**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Management**



# Master's Thesis

## Email Marketing Campaign Targeting the "Lost" Segment

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# ČESKÁ ZEMĚDĚLSKÁ UNIVERZITA V PRAZE

Provozně ekonomická fakulta

# ZADÁNÍ DIPLOMOVÉ PRÁCE

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Podnikání a administrativa

Název práce

**E-mailová marketingová kampaň se zaměřením na „ztracený" segment**

Název anglicky

**Email Marketing Campaign Targeting the 'Lost' Segment"**

## Cíle práce

Cílem diplomové práce je navrhnout, implementovat a vyhodnotit e-mailovou marketingovou kampaň, která bude zaměřena na „ztracený" segment.

## Metodika

Diplomová práce je rozdělena do dvou částí, teoretické a praktické.

Teoretická část je vytvořena na základě analýzy, komparace a syntézy odborné literatury v oblasti on-line marketingu.

Cílem praktické části je navrhnout, implementovat a vyhodnotit e-mailovou marketingovou kampaň, která bude zaměřena na „ztracený" segment.

Tohoto cíle bude dosaženo prostřednictvím následujících kroků:

1) Vytvořit RFM segmentaci zákazníků společnosti Živiny

2) Prostřednictvím rozhovorů se zákazníky identifikovat jejich nákupní preference s cílem lepší personalizace kampaně.

3) Vytvoření návrhu e-mailové marketingové kampaně.

**Doporučený rozsah práce**

60 – 80 stran

**Klíčová slova**

Online marketingová komunikace, marketing, e-mail marketing, on-line marketing, marketingová komunikace, on-line komunikační strategie

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**Doporučené zdroje informací**

KARLÍČEK, M. Základy marketingu. Praha: Grada, 2018. ISBN 978-80-247-5869-5.

LOSEKOOT, Michelle; VYHNÁNKOVÁ, Eliška. *Jak na sítě : ovládněte čtyři principy úspěchu na sociálních sítích.* V Brně: Jan Melvil Publishing, 2019. ISBN 978-80-7555-084-2.

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SCHAUER, Pete. *Politicians on Social Media. [elektronický zdroj] /.* New York, NY: Greenhaven Publishing LLC, 2018. ISBN 9781534503335.

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**Předběžný termín obhajoby**

2023/24 LS – PEF

**Vedoucí práce**

doc. Ing. Ladislav Pilař, MBA, Ph.D.

**Garantující pracoviště**

Katedra řízení

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Elektronicky schváleno dne 28. 6. 2022

**prof. Ing. Ivana Tichá, Ph.D.**

Vedoucí katedry

Elektronicky schváleno dne 2. 11. 2022

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Děkan

V Praze dne 31. 03. 2024

**Declaration**

I declare that I have worked on my master's thesis titled "Email Marketing Campaign Targeting the "Lost Segment"" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on March 31, 2024                         _____

**Acknowledgement**

# Email Marketing Campaign Targeting the "Lost" Segment

**Abstract**

This thesis addresses the topic of online marketing communication of a selected company. It is systematically divided into literature review and practical part. The main objective of the thesis is to design, implement and evaluate an email marketing campaign. The secondary objectives are the application of RFM segmentation method to the company's customer base and the identification of customer preferences and motivations using the interview method.

In the literature research, the theoretical foundations related to the thesis topic are defined based on the analysis, comparison, and synthesis of the literature. Marketing, the 4P, 4C and 7P marketing models, marketing strategy, segmentation, primary data collection methods and digital marketing tools are described.

The beginning of the practical part is devoted to the introduction of the selected company, organizational structure, and competitors. Furthermore, the practical part is devoted to the analysis of the company according to the extended 7P marketing mix. This is followed by an analysis of the company's email communication, which is then continued by an RFM segmentation of the customer base. Afterwards, information on customer behavior, motivations and preferences is obtained using the customer interview method. Based on the collected information, an email marketing win-back campaign targeting the "Lost" segment is subsequently designed, implemented, and evaluated.

At the end of the practical part, the acquired knowledge is used to recommend further email marketing activities for the company.

