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## **E-shop – the Innovative Way of Sale and Communication**

*Currently, e-shop is very common form of retail sale. Today's consumer is very demanding and increasingly prefers shopping from the comfort of his home. Therefore, individual businesses are trying to meet this trend and in addition to traditional forms of marketing they are also offering online purchasing options. However, e-shop offers a personal approach to dealing with customers and allows building long-term relationship.*

### **Introduction**

Internet is rapidly evolving source of information. Today it is a place where people meet each other. Why waste time shopping in the mall? The book, digital camera, vitamins or computer we can buy online with a few clicks in a few minutes and courier brings it directly home. Why waste time reading advertisements and looking for a supplier by walking around town? On the Internet in a few seconds we can find 10 vendors from which we can choose the best one.

Internet sale as a form of retailing is a powerful tool for building a competitive advantage. Since its operation does not require any huge investment, frequency of this form of sales increases in all product groups from the food through cosmetics, books or electronics.

On the one hand, sale via internet provides customer convenience, which requires, on the other hand, the retailer can easily collect a huge amount of information about customers and consequently improve own products and services for customers.

### **Methodology**

Examination of effectiveness and legitimacy of the establishment and operation of Internet business is a very complex process. There are more possible aspects that must be covered. On the one hand, there are economic factors such as revenue, net income and other indicators of the sale effectiveness. On the other hand, we have to evaluate the non-economic factors such as store image or a good relationship with customers.

In order to demonstrate particular effects we have chosen the newly created e-shop with natural cosmetics. The observed e-shop started its existence at the end of December 2011 that is why there are not sufficient data for deeper analysis. However, based on the basic statistics of visitors and customers we can evaluate very easily immediate effects of effort on attendance and sales of monitored subject.

At this stage, the main aim of the business is to increase knowledge about the business and its presentation to potential customers who prefer buying on the Internet. The communication policy includes business activities in order to make the store visible in the area of Slovak Internet. Therefore we will focus on the individual communication campaigns and their primary and secondary economic benefits through the customer's attendance and economic activity via these indicators:

- net income per one visitor,
- net profit.

Both of these parameters we obtained from internal statistics of observed e-shop.

### **E-shop as a form of retail**

Kotler defines retailing as the sum of all activities associated with the immediate sale of products and services to final consumers for their personal, non-commercial use. Although critical part of the retail trade is carried in retail outlets, in recent years the proportion of retail sales with no sales spaces significantly increases.<sup>1</sup>

In today's modern era it is mostly online shop, which is very flexible form of retailing. Its flexibility lies in the fact that within the virtual computer world it can provides its customers with a wealth of information and services "sewed" to customer's rate.

Quality e-shop does not only mean the creation of applications for the sale of goods via the Internet, but it is also the tool that saves customers time and money. When the e-shop wants to be competitive it should meet several of the following criteria:

- Full range of company products.
- Detailed descriptions of each of the products.
- If possible quality detailed photos of each product.
- Additional information such as operating rules, complaint rules, mode of transport, payment options.
- Consultancy and recommendations by various publications, customer comments or references to other sources of information.

The advantage of e-shop is especially time saving for the customer. He can buys at any time, even outside of working hours, from the comfort of his home. Similarly, the customer can immediately see a lot of information about the offers and it is not necessary to rely solely on the business staff. He can directly compares not only technical parameters but also the price of goods offered and satisfaction of other customers. After evaluating information it is possible to buy the particular goods and pay immediately using a variety of electronic payment options.

E-shop represents the advantage also for an trader. It can be mentioned the ease of handling of goods and goods need not be immediately available in stock. The trader has

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<sup>1</sup> Kotler, P., Armstrong, G.: Marketing, Praha: Grada, 2007, 856 p., ISBN: 8024705133

enough time to purchase the goods from his supplier. It also simplifies the work in the differentiation of pricing strategies. Most customers purchasing through an e-shop have their own account. Thus it is very easy to set different price levels for the same product. In addition, user accounts are an excellent tool to motivate for repeat purchases and also valuable information source about consumers.

Of course, there are also some disadvantages associated with the e-shop. The first disadvantage is the lack of direct contact between the seller and buyer. The customer cannot be informed about the specific features of the product and there is no opportunity to try this product. In addition, the customer must rely on the seller that the bought goods will be delivered in required quantity and quality.

### **Communication policy and communication mix**

Communication policy is the most significant part of marketing mix. It includes the means by which the company directly or indirectly informs, persuade and remind the consumers about the products and brands they sell. Marketing communication is the „voice“ of brand and represents the means by which a company can establish a dialogue and build relationship with consumers.

According to Kotler, the marketing communications mix consists of six main ways of communication:<sup>2</sup>

1. Advertising - whatever paid form of communication and promotion of ideas, goods or services from an identifiable sponsor.
2. Sales promotion – a series of short-term measures in order to promote the sale of a product or service.
3. Events and experiences - supported activities and programs designed to create positive interactions with the product or the mark.
4. Public relations and publicity - the various activities and programs designed to promote or protect the company's image or its individual products.
5. Direct marketing - use various communication channels for direct communication with customers with the aim to establish a dialogue and get answers to various questions.
6. Personal selling - face-to-face interaction with one or more potential buyers in order to create presentations, get answers to questions and obtain contracts.

