categories and trends.
2. Narrow down keywords.
3. Determine traffic and cost.
4. Select terms and match criteria.
5. Design ads.
6. Run campaigns.
7. Measure and refine.

There are plenty of research studies suggesting different approaches towards effective PPC campaign creation and again there is a strong need to follow latest trends to make sure PPC is managed in an effective manner.

According to Partnercis (2014) there are several advantages of PPC campaigns including fast launching, immediate inquiry effect, high efficiency, accurate targeting, easiness of market and trend analysis, flexible handling or fast parameters changing.

However, it is important to note as Miller (2012, p. 157) reminds that PPC works on a bidding system when “the actual cost is typically determined by how much the advertiser is willing to bid on a specific keyword” to be associated with the created ad. Therefore, it might be difficult or rather costly to aim for top positions display for high-frequency keywords with high level of competition such as “cheap holiday” for instance, as the criterion is a submitted bid in this case.

Chaffey and Smith (2013, p. 371) describe other disadvantages of PPC highlighting its competitiveness and expensiveness, inappropriateness for companies with small budgets or narrow product range, specialist knowledge requirement, time-consumption and relative irrelevance in comparison with organic search.

SEO and PPC are two most important and influential elements of search engine marketing and most of the literature focusing on Internet marketing cover these areas extensively. However, only a few authors looked at SEO and PPC from the perspective of a domestic firm running an Internet marketing campaign on foreign market and the amount of this kind of insights seem to be considerably low as majority of authors have provided rather general overview.

### 3.2 Social Media Marketing

The emergence and sudden rise of social media in recent years have caused the real boom in Internet marketing by introducing truly powerful marketing channels that nowadays influence daily routines of most of the population. This boom has been reflected in the literature as well, as many contemporary authors like to point out the impact of social media on marketing management. And it is without a doubt that their huge impact on marketing is definitely worth consideration.
Miller (2012, p. 50) says that social media marketing is “the hottest thing going today”. Author highlights that this type of marketing is unique thanks to its interactivity and argues that it is a great tool for building strong relationships with both B2C and B2B customers. On the other hand, social media are not a reliable tool for initial contacting and attracting new customers which leave them behind other traditional online marketing tools.

Miller (2012, p. 214) defines social media as “those websites, services, and platforms that people use to share experiences and opinions with each other”. Chaffey and Smith (2013, p. 214) add that social media are online media encouraging “audience participation, interaction and sharing”. Roberts and Zahay (2013, p. 222) refer to social media as a “global phenomenon” due to their immense popularity.

According to Roberts and Zahay (2013, p. 226) social media marketing is about understanding, engaging, communicating and collaborating with customers through selected social media channels in order to meet marketing and business goals.

Adams (2013, p. 93) describes principles of social media marketing as a general 5-steps process as follows:

1. Attract
2. Engage
3. Connect
4. Convert
5. Retain

As is the case of all Internet marketing tools, social media marketing is no exception in the fact that it has to be carefully integrated within the overall business and marketing strategy as it can benefit the company only jointly supported by other Internet marketing tools. (Dann and Dann, 2011, p. 379)

Primarily social media marketing is all about building and nurturing customer relationships, however there are certain other factors that bring benefits for companies via social media channels. These benefits are summarized in the following figure (see Figure 5) excerpted from Social media marketing industry report by Stelzner (2013). Data are obtained from the extensive survey of company marketers.
Figure 5 Benefits of social media marketing

Source: Stelzner (2013)

The same report by Stelzner (2013) had also shown which social media platforms have been those most commonly used by marketers (by the time of the survey) based on the survey (see Figure 6).

Figure 6 Commonly used social media platforms

Source: Stelzner (2013)
Miller (2012, p. 219) presented another survey results showing why companies are embracing social media highlighting that among other things they seek business information (see Figure 7).

![Figure 7 Popular social media sources for business information](image_url)

Various infographics are available throughout the literature showing the marketing strengths of social media and their overall impact on the business area. Literature is covering almost all aspects of social media marketing. Contemporary studies are proving social media to be a vital tool for customer relationship management. However, there are only a few studies looking at the issue from the future perspective suggesting any possible scenarios which may come out in the future. Obviously, it might be tricky a little bit to predict any future shifts in such a dynamic sphere to be fair, therefore the lack of this future perspective may be understandable in this case.

### 3.3 Email marketing

Email marketing is one of the oldest and classical Internet marketing tools used in majority of businesses at least to some extent. Email still is a traditional communication channel whose importance does not seem to be fading away despite the growing number of newly emerging advanced communication tools. There was never really a doubt that this form of
Internet marketing communication is worth considering. However, as usual it has to be done correctly to bring the expected value of its use.

Most authors agree that it takes considerable amount of time and particular efforts to become a successful user of email marketing. There are plenty of advantages and disadvantages of email communication which are described all over the literature and it proved email marketing to be a bit more helpful for B2B marketers, having impact for both B2B and B2C marketers though. However, despite the potential email marketing has, many companies still get it horribly wrong.

Miller (2012, p. 180) describes several characteristics of email marketing by stressing that email marketing is a:

- Direct marketing
- Database marketing
- Targeted marketing
- Proactive marketing
- Inexpensive marketing
- Permission marketing

Each of the attributes mentioned above generally summarize the nature of e-mail marketing at its core. Stevens (2012, p. 87) adds that email is a “hugely important part of the lead generation, tracking, and management process as a whole”. O’connor, Galvin and Evans (2004, p. 183) have shown that already back then in 2002 more US companies preferred e-mail marketing over traditional direct mail marketing.

Ellison (2006, p. 37) provided 8 tips on how to approach email marketing in an effective way by highlighting following advices:

1. Get permission.
2. Build a targeted mailing list.
3. Work with a clean, targeted database.
4. Adopt a strategy of persistence.
5. Tell a story.
7. Have an exit strategy.
Clapham (2011, p. 32) adds that if you want your message to be opened, timing and effective subject line is what matters the most.

Much has been written about email marketing and its impact. Some say that email marketing is dead while other authors still refer to email as a powerful communication tool and discourage from underestimation of its influence. In any case email marketing nowadays still has its place within Internet marketing mixes and contemporary authors still cover topics surrounding this traditional marketing tool.

3.4 Content marketing

Commercial success of companies with an online presence is more and more partly driven by the content companies are sharing nowadays. “Content is king” is the popular motto widely used by various authors. Intriguing and relevant content is a likely source of relevant website traffic and bearing in mind the boom of social sites, content is something which cannot be ignored anymore as reflected by the literature. Valuable content is a “must-have” in all marketing formats available according to Stevens (2012, p. 66).

Content marketing is definitely not only about providing the information; it rather is about affecting customers’ decision-making and buying behavior. Content should bring value. Adams (2013, p. 119) refers to content marketing as an “attraction marketing”. There are various tools of content marketing described within the literature including articles and blogs, word documents, presentations, infographics, instructional videos, webinars, case studies, podcasts, research reports, demos, testimonials, white papers, audio, e-books etc.

All of the mentioned can add value and assist the buying decision but it has to be done with a great care and thinking. Murthy (2011, p. 31) suggests that “the purpose of content marketing is to engage customers with compelling content to educate, inform, entertain, and guide them through each step in the buying cycle”. Murthy (2011) assessed the contribution of different content delivery channels. Research results have shown (see Figure 8) which content delivery channels are considered to be most helpful while searching for the online solutions according to survey respondents (N=486).
Figure 8 Most helpful sources of information for business-related online research

Source: Murthy (2011)

Almost all authors dealing with content marketing are pointing out to fact that appropriate content marketing has favorable effects on SEO and generally on search engine marketing as well. Roberts and Zahay (2013, p. 264) say that content alongside with SEO and social media represent three connected components of so called “inbound marketing” which they define as a “marketing focused on getting found by customers”.

Bosomworth (2012) has developed a useful tool called “the content marketing matrix” which is structured in a way to show different dimensions of different content delivery channels (see Figure 9). Each quadrant and position on the axis represents different stimuli influencing customer purchase intent and decision style.
Gullaksen (2012, p. 42) provides 5 tips on how to deliver a useful and relevant content highlighting following general advices:

1. Avoid internal bottlenecks.
2. Understand what type of content to create.
3. Consider where your content should live.
4. Build relationships with key influencers.
5. Optimize content to gain long-term benefits in search results.

Generally, the term content marketing has begun to emerge rather recently within internet marketing literature. However, certain mentions can be traceable in older titles as well, though with the impact being emphasized less than nowadays when compared. In any case,
content marketing seems to play a vital role while searching for business prospects online as confirmed by various authors.

### 3.5 Website marketing

Websites, their design, structure, functionality or user-friendliness are arguably the foundation of any Internet marketing strategy. Particular Internet marketing mix tools are meant to be built around company website and to generate traffic in most cases. Miller (2012, p. 10) refers to website as a “hub for all online activities”. As websites lie in the centre of Internet marketing, it has to take a great deal of time to think out their overall design in order to fit the Internet marketing objectives.

Adams (2013, p. 28) argues that the visual representation via company website should attract, engage and most importantly lead to conversions. In order to secure fulfillment of those objectives ideally there have to be a synergy in cooperation of graphic designer, programmer and marketer, with all of them being able to address user needs. Graphic designer should provide an appealing website look, programmer should deliver a clear functionality and user-friendliness while marketers should make sure that websites are serving the purpose for which they are created.

Reedy and Schullo (2004, p. 264) suggest that there are three stages of website design: the analysis phase, the design phase, and the building phase. Authors highlight that “the major emphasis should always be on communication with your audience during all stages of designing your site”.

Stevens (2012, p. 82) warns against seeing website as a passive, informational tool. It rather supposed to be a lively source of traffic “calling to action”. As suggested earlier, the content marketing plays an important role in establishing success of overall website marketing. Content together with site design should work in concert not only by supporting brand but also by facilitating sales if e-commerce activities are implemented. (Miller, 2012)

Many authors argue that website is nowadays the most important marketing vehicle for both online and offline strategies. Despite the target audience being different, most authors agree that there is only a little difference between B2C and B2B website marketing, reminding the common objective of “giving the customer what he wants”.
Currently trends of minimization and keeping things simple can be observed in the web design field. However, web builders should not forget to develop websites for search engine needs as well, with rich content, clear web structure and right HTML elements playing a major part in the process, as various authors point out.

Miller (2012, p. 113) claims that appropriate website marketing influence three stages out of five in customer life cycle; involving acquisition, conversion, and retention.

Roberts and Zahay (2013, p. 321) describe the process of effective website development in seven stages:

1. Establish site objectives.
2. Identify and describe target market.
3. Design site content and navigation structure.
4. Conduct usability tests.
5. Deploy and tune sites.
6. Measure and evaluate site effectiveness.
7. Refine and improve site effectiveness.

Chaffey and Smith (2013, p. 320) summarize the requirements for an effective website design in following points:

- An aesthetic, visually pleasing layout
- Clear emphasis of different content types
- Visual hierarchy showing the relative importance of different content through size
- Prioritization of marketing messages and calls-to-action for different audiences and products for persuasion purposes
- Clear navigation options to a range of content, services and visitor engagement devices.

There are plenty of issues surrounding the website marketing covered by the literature. There are plenty of models and frameworks describing how to develop an effective webpage as well. However, it seems that literature lacks a little bit advices on how to approach website creation for international markets with the target audience being slightly different. It is quite difficult to find the answers within the available literature regarding the question whether a standardization or adaptation should take place in terms of foreign website versions creation.
3.6 E-commerce

E-commerce as a part of Internet marketing is the subject of concern only for companies which are involved in selling goods throughout the websites via some checkout system as is the case of selected firm in this thesis. The sudden rise of electronic commerce came with the rise of the Internet during the 90s bringing a new dimension to trading and transactions solving.

Dann and Dann (2011, p. 7) suggest that “e-commerce forms the broader business domain of using electronic-mediated systems for commercial activity”. E-commerce sales are continually increasing over the years and Internet-driven shopping has become a standard for today’s generation. With online buying being a daily routine nowadays, there is a strong need to provide online customers with compelling and user-friendly shopping platforms, which is an important part of Internet marketing mix consideration. After all, it is the conversion usually expressed as conducted sales which is one of the crucial goals of Internet marketing.

O’connor, Galvin and Evans (2004, p. 31) highlight the perks of e-commerce stating that it reduce costs, it provides a cheaper, more flexible way of trading and that it works well for small companies. On the other hand, Reedy and Schullo (2004, p. 402) argue that making transactions should be a people-centered business as they highlight the importance of face-to-face meetings, handshakes or product demonstrations. The shift towards e-commerce means the loss of these personal customer relations.

Chaffey and Smith (2013, p. 478) described four major perspectives for e-commerce as follows:

1. A communication perspective – the delivery of information, products or services or payment by electronic means.
2. A business process perspective – the application of technology towards the automation of business transactions and workflows.
3. A service perspective – enabling cost cutting at the same time as increasing the speed and quality of service delivery.
4. An online (transaction) perspective – the buying and selling of products and information online.
Smart Insights researchers (2013) recently renewed the concept “conversion rate optimization” (CRO) which is basically about optimizing broader e-commerce activities in a way to increase conversion rates. Successful CRO should be based on ongoing research, web analytics tools using, constant experiment testing and continuous programs of improvement development. (Smart Insights, 2013)

Miller (2012, p. 118) concludes that the secret of successful e-commerce design lies in proper integration of checkout system, simple accessibility and searchability of products, buyer-friendly navigational structure, functionality, appropriate content, suitable product presentation and the ease of a payment system.

The issues of e-commerce impact and development have been debated hotly in past two decades while contemporary authors tend rather to provide useful tips on how to approach e-commerce implementation in order to get desired conversions. Electronic commerce as a complex concept covers much more aspects than only use of Internet as a transactional mediator, however from a marketing point of view online buying is the biggest issue to consider which is also reflected by the literature.

### 3.7 Lead-generation marketing

Lead generation is a term that has become widely used in recent years. It is a broad concept which involves to some extent the use of some already mentioned tools as the generation of leads is a partial process of previously described strategies in most cases. Nevertheless, most authors look at this issue as a separate theory with its own peculiarities. Basically, lead generation marketing is all about motivating potential prospects to become actual customers, which is often done via various online tools.