**Keywords:** e-mail marketing, e-mail marketing campaign, interview, internet, marketing, marketing campaign, marketing communication, marketing communication mix, on-line communication, on-line marketing, on-line marketing communication, segmentation

# E-mailová marketingová kampaň se zaměřením na "ztracený" segment

**Abstrakt**

Tato diplomová práce se zabývá problematikou online marketingové komunikace vybrané společnosti. Rozdělena je systematicky na literární rešerši a praktickou část. Hlavním cílem diplomové práce je návrh, implementace a vyhodnocení email marketingové kampaně. Vedlejšími cíli je aplikace metody RFM segmentace na zákaznickou bázi společnosti a zjištění zákaznických preferencí a motivací pomocí metody rozhovorů.

V literární rešerši jsou na základě analýzy, komparace a syntézy odborné literatury definována teoretická východiska, která se pojí s tématem diplomové práce. Popsán je marketing, marketingové modely 4P, 4C a 7P, marketingová strategie, segmentace, metody sběru primárních dat a digitální marketingové nástroje.

Úvod praktické části se věnuje představení vybrané společnosti, organizační struktury a konkurentů. Dále se praktická část věnuje analýze podniku dle rozšířeného marketingového mixu 7P. Následuje analýza firemní emailové komunikace, na kterou navazuje RFM segmentace zákaznické báze. Poté jsou pomocí metody rozhovorů se zákazníky získány informace o chování, motivacích a preferencích zákazníků. Na základě zjištěných dat je následně navržena, implementována a vyhodnocena email marketingová win-back kampaň zaměřená na "ztracený" segment.

V závěru praktické části jsou využity nabité poznatky pro doporučení dalších aktivit emailového marketingu společnosti.

**Klíčová slova:** e-mail marketing, e-mailová marketingová kampaň, internet, marketing, marketingová kampaň, marketingová komunikace, marketingový komunikační mix, on-line komunikace, on-line marketing, on-line marketingová komunikace, rozhovor, segmentace

# Table of content

# 1 Introduction

Nowadays, marketing communication and strategy are one of the key cornerstones of business success in all sectors. This is due to their ability to not only introduce products and services to potential customers, but also to create and maintain long-term relationships with them. With the development of digital technology and the internet, marketing practices have been radically transformed. This is allowing companies to better segment market and their customers, personalize their communication and measure the effectiveness of their campaigns.

The transformation of traditional marketing practices into a digital environment introduces a number of unique challenges and difficulties that require businesses not only to be technologically adaptive, but also to have a deep understanding of new ways of interacting with customers. The digitalization of marketing means a continuous struggle with information overload in the online environment, where capturing the customer's attention is becoming increasingly difficult. Companies have to deal with increasing demands for content personalization and communication targeting, which requires advanced data analysis and the application of sophisticated market segmentation tools.

In addition, the transition to digital marketing often provokes questions about data security and privacy, with the corresponding need to comply with constantly changing legal regulations in the digital environment. Maintaining brand identity while simultaneously using a variety of digital channels is a challenge, which requires strategic planning and coordination. These aspects show that the transition to digital marketing is a complex process. The implementation, if successful, represents not only a technological innovation for companies, but also a strategic shift in mindset and approach to the market.

This thesis focuses on the examination and application of key marketing concepts, methods, and tools, with an attention to their relevance in a digital environment. The theoretical part of the thesis provides a solid foundation, while the practical part explores in detail the application of marketing concepts in a real business context, specifically in Farma Živina, a company specializing in the production of plant-based products.

This approach allows not only to examine the theoretical aspects of marketing, but also to provide a practical example of how these theories can be applied to a specific company. The thesis focuses on the characteristics of the company itself, its competitors, the application of the 7Ps of marketing mix and the analysis and implementation of digital marketing tools, including email marketing, interviews, and customer segmentation. The aim is to provide a comprehensive view of modern marketing concepts and introduce effective approaches to achieve marketing objectives in the digital age.

This thesis therefore represents a bridge between theory and practice in the field of marketing, offering an in-depth look at the dynamics of marketing communication under the influence of technology and digital communication.

