

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Information Technologies



Bachelor Thesis

**Use of electronic marketplace for selling equestrian
accessories and jewellery**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Anna Iukliaeva

Economics and Management

Thesis title

Use of electronic marketplace for selling equestrian accessories and jewellery

Objectives of thesis

The main objective of the thesis is to evaluate options for setting up an electronic marketplaces for selling equestrian accessories and jewellery for horse lovers.

The partial goals of the thesis are such as:

- to make an overview of current electronic marketplaces and e-commerce,
- to prepare a case study of starting new e-shop,
- to select an e-marketplace based on given criteria.

Methodology

Methodology of the thesis is based on study and analysis of information resources. The practical part of the thesis will consist of case study and multiple-criteria decision analysis of e-marketplace options. Based on the results of the practical part final conclusions and recommendations will be formulated.

The proposed extent of the thesis

30 – 40 pages

Keywords

Online market; Electronic marketplaces; Electronic commerce; Equestrian products.

Recommended information sources

Dominik Georgi "eCCIq: The quality of electronic customer-to-customer interaction", 2012

J.Yannis Bakos "A strategic analysis of electronic marketplaces", 2012

KOTLER, P. – KELLER, K L. *Marketing management*. Upper Saddle River: Pearson Prentice Hall, 2012. ISBN 978-0-13-600998-6.

Lise Héroux "Marketing Strategies of Gift and Souvenir Shops in Canada and the United States", 2014

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Declaration

I declare that I have worked on my bachelor thesis titled "Use of electronic marketplace for selling equestrian accessories and jewellery" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 15.03.2017

Acknowledgement

I would like to thank my supervisor Ing. Miloš Ulman, Ph.D for his professional advices and valuable guidance while writing this thesis.

Further acknowledgement belongs to my parents and to my very good friend for supporting me during my work on this thesis.

Používání elektronického tržiště pro prodej jezdeckých doplňků a šperků

Souhrn

Tato práce podává přehled literatury o elektronických platformách, jejich popisech, výhodách a nevýhodách používání. V současné době jsou elektronické platformy stále více a více populární. Hodně lidí má velký zájem o informace, týkající se zboží nebo služeb, které chtějí koupit. Elektronické platformy nabízejí zákazníkovi možnost porovnávat více produktů a cen, aby mohli učinit další ekonomická rozhodnutí. Pro prodejce je jednodušší oslovit lidi na celém světě a rozšířit své trhy. Nevýhodou je čím dál větší konkurence. Praktická část je o třech hlavních metodách takzvaného "Multikriteriálního vyhodnocení alternativ". Každá z těchto metod nám pomáhá analyzovat všechna důležitá kritéria a najít nejlepší elektronickou platformu pro náš produkt. Také nám naznačují, které marketingové strategie by mohly být použity. Kromě toho jsou výše popsány základy toho, jak by mohl být zřízen nový internetový obchod pro jezdecké potřeby. Představený produkt souvisí s historií Skythů, která dělá tento produkt jedinečným. Tímto má výrobek silnou historickou vazbu a je možné vyplnit mezeru na trhu. To umožňuje také snadněji propagovat produkt ve společenských sdělovacích prostředcích a dosáhnout sítě zájemců o historii Skythů, přírodu a koně.

Klíčová slova: On-line trhu; Elektronické tržiště; Elektronický obchod; Jezdecké produkty.

Use of electronic marketplace for selling equestrian accessories and jewellery

Summary

This study presents a literature review on electronic platforms, their description, advantages and disadvantages of using.

Nowadays electronic platforms become more and more popular. Many people are highly interested in information about the goods or services that they would like to buy. Electronic platforms offer the possibility for buyers to compare much more products and prizes and make more economic decisions. For sellers it is easier to reach people all over the world and extend their markets. A disadvantage for the sellers is, that the competition becomes harder.

The practical part is about three main methods of so-called “Multi criteria evaluation of alternatives”. Each of these methods helps us to analyze all important criteria and find the best electronic platform for our product. It is also mentioned which marketing strategies could be used. Furthermore, the basics of how a new online shop for equestrian accessories could be established is described.

Our product has a connection to the Scythians history that makes our product unique. This way the product has a strong historical bond and it is possible to use a market niche. It makes it also easier to advertise the product in the social-media and reach networks of people interested in the Scythians, nature and horses.

Keywords: Online market; Electronic marketplaces; Electronic commerce; Equestrian products.

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1 Introduction

Nowadays, electronic marketing campaigns (e-marketing) are very important parts of the Global Market. All well-known companies from all over the world are using them to promote, offer and sell their products and services.

For sellers electronic platforms are a great opportunity to sell products around the world and reach millions of customers. There are many examples of businesses which exploded after starting to sell via electronic market places. A disadvantage is that many rules and regulations are inhibiting worldwide trading, for example taxes and tariffs. Furthermore, the competition got harder, more and more sellers are offering similar products with equal quality.

Usage of electronic platforms is one of the easiest ways to sell or buy goods and services in the international trading space. E-platforms are easy to use: a person who is interested in a product can go to the website of the e-platform, he can find a description of this particular product, see the pictures of it, select the location where he can pick it up, pay via Internet banking system and get it in a very short time. Another important function of the e-platforms is the possibility for the customer to compare prices and recommendations from different electronic platforms. It is a very efficient function. Moreover, all this is possible without physical attendance in the store. The best thing about this process is that it is easy to use and access. Only an internet connection is required. This way the customer is able to inform himself or herself very good. More than that, it is possible for him or her to make better economic decisions or choose the best quality.

It seems that advertisement also plays not the last role in this procedure. “In 2015 year, approximately CZK 15 billion were spent on advertising over the internet in Czech Republic. This is 3,2 percent more than in the previous year and confirms the ongoing growing trend in the use of online forms of advertising.” (agency, 2016). Well-informed customers are tending to buy more goods or services which were advertised. It has become a very popular way not just for selling a product but also for making a good advertisement in the Internet. As a result, we are tending to buy exactly those products that were advertised via electronic market places.

Some criteria, with which the electronic platforms could be evaluated, are: Entrance fee for sellers, number of customers using this e-platform, design of the web page, shipping cost of the sellers and competitors with the same product.

Usually all electronic platforms are based on the same concept, only small differences can be found.

This will be explained in the following parts.