Stevens (2012, p.2) defines a lead as a “prospect that has some level of potential of becoming a customer”. It is up to marketers to generate considerable amount of leads and to deliver them to salespersons. It can be achieved through various channels, best illustrated by the following figure (see Figure 10) taken from Roberts and Zahay (2013, p. 262).
Both online and offline channels are important when developing a lead generation strategy. Roberts and Zahay (2013, p. 261) describe a process of lead generation management in 4 steps:

1. Generate leads – potential customers identification
2. Qualify leads – evaluation of ability and willingness to purchase
3. Distribute leads – segmenting and categorizing
4. Follow-up to convert – conversion

Lots have been written about leads generation marketing. However this short note with the figure illustrating the logic behind leads generation should be enough for the purpose of this study. Moreover, with new leads generation online channels being developed constantly, there is a need to review up-to-date literature continually to acquire latest insights in the field.
3.8 Referral marketing

Referral marketing at its best is undoubtedly one of the strongest marketing channels driving sales throughout all purchase lifecycle stages in fact. Considering suitable referral marketing program always is a step forward towards achieving online goals. Best referral marketing obviously is that one which happens naturally without any incentives, what is sometimes called a word-of-mouth marketing. Nevertheless, referral marketing can be influenced by the company as well.

Birol (2007) refers to referrals as a “best source of new business” highlighting that introduction from a peer to prospects has a vital impact for the leads generation process. Zaleon (2008) describes the need to “maintain regular contact with past customers” in order to increase the potential of getting referrals.

Online referral marketing can take many forms. Affiliate marketing defined as “a commission-based arrangement where referring sites (publishers) receive a commission on sales or leads from merchants (retailers)” by Chaffey and Smith (2013, p. 584) is one of them.

Another form of referral marketing to some extent is a very popular viral marketing. The term being used frequently in recent years has become a marketing classic in its own specific way. The term viral marketing has been popularized by associating it with the virus and its self spreading – with the message being shared spontaneously among customers. Lots of companies strive to go viral with plenty of efforts, though usually getting it wrong. Adams (2013, p. 115) suggests simple 8 steps how to do it right as follows:

1. Create your content.
2. Get the attention of someone big.
3. Be controversial.
4. Be shocking.
5. Be funny.
6. Be relevant.
7. Be brief.
8. Call to action.

Further very popular and important form of referral marketing nowadays is so called link building described as “a structured activity to include good-quality hyperlinks to your site from relevant sites with a good PageRank”. (Chaffey and Smith, 2013, p. 585) The huge
The importance of link building lies in its impact on SEO as the number of backlinks leading to company website increases the authority of the website when evaluated by search engine robots. Referrals could take the form of online testimonials, online references or online sponsorship as well. Very broadly speaking, Chaffey and Smith (2013, p. 585) refer to referrals as “the number of links from other sites”.

The issue of online referrals has been debated hotly especially in relation to SEO influence recently and lot of authors consider link building to be one of the key processes of SEO. It is suggested that this type of promotion bring some sort of credibility to the business as well. Referral marketing proved to be a strong marketing tool for both online and offline strategies remaining a pretty challenging activity though.

### 3.9 Online display advertising

Generally, online advertising as a part of Internet marketing mix covers tools and strategies described in previous chapters including e-mail, PPC, website, social media or SEO. These are the classic channels of online advertising, though one traditional tool remains to be presented and it is the online display advertising which however seems to be losing its shine in recent years being surpassed by other powerful tools. Nevertheless, it still has its position among widely used Internet marketing tools.

For many years banners were the synonym for the display ads. Despite new forms of display advertising being introduced, banners are still the representative of this type of marketing. Miller (2012, p. 167) refers to display ads as “visual opposite or graphical versions of text ads” highlighting the importance of images, animations or videos being displayed stretched across any particular area on a web page trying to gain the attention and aiming for visitor’s click through.

Display advertising users tend to use so called rich media nowadays. According to Roberts and Zahay (2013, p. 151) those are the ones that deliver fancy dynamic content having elements of movement and interactivity (eg. voice narration, music, expandability, live blog feeds etc.) These rich media are reportedly achieving better CTR when compared with plain image banners.

Various authors emphasize the role of destination of display ad, so called landing page in this case. The landing page should be as effective as possible bringing customers to con-
version. The content of landing page should be in a logical continuity with the banner and it should provide the relevant information. (Roberts and Zahay, 2013, p. 152)

Online display ads are helpful when building a website traffic or for brand recognition strengthening according to Chaffey and Smith (2013, p. 400). Authors highlight that it is the wise targeting which plays a crucial role in this process.

Although the number of yearly investments into display advertising is still slightly increasing, marketers usually rather opt for other techniques when allocating resources for Internet marketing as reflected by the following figure (see Figure 11) taken from Roberts and Zahay (2013, p. 150) with the online display advertising making only 6% of the budget allocation.

![Figure 11 Online advertising budget allocation](source: Roberts and Zahay (2013))

There are only a few contemporary studies solely dealing with online display advertising as this media is considered to be fading away a little bit, however certain insights are provided within various textbooks with particular subchapters being devoted to the issue. Nevertheless, it does not seem that we would be heading towards the disappearance of this traditional online advertising tool.
3.10 Online PR

Public relations are all about relationships and online environment is no exception in that. Majority of company’s stakeholders are online and relationships have to be built on the Internet as well. The aim there is to influence people; to influence relevant people who are able to spread the positive message to a relevant audience. These people include columnists, bloggers, or highly followed people in social media etc.

Miller (2012, p. 259) argues that when developing an online PR strategy the goal is to “get placement in a number of important online channels” such as industry websites, topic-related websites, media-sharing websites (Youtube, Flickr…), topic-related blogs etc.

There are certain aspects similar to traditional PR activities having very similar general objectives. However, the biggest difference is the interactivity which the online PR offers. Lots of previously described online tools can be used when targeting and reaching the key influencers to get the relevant online exposure, however the placement itself is not the ultimate and only objective; the measurable website traffic and sales are the desired outcomes. (Miller, 2012, p. 264)

Dann and Dann (2011, p. 203) describe few simple rules of an effective online PR campaign as follows:

1. Be interesting.
2. Do the market research.
3. Segment.
4. Contact.
5. Communicate.
6. Disclaim and own the message.
7. Don’t Astroturf.

Chaffey and Smith (2013, p. 379) evaluated four types of online PR strategies using a simple scheme (see Figure 12) showing four different objectives and particular activities needed to their attainment.
Various authors agree that PR both online and offline is about reputation and about desire to get favorable mentions all around the Internet. It requires a specific approach and coherent PR program. Plenty of studies have been dealing with the comparison of traditional and online PR describing pros and cons of both. Particular tools of online PR are described throughout the literature as well. What the literature lacks a little bit though are the advices on how to address the negative reputation and unfavorable mentions what is quite usual for the online environment with this sort of incidents occurring on a regular basis.
4 LITERATURE REVIEW FINAL EVALUATION

Literature review has shown that the field of Internet marketing is the area of interest of many authors nowadays. Large amount of studies are available to explore the field. With such a big number of studies it is quite complicated to identify any major gaps in the literature, however certain aspects of Internet marketing proved to be examined less than others and there is still a space to come up with a narrowly focused research which may considerably contribute to the industry.

However, it is not the aim of this study to deliver a groundbreaking study which would break through with fascinating new findings in the field. The aim is rather to build on existing theories and knowledge which were described in the review and to provide a logical synthesis between theoretical and practical part.

The question is how long this review could be valid bearing in mind constant changes in online environment. This challenge can be overcome only by continual revision of described issues. Certain theoretical assumptions were introduced and relevant study sources were presented, therefore by now the reader should be able to comprehend the principal logic behind Internet marketing as one of the most powerful tools of marketing itself.

The relevancy of presented study sources cannot be put in question as they mostly come from respected authors in the field. However, there is a need to review those sources more extensively if one seeks to get more insights in order to develop a deeper understanding of particular theories. Nevertheless, short fragments cited in this review should be enough for general understanding of this thesis.
II. ANALYSIS
5 METHODOLOGY

This chapter should serve as a short linking bridge between the theoretical and practical part. It aims to briefly describe methods and tools that are used within the “analysis” part. The overall analysis procedure is outlined here and an approach that was adopted is described. It should help the reader to realize the logic behind the practical part.

At the beginning a selected company which is the subject of this study is presented. Situational analysis is conducted then. It comprises of several stages including evaluations of external environment, industry, market, strategic customers, competitors and current state. Each of these levels is individually analyzed using various (not only) academic research tools and techniques. The project of proposal of an effective Internet marketing strategy implementation within XY company with focus on selected foreign market is designed afterwards. Particular research methods that were used within this research may be summarized as follows:

Theoretical part – extensive literature review

Macro-environment evaluation – PESTEL analysis

Industry evaluation – Porter Five Forces Framework

Market evaluation – keywords analysis

Customers evaluation – online survey (questionnaire) + personal interview

Competitors evaluation – best-in-class benchmarking

XY company current state evaluation – simple description

Project proposal – Internet marketing strategy proposal + cost-time-risk analysis

Literature review has served as a theoretical foundation for the whole research while analyses that were made serve as a necessary prerequisite for the project proposal. They help to understand the target market that XY company wants to penetrate with the help of Internet. Market knowledge gained through analyses that were made should enable targeting the proposed strategy more precisely and effectively. Outcomes of those analyses should provide the reader with important insights indicating circumstances of the possible XY company market entry. Project of Internet marketing strategy proposal is then the ultimate outcome of this thesis that uses all findings and insights gained from previous sections.
6 INTRODUCTION OF THE SELECTED COMPANY

In order to follow secrecy and confidentiality rules the selected company will be referred to as a “XY company” in this thesis as was agreed with the representatives of the firm. Czech Republic as a country prides itself on worldwide supplies of traditional Czech beads (see Figure 13) and XY company is one of the major exporters of this unique product having impact on various foreign markets in the field.

Figure 13 Czech seed beads

Source: XY company product photo

XY company ranks among top traditional local suppliers of Czech beads with customers being located all around the world and with significant international presence. Bearing in mind the huge popularity of Czech beads worldwide, this business field represents a huge opportunity for Czech retailers. XY company is categorized as a SME according to European standards employing fewer than 250 employees, having annual turnover less than 50 mil. €. XY company is a Czech-based firm being located in Southern Moravia region.

XY company operates as a wholesale company with a major focus on export to foreign countries having couple of local subsidiaries in a few countries as well. Clients of XY company include both B2B and B2C customers. XY company offers a truly wide range of Czech beads in diverse designs made of various materials. Company prides itself on the long-lasting experience in the field of beads retailing exceeding more than 20 years which makes the XY a truly competitive force within the industry.

Czech Republic is considered to be one of the world’s most important beads producers and founders of XY company were able to recognize a business opportunity and to take the advantage of the everlasting tradition of Czech beads production and supply. With the ex-
clusive agreements continually being made with traditional Czech beads producers XY company makes sure that it provides its mostly international customers with high-quality valuable products.

As suggested earlier, Internet plays an important role when entering a foreign market nowadays. The task is to develop a study that would propose a suitable Internet marketing strategy aiming to penetrate a selected foreign market which would help XY company to gain awareness of target audience and which would drive its sales in a particular market. As a target market for this penetration United Kingdom was chosen.

Czech seed beads proved to be a highly demanded item in United Kingdom in recent years and XY company seeks to strengthen its position in the market by building a strong online presence using various tools of Internet marketing what briefly constitutes the purpose of this study. Several analyses have to be made in order to clarify whether it is a bright decision to enter British market via Internet or not. There have to be a match and a strategic fit between the target market conditions and proposed strategy and following analyses are there to assist while evaluating these conditions.
7 SITUATIONAL ANALYSIS

Prior to any particular Internet-related factors analyses it is quite important to think about the market penetration in a broader perspective. It is important to consider a big picture. The organization itself represents an inner layer in a broad business environment as evidenced by Johnson, Scholes and Whittington (2008, p. 54, see Figure 14).

Figure 14 Layers of the business environment
Source: Johnson, Scholes, Whittington (2008)

The organization is surrounded by outer layers which are having a significant impact on its operations. These layers have to be examined in order to make sure that the decision to enter a foreign market, United Kingdom in this case, is the bright one. Certain factors of business environment cannot be influenced, normally being referred to as external factors, and they have to be taken into account when making crucial strategic decisions.

7.1 Macro-environment evaluation

The macro-environment plays an important role in operations of all companies regardless of size or strategic capabilities with the impact being even greater when entering a new unexplored foreign market. It is wise to start the analytical phase with the examination of external market factors of United Kingdom as a XY company target market. For this purpose, the PESTEL framework seems to be the tool appropriate enough to derive relevant conclusions on whether the United Kingdom is a desirable destination for Czech beads supplier using Internet as a key driver of market penetration.
7.1.1 PESTEL analysis

Political factors

Generally speaking, current political scene in United Kingdom does not seem to pose any major threats to international based companies exporting products and services to UK. United Kingdom being a constitutional monarchy is considered to be a politically stable country with no significant upsets in recent years. Since the British economy is an open one with no harsh trade barriers being inflicted we may conclude that the local government should not make it any difficult for foreign exporters with unexpected interventions.

United Kingdom is considered to be a business hub for various international companies in many aspects, therefore the willingness of a country to accept challenges of globalization may be considered as a favorable one. Bearing in mind the fact that both Czech Republic and United Kingdom are European Union members we can assume that the process of exporting between two parties should be smooth enough being supervised by European Union standards supporting trading among members.

A little obstacle may be seen in different currencies of both countries with their fluctuations being a threat and the opportunity at the same time for international transactions and healthy cashflow of XY company. British Pound arguably is considered to be a strong currency which normally means more expensive export to the country, however on the other hand the fact that small Czech company is being considered a relatively cheap exporter with potential of generating enough demand makes this obstacle a little less significant.

Loose migration policies of United Kingdom make its population being very diverse with people coming from all around the world which makes it a bit easier for international businesses when entering a market.

Online environment in UK is not regulated in a way to prevent foreign entities from establishing exporting e-shops by any means, therefore XY company is more or less free to do so. International businesses have a completely free access to the British Internet. Though there are some regulations based on UK law which have to be observed by both domestic and foreign online retailers. Particularly the directive “Electronic Commerce (EC Directive) Regulations 2002” should be of interest for XY company as it “was introduced to clarify and harmonise the rules of online business throughout Europe with the aim of boosting consumer confidence”. (Out-Law.com, 2013) The subject of this regulation covers basically all commercial websites, therefore there is a need to follow its latest updates.
Economic factors

The UK economy is mostly based on financial services which makes it a little vulnerable when hit by the recession. British economy has experienced several downturns in recent years and its external factors sensitivity seems to affect importers as well. Eurozone crisis left the UK economy damaged with several consequences currently still being felt. There is a slow economic growth expected in the coming years.

The role of exchange rates seems to be crucial for both importers and exporters. Recently there was a significant devaluation of Czech Koruna by Czech National Bank which according to economic theory should have a positive impact on Czech export especially in a long run. Following figure taken from fx-exchange.com (2014 -see Figure 15) illustrates the exchange rates development between GBP and CZK in 2013. Consequences of sudden exchange rate increase normally should result in a stimulation of demand in UK for Czech products which represents a considerable opportunity for XY company.