# 2 Objectives and Methodology

## 2.1 Objectives

**Primary Objective**

- Design, implement, and evaluate an email marketing campaign targeting "Lost" segment

**Secondary Objectives**

- Develop RFM segmentation of Živina customers, classify customers into individual segments and characterize them accordingly
- Identify purchasing preferences of Živina customers through customer interviews with the aim of better personalization of the email marketing campaign

## 2.2 Methodology

This thesis is dedicated to online marketing, focusing on the use of specific digital marketing tools and the process of designing, implementing, and evaluating an email marketing campaign. The study of literature and other relevant information sources is used to develop solid foundation for the thesis. The whole academic work is structured into two main parts, theoretical and practical, to provide a comprehensive view of the subject and its application in practice.

The Literature Review is dedicated to a comprehensive literature research on the topic of the thesis. The initial section focuses on the basic definition of marketing, the 4P marketing mix, the 4C model, the extended 7P model and the marketing communication mix. Subsequently, the thesis examines the strategic aspects of marketing, explores their formulation, evaluation, describes the vision and mission, and specifies the marketing objectives. The next section focuses on market segmentation, describing the process of creating it, and introducing the RFM segmentation method. The thesis also explores primary data collection methods, describing in detail the different methods that can be used in this context. The final part of the theoretical section examines digital marketing tools, including websites, content marketing, social media marketing, email marketing and marketing automation.

The practical part of this thesis provides a detailed introduction to Farma Živina. It focuses on a description of its logo and brand and explores the key pillars of its organizational structure and product portfolio. The thesis also analyses and describes its competitors. In the following section, the thesis focuses on the application of 7Ps of marketing to a specific example of the selected company. In the next section, the thesis focuses on presenting the email marketing activities that the company utilizes as part of its marketing efforts. This section also includes an analysis of specific newsletter metrics. The next section of the thesis is dedicated to the development of RFM segmentation. The segmentation creation procedure is applied here, according to the specification presented in the theoretical section. In the next chapter, the thesis concentrates on the implementation of research, which involves collecting primary data from Živina's customers through interviews.

The following chapter deals with the whole process of designing, implementing, and evaluating an email marketing campaign. First of all, the objectives of the campaign and the selection of incentives are determined. The next important step is the selection of the target group, which is specified based on the results of the RFM segmentation. For maximum effectiveness, the campaign launch time is carefully planned. This is followed by the preparation of the content of the marketing email according to the preferences and needs of customers identified during the interviews. The content preparation is followed by the campaign launch and its subsequent monitoring and evaluation.

The last part of this thesis presents a set of suggestions and recommendations for the company's future marketing activities with a focus on email marketing. These suggestions are developed based on the information and insights gained during the development of this thesis.

The practical part was realized using data provided by Farma Živina for the purpose of this thesis.

# 3 Literature Review

This chapter of the thesis will define and describe the terminology that is inseparably linked with the topics of marketing, segmentation, primary data collection methods and digital marketing tools. At the beginning of the chapter, the general definition of marketing, marketing models and the marketing communication mix will be described. Then, strategic marketing and its components will be outlined, especially vision, mission, and marketing objectives. Afterwards, segmentation, the differences between market segmentation and customer segmentation and RFM segmentation will be described. Furthermore, the literature review will examine the methods of primary data collection. At the end of this chapter, digital marketing tools will be introduced, including for example websites, social media marketing and email marketing.

## 3.1 Marketing

Marketing, as defined by Philip Kotler, is the economical, societal, and managerial process of creating and sharing products and values in a societal exchange to satisfy needs and wants of individuals and groups. This dual perspective underlines marketing's role in both elevating living standards and its managerial aspect, often simplified as "the art of selling" (Kotler, 2007). However, selling is just a tip of the iceberg in marketing.

From a closer perspective, Peter Drucker's viewpoint clarifies that the essence of marketing is in understanding the customer so well that the product or service practically sells itself if it meets the customer's needs. This becomes a shift from selling towards addressing customer needs, highlighting strategic alignment based on customer preferences as the core for effective marketing (Kotler & Keller, 2013).