2 Objectives and Methodology

2.1 Objectives

The aim of this Bachelor thesis is to analyze and evaluate several electronic platforms to evaluate the possibility of selling equestrian products. At the end of the practical, we will see which e-platform is the best option for the unique products.

The next aim is to inform generally about the connection between equestrian accessories and the history of the Scythians- an ancient nomadic tribe that dominated the steppes for nearly five hundred years.

2.2 Methodology

The methodology that will be applied to this thesis is divided into two approaches. In the theoretical part some analysis of electronic market will be applied. It will provide the literature that was studied and the first part will help to compute the information which is necessary for the second part of the thesis. The second part will be about analyzing which e-platform (Alibaba, Aliexpress, Ebay, Amazon, Aukro) will be the best option for the unique product that we are going to sell. The data will be collected from the Internet research.

The information for the fundamental economic analysis of the market and online market are gathered from the literature sources available in the online library and other sources. All related information is provided by references.

3 Literature Review

First of all, we are going to analyze the appropriate literature and internet sources for deeper knowledge. It will help us to deal with a further practical part. The first part of the thesis is about basic information and about online marketing itself.

The second part of the literature review is focused on economics of the equestrian and on variables that will be used in the analytical part.

3.1 Online marketing requirements and electronic marketplace analysis

The AMA (American Marketing Association) defines Marketing as the “Activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” This definition considers all parties involved in the marketing effort: members of the producing organization, resellers of goods and services, and customers or clients. (J.Paul Peter, 2012).

“Today`s marketing is all about creating consumer value and building profitable customer relationship. It starts with understanding consumer needs and wants, deciding which target markets the organization can serve best, and developing a compelling value proposition by which the organization can attract, keep, and grow targeted consumers. If the organization does these well, it will reap the rewards in terms of market share, profits, and customer equity.” (Philip Kotler, 2010)

3.2 Online marketing strategies

“Companies must conduct themselves in a market in a systematic and aim oriented way. To achieve the desired aims a company has to use specific behaviors within the marketing, so-called marketing strategies. A marketing strategy is a time scaled behavior used by a company to achieve success in a market. The development of a marketing strategy is a task of the management to set the way for achieving the objectives of a company. This contains decisions of the market election and market cultivation, which are fixed by a behavior plan for the different business units. A marketing strategy contains four key areas: Product-, price-, communication- and distribution policy. It should be a main part of the business plan to create a prerequisite for the company`s growth.“ (Weis, 2015).

3.2.1 Structure of a marketing strategy

“The differentiation strategy is a strategy where a company cannot compete on the price and has to differentiate its product from the competition with value added to the products. The adaption strategy is a strategy where one looks at the competition in order to see what they do right to adapt it. Besides it should be discussed whether the whole market should be reached or only a sector. The market choice strategy determines in which sectors of a market a company wants to go. This can be realised through strategic business units. A strategic business unit is an own department within a company with own fields of activities. The core activity is to find out in which submarket a company concentrates its efforts and which submarket can be eliminated. The market development strategy compares the strategies of the

market participants, for example the consumers, marketing agents and the competitors.“(Meffert, 2015).

3.3 Marketing Mix

It is a very important tool for any company. It effects the decision of the customer to buy or to not buy a certain product. There are many factors that influence the customer's decision. That is why we should take four main parts of marketing mix into consideration: product, price, place and promotion.

3.3.1 Product

Hand-made bracelets and pendants with equestrian design (Scythians symbolic). Only natural materials will be used for its creation. Since the product will be handmade and high quality recourses will be used, the final product will be top-quality. The Scythian symbolic will give the product a connection to history. This way a deeper meaning will be build and the interest in the product will rise. These products will be presented in different colors for any taste. Our customers could use these accessories not only for special occasions but also for every day's life. The elegance and the strong bond to nature of these products will attract many people.

These accessories will relate to legendary Scythians. Nowadays this stream became more and more popular. It means that there will be a strong demand on it.

Expansion strategy: We are going to make a start up in Czech Republic. It will be based at the suburbs of Prague because of the lower rent cost, for example Prague 6. The approximate estimation of labor cost supposed to be 183,25 CZK.

For example: Gross salary on March the 10th 2017 is 29 320 CZK.

That means, that one worker would cost around 183,25 CZK per h. ($29320 \text{ CZK} / 160\text{hours per month} = 183,25 \text{ CZK}$). (urad, 2017)

Approximate time for producing the bracelet is 20 min. The wage per one bracelet is 2\$.

After successful sales via e-platform and sales in stock, we are going to expand our sales territories, for example the German market.

3.3.2 Price

For the start of our business, we will choose a long-term low prices strategy. That means we will offer our products cheaper than our competitors. Thus, it will give us a higher sale and our sustainable target group will be drawn to our products. A problem could be, that the price policy get disrupted and the gain will be very low. Later the strategy will be changed. After enough customers have been attracted to this brand, the prices will be raised slowly.

The price consists of the price of the raw material plus the wage of the workers, other costs like transportation, rent, etc. and the profit for each sold article.

The price of a bracelet consists of following elements:

- Raw material 2 \$
- working costs 5 \$
- other costs per bracelet 5 \$
- profit 6 \$

That makes 18 \$ per bracelet. The competitors offer the same product for 19 \$.

The price of a necklace consists of following elements:

- Raw material 5 \$
- working costs 7 \$
- other costs per bracelet 5 \$
- profit 11 \$

That makes 28 \$ per bracelet. The competitors offer the same product for 30 \$.

3.3.3 Place

We are going to sell the product using electronic platforms. The result of this bachelor thesis will be, an electronic platform which is the most preferable for starting sales with our special product. The appropriate category will be handmade accessories for women, horse-riders, equestrian products and for people who are interested in the connection between Scythian history and nowadays time.

More than that, we are going to sell our products in stocks too, for example in outlets. It will also be very helpful for our product realization.

3.3.4 Promotion

The products will be advertised in the Internet. Especially, in social networks like Facebook. There we can find many groups of people who are interested in the Scythians, horse-riding, equestrian events and sports activities. We are going to use a direct marketing; they could be easily addressed directly via social networks.

For the future, many events will be organized, for example, exhibitions of products or cultural meetings. All these activities will support further sales of the product.

3.4 Advertising on the internet

American Marketing Association has defined advertising as “any paid form of non-personal presentation and promotion of ideas, goods and services of an identified sponsor.”