Despite the purchasing power concerns in UK in recent years we may still consider current British population as a sufficient and likely source of demand for Czech beads. However, as beads are considered to be an inferior good, it must be counted with the demand downturn during the crisis period.

Nevertheless, research has shown that beading industry in UK remained more or less stable despite the crisis plaguing UK economy in recent years which may indicate that people
remain faithful to their passion in spite of income being decreasing which is a good sign for XY company.

Level of competition in terms of beads selling is a huge one with both domestic and international firms competing in the market. However, companies labeled as a Czech supplier have an immense competitive advantage over British companies thanks to the reputable tradition of Czech beads producers which leaves domestic producers a little vulnerable to foreign competition. Nevertheless, local bead sellers have other types of advantages over Czech importers including market knowledge, infrastructure etc.

Obviously XY company would be a subject of taxation in United Kingdom. Therefore, the decision based on circumstances assessment has to be made whether the company would be better off exporting on behalf of Czech company or whether the more suitable option would be to set up a local subsidiary which would be responsible for running an e-shop. One way or another, taxation within United Kingdom is at respectable levels without any extreme rates.

Last but not least the area of Internet marketing seems to record a sustainable growth in UK being a considerable part of British GDP as evidenced by following figure (see Figure 16) taken from IABEurope (2012). Figure shows that UK online marketing growth is above European average. UK online market is also the biggest one within EU as the Figure 17 (IAB Europe, 2012) shows.

![Online ad growth](image)

Figure 16 European online ad growth

Source: IABEurope (2012)
Figure 17 European online ad market
Source: IABEurope (2012)

Social factors
As is the case elsewhere, UK is no exception with its population tending to spend more and more time online. Moreover, the share of people buying online is growing rapidly in recent years. As mentioned earlier, UK population is a truly diverse one with migrants coming to the country in numbers which again represents both opportunity and threat for XY company.

History has shown that beading is popular in UK with the tradition of Czech beads being strongly rooted in the market. Czech beads suppliers proved to be treated with a great deal of respect and admiration by their UK customers.

Research of IABEurope (2013) has provided plenty of useful factors describing the consumer behavior of British online users. It has shown for instance that half of UK adults normally use three screens which practically enable them to be online all day. UK multi-device users have a relatively young profile and they are a bit more likely to be males. UK citizens reportedly spend more time online and less on TV according to research. Research additionally provided useful data summarizing online trends in UK:

- 38% of UK online adults say that the way company communicate online influence their opinions and purchasing decision-making.
• 47% of UK online adults confirm that they visit websites of their favorite brands often.
• 43% of UK online adults say that they tend more to search for additional info about products they see advertised online.
• 24% of UK online adults admit that they are more likely to buy a product from a company which they follow on social networks.
• 98% of UK online adults use Internet for research purposes related to their purchase decision-making.
• 32% of shopping is made online among Internet users in UK.
• 96% of UK online adults shop online.

Following figure adapted from Google Think Insights platform (2014) very usefully sums up how different Internet marketing channels play various roles in the process of online consumer purchasing decision-making. Presented figure is generated for the British market only showing the domination of search engines tools within UK. Figure assesses the relevancy of particular online media in different consumer behavior stages. (see Figure 18)

![Customer Journey Diagram](image)

**Figure 18 The customer journey to online purchase (UK)**

Source: Google Think Insights (2014)

**Technological, environmental and legal factors**

There are not any particular technologies that would be affecting beading industry or any particular foreign exporters in UK. Several factors surrounding Internet as a key technological tool were described in previous sections. Since the environmental factors do not have
a direct impact on XY company operations they are exempted from the analysis. In terms of legal factors there are obviously plenty of rules and regulations governing activities of foreign entities operating on the British market and XY company has to make sure that it is aware of them. Especially regulations governing online environment, similar ones as the one introduced earlier, should be of interest for the XY company at the first place.

7.1.2 Key drivers of change

The aim of the simplified PESTEL analysis was not to list overwhelming number of external factors with a little impact on the company. The aim was rather to briefly summarize some of the influences which may pose particular threats or opportunities arising from the external environment. Company always is a small part in the broader context constituted by the market, industry or country and it has to make sure that is aware of potential changes arising from the macro-environment. The wise thing to do, especially when entering a new market, would be to regularly revise external factors and be prepared to take particular actions based on the analysis.

However, list of factors should not be the universal outcome of the PESTEL analysis. Managers should think about results in a future perspective and the identification of key drivers of change which are defined as “environmental factors that are likely to have a high impact on the success or failure of strategy” according to Johnson, Scholes and Whittington (2008, p. 56) should play the crucial role in the process.

Few of the key drivers of change based on the PESTEL analysis may be highlighted as follows:

- Possible changes in EC Directive
- Further fluctuations of exchange rates GBP/CZK
- Deepening of Eurozone crisis
- Search engines as a No. 1 tool of Internet marketing in UK
- Growing number of people buying online
- Everlasting tradition of quality Czech beads

In order to work properly with key drivers of change it would be wise to think about them in terms of scenarios which would include ongoing evaluation of key drivers with making predictions on how the environment may change and develop in the future. This approach
would enable XY company to prepare particular action plans covering various possible market circumstances.

### 7.2 Industry (sector) evaluation

Leaving the external environment, the next stage in the exporting potential analysis is the closer look at the industry or particular sector in which XY company would operate in UK, following the logic of Figure 14. There is an academic tool appropriate for this purpose developed by Prof. Michael Porter, so called “the five forces framework” (see Figure 19).

![The Five Forces That Shape Industry Competition](image)

**Figure 19 The five forces framework**

Source: hbr.org (2008)

This framework is used in order to analyze XY company’s decision to penetrate UK market from an industrial point of view and to derive some conclusions regarding structure of the industry which XY company would like to enter using the Internet as a primary penetration tool. Individual forces from the model are assessed and particular scores ranging from 1 to 5 are assigned to each of the forces which would allow us to evaluate the overall influence of industry forces.

The issue of the wrong industry identification often arises when processing five forces analysis. Conclusions from the broadly defined industry may be a little biased as there may be different impact at different levels for different companies within the industry. There-
Therefore, it is wise to think about particular segments within the industry relevant to intended business which in case of XY company are beads retailers in UK using Internet as a primary tool for their activities. So the emphasis is put on this area when using the five forces framework. In the end reader should be able to realize the attractiveness of this particular sector.

7.2.1 The threat of entry

Having identified the sector as online beads retailers it may be easily suggested that the threat of entry supposed to be very high bearing in mind the relative ease of setting up a website with the e-shop option even in foreign country. There are no major barriers when entering this segment which is among other things one of the reasons of huge competition level within the industry.

Obviously there is a certain amount of investments needed when entering this segment, however, in the online environment with this type of product it is more about creativity and right use of available online tools rather than about financial resources companies have. Scale and experience play the role to some extent, nevertheless, the ability to differentiate is the key to compete successfully for newcomers.

Distribution issues in this case are a bit insignificant bearing in mind the fact that online retailers within the segment use e-commerce practices to distribute products to both customers and business partners which again increase the degree of the threat of entry. Moreover, adopting search engine marketing activities represents a huge opportunity when looking for new distribution partners and channels.

There are no online beads retailing companies within the sector which would really threaten XY company with any harsh activities done to protect the industry against new entrants, therefore we may consider the level of expected retaliation as a low one which underline easy accessibility of the sector.

SCORE: 4,5

7.2.2 The threat of substitutes

It is quite important to be aware of neighboring industries which may pose some threats to the XY company industry. Substitutes can indirectly influence demand for particular products within our sector, therefore it is desirable to scan these indirect competitive forces as well.
As suggested earlier beading industry proved to be a very stable industry which is not affected heavily by external changeovers. It hints that its position should remain strong even when substitutes industries may be experiencing good times being on the rise. This stability means relatively low threat being posed by the substitutes.

Obviously there are certain substitutes for beads including various types of jewelry and handcrafted accessories, however, the thing about beads is their uniqueness and special spirit one would say. People have been fascinated by the beads throughout all eras in our history and beading itself became a hobby and passion for millions of people around the globe. And you cannot simply just substitute your hobby or passion.

Moreover, people living in UK proved to be one of the most enthusiastic bead users in the world gathering in beading communities with plenty of beading shows and festivals taking place. So, despite the number of accessories which are available all around the Internet and which may be considered as substitutes for beads, being big, the level of the threat they pose to the sector is rather a low one. Additionally, with beads coming from Czech Republic being such a traditional and highly valued product it would be unnecessary to particularly worry about the competitiveness when confronted with the substitutes offered on the Internet.

**SCORE:** 1.2

### 7.2.3 The bargaining power of buyers

It is important to note in this case that customers of XY company comprises of both B2C and B2B buyers. Clientele of the XY company is a diverse one and the industry itself is not dominated by few groups who would obtain majority of the sales within the sector. It means that there is a low concentration of buyers which normally results in a low bargaining power.

However, concentration of buyers is only one of the factors determining their overall bargaining power. More importantly, we should rather focus on how easy or how difficult it is for buyers to switch between suppliers. And in this case it is fair to say that it could not be any easier. Potential buyers, people searching online in this case, can very easily choose or switch supplier with a few clicks in their browser. Therefore, the power of buyers is a truly big one as they have literally zero switching costs when searching for a new supplier.
It is important to step out of line to get the attention of online users searching in an overwhelming environment. As it turned out people in UK shop online heavily, leisure goods in particular, and they spend considerable amount of time researching for the right retailer before making the purchase decision, therefore their buying power reaches considerably high levels.

SCORE: 4,1

7.2.4 The bargaining power of suppliers

Analysis of the bargaining power of suppliers is a little bit irrelevant in this case as the task is to try to identify the attractiveness of the relevant derived industry in UK and almost all XY company suppliers are exclusive Czech producers who are providing XY company with high quality traditional Czech beads. Since the XY company build its competitive advantage over local UK retailers on supplying of highly demanded Czech beads produced in Czech Republic it is irrelevant to consider possible British suppliers as an industry force. Nevertheless, when developing an Internet marketing strategy for British market XY company may come to the contact with local suppliers of Internet services. On the other hand, it may not as it can actually find partners for these purposes elsewhere. When considering British suppliers of online services there are arguably relatively high switching costs when switching suppliers. In any case, regardless of standpoint which would be adopted towards the suppliers power, it may be assumed that this issue should not be a major concern for XY company within the industry and that it does not pose any particular threats or reach some unhealthy levels.

SCORE: 2,5

7.2.5 Competitive rivalry

Typing in the search query “bead shop online” into google.co.uk search engine clearly indicates how highly intense competition is there within the segment. Competition of online beads retailers in UK is simply a huge one. And it applies even if the selection of direct competitors of XY company is narrowed down to only retailers of Czech beads in UK. Still there is an immense competition between e-shoppers.

Any significant price competition or even price wars are very unlikely to take place within online beads retailers. The ability to differentiate online business is the key there while sudden price changes would not be a most efficient way how to attract online customers.
With the competition being so intense appropriate Internet marketing proved to be decisive if one aims to stand out.

**SCORE:** 4.6

### 7.2.6 The five forces evaluation

Five industrial forces were briefly analyzed using famous Porter’s framework with particular scores being assigned where higher scores (1-5) mean smaller attractiveness of the sector. It turned out that it is quite easy to enter the sector, which is a highly competitive one, without any major obstacles. The power of suppliers reaches moderate level while the power of buyers is considered a high one. Despite the number of beads substitutes available they are very unlikely to have negative impact on the demand for XY company products.

Figure 20 summarizes the power of individual forces in a graphical way with the logic where smaller area of the pentagon means bigger sector attractiveness and vice versa.

![The five forces scores evaluation](image)

Figure 20 The five forces scores evaluation

Source: own processing

It can be easily concluded that the sector of UK online beads retailers is actually not the most attractive one according to numbers, however, as suggested earlier the challenge here is to come up with effective Internet marketing strategy to differentiate which in the end
represents a wonderful opportunity for XY company to take the advantage of a truly competitive industry.

7.3 Market evaluation

As the analysis goes deeper, the focus is directing towards particular market segment in which XY company would be operating within UK and a phase where the online environment is solely dealt with is being approached, as it is the area of interest when it comes to online penetration strategy. Broader insights coming from external environment and industrial environment have been already examined and the target market of XY company to which the Internet marketing strategy would be focused on is examined in following chapter.

This is absolutely vital stage of any Internet marketing strategy inside preparatory phase because on the Internet it is all about targeting, therefore the proper market segment identification is the key here. It would be useless, inefficient and costly as well to target the strategy to the whole online audience in UK. There are plenty of online tools available to help marketers to identify the relevant target audience and the market potential. Those tools will be used to make sure that XY company is fully aware of the potential which is offered by its market segment - customers searching for online beads shopping in this case.

As XY company’s online strategic customers have been just generally identified as people searching for beads and everything related to them, now the logic of how to analyze this segment more closely have to be thought out. And this is where online tools, mainly provided by Google, will help. It seems that the most suitable attributes according which the segment may be analyzed are keywords associated with the online searching by strategic customers. Keywords are truly the key in the effective online marketing as will be often highlighted later.

7.3.1 Market segment attractiveness

Those keywords that Internet users put in mostly to search engines as search queries are the important source of data for any online marketers and they allow gaining significant insights from particular segments. The good news is that those data regarding search queries are available which enable analyzing them properly in order to decide whether there will be potentially a British demand for Czech beads coming from online channels.
And for this purpose, “Global market finder” from Google, will serve to explore the potential of the target market related to beads searching. It indicates various useful data related to selected keywords for selected regions. Figure 21 shows the initial input table.

Three general keywords connected with the XY company business were entered and Europe as a region was selected. Figure 22 then shows the generated output.
Figure 22 Global Market Finder Output

Source: Google Global Market Finder (2014)

Results are ranked according to opportunity which particular countries present. This opportunity is obtained from the ratio of local average monthly search volume and average CPC (cost-per-click). The desirable state is the big volume and small CPC. Keywords that were entered in the input table were automatically translated into other languages so that besides already selected market (UK) XY company is able to think about other business opportunities within Europe as well.

Nevertheless, the area of interest is United Kingdom and it can be easily seen that the opportunity is a good one with the monthly search volume (of “beads”, “Czech beads” and “bead shop”) being the second largest in Europe. 9400 monthly searches is definitely not an insignificant number. Also the high degree of competition and relatively high CPC suggest that the market is a competitive one. The attractiveness of this segment seems to be
considerable and at the first sight the decision of XY company to enter the market may be easily justified. However, more specific insights are needed to make definite conclusions.