Successful marketing strategies should use highly developed methods and tools, striving to meet customer needs, but at the same time, aim to do it more effectively than competitors (Jakubíková, 2013). The goal is to differentiate the selling concept from the broader marketing concept, intending to conduct business profitably by satisfying customer needs (Kotler & Keller, 2013).

The marketing mix, or the 4Ps (Product, Price, Place, Promotion), remains a fundamental concept in marketing strategy regarding the aspect of linking product offers with market

target segments (Kotler, 2007). In modern contexts, the marketing mix has expanded outside these traditional elements to include additional components like People, Processes, and Physical evidence, particularly in service marketing (Keřkovský & Vykypěl, 2006).

This expansion relates to basic customer-oriented questions about the offered value and, basically, their competitive advantage, as well as how to retain customers. From the strategic discussions, this leads to tactical marketing activities that are based on the four pillars: product, price, promotion, and placement to satisfy the growing needs of the target segment (Karlíček, 2018).

### 3.1.1 Marketing Mix – 4P

The 4Ps of Marketing are Product, Price, Place, and Promotion. These cover the basic elements of a business's marketing strategy, which will need to be optimized according to the market situation and the target customer base for a particular product line. This conceptual framework helps establish the linkage between the business's offerings and customer and market demand, ultimately leading to competitive advantage and customer satisfaction (Karlíček, 2018).

*Figure 1: Marketing mix (4P)*
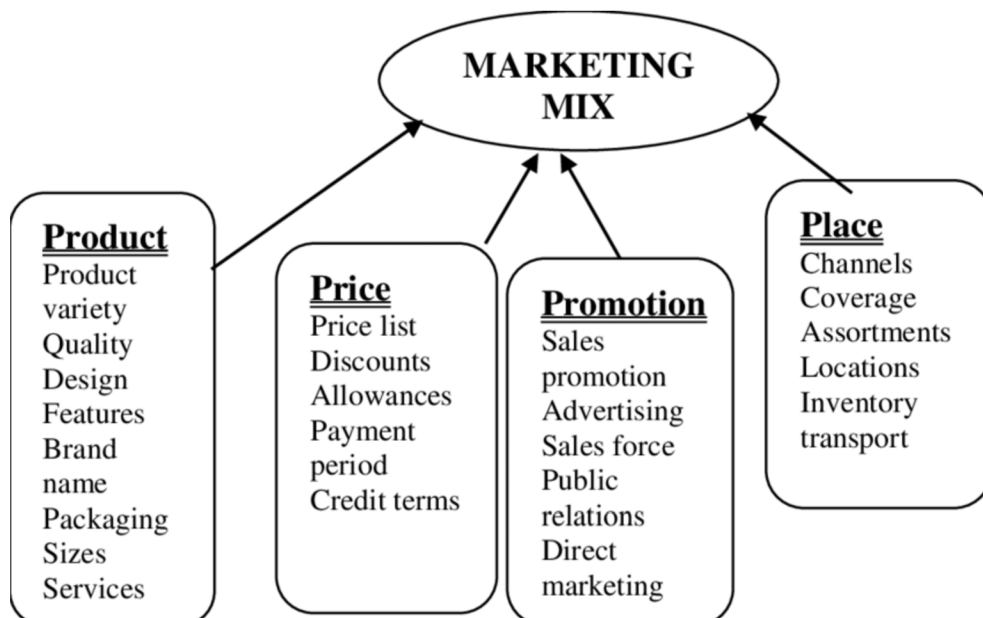


*Source: Kotler & Keller, c2009*

The marketing mix elements are well represented and depicted by the Figure 1, showing specific examples or subcategories of each component of the traditional marketing mix.

**Product**

It represents the essence of any business. Whether a tangible item or a service, it is prepared to fulfill the need or desire of the consumer. The product is characterized by unique features that differentiate a company's products and services, such as quality, features, branding, and additional services. The level of attention to product design, quality, and branding are among the various distinguishing characteristics for a company's offerings in the competitive market (Kotler, 2007).

**Price**

Price reflects what consumers will be willing to exchange for a product or service. Strategies should be developed to find an optimal balance that reflects the perceived value of the product, competitive prices, and the cost structures of a company. Price is the most influential element within the marketing mix - it affects market share and profitability. Strategic pricing can create significant differences (Kotler & Keller, 2013).