### **Using of communication mix tools by e-shop**

The main objective of the new e-shop without previous base in the form of stone shop is to increase and maximize awareness of potential customers. Therefore, there are primarily used tools of communication policy, which bring immediate economic benefits. For a short period of operation of an e-shop have been specifically used two communication tools.

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<sup>2</sup> Kotler,P, Keller, K.L.,. Marketing Managemet, 12. Edition, New Jersey: Prentice Hall 813 s, ISBN 0-13-145757-8

### *Advertising on social network Facebook*

Social network Facebook is currently the largest and most popular network in Slovakia. That is why it is an attractive medium. Nowadays more than 800 thousand of people in Slovakia have their profile on Facebook and more than 50 % of them visit their profile every day.

Monitored e-shop since its launch introduced on Facebook two advertising campaigns. The first took place from 6 January 2012 till 31 January 2012 and the second one was realized during the period 3 February 2012 - 14 February 2012. In both cases it was a paid form of advertising combined with own Facebook profile.

Table 1 The evaluation of the success of advertising campaigns

<b>Date range</b>	<b>Campaign</b>	<b>Displays</b>	<b>Clicks</b>	<b>CTR</b>	<b>Connections</b>
<b>Lifetime</b>	My advertisement	1,060,005	1,049	0.099 %	3
<b>Lifetime</b>	My advertisement	367,581	532	0.145%	5

*Source: facebook.com/reklamne kampane*

Table 1 provides an overview of the number of displays and active clicks on advertising directed to the website of e-shop. In case of January campaign from a total of 1,060,005 displays was 1,049 active clicks and subsequently redirection to the website of the e-shop. The success of the connection can be evaluated to the level of 0.099 %. Subsequently, 3 active clicks led to Facebook profile of e-shop.

February's second advertising campaign was accompanied by a 367,581 views and subsequent with 532 links to the website of e-shop and 5 active clicks on Facebook profile of e-shop.

Within the evaluation of advertising campaigns based on sales of customers who obtained information through Facebook we can conclude that the advertising campaign was not successful. None of the customers made a purchase. This means that revenues and consequently the revenue from the advertising campaign are equal to zero.

However, we can observe another, secondary effect of an advertising campaign. In Table 2, and consequently in Figure 1 we can see the development of attendance and origin of visitors. When we follow the development of attendance from Google we will find out that the number of visitors grows. Since the e-shop was not making any promotional activity on Google, the success of website was affected only by the basic rules of this search engine. This means that higher attendance of the websites means higher success.

Therefore we can conclude that the success of e-shop within the Google search engine is a direct result of an advertising campaign on social network Facebook. When we look at the economic statistics of visitors from this source we will find out that the revenue per

one visitor from Google stands at € 0.40 as shown in Table 2. This means that customers from this source produced in the observed period profit of € 50.40.

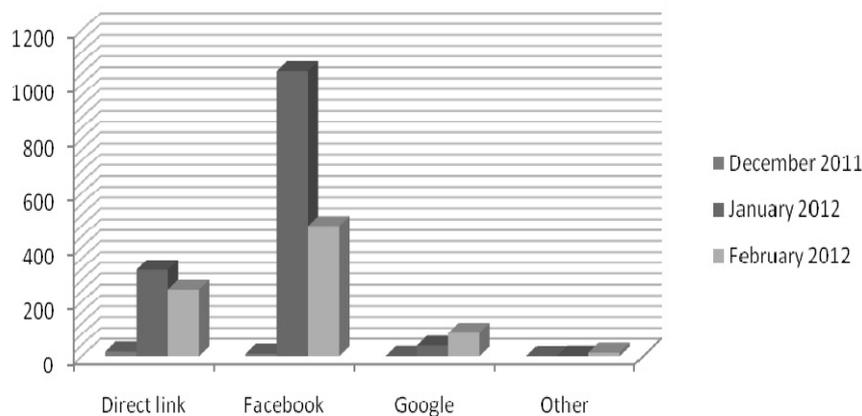
Table 2 The origin of visitors and revenue per one visitor of e-shop in the period December 2011 - February 2012

	December 2011	January 2012	February 2012	Revenue per one visitor (€)
<b>Direc link</b>	17	318	246	0,19
<b>Facebook</b>	9	1050	480	0,00
<b>Google</b>	1	39	86	0,40
<b>Other</b>	0	1	13	0,00

Source: own processing

Figure 1 The origin of visitors of e-shop in the period December 2011 - February 2012

### The origin of visitors of e-shop



Source: own processing

#### Direct Marketing

Another tool utilized in the promotion of e-shop is direct marketing through which potential customers were informed. There were used:

- Message sent via Facebook profile.
- SMS message.
- A telephone conversation.
- Direct mail.

Increase in customer attendance via direct link and revenue per one visitor of € 0.19 are the direct economic effects of this extensive campaign. As it is shown in Table 2. Customers who entered the e-shop directly thus generated in the observed period profit of € 111.00.

## **Conclusion**

At the beginning of the operation of each e-shop the main aim is to maximize knowledge of potential customers. Usually, subjects primarily use communication activities which have an immediate effect. Subsequently they use the tools that are focused on image building and building good relationships with customers.

Based on our investigation we demonstrated that various communication activities can bring not only immediate economic effect, but within the operation of the Internet environment can bring also the secondary effects. These may eventually lead to an increase in e-shop turnover and contribute to the overall success of an advertising campaign.

## **References**

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