Advertisement is always about the information about the good or the service according to the advertiser wishes. (Chand, 2017)

According to William J. Stanton, “Advertising consists of all the activities involved in presenting to a group a non-personal, oral or visual, openly sponsored message regarding a product, service or idea; this message, called an advertisement, is disseminated through one or more media and is paid for by the identified sponsor.” (William J. Stanton, 2000)

Nearly everyone is able to sell a product via the global network. Nowadays, traditional advertising channels such as television, newspapers, magazines are not enough. That is why most of the advertising companies are paying a lot of money for promoting their goods and services in the Internet. In 2015, approximately CZK 15 billion were spent on advertising over the internet in Czech Republic. This is by 3,2 per cent (CZK 460 million) more than in the previous year and confirms the ongoing growing trend in the use of online forms of advertising. The largest part of advertising expenditures is attributable to display advertising (CZK 6.65 billion) and advertising networks (CZK 5.85 billion) including paid search (CZK 3.66 billion) and content networks (CZK 2.19 billion). If compared to the last year, display

advertising shows a 6 per cent decline, while advertising networks (Facebook) has grown by 18 percent. Over one billion of Czech crowns (CZK 1.09 billion) is attributable to video (in-stream) advertising that has recorded the annual growth of 20 per cent. (portal, 2016)

The primary goal of advertisement in the Internet is to promote a specific good or service among potential customers and firms. Moreover, using an online advertisement the advertiser reaches better results even with a cheaper price than via classical advertisement.

3.5 Description of the product

Our product will be hand-made bracelets and pendants with the unique equestrian design. This product will be a perfect combination of modern equestrian style and Scythians style. We will use only natural materials for this production. Our customers will easily find exactly what they want because of various colors, shapes and designs.

Scythians design will give a special meaning for our customers who are interested in Scythians theme.

We are going to introduce you the product with a special design- Scythians design. This design is a perfect connection between the past and today. More information about the history of the Scythians is provided in Appendix 1.

A design of the product will be based on the pictures, presented below:



Figure 1 bracelet and pendant

Sources : <https://www.puravidabrachelets.com>

<https://www.madeit.com>.

3.6 E-market platforms

First, we would like to clarify the definition of the electronic markets.

For many companies, the electronic market plays a very important role. It helps to promote goods or services for other industries and countries.

Electronic markets are markets connected through modern communications networks and are powered by high-speed computers. In an electronic marketplace, buyers and sellers do not have to be in the same physical location in order to interact. A classic example of electronic markets is the Nasdaq stock market. Nasdaq was launched in the 1970s, long before the widespread use of the Internet, and it does not have an exchange floor. Essentially, Nasdaq is a huge electronic network connecting investors, brokers, and dealers, allowing various parties to exchange information and buy and sell securities. With the explosive development of the Internet, electronic markets will play a more important role in people's everyday lives. The World Wide Web has become the universal interface for electronic markets. People can use the web to access various electronic markets virtually from anywhere at any time. Ordinary investors can use the Internet to conduct online trading through online brokerage firms, and customers can bid for various products at online auction houses such as eBay. (Inc, 2002)

Online trading is not only flexible and easy to use, it also incurs lower costs. Online brokerage firms are able to charge customers lower commission fees since they no longer have to employ a large staff to field phone calls from customers. The savings in overhead costs from replacing human brokers with Internet-based communication systems are passed on to investors in the form of lower fees. (Inc, 2002)

In other words, we can say that emergence of electronic market was a very important step for further development and improvement of customer`s and seller`s relationships. Both sides got a better information overview about the goods and services, communication position and time requirements.

An e-market place is working as a current website which sells its own products. At the same time it has one company`s name and mainly focuses on trade to/ between consumers. An electronic market place is only a provider of e-commerce solutions. (eMarketServices, 2016)

Another important aspect of e-markets are fees. Long time ago the main revenue model of electronic markets was fee. Nowadays, the most common used is the membership fee. There are also some different purposes of e-markets, for example, some of them are not run as profit-making companies, but rather as co-operative solutions for efficient processing of transactions. Furthermore, owners want to keep the cost on the platform as low as possible.

Usually, people do not have to pay for the registration and participation on a basic level on the electronic market. Additional fee might be a better explanation. There are other e-markets where all people who are involved in its actions have to pay a yearly fee. It depends on the e-market but it could be an annual fee or a percentage of the transaction value. Also, some electronic markets charge the buyers, and others sellers. (eMarketServices, 2016)

The main revenue sources for electronic markets :

- Membership fee
- Fees for further exposure over and above basic product information
- Advertisement (banners and links)
- Percentage of the value of the transaction

- Flat fee per completed transaction
- Fee for hosting a company's product catalogue
- Leasing or sale of software for e-commerce
- Sale of industry information compiled
- Additional services like logistics and financial services
- Consulting fees

3.7 E-commerce

Electronic commerce (e-commerce) is a type of business model, or segment of a larger business model, that enables a firm or individual to conduct business over an electronic network, typically the internet. Electronic commerce operates in all four of the major market segments: business to business, business to consumer, consumer to consumer and consumer to business. It can be thought of as a more advanced form of mail-order purchasing through a catalog. Almost any product or service can be offered via ecommerce, from books and music to financial services and plane tickets. (Kenneth C. Laudon, 2008)

In other words, e-commerce is used to buy and sell goods and services, over an electronic network (e.g. Internet).

Electronic commerce holds, by using different kinds of applications, e.g. online catalogs, emails, and web services. Nowadays, many companies are using social media marketing, digital coupons, and targeted advertisements.

According to all these technologies, we can see that e-commerce becomes more and more effective and profitable. For example, it is available 24 hours, a very wide range of available goods and services for potential consumers, the speed of access is very high. More than that, e-commerce has international reach and easy is to access. There are only few minuses: a customer is not able to touch a product (only in pictures) and he/she has to wait for delivery. In most of the cases it is shipping.