**Place**

Place, also known as distribution, consists of strategies making the product available. It includes the selection of appropriate distribution channels, retail outlets, and logistics through which products become accessible at the time and place where customers want them. Effective distribution is key to maximizing sales and providing convenience to customers (Zamazalová, 2010).

**Promotion**

The fourth P in the marketing mix involves all communication activities of the product's or service's value to consumers to influence their purchasing decision. It includes advertising, sales promotion, public relations, and direct marketing. The objective is to reach the target audience through various communication channels to foster awareness and interest in the product (Zamazalová, 2010).

**Recommendations**

Combining Product, Price, Place, and Promotion integrates a viable strategy for market demands. It compels businesses to continuously analyze and adjust to market shifts, competitive dynamics, and consumer behavior.

To remain agile and responsible, it's crucial to periodically monitor market changes, along with customer feedback, should be analyzed to ensure that appropriate changes are made in the marketing mix to better align with customer perceptions and preferences (Kotler, 2007).

With the dynamic nature of digital technology, online marketing channels are ever emerging, offering new opportunities to be developed for both promotion and distribution, reaching wider and more effectively in the way through which business messages can be well-channeled to audiences.

Moreover, incorporating sustainability and ethical practices within the marketing mix will add more attraction and a positive brand image for those consumers who prioritize environmental conservation and the commitment to a sustainable society. This points to the fact that the 4Ps framework is an all-around tool by which businesses can design, implement, and even evaluate marketing strategies. Properly managed, the business is likely to meet its marketing objectives and, therefore, acquires sustainable competitive advantages in the market (Zamazalová, 2010).

## 3.1.2  Marketing Model – 4C

The 4C model was introduced by Bob Lauterborn in 1990 and it turned many marketing perspectives towards new trend which moved away from the traditional focus of the 4Ps on products. Lauterborn insisted on relevance of exploring more relevant concerns, such as customer-centric strategies that would focus on an evolving marketplace. This paradigm highlighted how essential is to understand wants and needs of consumers, knowing what it costs to satisfy them, and convenience of purchase, together with effective communication with the consumer, as the center of the marketing efforts. This approach has become very relevant in today's digital and interconnected market landscape (Jobber & Fahy, 2009, as cited in Hanlon, 2020).

In 1990, Bob Lauterborn wrote an article in "Advertising Age" magazine about how the 4Ps concept was outdated and that today's marketers needed to address real problems. He described the concept as the 4Cs, and its structure is as follows:

- Consumer wants and needs,
- Cost to satisfy,
- Convenience to buy,
- Communication (Jobber & Fahy, 2009, as cited in Hanlon, 2020).

**Consumer wants and needs**

A foundational element of the 4C model is "Consumer wants and needs". It is crucial to ensure that effective marketing strategies are in place, where understanding and awareness of consumer wants and needs are in the form of priority. In other words, it is essential to get to the bottom of what the consumer is actually seeking from products and services. The aim of this process is to unveil what might be their own motivations and perceived priorities. By aligning marketing strategies to those core consumer insights, organizations can create more relevant, and meaningful connections of their offerings to target audiences in ways that resonate well with them and meet their actual needs and desires (Karlíček, 2018; Kotler & Keller, 2013).

**Cost to satisfy**

An extension in the 4C model, "Cost to Satisfy" stands for the payment of consumers and the time and effort made by them. The view that this type of cost is broad looks at the purchase decisions made under consideration of aspects rather than the price, which may include convenience and the effort put forth in obtaining a product or service. The dimensions help marketers understand how to reduce barriers to purchase, therefore, increasing the satisfaction and the process of decision-making for their customer (Jakubíková, 2013; Kotler & Keller, 2013).

**Convenience to buy**

"Convenience to buy" within the 4C model allows for convenient access to and purchasing through a number of points and channels. By this, it concurs that access is a key influencer of consumer buying behavior. This is done through means of ensuring that consumers not

only find it easy to purchase those offered by the business through the channels used, but are additionally relieved of any unnecessary struggles to do so (Jakubíková, 2013; Kotler & Keller, 2013).