7.3.2 Keywords analysis

To analyze the segment more closely the focus is solely on the UK market and its features in the next phase. It was found out that three general keywords important for XY company are searched for frequently in UK which is good to know, however, the Internet marketing strategy has to be targeted more specifically and precisely and more comprehensive data are needed. Therefore, detailed keywords analysis using some appropriate tool for this purpose has to be conducted.

It is important to note that the proper keywords analysis of XY company does not serve only as an informative source. It also serves as an important prerequisite for the later Internet marketing strategy implementation. All effective Internet marketing strategies have to be associated with particular keywords which are related to the business. Online campaigns should be targeted according to those keywords in order to address the most relevant audience. Most of the online activities, especially those connected with search engines, should be then based on the keywords analysis results.

There is a tool suitable for the needs of keywords analysis available online. It is “Google AdWords” and its “Keyword planner”. This tool allows to insert wide range of keywords and to analyze search volumes in a particular country that is chosen in the selected language. Obviously XY company is interested in volumes in United Kingdom in English. The thing is that it takes some effort and time to think about most relevant keywords that should be used. One would suggest involving terms which are included in the XY company portfolio. This is a good start. However, deeper consideration is needed in order to make the process more effective. Wise thing would be to scan the competition and their usage of keywords as well as to follow latest business terminology.

In this manner the keywords analysis of XY company was conducted using a Keyword planner from Google AdWords. Following keywords were selected by the mix of XY company product range, competition scanning and keywords ideas offered by Google AdWords. (see Table 1)
<table>
<thead>
<tr>
<th>Keyword - English</th>
<th>Avg. monthly searches - UK - google.co.uk</th>
<th>Suggested bid (avg. CPC) - CZK</th>
</tr>
</thead>
<tbody>
<tr>
<td>the bead shop</td>
<td>3600</td>
<td>3,92</td>
</tr>
<tr>
<td>bead shop</td>
<td>2400</td>
<td>9,09</td>
</tr>
<tr>
<td>glass beads</td>
<td>1900</td>
<td>17,65</td>
</tr>
<tr>
<td>beads and crystals</td>
<td>1600</td>
<td>11,86</td>
</tr>
<tr>
<td>wooden beads</td>
<td>1000</td>
<td>8,77</td>
</tr>
<tr>
<td>seed beads</td>
<td>880</td>
<td>12,56</td>
</tr>
<tr>
<td>crystal beads</td>
<td>880</td>
<td>12,02</td>
</tr>
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<td>button jewellery</td>
<td>720</td>
<td>18,53</td>
</tr>
<tr>
<td>lampwork beads</td>
<td>590</td>
<td>10,36</td>
</tr>
<tr>
<td>bead shops</td>
<td>480</td>
<td>11,76</td>
</tr>
<tr>
<td>cheap beads</td>
<td>390</td>
<td>19,55</td>
</tr>
<tr>
<td>bugle beads</td>
<td>320</td>
<td>9,09</td>
</tr>
<tr>
<td>beads online</td>
<td>260</td>
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</tr>
<tr>
<td>jewellery pliers</td>
<td>210</td>
<td>8,82</td>
</tr>
<tr>
<td>glass buttons</td>
<td>170</td>
<td>7,73</td>
</tr>
<tr>
<td>czech glass beads</td>
<td>140</td>
<td>9,99</td>
</tr>
<tr>
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<td>9,98</td>
</tr>
<tr>
<td>czech beads</td>
<td>90</td>
<td>7,01</td>
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<td>10,94</td>
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<td>square beads</td>
<td>50</td>
<td>9,04</td>
</tr>
<tr>
<td>dagger beads</td>
<td>50</td>
<td>6,17</td>
</tr>
<tr>
<td>fire polished beads</td>
<td>50</td>
<td>9,74</td>
</tr>
<tr>
<td>bead animals</td>
<td>50</td>
<td>6,84</td>
</tr>
<tr>
<td>online bead shop</td>
<td>50</td>
<td>8,29</td>
</tr>
<tr>
<td>czech seed beads</td>
<td>50</td>
<td>11,43</td>
</tr>
<tr>
<td>bead mixes</td>
<td>40</td>
<td>8,23</td>
</tr>
<tr>
<td>rocaille beads</td>
<td>40</td>
<td>8,31</td>
</tr>
<tr>
<td>czech fire polished beads</td>
<td>40</td>
<td>10,99</td>
</tr>
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<td>9,44</td>
</tr>
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<td>farfalle seed beads</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>oblong beads</td>
<td>10</td>
<td>7,63</td>
</tr>
<tr>
<td>pressed glass beads</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>beads leaves</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>beads hearts</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>tortoise beads</td>
<td>10</td>
<td>2,87</td>
</tr>
<tr>
<td>pressed beads</td>
<td>10</td>
<td>10,28</td>
</tr>
<tr>
<td>beads butterfly</td>
<td>10</td>
<td>6,47</td>
</tr>
<tr>
<td>polished beads</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>seed bead mixes</td>
<td>10</td>
<td>4,52</td>
</tr>
<tr>
<td>pearlised beads</td>
<td>10</td>
<td>7,06</td>
</tr>
</tbody>
</table>
Keyword analysis revealed partly the XY company portfolio supplemented by other relevant keywords. Results have shown that there is a real potential in terms of possible demand for XY company products including especially various types of beads. Internet marketing strategy which will be proposed later will be partly built on these keywords. It turned out that people in UK are regularly searching for terms related to all kinds of beading and more importantly it seems that they are ready to buy them online as well.

Last but not least “Google Trends” tool can be used to see the long-term trends in searching for any particular keyword. In this case general keyword “the bead shop” was used to explore the interest over time in United Kingdom to see whether there are not any major changes in time within the relevant market segment of XY company. Figure 23 shows that the segment has been relatively stable throughout the years with no significant downturns despite the slight decline in recent years.

<table>
<thead>
<tr>
<th>boxes of beads</th>
<th>10</th>
<th>3,71</th>
</tr>
</thead>
<tbody>
<tr>
<td>stringing materials</td>
<td>10</td>
<td>11,86</td>
</tr>
</tbody>
</table>

Table 1 XY company keywords analysis

Source: own processing

Figure 23 Interest over time for the term “the bead shop” (online searching)

Source: Google Trends (2014)
7.4 Customers evaluation

To get some relevant primary data coming from British potential customers two basic tools were used. Firstly, in order to get some initial insights dealing with general online consumer behavior of British people the short online survey was distributed among British general public and their feedback was analyzed. Several general conclusions have been made based on the survey. Secondly, Katie Dean, who is really into beading and who is the authority in the industry was interviewed providing me with great insights coming from a highly knowledgeable and relevant person from the field. Conclusions from both online survey and interview are derived within this subchapter.

7.4.1 Online survey

Online survey which was developed is rather a general one and it aims to track down some of the general traits of British online consumer behavior with plenty of specific questions. The overall outline of the survey is attached within Appendices of this thesis. The target audience was a general public without any further specifications. The survey was developed via Google forms tool and it was distributed among British people mainly through social media.

In the end 624 people provided their feedback through online survey with 455 of them being female respondents. 42% of people who filled in the survey are aged between 26-45. Since the survey was mainly distributed among people who are most likely to be already engaged with beading (topic-related Facebook groups) it can be assumed that the profile of the typical XY company online customer might be a middle-aged girl or lady.

Most of the respondents admitted that online shopping is more or less normal thing in their lives being a repeated activity. Almost 85% of respondents stated that they have at least once made a purchase from a foreign online retailer.
Figure 24 Willingness to opt for foreign online retailer (N=624)

Source: own processing

Among other things it turned out that based on the survey most of the online users tend to start their buying process with an online research. Almost 80% of respondents additionally claimed that they put emphasis on the position of website within SERP while 65% of people click on PPC ads as well when searching for products which highlight the inevitable importance of search engine marketing nowadays. Besides that it was confirmed that social media are more useful as a brand awareness generator rather than a sales boosting tool. Following table briefly summarizes the issue of how different Internet marketing tools influence the buying behavior of addressed online buyers.
To what extent are following Internet marketing tools and their effects important for your online purchase decision-making?

<table>
<thead>
<tr>
<th></th>
<th>Extremely important</th>
<th>Important</th>
<th>Does not matter much</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search engines (organic) results</td>
<td>34%</td>
<td>43%</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Search engines (paid) results</td>
<td>22%</td>
<td>38%</td>
<td>27%</td>
<td>13%</td>
</tr>
<tr>
<td>Social media</td>
<td>17%</td>
<td>40%</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>Display ads</td>
<td>2%</td>
<td>33%</td>
<td>44%</td>
<td>21%</td>
</tr>
<tr>
<td>Appealing website</td>
<td>30%</td>
<td>39%</td>
<td>19%</td>
<td>12%</td>
</tr>
<tr>
<td>Online referrals</td>
<td>7%</td>
<td>26%</td>
<td>38%</td>
<td>29%</td>
</tr>
<tr>
<td>Direct e-mail</td>
<td>5%</td>
<td>32%</td>
<td>54%</td>
<td>9%</td>
</tr>
<tr>
<td>Rich website content</td>
<td>24%</td>
<td>30%</td>
<td>27%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Table 2 Internet marketing tools and their impact on purchase decision-making (N=624)

Source: own processing

Results did not show any unexpected features or specific traits in online consumer behavior of British people, they rather confirmed what have been already known what is that Internet marketing as a whole plays a considerable role in online purchase decision-making with different tools having different impact. It would be wise to consider all of the options mentioned when developing a suitable Internet marketing strategy within XY company. Since most of the respondents are beading hobbyists these results are very helpful when assigning weights and importance to particular tools. Therefore, now XY company is able to decide into which tools it should invest more and into which less what is actually a very useful insight in the end.

The very last question of the survey (to check the overall survey outline see the Appendices) was aimed to examine the awareness of British people about Czech beads as a tradi-
tional exporting article. (see Figure 25) The result we obtained is truly the unambiguous one.

Figure 25 “Czech beads” awareness (N=624)

Source: own processing

7.4.2 Industry specialist interview

This section is completely devoted to the interview transcript which was held between author of this study and Katie Dean, true authority within the field of beading. Interview was conducted online and having feedback from such a relevant person represents a great opportunity for XY company to make the use of her experience. Katie Dean is an administrator of the website beadflowers.co.uk which is one of the top beading-related sites in United Kingdom. Katie is a successful entrepreneur in the field and a very active beading hobbyist with plenty of her articles being published in various lifestyle magazines. She is a holder of several beading awards as well. Katie Dean simply is one of the most relevant interviewee and she was willing to provide plenty of useful comments. It would be shame to paraphrase her feedback therefore hereby the exact transcript of the interview is presented.

1) Could you please tell me when and how you developed a passion for beading?

I have always loved doing craftwork, since I was a small child. I found a bead shop many years ago (around 1992?) while I was on holiday in the UK. At that time, there weren’t many beading shops around and beading wasn’t as popular as it is
now, so I didn’t really know what to do with the beads, except string them on wire and add a clasp! My passion began when I saw a book about French Beading and I loved the idea of being able to make 3-dimensional flowers from the book. I taught myself the techniques and then I realised that there were so many things that can be made from beads, so I just learned more and more, teaching myself from books. I straightaway began designing my own work and very soon made gifts for friends and family. My business grew from there.

2) **Beading is a quite common hobby in UK, isn’t it?**
   Yes – I’m not sure how many people do beading, but it is a lot. The biggest bead shows in the country attract a few thousand visitors, there are a lot of bead shops and there are two very well-known UK beading magazines (‘Bead’ and ‘Beads and Beyond’), plus a lot of magazines that focus on jewellery, but do include a bit of beading.

3) **I suppose you have ever heard about Czech beads, haven’t you? What is the view of the Czech beads among British beading hobbyists?**
   I am familiar with Czech seed beads – they are stocked in quite a few beading shops here in the UK. I think they have a reputation for being quite inexpensive, but also not as regular in size and shape as the Japanese beads, so they are good for some projects or techniques, but not others. I am also familiar with the Czech pressed glass beads (like flowers and leaves) and they don’t really have any competition here in the UK, so they do well.

4) **Czech beads are sought-after article in UK do you think? Lots of Czech companies actually supply beads to UK so the demand is considerable I guess, is that the case?**
   I know that the Czech beads are sold in a lot of shops, but I don’t have a very good view about demand for them. I think it depends on individuals and what kinds of project they want to do. In the UK market there is definitely strong competition from the Japanese manufacturers.

5) **When acquiring beads do you prefer personal purchase or you opt for online purchase as well?**
   I do both. I don’t live very close to a bead shop, so I often buy online. If I am buying a product that I have used before, I’m very happy to buy online. If I want to try something new, I may prefer to look at it first in a shop as it’s hard to tell colour and size from a website, so it’s better to actually see the product.

6) **What are the most likely factors that influence your selection of beads retailer you would buy from?**
There are three main factors: quality of the beads, price and, if I’m shopping online, how fast they will deliver the beads. I may be willing to pay a little more if I know I’m going to get the beads delivered fast, although that can depend on how quickly I need them. If I find I’m using beads that are poor quality, I wouldn’t use that supplier again and I wouldn’t recommend them to other people either. Customer service is also a big factor I think – if a bead shop is really helpful and friendly and can give good advice, then people will keep using them recommend them to others.

7) With dozens of online bead shops being competitive in UK what would you advise to a (Czech) newcomer to the market to get attention?
Advertise in UK beading magazines and maybe try and sell at some bead shows in the UK – I think that’s how most people find traders. I am actually trying to set up a website that will help people to find suppliers. I’m not aware of a similar site already in the UK, so advertising there would be helpful. Maybe sponsor some UK designers…if you can give them free samples to make new projects, then people will buy the patterns for these projects and need to buy the beads to make them. I would certainly be willing to make designs to promote a new product!

8) Would you be able to highlight any latest trends within the beading industry which might be of interest for the Czech beads suppliers?
This is just my opinion, but I think the biggest area of growth is for the shaped seed beads – products like Tile beads, Twin Holes, Daggers and Spikes. A lot of these are already coming from Czech manufacturers like Preciosa Ornela, but there is also competition from the Japanese market here, and there are Chinese suppliers trying to enter the UK market as well. I think people like things that are new and different and will push the boundaries of what is possible with design, so those kinds of products will keep the market growing – they give new material for designers to use and once designers make patterns with these products, more people will buy them to use to make the patterns.

7.5 Evaluation of current state of Internet marketing

The evaluation of current state of Internet marketing within XY company will be a brief one as there is not much to be analyzed. XY company truly is an export-oriented company which is reflected by the fact that company websites are actually available only in English. However, company representatives decided recently to run a completely new website
aimed for British target audience which is run on the British domain (.co.uk) which is obviously a wise thing to do.