Moreover, e-commerce businesses may employ some or all of the following:

- Online shopping web sites for retail sales direct to consumers
- Providing or participating in online marketplaces, which process third-party business-to-consumer or consumer-to-consumer sales
- Business-to-business buying and selling
- Gathering and using demographic data through web contacts and social media
- Business-to-business (B2B) electronic data interchange
- Marketing to prospective and established customers by e-mail or fax
- Online financial exchanges for currency exchanges or trading purposes

3.8 Basic concept of how e-platforms are working

There is nearly the same procedure for everyone who wants to sell any goods or services using e-platforms. Differences can only be found within the payment system and the procedure of storing. According to a certain platform, all this small but important details will be described in the following paragraphs.

First of all, a person who would like to sell something via e-platforms should be registered at this concrete e-platform website. We can call this stage: "Creation of a new seller's account". After that he should confirm his name, address, phone number and specify an automatic payment method for paying a certain amount of seller fees. Every electronic platform has its own payment requirements.

The second stage can be called "Description of the product". The seller should make a list with a full description of all items that he is going to sell. After that the electronic platform will help him with the most important aspects, such as categorizing and pricing of the product.

The name of the third stage can be "Monitoring sales". Using an e-platforms website, the seller could easily check or better monitor if anyone has already ordered or bought something of his items.

The fourth stage can be named "Checking the payment and the address of the seller". The delivery system from most of the e-platforms will let the seller know if his goods are already delivered. The only two things that a seller has to check is the buyer's payment and his address.

In the following paragraph a short description of five e-platforms will be represented.

3.8.1 Alibaba

Alibaba.com is the leading platform for global wholesale trade serving millions of buyers and suppliers around the world. Most of the members on Alibaba.com are manufacturers, trading companies or resellers who trade in large order quantities. Alibaba has two options for delivery: by sea and by air.

Moreover, Alibaba has many international suppliers and a very good feedback system.

For Alibaba.com the security of their customers is highly important, that is why all payments are made offline via Western Union.

It is important to say, that AliExpress is owned by the Alibaba group. The first one is like the Chinese version of eBay for suppliers.

As it was mentioned earlier, everyone who wants to sell anything on Alibaba should make a registration for his Alibaba seller account. After this procedure he should create his company's profile on Alibaba and post information about his products, which he is going to sell. A short description of this product would be also relevant. Alibaba will definitely help with categorizing these products. The seller will only need to manage his communication with consumers and ship the products in time.

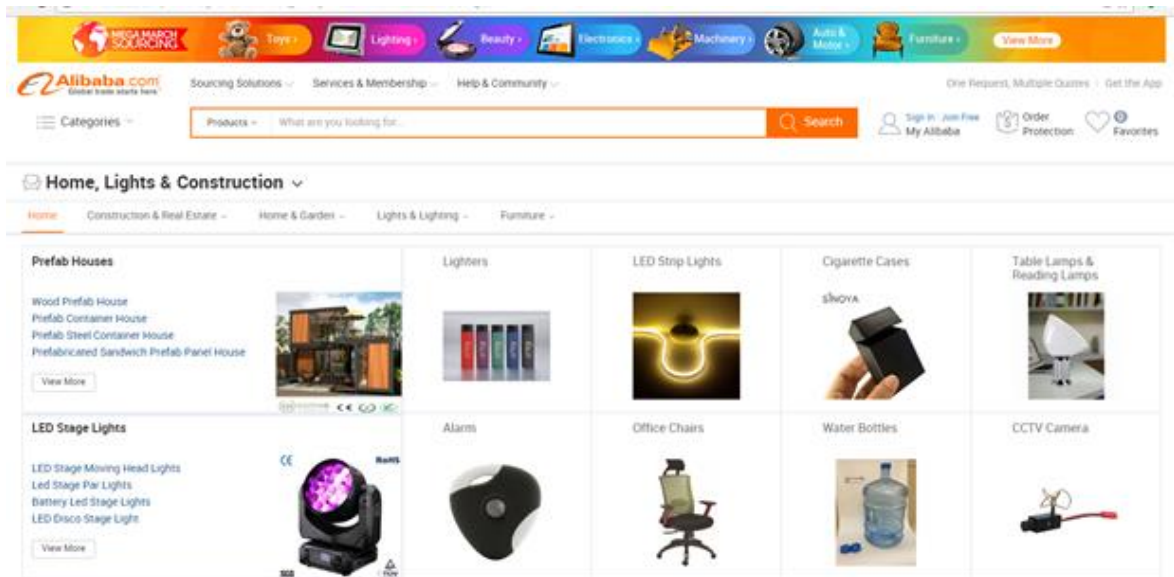


Figure 2 Screenshot of Alibaba.com

Source: www.alibaba.com

3.8.2 AliExpress

AliExpress is a global retail marketplace offering quality products at factory prices in small quantity. It was founded in 2009 and started as a selling portal. Nowadays, it is a very convenient online selling company.

As in case with Alibaba, all these procedures with registration, description of specific products and categorizing are also the same for AliExpress. However, there are some differences.

For example, an order amount can be as low as one item and you can pay safely using the “Buyer Protection” service. There is only one option for delivery – by air. Moreover, AliExpress has only Chinese suppliers.

For customer`s security (during the procedure with payments) AliExpress has made an Escrow-based so-called “Alipay”. It helps to exclude the situation where products are not delivered. (Team, 2012)