**Communication**

One important aspect of the 4C model is the shift from traditional advertising methods to more consumer-focused methods where engaging dialogue is more central. The change brought an emphasis on establishing relationships in contrast to the earlier practice of merely passing on information. Modern marketing strategies should ideally center around interactive communication that values feedback and personal interactions to reach the customer at a deeper level. The approach would well integrate the changing consumer expectation of brand interaction being much more authentic and individual in nature (Jakubíková, 2013; Kotler & Keller, 2013).

Comparing the 4P (Product, Price, Place, Promotion) with the 4C (Consumer, Cost, Convenience, Communication) models means that marketing has taken a major shift from a product-oriented approach to consumer-orientated. The 4C model exemplifies a major shift in the role of modern consumers' engagements & expectations, which have progressively shifted towards the need for more personalised experiences and value delivery, suggesting further insight into consumer needs, purchase convenience and a higher level of interactive communication. Additionally, consumers expect a better total cost to satisfaction ratio. It will be even more helpful since we are in the digital era, and therefore, the expectations of the consumers and the digital landscape keep changing over the internet (Karlíček, 2018).

### 3.1.3 7Ps of Marketing

The traditional 4Ps have further evolved into 7Ps to match the increasing complexity of consumer needs and market dynamics. The updated version includes in addition **People**, **Processes**, and **Physical evidence**. These kind of development shows the different horizons of commerce where the intangible parts of the marketing are now becoming just as important as the tangible ones. The inclusion of People, Processes, and Physical Evidence acknowledges the importance of human interaction and contact, the process that brings the customer to the product, and the role of sensory experiences in brand identity (Kotler & Keller, 2013).

Figure 2 shows the extended marketing mix model (7P) with all its components.

**People**

In the 7Ps of Marketing, "People" means the personnel and representatives of an organization who have direct contact with the customers. Their behavior, working manners, and service delivery have a significant effect on the customer satisfaction and perception level about the brand. A good customer experience requires that employees are provided with an in-depth understanding of the company's products and services and at the same time have effective skills in solving the problems of the customers through interaction management skills. The company should invest in a development of a customer-centric culture through adequate training and provision of necessary tools that will ensure a favorable market positioning for the company (Zeithaml & Bitner et al, 2006).

**Processes**

"Processes" form a part of the extended marketing mix. They play a very important role, contributing greatly to the customer's seamless journey from first contact to after-sale support. This element of the marketing mix involves understanding of each step of a

customer, from the first interest to the final purchase. The aim is to streamline these steps in a way the customers would be having the best possible experience. Technology integration is a key factor that helps in refining the processes to increase customer satisfaction and operational efficiency (Zeithaml & Bitner et al, 2006).

**Physical Evidence**

"Physical evidence" in the marketing mix details tangible aspects that facilitate customers in confirming the quality of purchase. This kind of proof ranges from the surroundings in which services are delivered to staff presentation and product package composition. It is a kind of visual and tangible evidence of quality and service carried by a brand, playing a crucial role in customer perceptions and experiences (Zeithaml & Bitner et al, 2006).

**4P vs. 7P**

The change from the traditional 4Ps to the 7Ps of the marketing mix is a reflection of what has happened in the modern marketing landscape. The 4Ps are primary focusing on the tangible goods and laid a lot of emphasis on the product, price, place, and promotion. The 7Ps model emphasizes the growing importance of service-based components in marketing strategies. This broader concept brings more holistic approach which is incorporating the customer experience and service quality into the marketing mix. It all points to the trend of the marketing mix moving towards more customer-centric marketing practices (Bitner & Booms, 1981, as cited in Hanlon, 2023).

With the always changing and evolving marketing landscape that is consistently fueled by increasing consumer expectations of highly personalized experiences, high-quality services, and substantial value for their money, businesses have to review their strategies in a manner that will align with this trend. The evolution to customer-centric approaches brought in the components of extended marketing mix (7Ps), underlining what had become traditional marketing methods with the adaptation of digital technologies for more effective engagement. The optimization of processes in the marketing mix is one of the keys to an undisturbed customer journey from a first contact opportunity to after-sales support, and it is key in optimizing operational efficiency while minimizing costs but raising the level of the customer experience. This is crucial for further influence in consumer perception and brand experience which should lead to a reinforcement of quality and service value delivered (Brooks, 2023).