This British website functioning as a traditional e-shop with beading assortment has been in use only for few weeks so far being set up lately back at the end of year 2013. The website promotion strategy is yet to be agreed by company representatives which mean the opportunity to come up with project plan including implementation of effective Internet marketing strategy.

The website was developed with a great care and the final outcome is a good one to be fair (see Figure 26). It meets the requirements of a highly competitive web which will be facing an intense competition from both domestic and foreign online beads retailers. Pleasant graphical appearance, user friendliness and clear functionality of the XY company British website mean the important prerequisite for the forthcoming Internet marketing strategy implementation. Such good looking and well functioning website is a good start of what may be a successful online marketing campaign undertaken by XY company in UK.

![The Bead Shop Online](image)

**Figure 26 XY company British website**

*Source: XY company British website (2014)*
E-commerce options are implemented as well and the website itself is complete and ready to make sales. The task is to get the desired attention and to attract relevant traffic which would drive those sales. The domain name of the website was chosen wisely as it includes the relevant keyword into it which always is a beneficial thing when it comes to search engines rankings. What is the absolutely vital thing prior to any Internet marketing strategy implementation is the presence of some online metric tools on the website with Google Analytics being the most representative one from the pile. Google Analytics tool was adopted right after the XY company website launch which enables us to identify the initial state in terms of web traffic statistics. (see Figure 27)

Figure 27 XY company website initial state statistics

Source: Google Analytics (2014)

Figure 27 shows that even without any major efforts to gain traffic by the effective use of online marketing tools statistical results of XY company British website were definitely not negligible. Expecting some investments to be made into Internet marketing in a course of time within XY company this is a solid foundation for what might be the crucial market entry if things will be done properly. The opportunity is there to be taken and to take the most of it XY company has to make sure that the strategy is planned carefully and purposefully. The task is to suggest a way of how to make the good looking XY company website to be a strong quality highly visited website making sales on a regular basis.
7.6 Evaluation of competition

When thinking about competition the focus has to be directed in a right way in this case. It has to be differed between the competition in the real environment and in the online environment. It takes some efforts as well as costs to be visible on the Internet and to get the desired visibility XY company has to overcome online competition which may easily include entities that were never considered competitive before.

General competition was considered briefly within the industry evaluation using the 5 forces framework earlier. Since the competition level in the online environment among firms related to beads selling is a huge one there is no sense to assess the whole industry in detail. Therefore, “best-in-class benchmarking” was used as a most suitable tool for online competition evaluation. The question is how to define the “best in class” in case of XY company?

There is actually a simple way of how to identify the best representative of the market. Given the fact that top positions within SERP of any search engine are earned thanks to financial, time and efforts investments, it may be easily concluded that the company which is appearing at the No. 1 position in the primary British search engine, which is google.co.uk, in connection with highly relevant keywords may serve as a good best-in-class example as its position suggests that Internet marketing really is on the agenda within such company.

The keyword which was chosen for the purpose of this little analysis was simply “bead shop”. After inserting this specific search query into google.co.uk, this is what the SERP looked like (see Figure 28).
Figure 28 google.co.uk search engine results page (“bead shop”)

Source: google.co.uk (2014)

The “best-in-class” can be identified at this stage. Website http://www.the-beadshop.co.uk/ seems to have enough authority to gain the first spot within this highly competitive ranking. The Bead Shop is a family business based in Manchester and is operating in the market since 1993. Despite not the most appealing design the strength of the website is documented by the amount of content which is available there. Extensive topic-related, keywords-inclusive content always is a good sign of a quality search engine optimization.

There are certain statistics and measures which can be revealed using some of the online tools providing the data about websites. Using the spyfu.com tool it can be found out that The Bead Shop has presence in the most important social media having 48 Twitter followers and 203 Facebook fans. Further it is estimated that The Bead Shop has approximately
3,380 visitors coming monthly only from the organic results which is quite a big number. This is the most important insight which can be used when proposing a strategy with particular objectives for the XY company. The Bead Shop webpage is appearing in SERP within top 50 spots for more than 3,000 keywords. Moreover, PPC ads made by The Bead Shop are emerging regularly in connection with more than 5,000 keywords. Average visitor of this webpage click through 3,10 pages per visit and spends 2 min. 23 sec. on site per visit. Currently The Bead Shop has 192 backlinks from all around the Internet. Five top search keywords that are sending traffic to the site through search engines are “the bead shop”, “bead shop”, “beads”, “bead store” and “beadshop”. Vast majority of the traffic is coming from google.co.uk.

What are the conversion rates, bouncerates and other important metrics cannot be told but as an illustrative example and the market representative The Bead Shop serves the purpose well. There are some basic data to be compared with and it will be more than useful to look for inspiration at this webpage when proposing a strategy for the XY company. The Bead Shop online approach should force the XY company strategy-makers to adopt such incremental changes and strategies which would lead to improvements that would allow XY company to challenge The Bead Shop at least in some aspects of the Internet marketing.

7.7 Situational analysis summary

Situational analysis has revealed plenty of useful insights. Based on the obtained findings some partial conclusions can be derived. The selection of United Kingdom as a target market for XY company proved to be a good one with the potential being eminent when it comes to beads assortment retailing at the first place.

It turned out that there are no significant macro-environmental factors that would prevent XY company from smooth market entry. Though, several so called key drivers of change which have to be continually reviewed have been identified. These may cause some external shifts that could influence XY company operations in a long run to some extent.

Industrial evaluation paradoxically showed that beads retailing industry is actually not the most attractive one for newcomers. However, it was confirmed that to beat the incredibly intense online competition within the industry it is important to come up with really effective Internet marketing campaign which is the aim of this study.
On the contrary, market and strategic customer evaluation clearly showed that demand potential within online environment is a huge one. Relevant keywords associated with the XY company assortment are searched for heavily and the online visibility proved to be the key to the desired customer attention. Beads and everything around them proved to be highly demanded items on the British Internet which was among other things confirmed by Katie Dean, the specialist in the field, during the interview.

General online survey proved British people to be frequent online shoppers who are not afraid to buy from foreign retailers, who pay the attention to Internet marketing factors during the buying decision-making process and who are mostly aware of “Czech beads” as a traditional shopping article.

Evaluation of current state of Internet marketing within XY company has enabled us to record a initial data that may be continually compared when implementing a proposed strategy. In a similar sense competitive data we obtained through best-in-class benchmarking can serve us for metric comparisons in a course of time.

All in all situational analysis has helped to understand important circumstances surrounding this online market entry and following project of Internet marketing strategy proposal is based on results of both literature review and particular analyses. Findings of both should be taken into account when developing a suitable strategy. To conclude it is important to state that regular analyses reviews and updates are needed to ensure that pursued strategy is up-to-date corresponding to ongoing conditions.
8  INTERNET MARKETING STRATEGY PROPOSAL

Having the theoretical foundation presented and necessary analyses conducted, the stage follows where the task is to come up with particular Internet marketing strategy that would enable XY company both to enter the British market smoothly and to take such market share that would at least cover all costs related to the new market penetration, preferably with additional profits being made though.

The purpose of this chapter is to suggest such strategy that would fit XY company the most and which would match the target market circumstances in a most appropriate way. The process of setting up a strategy involves several different stages, processes and activities and those shall be described within this part of the study. Prior to strategy proposal itself a comprehensive preparatory phase must precede. It includes project mission statement, objectives setting and plenty of other outlooks.

There are some of the standard questions that one has to address when developing new strategy regardless of its nature. Those questions arise at the very beginning of a strategy proposal process and they include following:

- Where are we now?
- Where to go?
- How to get there?

8.1  Where are we now?

First question of those mentioned above has been already answered. Situational analysis conducted earlier more or less tells “where are we now”. Comprehensive market research enabled deriving particular conclusions and all layers surrounding XY company in its environment including all macro-environment, business sector, branding market, strategic customers, competitors and XY company itself were analyzed.

The thing is that market knowledge that has been gained through situational analysis allows tailoring the strategy more precisely and effectively. All acquired insights via situational analysis were already summarized, therefore there is no need to highlight them again.

XY company has had the target website for UK already developed and is ready to use so the task now is to make the full use of it and to aim for objectives that are set within next
sections. However, before next steps in proceedings are taken it would be useful to check the XY company website readiness by a simple test assuring that the website is capable of fulfilling its potential which has been recognized during the analysis of current state.

Such test could carry the name of (girl)friend-test. Its logic lies simply in asking someone unbiased who has never seen the website before to try to use it and make a test purchase for example. This was exactly done. A friend who is actually a very likely source of demand for XY company was asked to use that website which was developed for UK market and to objectively assess her user experience. The result was good. XY company websites seemed to her to be user-friendly and visually appealing at the same time with no difficulties being present while choosing and buying products. To conclude briefly it can be easily stated, based on this experiment, that the website is ready to chase online marketing objectives that will be set later on.

8.2 Where to go?

With the comprehensive knowledge of current situation in different levels of XY company environment in mind it is important to follow up with the game plan creation that would fit that situation suitably. However, prior to doing that it is absolutely vital, and what is often neglected, to identify what should be desirably achieved through the Internet marketing strategy at the first place. The question of where do we want to be is essential for any marketing strategy. The deeper this specification is the better.

8.2.1 General objectives

It would be useful to start the objectives identification from a wider a perspective and continually narrow it down. The overall objective of XY company to be followed in United Kingdom using Internet as a primary marketing tool is to make sales at such levels that would allow the company to reach particular amount of profits. This is what may be called as a primary objective which is superior to all others.

However, besides that there is more than just sales which XY company would aspire to achieve. It would be shame to use online channels and their diverse options for sales making only. What might be suggested to aim for, apart from sales, is the engagement of customers or visitors. As we are moving from transactional marketing towards relationships marketing this is what can make the difference on the Internet. Moreover, the field of beading directly invites this type of marketing.
When talking about customers it is quite important to distinguish between two types of them in case of XY company. Bearing in mind the nature of XY company it is important to remind that its customers include both B2C and B2B entities. Strategic approach towards both types may slightly vary in particular areas, however the strategy proposal itself is designed in a general way to fit both B2C and B2B customers without any further specifications. Following the previous idea the level of engagement is expected to be higher in case of B2C customers though.

Often it is useful to determine the mission of a project and it might be useful in this case as well. The mission of this project of developing an effective Internet marketing strategy for a Czech beads retailer may sound like that:

“XY company strives to use available online media to pursue a marketing strategy in United Kingdom in a way that would effectively enable company to attract, acquire and retain relevant customers who are buying its products and who are engaging online with the company at the same time.”

Having identified general mission of the project, the focus can be narrowed down a little bit and objectives that are subordinate to the primary objective of sales making should be thought out. Putting it in the Ansoff growth matrix terms we are talking about “market development” with the existing product being introduced to the new market by XY company. One of the obvious partial objectives of the strategy related to market development will be the continual website traffic increase. This is a simple though “SMART” objective as indicated:

S – XY company website traffic increase
M – number of unique visitors throughout the year
A – search engine marketing, social media marketing, online PR…
R – appealing website with a great potential already in place
T – 1 year

This partial objective shall be more or less common for all Internet marketing tools that should be adopted within the strategy. To be even more specific this objective can be broken down to particular features of the website traffic that may be traced during the course of strategy implementation and that can be easily quantified and used for performance monitoring. First of all, it is necessary that XY company will implement some of the online me-
metric tools that provide its users with important analytical data and insights regarding the website traffic. It would be useful to adopt two tools in this case – Google Analytics and Yandex Metrika which will be described afterwards. With these metrics being implemented particular desired goals that should be achieved throughout a year can be quantified.

8.2.2 **Key performance indicators**

These special features of website traffic can be called as key performance indicators (KPIs) as they represent the quality of traffic which would be coming to the XY company website. With these indicators being on desired levels XY company can be assured that incoming visitors are relevant and can be considered as potential prospects making sales. Following table (see Table 3) summarizes KPIs with the desired levels as they were set based on an experience. These KPIs concern traffic coming from all traffic sources regardless of online tool used.

<table>
<thead>
<tr>
<th>KPI (Key Performance Indicator)</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visits</td>
<td>8000</td>
<td>10500</td>
<td>14500</td>
<td>17000</td>
</tr>
<tr>
<td>% New Visits</td>
<td>90%</td>
<td>80%</td>
<td>70%</td>
<td>60%</td>
</tr>
<tr>
<td>Pages/Visit</td>
<td>5.5</td>
<td>6.1</td>
<td>7.3</td>
<td>8.2</td>
</tr>
<tr>
<td>Avg. Visit Duration</td>
<td>2:20</td>
<td>3:00</td>
<td>3:40</td>
<td>4:20</td>
</tr>
<tr>
<td>Bounce Rate</td>
<td>40%</td>
<td>37%</td>
<td>34%</td>
<td>30%</td>
</tr>
<tr>
<td>Conversion Rate</td>
<td>1,50%</td>
<td>2,00%</td>
<td>2,50%</td>
<td>3,00%</td>
</tr>
</tbody>
</table>

Table 3 KPI (key performance indicators) – target state

Source: own processing

Obviously each of the adopted online media will have its own partial objectives and own key performance indicators such as click through rate for PPC, social media engagement, subscription rate, search engines positions etc. but this table serves as an overall summary of KPIs regarding the traffic from all sources and it clearly sets particular limits for quarters of the year from the beginning of the strategy implementation.

These indicators have to be reviewed continually. Figures in the table are separate for the each quarter, they are not cumulative. Those figures should be achieved by using effective online channels which are carefully targeted for a relevant audience. The desired state is continually increasing number of visits throughout the year with the number of new visi-
tors obviously being decreasing which is reflected by the decreasing share of new visitors. It is a logical procedure since most of the customers are desirably coming back to the site continually. Average visit duration should be increasing during the strategy implementation while number of pageviews per visit should increase as well. Bounce rate represents the share of visitors who do not click to any subpage and leave the website from the landing page through which they entered the site which obviously should be as low as possible. Conversion rate, arguably one of the most important metrics that should be constantly monitored, means the share of visitors who have made the desired action (e.g. product purchase, leaving a comment, subscribing…).

8.2.3 Financial perspective

These indicators can be put into financial perspective by adding the item “estimate of average order value” and simple conversion-based model can be assumed. By adding this item next to some of the indicators the level of expected revenues which is however based on rough estimates since we have no data to be compared with, coming from the British market, can be calculated. Bearing in mind the nature of XY company operations where strategic customers include both B2C and B2B entities the average order value can be roughly estimated as £40. Now there is a space to think about expected revenues and to build preliminary scenario. For this purpose the static average order value and conversion to be product(s) purchase are assumed. (see Table 4)

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Expected number of visits</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conversion</td>
<td>Expected conversion rate</td>
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<td>0.02</td>
<td>0.025</td>
<td>0.03</td>
</tr>
<tr>
<td>Sales value</td>
<td>Average order value estimate (£)</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Revenues</td>
<td>Expected revenue estimate (£)</td>
<td>4800</td>
<td>8400</td>
<td>14500</td>
<td>20400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>SUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>8000</td>
<td>10500</td>
<td>14500</td>
<td>17000</td>
<td>£48100</td>
</tr>
</tbody>
</table>

Table 4 Expected revenues scenario

Source: own processing
This preliminary scenario does not count with the cost perspective since it is dealt with in the last section of the project part where costs are assessed together with time and risk factors. This is just a simple future outlook denoting desired expected revenues levels which might be ideally achieved through the effective Internet marketing strategy implementation within XY company.