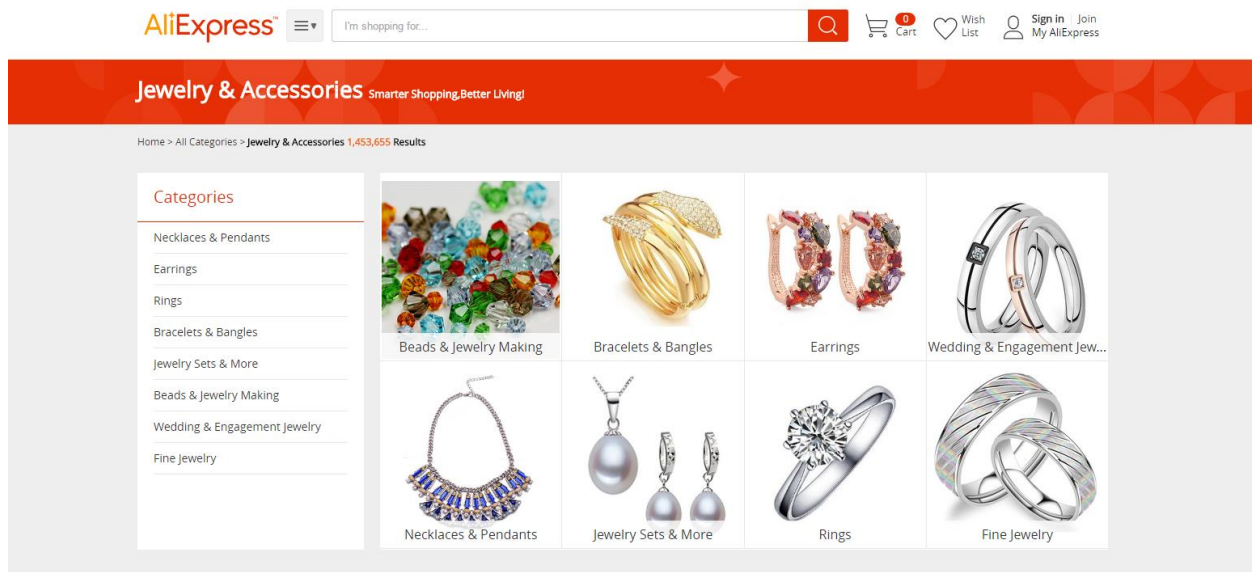


Figure 3 Screenshot of AliExpress

Source: www.aliexpress.com

3.8.3. eBay

eBay has its own mission which says that it wants to create a global trading platform where anyone could trade practically anything.

The e-platform eBay is the world's leading online person-to-person auction market. It means that individual buyers and sellers can register at eBay and exchange products or services. Founded in 1995, eBay had more than 167 million registered users in 2016, and many businesses use eBay to sell their products as well. eBay has created a worldwide central marketplace that lists millions of items such as computers, antiques, coins, and furniture. Such a large-scale market has never existed before, and without the Internet, it would have been impossible to create such a market.

Although, there are many other auction sites on the Internet, eBay is so far the most successful one. Since the beginning, eBay tried to be the dominant player in the online market environment. It has taken full advantage of the network effect in electronic markets. Without geographical barriers in the Internet, buyers and sellers would like to visit the dominant market because it is the place where sellers will find the most buyers and buyers will find the most sellers. The network effect is simple: more buyers and sellers will attract even more buyers and sellers to the same market. By providing a central marketplace, eBay has lowered the costs of trading for millions of buyers and sellers.

The concept of eBay will be explained in this paragraph. First a seller lists any item on eBay. The seller chooses a price and might use the “Buy It Now” option, that makes it possible for buyers to buy the item immediately for a fixed price. In an auction, the starting price is chosen by the seller and interested buyers can bid till the end of the auction. The buyer with the highest bid gets the item.

The electronic platform eBay doesn't sell any goods itself. All the goods on eBay are sold and delivered by third party sellers that are neither employed by, nor have any other relationship with, eBay itself. Because of the immense variety of things that can be found for sale on eBay, many members have discovered that eBay is one of the best places in the world to window or comparison shop. Founded in San Jose but now operated from several cities,

eBay's service exists entirely online, and all aspects of business, other than the delivery of bought and sold items themselves, are typically handled through the eBay website. eBay has proven to be a boon to the environment. Millions of tons of goods that would otherwise go into landfills or more resource-intensive recycling programs instead find new homes every year thanks to eBay. (eBay, 2017)

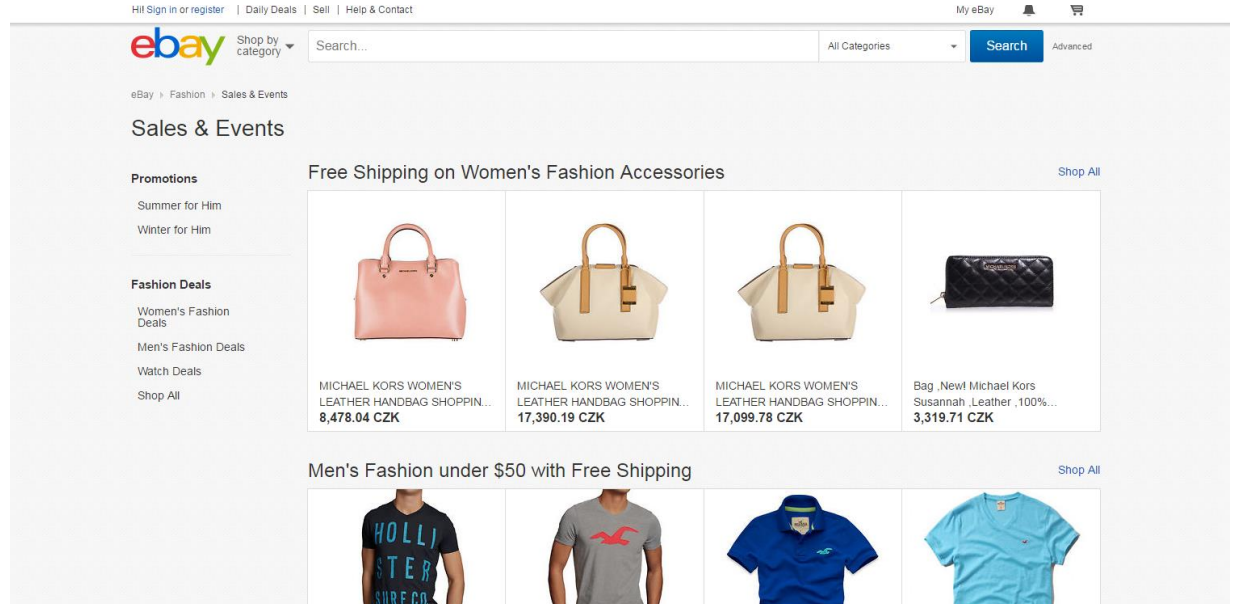


Figure 4 Screenshot of eBay

Source: www.ebay.com

3.8.4 Amazon

“Amazon.com, Inc. it is the most familiar company in the way of e-commerce, it is located in Seattle, Washington (USA). This company was founded in 1994 by Jeff Bezos and was one of the first American e-commerce companies to sell products over the Internet. After the dot-com collapse Amazon lost its position as a successful business model, however, in 2003 the company made its first annual profit which was the first step to the further development.” (Kenneth C. Laudon, 2008)

Nowadays, Amazon.com is one of the largest online retailer in the world. Originally, this company supposed to sell only books. However, later Amazon was expanded and now sells nearly all kinds of goods and electronic devices.