Adapting to digital trends has become an indispensable part of modern marketing strategies, influencing the extended 7Ps with the inclusion of digital channels and technologies that will strengthen customer engagement and help in the simplification of service delivery processes online. This evolution demands a strategic integration of digital platforms with the promotional activities and utilization of digital tools for better understanding of customer needs, so that there is coherence maintained in online-offline experiences. Placing new components strategically in the extended marketing mix in such a manner that it provides a holistic approach, hence enabling the business to cultivate deeper relationships with customers as they optimize all areas of service delivery towards optimum satisfaction and loyalty. This larger perspective is giving an edge to businesses in such a diverse global marketplace through the detailed overlook on subtler aspects of customer experience, operational efficiencies which is essential for navigating diverse customer expectations across different cultural and regional landscapes (Brooks, 2023).

### 3.1.4 Marketing Communication Mix

The marketing communication mix is a central concept in the world of marketing and pertains to the strategic fusion of the different efforts at communication that organizations put in place in order to reach their target audience more effectively. From the basic marketing mix, it has grown and expanded to cover not only old media but also all types of new media, hence further widening space and reach in marketing. Such development reflects adaptation to the running changes in consumer behavior and technological progression, which becomes an outcry for more united and integrated approaches to marketing communications (Kotler & Keller, 2013).

According to Kotler & Keller (2013), the communication mix consists of a number of means of marketing communication, including:

- **Advertisement** - It is a paid form of non-personal presentation and promotion of ideas, goods, or services, identified by the sponsor and presented through media.

- **Public relations** - This is the practice of managing the flow of information between an organization and the public, intended to bring about a positive image and alleviate as much as possible any negative perceptions.

- **Personal selling** - This is the form of marketing which involves direct contact between business representatives and consumers. Due to the individual one-on-one approach, firms tend to persuade customers more easily through these means.

- **Sales promotion** - The tendency to use short-term incentives for the purchase or sale of a product or service by encouraging an increase in value to consumers and traders supported by the marketing mix.

- **Direct marketing** – This is the form of advertising in which businesses are directly connected to their target customer audience through a variety of media, such as email, post or telemarketing.

- **Social media** - Digital platforms used to interactively exchange information, ideas, interests, and other forms of expression through virtual communities and networks.

- **Digital marketing channels** - Tools and online platforms that are used to promote products or services to an online crowd through means like search engine optimization, content marketing, and online advertising.

Each element in the mix of marketing communications has its very distinct advantages and challenges in involving the target market.

Another perspective has been established by Oliver Peterson (2020) in which he critically reviews the marketing communication mix. The marketing communication mix does play the main role, in the sense that it helps organizations to reach customers, sell products or services, enhance brand awareness, and help in creating a relationship with the customers. Peterson suggests that the marketing communication mix elements may be categorized as twelve different points:

- **Personal Selling** - Involves personal persuasion by direct contact between the seller and the customer.

- **Advertising** - The paid announcement of products or services through various media to attract public attention.

- **Sales Promotion** - Short-term incentives aimed at encouraging the purchase of a product or service.

- **Direct Marketing** - Interactive system of marketing that reaches the individual consumer directly to obtain a response or a transaction.

- **Publicity and Public Relations** - Activities of an organization designed to influence people's views on an organization, carried out by means of media, and not requiring any payment.

- **Sponsoring** - Financial or material support of an event, activity, or person with the aim to attract publicity and recognition of a name or brand.

- **Exhibitions** - Participation in trade shows or exhibitions to showcase products or services directly to attendees.

- **Packaging** - The design and production of packaging for products, which also serves as a marketing tool.

- **Point-of-Sale Merchandising** - A method of promotional activity that increases sales directly at the point of purchase, which works through means of impulsive purchasing behavior.