8.2.4 Desired visitors behavior

XY company aims to increase the relevant website traffic as was indicated earlier. Question remains what those visitors should do on the XY company British website in order to align with strategy objectives. General conversion has been set as a purchase of company beads assortment via the British e-shop. However, it is wise to think about other types of visitors behavior which may be considered as favorable for Czech beads retailer. Different customers may have different incentives and final conversions may slightly vary for each group of target visitors. It is useful to summarize this kind of things into an arranged table that would clearly indicate partial objectives for different groups of visitors. (see Table 5)
<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>TARGET VISITORS</th>
<th>CONVERSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary objective</td>
<td>To sell beads assortment online via British e-shop</td>
<td>Beading hobbyists</td>
</tr>
<tr>
<td>Secondary objective</td>
<td>To strengthen B2B contracts</td>
<td>Wholesale buyers</td>
</tr>
<tr>
<td>Secondary objective</td>
<td>To increase number of registered users</td>
<td>Beading hobbyists</td>
</tr>
<tr>
<td>Secondary objective</td>
<td>To increase number of followers in social media</td>
<td>Beading hobbyists</td>
</tr>
<tr>
<td>Secondary objective</td>
<td>To increase the engagement level</td>
<td>General public</td>
</tr>
<tr>
<td>Secondary objective</td>
<td>To increase number of website contributors</td>
<td>Beading hobbyists</td>
</tr>
<tr>
<td>Secondary objective</td>
<td>To increase number of opt-in e-mail subscribers</td>
<td>Beading hobbyists</td>
</tr>
<tr>
<td>Secondary objective</td>
<td>To increase brand awareness</td>
<td>General public</td>
</tr>
<tr>
<td>Secondary objective</td>
<td>To become a trustworthy source of topic-related information</td>
<td>Beading hobbyists</td>
</tr>
<tr>
<td>Secondary objective</td>
<td>To create positive buzz around the brand</td>
<td>Beading hobbyists</td>
</tr>
</tbody>
</table>

Table 5 Desired visitors behavior

Source: own processing

As indicated above the range of partial objectives and of conversion definitions may be quite extensive. It is quite useful to think about objectives in broader perspective and not limit the website only to sales making. Effective online engagement marketing truly requires this consideration and XY company case proves to be wonderful example of company trying to make bonds rather than single transactions. With this list of partial objectives in mind it will be easier to suggest suitable strategy.
8.3 How to get there?

There are plenty of issues that arise at the very beginning of the implementation phase. One of the crucial concerns includes the decision on who will be responsible for proposed online strategy execution. Should it be some sort of specialized agency or should XY company opt for in-house resources?

8.3.1 Web analytics

Another issue includes compliance with objectives that were thoroughly set in previous section. Since some of the targets were identified in numerical terms XY company has to make sure that it is able to measure those quantified objectives. So prior to any particular tactics suggestions it is necessary to provide website with some web analytics tool. Majority of these tools are free of cost even if they bring such important insights for businesses. Adopting two of the most prominent web analytics tools, Google Analytics and Yandex Metrica, seems to be the desired option.

Their inclusion into the website involves simple code insertion into the source code of the website. These tools will enable XY company to monitor ongoing results of proposed strategy. Yandex Metrica, arguably the one less known from two, offers some additional indicators in comparison with Google Analytics. Notably it offers more detailed insights concerning behavioral factors of visitors with interesting functions such as heatmaps showing where visitors click the most (see Figure 29) or video records of individual visits showing what each visitor was doing at the website.
8.3.2 Marketing strategy

Alongside with project mission and objectives general online marketing strategy direction framework should be developed in order to guide all processes including particular online tools implementation. For this purpose adoption of classical online marketing strategy model describing different stages in online buying continuum is suggested. It looks as follows:

- Reach
- Acquisition
- Conversion
- Retention
- Loyalty

These simple points should somehow guide each of the online tools that will be used. Each stage may include different tools of online marketing and different approach towards customers. Besides objectives this should be the base for XY company Internet marketing strategy partly answering the question of “how to get there”. To be more precise in answering that question however particular action plan describing specific tactics has to be proposed.
8.4 Action plan

This subchapter finally summarizes particular tactics that are proposed in order to meet objectives that were set earlier and to follow strategy direction that was described earlier as well. At this stage of the study individual tools that were theoretically described within literature review are presented in case of XY company with their specific features. Hereby possible ways of how to penetrate British beading market in a most effective are suggested. This action plan, as it is called, involves various online marketing tools with their diverse properties that are tailored for this project dealing with beads retailer trying to enter foreign market.

Proposed action plan of XY company should provide the reader with various activities that have to be undertaken. These activities will be the subject of cost, time and risk analyses in the end.

8.4.1 Website marketing

Plenty of issues regarding XY company target website for UK have been already addressed earlier in the study. Since the website is already developed and ready to use there is no chance to significantly influence its overall appearance or decomposition. However, some additional improvements may be proposed in order to enhance website effectiveness at least to some extent. XY company British website proved to be well designed and it passed through (girl)friend test successfully.

Local webhosting

There is no sense in suggestion of a new domain name as it was already registered and paid by XY company and there is no problem with its current form. Beadshop-online.co.uk, as it stands, seems to be quite useful domain name. However, what could be certainly suggested is acquiring of a local webhosting from a local webhosting provider. It is just a little step but it helps. Its main advantage lies in the impact of it on search engines. Search engines robots are more likely to give higher priority to a website which is virtually located in that particular area, United Kingdom in our case. It is just a small investment with a little effect but it is definitely worth considering as it offers some additional benefits such as faster website loading for local visitors what is also quite important.

Additional category
It is believed that website itself should not be only a company presentation or just means to purchase products. Marketers want the visitor to be intrigued and motivated to bookmark the website for repeated visits. To achieve that the web has to be lively and updated regularly with plenty of useful content being constantly added. XY company should strive to add value to customer with the website. In case of XY company it may be useful to include a special category into horizontal menu dealing with beading tips, special techniques, latest trends etc. Such simple subpage can massively help with visitors retention. Offering an experience besides products offers can really make the difference. In a similar sense the option of blog creation will be discussed later on.

Product reviews

When it comes to products category which is quite comprehensive full of various beads types in diverse shapes it would be beneficial to implement possibility of comments and reviews by customers to each item. This type of product which is destined to creative use directly invites this option where people could share their thoughts and experiences with particular beads. It can add the interactivity factor and value for customers as well.

360° photos

If the budget would be sufficient it might be appropriate to consider acquisition of 360degree product photos what is a wonderful technology dominating plenty of e-shops nowadays. However, this step should be assigned a low priority when compared with other factors as it is rather a design good looking tweak than real value adding factor. Though, it could be an interesting graphical addition.

B2B contact form

There is a contact form present on the XY company website. It can be found inside the Contact us subpage. However, this form seems to be very general. There is an option of creating a new separate subpage which would be devoted to information for potential business partners, mainly wholesale buyers in this case. This could make the process of B2B communication and negotiation more effective. Although e-shop is the dominant force of the website, we have to bear in mind that B2B customers cover significant share of revenues. Frequently asked questions (FAQ) section may be considered as well.

Search configurator
What might be well appreciated by the customers is the creation of something like search configurator where customers would be able to specify their requirement with options available in terms of colors, shapes, type of bead or size. It can be a difference making adjustment providing good value for visitors saving their time with extensive searching for desired product.

Responsive design

Another important website adjustment may include the creation of a responsive website. With the number of multi-devices users rising nowadays this could be an important step forward. It simply means the creation of such web design that would be optimized in a way that the website would adjust itself according to device which visitor is using. Website decomposition is then adjusted accordingly (different for laptop, tablet or smartphone).

Testimonials (references)

Based on customers positive feedback it can be useful to place their testimonials anywhere on the website. Such comments of beading hobbyists or designers can add more credibility and assure newcomers that they are dealing with reliable retailer with plenty of good references.

8.4.2 Search Engine Optimization (SEO)

Arguably this is one of the most important parts of online marketing strategy when entering foreign market primarily via website. With such high degree of competition in online beads retailing effective search engine optimization might be the key to successful marketing campaign. However, to get good rankings it takes considerable amount of time, efforts and financial exposures as well. SEO is rather a long-term ongoing process. Definitely it is not a one-time single event. Hereby plenty of activities that should be undertaken in a course of weeks and months are presented. They should help XY company to get desired rankings in search engines.

Keywords

It all starts with keywords. It is all about keywords and their inclusion at various places on the website. Comprehensive analysis of keywords has to be made. Partial keywords analysis of XY company was already presented earlier. This brief list should be extended and final relevant keywords list should serve as a basis for effective optimization.

HTML elements
In terms of SEO XY company is starting from scratch therefore it has to start with basic optimization. Hereby initial necessary steps that are essential for effective optimization are summarized.

- **Readable URLs** – URL addresses should be readable and simple yet, relevant URL should clearly indicate what is the page dealing with, e.g. http://www.beadshop-online.co.uk/category/czech-seed-beads

- **Tag <TITLE>** - these tags should again include keywords related to each page, its text appears as a first row in search engines results, e.g. “The Bead Shop – online UK | United Kingdom Bead Shop” for homepage

- **Meta Description** – this meta tag appears as a main text when shown in SERP, e.g. “The Bead shop is a one stop shop for bead-work and jewellery making online. It contains a vast range of precious beads, lamp work beads, glass beads, and much more.”

- **Meta Keywords** – it is a list of keywords included in source code that tells robots for which keywords page is targeted, e.g. “the bead shop, the bead shop online, beads online, e-shop with beads, eshop beads” for homepage.

- **Tags <H1>, <H2>,…-** these tags are page headings and they help understand the content both visitors and robots, e.g. The Bead Shop <H1>, Why choose The Bead Shop <H2>, Bead Shop products <H2>, Shipping and discounts <H2>

- **Alt attribute with images** – it is a text describing what is in the picture, keywords inclusion important, e.g. czech_seed_beads.jpg

- **XML map – sitemap.xml** is a file that helps robots to understand the structure of the website, its inclusion helps better page indexing

Presented bullet points summarize the necessary basis for quality optimization that has to be done at the very beginning. It is not the exhaustive list but it highlights real basics. These adjustments can be done in a short-term. Two essential processes which cannot are linkbuilding and copywriting.

**Copywriting**

Content in a text form is what matters the most in SEO. Therefore, XY company has to make sure that it supplies its website with rich and more importantly relevant content. There have to be distinguished between content aimed for people and content aimed for crawlers. More extensive content means bigger website authority.
Since XY company has quite extensive product portfolio with various types of beads it offers the opportunity to cover it with texts containing important keywords. Each category should have its unique content. Luckily enough beading is such field which really invites interesting copywriting. However, content marketing itself is described later. At this stage it is enough to say that website content should be somehow original, creative, unique, useful, up-to-date, accessible and most importantly linkworthy.

**Linkbuilding**

Linkbuilding, probably the most important process of SEO together with copywriting, is another step that has to be considered and carefully planned. The ultimate goal of linkbuilding strategy is to continually acquire backlinks from relevant topic-related sources such as portals about beading, blogs about beading, online magazines, online catalogs etc.

Obviously getting backlinks is not a free of cost activity. It takes time to research relevant sources, it takes some efforts to communicate with counterparts and negotiate terms of cooperation and it takes some money to get really good links, or alternatively mutual exchange of backlinks is possible. Generally, ongoing linkbuilding strategy should be adopted in order to get higher Pagerank, higher website authority in other words. Besides that, it is possible and very useful to get backlinks from own sources, e.g. from a blog which is run on other domain, from microsites that could be developed or via social media sharing. I suggest establishment of all of the mentioned.

Another form of linkbuilding, which is mixed with copywriting to some extent, is the creation of targeted internally written PR articles and their paid inclusion at various websites dealing with beading, with the backlink to XY company landing page already being included within the text.

Little research of possible backlink sources for XY company have been done and hereby their locations are presented:


http://countrystylefashion.com/beads-and-jewelry


http://www.womenfarmstore.info/kinds-of-beads.html

URLs themselves indicate the relevancy of these sources and for the beginning of the campaign these could be wonderful initial source base that should be continually extending. See Figure 30 to check how such relevant backlink at external website with internal PR article may look like.

![Figure 30 Exemplary backlink (referral) from external source](image_url)

Source: nvacs.com (2014)

8.4.3 PPC (pay-per-click campaign)

PPC campaign, when compared with SEO, offers several advantages especially at the beginning of the project as it is faster way of addressing prospects and it is possible to run it almost immediately. For an effective foreign market penetration this could be the most important online tool in first few weeks bearing in mind that there is no brand awareness about XY company so far in UK.

First of all, the decision has to be made on which PPC system should be used. Since google.co.uk is by far the most important search engine in UK it is clear that Google AdWords should be used.

Another issue includes the target area and target keywords selection. Keywords analysis for XY was already made therefore PPC campaign should be based on it. As a target area
whole UK can be selected. Average CPC for selected keywords are already known (see Table 1) therefore the budget that should be allocated for PPC campaign can be figured out. As a reasonable level it is suggested to allocate 5,000 CZK per month as a credit with the possibility to gradually increase the amount if PPC will prove to be profitable source of traffic. In order to follow this monthly budget effectively it is important to set a maximum daily budget which can be used. In this case circa 170 CZK are proposed.

Prior to particular ads creating dividing of the campaign into 2 sections according to focus, with one focusing on B2C customers and one on B2B customers should take place. Budget allocation could be 80% for B2C and 20% for B2B. Particular ads with focus on specific keywords groups can be designed then. Each ad should be designed in a way that it would attractively describe what potential visitor may expect at the landing page associated to particular ad. Plenty of possible ads for XY company have been proposed (see Figure 31).

Figure 31 XY company PPC ads
Source: own processing
As always this campaign should be optimized regularly according to various parameters such as CTR, CPC, conversion rates etc. Ads should be then repeatedly adjusted accordingly. In a similar way it might be useful to consider PPC campaign on Facebook as well. Its sense is similar and it additionally offers the possibility of image inclusion in the ad. Besides that it offers a little more sophisticated targeting.