Amazon has a very special feature- a program which is called Fulfillment by Amazon (FBA). This program allows users to sell more goods and at the same time they don't have to worry about where should they keep it and how to ship it to the clients. (Amazon, 2017)

The person who wants to sell something via Amazon, should simply send his product (any amount of it) there – and Amazon will be keeping this product at the nearest Amazon Fulfillment center. – If the product has to be covered, Amazon will also provide this option (package option). After that Amazon will ship it around the world (24 hours, 7 days a week). In some cases shipping costs nothing. FBA can fulfill any other client's orders from other sales channels using the same inventory stored at an Amazon Fulfillment center.

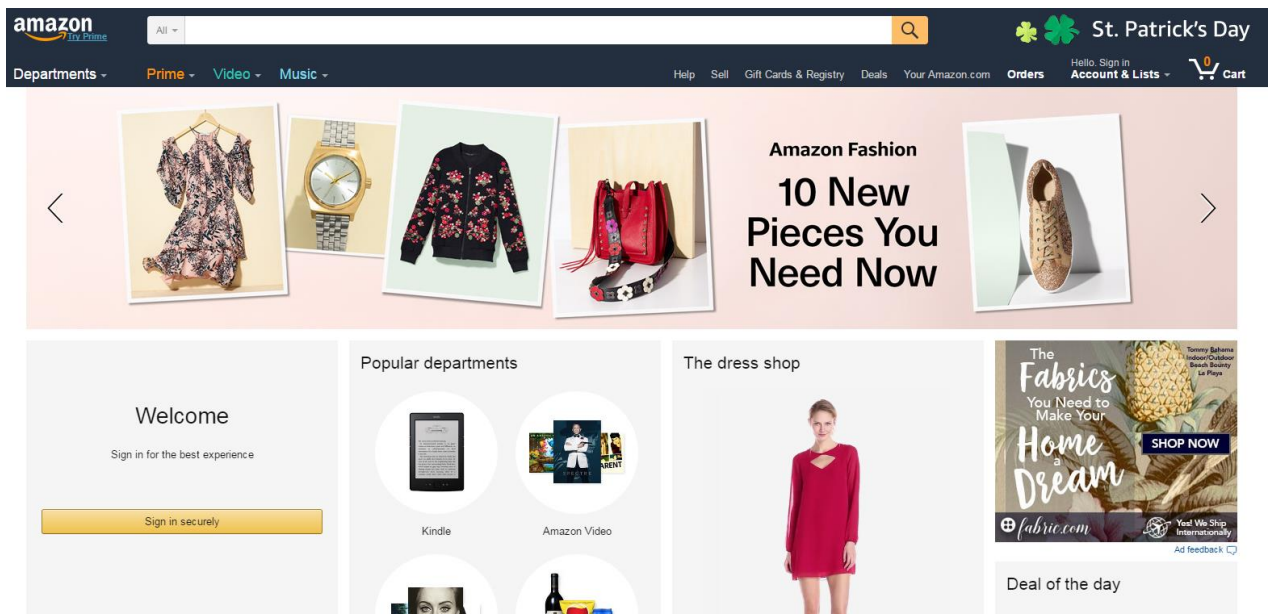


Figure 5 Screenshot of Amazon

Source: www.amazon.com

3.8.5. Aukro

Aukro is the largest online auction portal in Czech Republic. It is also used for selling products online. It was founded in August 2003. Unfortunately, Aukro is available only in Czech. However, in year 2015 Aukro had 3,8 million users and sold around 12 million items. (association, 2016)

As in case with Alibaba or eBay, all these procedures with registration, description of the concrete product that is going to be sold, categorizing with different groups are also the same for Aukro.

According to some resources, Aukro is also called Czech eBay. That means that functionally, there is not such a big difference between these e-platforms.

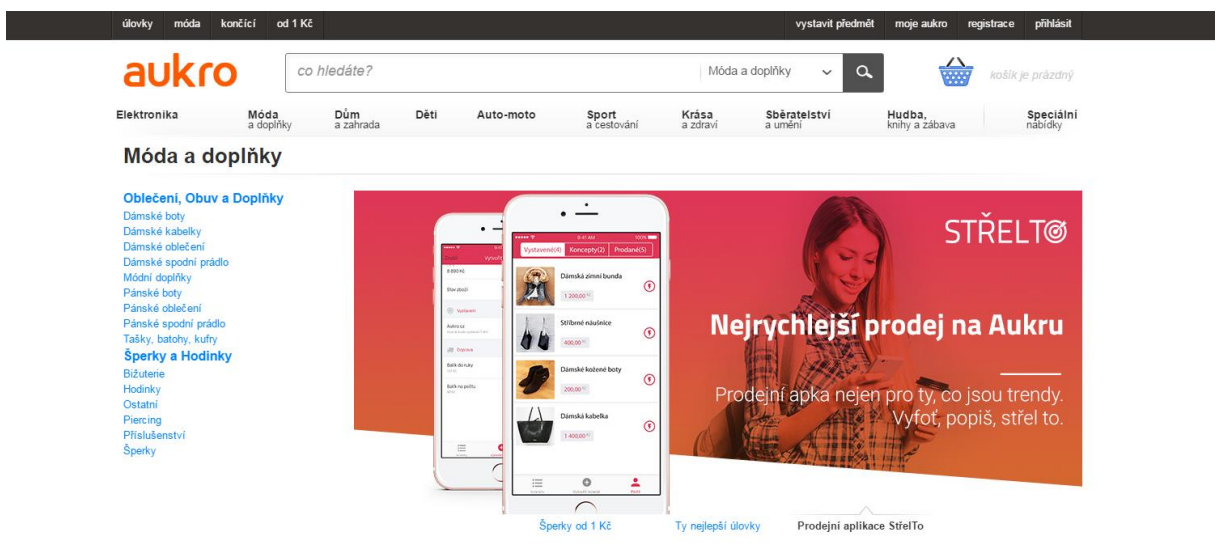


Figure 6 Screenshot of Aukro

Source: www.aukro.cz

3.9 Multiple- criteria decision analysis

3.9.1 Score Method

Using this method, we can assess the chosen criteria, which will be sorted by score. The decision-maker evaluates each criterion by a certain number of points from a chosen scale (for example 1-100). A more important criterion has a higher score (more points). The weight calculations are then made accordingly (1).

$$v_i = \frac{b_i}{\sum_{i=1}^k b_i} \quad i = 1, 2, \dots, k$$

$$\sum_{i=1}^k b_i = \frac{k(k+1)}{2} \quad (1)$$

Example: Washing Machines –Assessing Weights

Assessing weights by score method requires first assignment of certain number of points to each criterion.