8.4.4 Content marketing

Some basic comments regarding any forms of content were already made within previous sections, however, hereby further options on how to deliver useful content for both customers and search engines are presented. As it was made clear earlier, content really matters and continuous creating of a content foundation for XY company website that is as rich as possible is recommended. Current website as it was developed covers basic information and provides a solid base for further additions.

Blog

First of all, a blog run by XY company can be a wonderful website update. It can be either run on a website itself or at a separate domain with plenty of backlinks referring to the website which might be very useful option as well. This blog can virtually deal with anything which is somehow related to beading. It would be one of the value-adding options that should be encouraging customers to visit website regularly to get the latest news and trends from the field.

Apart from regular updates in this blog made by XY company contributors, the great thing would be to allow its followers to contribute with their content and their experiences which again can add factors of interactivity and sharing. Based on this idea the blog could be called “Beading Buddies” with a connotation “Firsthand daily beading inspiration”. It supposed to be an online place where beading enthusiasts can easily find relevant information concerning beading in general, e.g. latest trends, info on events, opinions, glosses, reviews, articles etc.

Forum

Besides blog creation, another addition may include forum creation. It should provide website users with an opportunity to ask questions addressed to XY company representatives concerning additional products info, shipping possibilities, discounts etc., especially types of questions that are not covered within FAQ section which was described earlier. Apart
from this purpose, it can also serve as a platform for communication between users themselves. Such tool can help with building a community which would be surrounding XY company and its online activities in UK what is actually one of the main objectives.

**Tutorials**

Special category dealing with beading tips was proposed already within website marketing section. If the blog would be run on an external webpage this could be the place where particular blog posts can be shared and transferred to the website itself. Besides that it may be useful to use this section as a source of tutorials for beads lovers. As Katie Dean suggested in the interview it might be helpful to sponsor some beading designers who would promote XY company. If that would be the case there could be a mutual cooperation with them shooting short videos presented as beading tutorials (webcasts). Beading tutorials are quite popular in UK and a connection with YouTube account with these videos being placed in that section could again add a great value for website visitors.

**Microsites**

What might be the useful content source aimed especially for search engines is the creation of carefully targeted microsites. Microsites are webpages run on separate domains dealing with particular topics referring to the parent site, XY company British website in this case. Microsites, if built properly, have a good value for SEO and help to transfer traffic to the parent site as they are built in a way to get high rankings for specific relevant keywords. In our case XY company may set up microsites for each type of beads it offers (Czech seed beads, pressed glass beads, fire polished beads...) with unique, extensive keywords-inclusive texts, providing in-depth information about these products, referring (linking through backlinks) to selected landing pages, product subpages in this case.

**RSS**

To help XY company website visitors to get latest news from the website immediately implementing of RSS is recommended. It is a simple feed-based system that informs its subscribers about newly published content at the website in a brief format with basic info (e.g. new blog post, new tutorial published etc.). RSS reader, a simple panel summarizing latest feeds, can be located wherever on the website, ideally below the current vertical menu on the left side. In a similar way, the sidebar widget for XY company social media news should be implemented and placed just below RSS panel. In that particular area at the side a calendar highlighting various topic-related events may be implemented as well.
8.4.5 Social media marketing

When it comes to social media marketing, online marketing phenomenon in recent years, it is proposed to set up as many profiles as possible in order to increase the potential of successful brand awareness spread. Social media might not be the best sales-driving vehicle but they offer a great platform where engagement plays the crucial role which significantly helps to build relationships with customers.

Facebook

Facebook page is a must for XY company even though it has zero brand recognition in UK so far. However, with the lively website content and with coherent online promotion the number of fans will be increasing naturally. The first step includes Facebook page establishment. This page should serve as a hub for all members of virtual online community surrounding XY company and its website. All new blog posts, tutorial videos, new products inclusions etc. should be shared there to reach social media users. This page should be somehow in line with XY company website identity and its content should follow overall philosophy of the company. Regular updates and consistent communication is needed at least on a weekly basis. Besides page administration itself, using Facebook ads and opting for sponsored stories may help especially at the beginning of the market entry.

There are plenty of ways of how to create a desired buzz around the Facebook page. Launching of some interactive contests may do the trick. There might be a contest of most interesting photo with beads purchased from XY company for instance. Or the contest of most liked design made from beads by XY company etc. Again it is important to let customers to get their content shared by XY company Facebook page. It is important to ask questions and tell stories as well to gain the engagement. There are countless ways of creative use of Facebook, it just takes some time and little thinking to invest, however, the output in the end may significantly help XY company to penetrate the market successfully.

Twitter

Twitter is a little more popular in UK than in Czech Republic therefore it is wise to set up an account there as well. It might again serve as a platform for getting latest news from the company throughout short yet meaningful tweets that might be linked with various hashtags developed by XY company, e.g. #beadingbuddies.
Twitter account again should somehow follow XY company brand identity in terms of page adjustments. Content there should be more or less similar as in other social media accommodated for the needs of Twitter though. Creative use of hashtags associated with particular XY company content may be useful. When developing a new content for XY company website, Twitter should be probably the third destination in a row just behind website itself (or blog) and RSS. The message can be spread in other social media then. The syndication of content throughout all social media can be done automatically these days. In the end of this chain the most popular content can be carefully chosen and used for e-mail newsletter inclusion for instance.

Besides regular posting of new website-related content it is desirable to interact on Twitter via mentions and retweets with relevant stakeholders of XY company and with authorities of the beading field including famous designers, popular bloggers and copywriters, people contributing to beading magazines, people organizing beading events etc. It is also important to follow latest trends and popular hashtags on Twitter and be able to respond to them in a creative way. As for other social media, placement of “subscribe” button on the XY company website is suggested.

As always it is important to use appealing profile image, header image and background image, catchy bio, valuable and keywords-inclusive content accompanied by website backlinks and to follow integrated content strategy.

Google+

Generally Google+ offers very similar services as other social media. Though it has some advantages that may be used by XY company. With business Google+ profile XY company can participate in communities as it would have been a personal profile which offers a wonderful opportunity for additional interactions. Besides that the most unique element of Google+ is possibility of hangouts, video chats in other words, with multiple viewers. This feature means an opportunity for XY company to organize regular live webinars dealing with beading tips, techniques etc. Moreover, Google+ account can be easily connected with Youtube account which offers additional sharing options.

LinkedIn

While other social media should be used rather for B2C communication using LinkedIn for both B2C and B2B communication with emphasis on the latter is possible. XY company LinkedIn profile should be focused more in a professional way when compared with other
social media with the emphasis being placed on building a network of business partners including suppliers, wholesale buyers, press-people etc. It might be useful to connect LinkedIn with Twitter to allow simultaneous posting.

**YouTube**

YouTube channel should serve as a hub for all video materials published by XY company including especially beading tutorials, webinars replays, interviews etc. Cross-promotion through our social media channels is important in case of YouTube. In a similar way for images publishing Flickr may be adopted as well.

**8.4.6 E-mail marketing**

It is fair to say that e-mail marketing as a form of online promotion has bigger influence and potential rather in B2B communications. E-mail marketing should not be assigned huge importance in case of XY company when compared with other online tools. However, at least few activities involving e-mail might be considered.

First of all, in case of B2B communication, e-mail exploiting in connection with targeted telemarketing is possible. When looking for potential B2B partners the combination of cold calls and e-mails may be useful. XY company would be contacting potential prospects by phone and in case of permission it would establish further communication by e-mail with specific information about XY company being sent including catalogues, possible terms and conditions, references etc. This could be an effective way of partners reach and acquisition. The database of prospects would be continually formed.

When it comes to B2C communications monthly sending of e-mail newsletters to registered subscribers who used website registration form is suggested. This newsletter would be summarizing latest news from the company (exclusive content, events, offline activities, discounts, new products…) in a form of simple PDF document designed in a look of beading magazine. The possibility of subscription for e-mail newsletters should be regularly promoted through various channels such as social media etc.

B2B e-mails should be written in a more formal and professional way with exact subjects and clear message to the point while with B2C e-mails there is a space for creativity and bit more free communication. In any case formal layout of all e-mails sent by anyone from the company should be uniform and consistent.
Besides direct B2B e-mails and regular B2C newsletters it is important to conduct ongoing communication dealing with sales issues including order status, pending orders, complaints etc. This should be a daily activity for a responsible person for this type of communication. Implementing of the online chat at the website may be the additional option for this purpose as well. Another form of e-mail communication may include promotional or notification e-mails that would inform or remind its recipients about specific irregular issues such as participation of the XY company at the beading fair, interview involving XY company being published in a beading magazine and about similar offline activities.

8.4.7 Online PR

When it comes to online PR there is a possibility of targeting the specific communication at three groups of so called trend-setters:

1) UK beading designers

2) beading magazines representatives (Bead Magazine, Beads & Beyond Magazine…)

3) authoritative beading copywriters (popular bloggers, popular social media pages…)

Ad 1) As Katie Dean suggested earlier during the interview it may be well appreciated if XY company would sponsor some handy UK designers and provide them with free samples for their projects in return for a little promotion. They would promote XY company products in a truly creative way by making unique designs using Czech beads. Even though it is rather an offline activity this cooperation would be obviously communicated online via specific PR articles published at various places as well. Mrs. Dean mentioned the possibility of attending bead shows in UK among other things and it could be yet another wonderful offline activity supported by thorough online PR communication.

Ad 2) There are plenty of magazines dealing with beading in UK. There is even a Bead TV not to mention the number of beading groups and societies bringing together people with the common hobby. People involved in these entities again represent influential force within the market and targeted communication through various channels is needed to ensure positive relationships and mutually beneficial cooperation.

Ad 3) In a similar sense the communication with authorities of the field has to be carefully planned. Backlinks exchanging or positive referencing might be the option.
8.4.8 Display advertising

Following on previous section with trend-setters groups being identified there might be a consideration of type of cooperation that would involve the possibility of purchase of advertising space at counterparts websites. This space would be covered by decent banners made by XY company that, when clicked on, should re-direct visitors to XY company British e-shop.

8.4.9 Online marketing tools summary

Following table (see Table 6) briefly summarizes particular tools that are proposed within the online marketing strategy of XY company which is carefully targeted for British market penetration. Each proposed tool is generally outlined using few reflecting keywords.

<table>
<thead>
<tr>
<th>ONLINE MARKETING TOOL</th>
<th>STRUCTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website Marketing</td>
<td>local webhosting, product reviews, 360° photos, B2B contact form, search configurator, responsive design, testimonials</td>
</tr>
<tr>
<td>SEO</td>
<td>on-page optimization, off-page optimization</td>
</tr>
<tr>
<td>PPC</td>
<td>Google AdWords campaigns (B2C vs. B2B)</td>
</tr>
<tr>
<td>Content Marketing</td>
<td>blog, forum, tutorials, microsites, RSS</td>
</tr>
<tr>
<td>Social Media Marketing</td>
<td>Facebook, Twitter, Google+, LinkedIn, YouTube</td>
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<tr>
<td>E-mail Marketing</td>
<td>telemarketing-related, newsletters, promotional e-mails, notification e-mails</td>
</tr>
<tr>
<td>Online PR</td>
<td>trend-setters communication</td>
</tr>
<tr>
<td>Display advertising</td>
<td>banners</td>
</tr>
</tbody>
</table>

Table 6 Online marketing tools summary

Source: own processing
8.5 Cost – Time – Risk analysis

There are plenty of factors that have to be examined and justified when developing any project. To check the feasibility of this project proposal several assessments have to be made. Among the most influential decision-making factors definitely belong costs, time and risks and these are highlighted within this section.

8.5.1 Cost analysis

There is a well-known academic tool called Cost-Benefit Analysis (CBA) which is often used for assessing projects. It simply compares expected benefits vs. expected costs and usually helps decision-makers to choose the right strategy from many possible. Since potential benefits of this strategy proposal, expected future revenues (see Table 4) in this case, were already examined, at this stage costs remain to be assessed.

The overall budget allocated to Internet marketing by XY company will consist of several items. Basically, each Internet marketing tool can have its own budget. However, there are inter-linkages between the items therefore we cannot separate them totally. Moreover, they must be flexible, especially in cases when some tools will prove to be less effective than others. In such situation money spillovers between the items will be needed.

Another essential thing that has to be taken into account by XY company financial planners is that they have to count with ongoing financial disposal on a monthly basis as vast majority of proposed tools involve continuous activities with regular payments as well. There are very few activities in Internet marketing that can be considered as one-off.

As was indicated earlier there are two basic approaches how to implement the proposed strategy, either by employing an Internet marketing specialist who would be responsible for Internet marketing strategy operations as a regular XY company employee or by hiring an external agency. Both options are assessed (see Table 7).
<table>
<thead>
<tr>
<th>Tool</th>
<th>Scenario 1 (in-house resources)</th>
<th>Scenario 2 (agency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website adjustments</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>SEO</td>
<td>4,000</td>
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<td>PPC</td>
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<td>6,000</td>
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</tr>
<tr>
<td>Online PR</td>
<td>200</td>
<td>1,000</td>
</tr>
<tr>
<td>Display advertising</td>
<td>2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Labor costs</td>
<td>9,600</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>£25,600</td>
<td>£31,100</td>
</tr>
</tbody>
</table>

Table 7 Project costs estimates (scenarios)

Source: own processing

Website adjustments costs are one of few that shall be spend at one go. They are the same for both scenarios as they would be most probably done by externalists anyway. SEO costs include direct costs related to linkbuilding and copywriting while PPC costs cover advertising credit paid to search engines. Content marketing costs include domain name registrations (blog, microsites…), local webhosting acquisition and similar additional costs related to webpages establishment. Social media costs again cover advertising credit. E-mail marketing costs involve especially acquisition of targeted databases of potential B2B partners. Online PR covers sponsorship costs while display advertising means banners costs. Labor costs are based on the assumption that a potential employee would be working 5 hours a day, 5 days a week with the cost of £8 per hour for XY company. All costs within scenario 2 that are different from scenario 1 are higher by agency profit that would be added.

It turned out that the option of in-house resourcing by hiring a qualified employee would make XY company being better off on this occasion. It would obviously have plenty of other benefits such as easier communication or better control in addition. To confirm what is obvious, return on investment (ROI) for both scenarios was calculated. Gains from investment in the formula are represented by expected revenues that were calculated earlier (see Table 4) which were estimated at £48,100.

ROI Scenario 1 = (48,100 – 25,600)/25,600 * 100 = 87, 89 %
ROI Scenario 2 = (48,100 – 31,100)/31,100 * 100 = 54, 66 %
8.5.2 Time analysis

Time frame for the project itself is set to be one year with the start of the implementation being considered during the summer. Google Trends results have shown that “beads” and similar topic-related keywords are searched for in relatively stable volumes throughout the year without major diversions therefore there is no need to time the project launch in any particular month. However, XY company should not limit itself with online marketing activities implementation just to one year. It rather should strive to pursue suggested strategies continually with regular adjustments. Once the effective well-established online presence is achieved it takes just low-cost maintenance to keep up.

Despite most of the activities within the project being continuous in time, simple time outline was developed using an elementary Gantt chart (see Table 8). Additionally some of the discontinuous activities were the subject of PERT analysis in order to estimate likely times of different short-term stages of the project.

![Gantt chart](image)

**Table 8 Project timeframe (Gantt chart)**

Source: own processing

As the timeframe indicates, most of the major Internet marketing activities are rather continuous needing regular updates, reviews and optimization in particular. And it is what the whole Internet marketing is all about, being lively, up-to-date, active, and involved. There are only few one-off activities that might be of an influence for XY company, continuous
activities are really in heart of proposed strategy and this approach with e-marketing specialist in charge of XY company online activities should enable it to successfully penetrate the market.

8.5.3 Risk analysis

There are plenty of adverse events which may occur throughout the proposed strategy implementation that can endanger smooth flow of the project. These possible risks have to be assessed in order to have the general awareness of what can go wrong and it should help responsible people to tackle these risks once they occur in a most efficient way. It is important to have a scenario prepared for each risk which is identified.

In the first place it is important to identify possible risks which may be encountered by XY company. They have to be assessed and evaluated in terms of probability and impact on the project. Action plans for treatment of possible risks should be developed then. Some of the general risks which may negatively influence XY company on their way to British market penetration were listed (see Table 9) and particular values of probability and impact were assigned in a following manner:

<table>
<thead>
<tr>
<th>Probability:</th>
<th>Impact:</th>
</tr>
</thead>
<tbody>
<tr>
<td>0,65 – 1,00 High</td>
<td>5 - Severe</td>
</tr>
<tr>
<td>0,35 – 0,65 Medium</td>
<td>4 - Significant</td>
</tr>
<tr>
<td>0,00 – 0,35 Low</td>
<td>3 – Moderate</td>
</tr>
<tr>
<td></td>
<td>2 – Minor</td>
</tr>
<tr>
<td></td>
<td>1 – Minimal</td>
</tr>
<tr>
<td>RISK DESCRIPTION</td>
<td>PROBABILITY</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Major changes in EC Directive</td>
<td>Low</td>
</tr>
<tr>
<td>Adverse exchange rate changes</td>
<td>Low</td>
</tr>
<tr>
<td>Demand downturns</td>
<td>Low</td>
</tr>
<tr>
<td>Increasing competition from Japan</td>
<td>Medium</td>
</tr>
<tr>
<td>Incompetent person hired</td>
<td>Medium</td>
</tr>
<tr>
<td>Inappropriately set objectives</td>
<td>Low</td>
</tr>
<tr>
<td>Wrongly set keywords targeting</td>
<td>Low</td>
</tr>
<tr>
<td>Website breakdowns</td>
<td>Medium</td>
</tr>
<tr>
<td>Incorrect measurements</td>
<td>Low</td>
</tr>
<tr>
<td>Incorrect optimization</td>
<td>Low</td>
</tr>
<tr>
<td>Failing suppliers cooperation</td>
<td>Medium</td>
</tr>
<tr>
<td>Hacker attacks</td>
<td>Low</td>
</tr>
</tbody>
</table>

Table 9 Project risks identification

Source: own processing

The list is by far not exhausted but it summarizes some general threats which XY company should be prepared for to tackle if they ever occur. In a similar sense additional potential events should be continually reviewed throughout the project implementation. Identified circumstances comprise of both internally and externally driven risks. Hiring of a competent person for the e-marketing specialist position seems to be the critical internal process for potentially successful market penetration. Nevertheless, there are also plenty of external factors which XY company should definitely keep an eye on to protect itself from harm consequences. In any case continuous risk assessments should be an integral part of the proposed strategy.
CONCLUSION

Internet truly plays a major role in our lives nowadays and it has an incredible impact for businesses as well. Being able to effectively handle online environment means so much these days in most of the markets. Internet marketing is proving to be a discipline providing companies with an important source of competitive advantage. It really can make the difference as long as it is done correctly. This basic consideration was a fundamental premise for this master thesis.

Internet marketing being set as a main field of interest of this study was the first step towards its completion. Since this discipline is a quite general concept encompassing various facets, narrower focus had to be adopted. The idea was to suggest an Internet marketing strategy that would help selected company to penetrate selected foreign market and to establish a strong online presence which is supposed to be a major source of competitiveness in that particular market, United Kingdom in this case.

When it came to company selection itself, Czech beads retailer was chosen as it offered a wonderful opportunity of a company trying to enter highly competitive market with quite specific though traditional product which is internationally sought-after and highly valued article. The vision of the company was to use Internet marketing tools in order to address target audience and that is how purpose of this study was formed.

Comprehensive literature review has shown that the area of Internet marketing is covered extensively and that there is a wide range of Internet marketing tools that might be used while developing a strategy. These available tools were assessed from the theoretical point of view and their potential has been revealed. This study could not be labeled as “one of its kind” though the foreign market penetration focus adds an extra perspective to it which hopefully could make at least some implication for future research. The study is not exactly filling in the gap in the literature as it is rather making contribution to the area which is not as much covered as other areas related to Internet marketing.

Analytical part of the thesis is mainly focused on evaluation of XY company business environment including its both external and internal layers in United Kingdom. Macro-environmental analysis has revealed plenty of key drivers of change which have to be continually reviewed while five forces analysis has confirmed that the beading industry is truly a competitive one in UK. In-depth market analysis has shown the huge potential that this market offers and it turned out that Internet marketing really is the key to successful mar-
ket entry. Competitive analysis was used then to highlight the best-in-class representative serving as a role model for XY company. Prior to strategy proposal itself current state of Internet marketing in XY company was evaluated.

The project part itself then utilizes both theoretical and analytical knowledge and based on it delivers a strategy which is tailored exactly according to circumstances on the market. Several Internet marketing tools have been proposed with the focus being mainly concentrated on inbound marketing tools which are concerned with how to get found on the Internet. These are continually proving to be much more effective than their outbound counterparts and shall be given bigger priority while penetrating new market.

Based on what has been done some general deductions can be made. Obviously there is almost nothing which can be surely guaranteed within Internet marketing. However, with proposed strategy being pursued in a right way there is a high probability of XY company entering British market successfully, gaining reasonable market share, recording healthy revenues and developing positive brand awareness, with all of these being achieved in the course of one year following the strategy proposal.

There were certain limitations of the study throughout its processing however they were never really threatening the credibility or relevancy of it. One of such may be the impossibility of author’s physical presence in United Kingdom, XY company target market. However, this limitation was easily overcome by using online resources and communication tools.

All in all I believe that this thesis can have an impact for both academic research and XY company itself, the latter probably being more eminent. However, it should not be treated as an ultimate guideline to success. Internet being a constantly changing environment really requires ongoing reconsiderations when it comes to marketing approach to it and that is the case of this strategy proposal as well. If it won’t be regularly adapted according to actual circumstances it simply won’t be successful. If it will be regularly adapted, and it is the challenge for future research, it can likely become a valuable piece of work.
BIBLIOGRAPHY


# LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B</td>
<td>Business-to-Business</td>
</tr>
<tr>
<td>B2C</td>
<td>Business-to-Customer</td>
</tr>
<tr>
<td>CBA</td>
<td>Cost-Benefit Analysis</td>
</tr>
<tr>
<td>CPC</td>
<td>Cost-per-Click</td>
</tr>
<tr>
<td>CRO</td>
<td>Conversion Rate Optimization</td>
</tr>
<tr>
<td>CTR</td>
<td>Click-Through-Rate</td>
</tr>
<tr>
<td>CZK</td>
<td>Czech Koruna</td>
</tr>
<tr>
<td>EC</td>
<td>Electronic Commerce</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FAQ</td>
<td>Frequently Asked Questions</td>
</tr>
<tr>
<td>GBP</td>
<td>British Pound Sterling</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HTML</td>
<td>HyperText Markup Language</td>
</tr>
<tr>
<td>IAB</td>
<td>Interactive Advertising Bureau</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technologies</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
</tr>
<tr>
<td>PDF</td>
<td>Portable Document Format</td>
</tr>
<tr>
<td>PERT</td>
<td>Program Evaluation and Review Technique</td>
</tr>
<tr>
<td>PPC</td>
<td>Pay-per-Click</td>
</tr>
<tr>
<td>PR</td>
<td>Public Relations</td>
</tr>
<tr>
<td>RSS</td>
<td>Rich Site Summary</td>
</tr>
<tr>
<td>SEM</td>
<td>Search Engine Marketing</td>
</tr>
<tr>
<td>SEO</td>
<td>Search Engine Optimization</td>
</tr>
<tr>
<td>SERP</td>
<td>Search Engine Results Page</td>
</tr>
<tr>
<td>SMART</td>
<td>Specific, Measurable, Achievable, Relevant, Time-bound</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>TV</td>
<td>Television</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>URL</td>
<td>Uniform Resource Locator</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
</tbody>
</table>
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APPENDICES

Appendix PI  Online survey form
Appendix PII  Additional online interview with Jennifer Airs
Appendix PIII XY company website previews (spring discounts)
**APPENDIX P I: ONLINE SURVEY FORM**

### Online Consumer Behaviour in UK

Hi, my name is Jakub and this is a very short and general online survey which should help me with my master thesis processing. It is just a prerequisite for the further research and hopefully I will get some useful initial insights. Completion of this survey should not take more than a few minutes. The purpose of this survey is to gain some general insights regarding online consumer behaviour of UK Internet users. All data will remain confidential and will be used for academic purposes only. Thanks for cooperation.

*Required

**What is your gender?**
- □ Female
- □ Male

**What is your age group?**
- □ 15-29
- □ 20-34
- □ 35-60
- □ 60+

**Do you normally shop online?**
- □ Never
- □ Occasionally
- □ Quite often
- □ Regularly

**How often (approximately) do you shop online?**
- □ Rarely
- □ Monthly
- □ Weekly
- □ Daily

**Have you ever bought any product from a foreign online retailer?**
- □ Yes
- □ No
Would you be willing to opt for foreign online retailer if he would be clearly offering above average product/service quality or high degree of product/service differentiation?

- I would.
- Generally, I prefer domestic retailers.
- It depends (costs, credibility...).

When looking for a particular product do you start your buying process with an online research?

- Yes, always.
- Yes, very often.
- Yes, from time to time.
- No.

When looking for a suitable online retailer do you put emphasis on a website position within search engine results page?

- Yes.
- No.

When using search engines do you click on "sponsored links" (PPC ads - those placed on top, bottom and alongside organic results) as well?

- Yes.
- No.

Do you check social media profiles of the company before making an online purchase?

- Yes, always.
- Yes, very often.
- Yes, from time to time.
- No.

Have you ever made an online purchase based on the information you got through social media?

- Yes.
- No.
To what extent are following internet marketing tools and their effects important for your online purchase decision-making?

<table>
<thead>
<tr>
<th></th>
<th>Extremely important</th>
<th>Important</th>
<th>Does not matter much</th>
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<tr>
<td>Search engines (organic results)</td>
<td>○</td>
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<td>○</td>
</tr>
</tbody>
</table>

Have you ever heard the term "Czech beads"?

○ Yes.
○ No.
Firstly, let me thank you for your willingness to cooperate and to provide me with important insights coming from a specialist in the field of beading. Your feedback should help me significantly with my academic research. My study is dealing with a proposal of an effective internet marketing strategy of a Czech company selling beads (both as a wholesaler and B2C retailer) which would like to enter the British market using available online marketing tools.

1) Could you please tell me when and how you developed a passion for beading?

My first strings of beads were made from when I was about 4 years old from melon seeds dyed with food colouring. In my 20s I discovered gemstones at the (then) Neal Street Bead Shop in London and spent many happy years buying and stringing gemstones. I came to Czech shaped beads in the 1980s when I used them to decorate ribbon purses. I got hooked on seed beads in the early 1990s and am still addicted.

2) Beading is a quite common hobby in UK, isn’t it?

More common than it was 25 years ago, but nowhere near as popular as knitting or sewing.

3) I suppose you have ever heard about Czech beads, haven’t you? What is the view of the Czech beads among British beading hobbyists?

Initially wary of the irregularity of Czech seed beads, I came to love size 15 charlottes and started experimenting with Czech seed beads. They work well in designs that don’t need the precision obtained from some Japanese seed/cylinder beads, and often have wonderful colours.

4) Czech beads are sought-after article in UK do you think? Lots of Czech companies actually supply beads to UK so the demand is considerable I guess, is that the case?

I’ve sold designs using Czech Mate type beads and other Czech shaped beads (eg firepolish, dagger) to UK Magazines; Bead TV; and taught classes at UK Bead Shops, bead groups and Shows using these type of beads. I’m taking a variety of the new Czech shaped beads (including some Czech Mate ones) to the Priory Beading Group at our next meeting because the members are curious about the new beads but unsure how to use them. They
all adore the new Czech coatings on Miyuki beads (nearly all members use Miyuki in preference to other makes of seed beads).

5) When acquiring beads do you prefer personal purchase or you opt for online purchase as well?

I do both. I teach at a local Bead Shop and will buy in store; but will also buy online because new bead colours and shapes are often available online before they’re in the shop. I also buy at Bead Shows and online from other bead shops.

6) What are the most likely factors that influence your selection of beads retailer you would buy from?

Reliability and range of products are the main criteria. I have several hundreds of tubes of seed/cylinder beads but nearly always need to buy in more beads (usually in different sizes to those I already have). I do tend to use retailers I know well.

7) With dozens of online bead shops being competitive in UK what would you advise to a (Czech) newcomer to the market to get attention?

a) Supply free samples to UK Bead Magazines so that these can be offered to readers as part of a contest

b) sponsor a well known UK beadwork designer to design and advertise patterns using your products (I am available – Jennifer Airs, over 100 beadwork designs published in magazines/books/on Bead TV; website is www.jdjawellery.co.uk and my email is Jennifer.airs@btinternet.com)

8) Would you be able to highlight any latest trends within the beading industry which might be of interest for the Czech beads suppliers?

My most popular designs involve “traditional” beadwoven stitches such as peyote and herringbone, often incorporating new style shaped beads; and these are the sort of designs that people want me to teach. My bezel classes which use new shaped beads in the bezel are particularly popular (where a shaped ring of beads holds a cabochon captive – eg: see photos – on the left with 9mm Czech glass rings used as bails and on the right with Rizo beads incorporated into the bezel.)
9) If you have any further comments related to the topic feel free to share them with me.

Once again thanks for your kindness.

Jakub Řehulka