Minimum was 1, maximum 5 in our example. The weights are then counted as (2):

$$v_j = \frac{p_j}{\sum_{j=1}^n p_j} \quad (2)$$

5-price, 4-shipping cost, 3- advertisement prepaid, 2- entrance payment, 1- number of products.

Table 1 Example Scoring Method

critierion	1	2	3	4	5	sum
Number of points p _j	4	3	1	2	5	15
Weights v _j	0,267	0,2	0,067	0,133	0,333	1

3.9.2 Saaty`s method

The decision-maker is supposed to judge the relative importance of each pair of criteria. The elements of the matrix are considered to be an estimation of importance of i-th and j-th criteria. The scale 1,3,5,7,9 is often used.

$$s_{ij} = \frac{v_i}{v_j} \quad i, j = 1, 2, \dots, k$$

This matrix is called Saaty`s matrix. This is a 'reciprocal matrix' that has all positive elements and has the reciprocal (a) and consistency (b) property:

$$s_{ii} = 1 \quad i = 1, 2, \dots, k$$

$$a) \quad s_{ji} = 1/s_{ij} \quad i, j = 1, 2, \dots, k$$

$$b) \quad s_{ji} = s_{ik} / s_{jk} \quad i, j = 1, 2, \dots, k$$

Verbal Explanation of the Scale

- If j-th and i-th criteria are of the same importance $s_{ij}=1$

(comparing the same criteria always leads to result $s_{ii}=1$ – all elements on main diagonal are equal to 1)

- If i-th criterion is slightly preferred to i-th $s_{ij}=3$
- If i-th criterion is strongly preferred to i-th $s_{ij}=5$
- If i-th criterion is massively preferred to i-th $s_{ij}=7$
- If i-th criterion is absolutely preferred to i-th $s_{ij}=9$

Intermediate stages expressed by numbers 2,4,6,8 are allowed, too.

The decision maker is supposed to judge the relative importance of each two criteria and construct Saaty's matrix.

3.9.3. Sequence Method

The decision-maker should be able to arrange criteria according to their importance to a sequence from most to least important. Natural numbers from k to 1 are assigned to each criteria (price, number of products, advertisement prepaid, shipping, payment) (the most important criterion number k, second most important k-1 etc.). The weights are calculated as follows (3):

$$v_i = \frac{b_i}{\sum_{i=1}^k b_i} \quad i = 1, 2, \dots, k$$

$$\sum_{i=1}^k b_i = \frac{k(k+1)}{2} \quad (3)$$

(Science, 2007)

4 Practical Part

4.1 Multi criteria evaluation of alternatives

4.1.1 Scoring method

Criteria:

- Entrance fee for sellers: 20%
- Number of customers using this e-platform: 35%
- Design of the web page : 5%
- Shipping cost of the seller: 20%
- Competitors with the same product: 20%

This percentage of weight was made according to the literature research and examination of the electronic shops at the same field.

Extra knock out criterion: none of these e-platforms should use child labor.

A knock out criteria means, that if this criteria is true for one electronic platform it will not be chosen. Even if it would be the best in all other criteria.

Table 2 Result Scoring Method

criteria	weight	alibaba	final grade	aliExpress	final grade	ebay	final grade	amazon	final grade	aukro	final grade
entrance fee	20%	4	0,8	1	0,2	3	0,6	3	0,6	2	0,4
number of customers	35%	5	1,75	4	1,4	3	1,05	4	1,4	1	0,35
design of the website	5%	5	0,25	4	0,2	4	0,2	5	0,25	4	0,2
shipping cost	20%	4	0,8	4	0,8	5	1	5	1	3	0,6
competitors	20%	3	0,6	2	0,4	3	0,6	3	0,6	3	0,6
Total			4,2		3		3,45	20	3,85	13	2,15

According to the internet resources, we gave some points to each criteria of each platform.

For receiving the final grade, we multiplied the weight in percentages with our points.

For getting total, we summarized all final grades of each platform separately.

Our results according to the scoring method:

- 1) Alibaba 4,2
- 2) Amazon 3,85
- 3) eBay 3,45
- 4) AliExpress 3
- 5) Aukro 2,15

The best alternative is Alibaba.

The criteria for the web site design was rated high when the website was well structured and attractive.

If there were some competitors on the platform 3 points where chosen, if there was a strong competition 2 points.

If there was a high entrance fee 1 or 2 points where chosen, because it's hard to start an online shop on such a platform.

When the shipping costs where for free 5 points where given.

The Number of customers based on the number of users for each side, 5 points for the most and 1 for the least customers.

4.1.2 Saaty's method

Criteria

- Entrance fee for sellers: 20%
- Number of customers using this e-platform: 35%
- Design of the web page : 5%
- Shipping cost of the seller: 20%
- Competitors with the same product: 20%

1) Using the special table, we compare each platform with each other. For example, we compare Alibaba to AliExpress using criteria "number of customers". In this case, Alibaba is slightly preferred to AliExpress that is why we gave 3 points.

2) After that we made "standardize matrix". The first entry of "standardize matrix" shows how big this entry is, compared to the sum of the column.

3) After that we made a sum of all entries of each platform and divided it by 5 (the number of all platforms). So, we got a weight in percentages.

4) After that we made all this calculation to each of the five criteria and we multiplied these results with our criteria in percentages, dividing it by 10000. All other calculations can be found in the appendix.

The final result of Saaty's method:

Table 3 Result of Saaty's Method

	number of users	competitors	design	entrance fee	shipping	result
Alibaba	0,15855	0,0462	0,01665	0,0928	0,026	0,3402
AliExpress	0,06825	0,0154	0,00555	0,0088	0,026	0,124
eBay	0,04515	0,0462	0,00555	0,0404	0,0684	0,2057
Amazon	0,06825	0,0462	0,01665	0,0404	0,0684	0,2399
Aukro	0,0098	0,0462	0,00555	0,0178	0,0112	0,09055

The final ranking:

1)Alibaba 0,3402

2) Amazon 0, 2399

- 3) Ebay 0,2057
- 4) Aliexpress 0,124
- 5) Aukro 0,09055

The best alternative is Alibaba.

4.1.3 Sequence Method

Criteria:

- Entrance fee for sellers: 20%
- Number of customers using this e-platform: 35%
- Design of the web page : 5%
- Shipping cost of the seller: 20%
- Competitors with the same product: 20%

Table 4 Result Sequence Method

criteria	weight	alibaba	final grade	aliExpress	final grade	ebay	final grade	amazon	final grade	aukro	final grade
number of customers	5	4	20	1	5	3	15	3	15	2	10
shipping cost	4	4	16	3	12	3	12	3	12	1	4
competitors	3	5	15	4	12	4	12	5	15	4	12
entrance fee	2	4	8	4	8	5	10	5	10	3	6
design of the website	1	3	3	2	2	3	3	3	3	3	3
Total			62		39		52		55		35

Here we used the weighted form not in percentages but with the points, starting from the most important criteria to the least important one. For example, instead of 35% for numbers of customers who are using e-platforms, we gave 5 points to this criteria.

After that we multiplied the weighted points of criteria with the number of points of the e-platform, so we got the final grade.

The total amount is a sum of all final grades of the e-platform.

Our results according to sequence method:

- 1)Alibaba 62
- 2) Amazon 55
- 3) Ebay 52
- 4) Aliexpress 39
- 5) Aukro 35

The best alternative is Alibaba.

It is important to mention that Alibaba is a business to business platform. That means normal customers will not be reached. To reach customers we should take the second one Amazon. It is a business to customer platform, that means the best option for our market and target group.

4.2 What should a company do for starting their own online business?

First step: we checked different sources (online forums, groups in social networks) and did the keyword research for finding out what does the people searching for. At the same time, our potential competitors do not have to be very strong in this field. We checked the competitor's pages at the most well-known platforms. We made some notes-what should we improve in our product.

Second step: we registered our company. According to Czech law, our firm belongs to limited liabilities which costs 6 000 czk. (portal C. b., 2016)

Third step: we estimated our initial costs (entrance fee, shipping cost, material used per goods, worker`s wages) at the Amazon platform.

Forth step: we started an active promotion of our product online (at forums, social networks). More than that, we used "send to a friend" links on the valuable content of our webpage.

5 Results and Discussion

5.1 Discussion

1. Which market did we choose?

Firstly, we will try to promote our products at the Czech online market and stock sells in Prague. After winning this market, we will expand our products to the German market and further stock sells all over the Czech Republic and Germany. To promote our products we will use advertisement on social media. We will search for groups and pages in which our customers are supposed to be interested in. There, we will post articles and integrate our company in the social network and deliver some value for the members. That way we will build a relationship to our future customers and tie a bond.

2. Which location exactly? Where?

Our main office building as well as the production building will be located in Prague 6. This region has the lowest price for the rent. After the expansion to Germany other locations for offices will be necessary. It might be necessary to outsource the production of the products. If the competitors in this market will reduce the prizes for their products we might need to outsource the production to countries with lower labor costs, for example Bulgaria. That way we will be able to sustain our long-term low prices strategy. Important is, that the quality will be at least equal to those of our competitors.

3. Which platform did we use?

The electronic platform which will be used is Amazon. According to the final results from all three methods, Alibaba showed the best result. However, as it was said earlier, Alibaba is only a business to business platform. For our product, we should have a business to customer platform. However it might be interesting to buy our raw material from Alibaba and after our production is big enough for large orders we can even start our market on Alibaba. After our brand is well known enough it might even be viable to start our own online shop. That way we would no longer need to pay the fees from Amazon or Alibaba. Or at least the costs could be reduced, because the fees also depend on the number of articles which are sold via Amazon. If we would sell more and more items in our own online store we could reduce the costs for the fees. As a good example, we can mention Alza. It is a successful Czech company which used the e-platform. Alza started in Czech Republic but after winning the market, they expand with their own electronic platform to Slovakia, Germany and the UK.

4. Which barriers should be solved?

Other competitors might already have a well known brand in this field and will attract more customers than our brand in the beginning. This will probably make the first period difficult. We plan to get ahead of our competitors but we will have to invest time and money in advertising our brand, that is why in the beginning we will probably make less revenue. Furthermore we will not profit from the “returns to scale” effect in the beginning. The effect “returns to scale” means that our costs will raise slower than the number of sold products. This effect gets more powerful after the company got bigger and we scaled up our production. Our competitors probably already are in this period. Another problem might be the capital for funding this company. We need contracts with banks and dept holders to start the business. Those are difficult to find, at least credible ones with a low rate of interest.

We will overcome these problems because our product is a market niche. Other equestrian accessories have not such a deep historical background to the Scythians. Furthermore we

planned to sell the products cheaper than our competitors. Another advantage is, that we could observe how our competitors tried to start their online shops and see what difficulties they had. We can prohibit to make the same mistakes they did.

Conclusion

The aim of the thesis was to evaluate electronic platforms through “multi criteria evaluation of alternatives”. A further aim was to determine which e-platform is the best option for the product. The theoretical part of this thesis is focused on the explanation of the online marketing strategies, the analysis of marketing mix (product, price, place and promotion). The second section of the theoretical part of this thesis was introduced by the explanation of the three methods of “multi criteria evaluation of alternatives”. It was presented by Scoring method, Saaty`s method and Sequence method.

The practical part of this thesis was dealing with evaluation of all these three methods according to our special criteria for future distribution of our product. The results showed that there is not only one option for our product. However, according to our potential customers, we set the name of the most relevant e-platform.

In the second part of the practical part, was set the primary plan of starting a business online. There were described all steps for starting a successful business project via the best option of the e-platform.

The significant result of this thesis is that usage of e-platform has a high influence on the consumers. It is not a surprise because nowadays, shopping online becomes more and more popular. It is the main reason, why it is so important to know which electronic platform should be used.

This thesis may be useful for people who wants to start selling their goods and services using popular electronic platforms and, also, for marketers who wants to evaluate the efficiency of e-platforms in the marketing sphere. It shows which advantages and disadvantages each tested e-platform has, so the person who wants to sell goods or service is able to decide which e-platform will be the best option for him.

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