- **Word of Mouth** - Encouraging satisfied customers to verbally spread positive information about a product or service.

- **Internet/Social Media Marketing** - Utilizing online platforms and social media to market products or services.

- **Corporate Identity/Image** - The composite, overall visual appearance and communication strategy of a company that sets it aside from its competition.

All these play a unique role within the big overall strategy for the marketing communication mix, designed to reach and engage the target audience (Peterson, 2020).

Přikrylová (2019) further elaborates that the Marketing Communication Mix is a crucial tool in the wider Marketing Mix that, through a strategic mix of all available tools, helps marketing managers implement not only marketing but also other all-inclusive corporate goals. This mix entails a brilliant combination of personal and impersonal forms of communication: personal selling is the personal element, while advertising, sales promotion, direct marketing, and public relations form the impersonal elements. Each of the tools does not only serve a distinct purpose but also operates synergistically to increase the effectiveness of others, ensuring it is an all-around approach to the market, engagement, and messaging.

*Figure 3: Marketing communication strategy as defined by Jana Přikrylová*



*Source: Todorova, 2015*

The Figure 3 presents a visual representation of five key elements of the Marketing Communications Mix as defined by Jana Přikrylová.

**Personal Selling**

Personal selling is a vital component of the Marketing Communication Mix. Direct communication, it involves face-to-face interaction between the salesperson and the customers to allow for tailor-made messages and feedback. This exact method is highly adaptable and effective in relation to the sales pitch that can be customized according to the individual needs of the customer, hence highly applicable in complex sales environments, where the understanding of customer requirements is critical (Kotler and Keller, 2013). This personal selling dynamism may enable an immediate change of sales techniques. It sometimes presents a unique opportunity for the handling of objections, detailing of the explanations, influencing the purchasing decisions at the very moment, and sometimes finding instant solutions to whatever constraining factors crop up in the purchase process. Additionally, personal selling is highly instrumental in the last steps of the buying process, which has an extremely high influence on customer preference and loyalty because of persuasive communication and efforts put in relationship building (Přikrylová, 2019).

The marketing strategy of personal selling therefore highlights its effectiveness through in-depth customer involvement, especially in comparison to other techniques offered in the Marketing Communication Mix. Sales representatives can leverage deep product information and an understanding of customer needs to tailor the solution in such a way that it gains the customers' satisfaction and loyalty. This level of direct marketing communication not only increases the opportunity for immediate transactional activities for the marketer, but also raises the prospect of building long-term customer relationships, which are very important for sustained success in business (Přikrylová, 2019).

Furthermore, the use of this strategic deployment of personal selling, backed by training and incentives for sales staff, ensures that organizations are in a place to effectively negotiate the complexities of the modern marketplaces, making it an essential tool in the marketing communication arsenal (Peterson, 2020).

**Advertising**

Advertising is an integral part of Marketing Communication Mix. Advertisement reflects the intended activities of the companies to influence customer behavior, through paid, non-personal channels. It involves using a variety of media in the distribution of messages that are aimed to inform, persuade, and remind the target audience about products, services, or the brand. The essence of advertising is to reach a wide audience in the most efficient way, which makes it an essential tool for building up brands and market penetration (Peterson, 2020). As further emphasized by Přikrylová (2019), application of strategic advertising allows creative and complex communication in both traditional media, like print and broadcast, as so as in modern media and on digital platforms. This ensures that messages resonate with the intended consumers.

Moreover, the wide range of advertising strategies, as well as their adaptivity, highlights their essential position within the communication mix, especially towards customer attitudes. This flexibility allows the innovation of advertisement strategies that embrace interactive and targeted digital campaigns. Marketers who advertise with digital analytics in their campaigns can calibrate strategies in real time by using the feedback that comes instantly in today's technological age, therefore reaching the highest effectiveness and group of their target audience. Strategic implementation of advertisement is covering both the traditional and digital strategies. Advertising is also highly influencing consumer perception and helping drive business success in a highly competitive market (Přikrylová, 2019).

**Sales Promotion**

This is a very important tool of the Marketing Communication Mix that employs a number of tools very strategically, which can be aimed at giving sales a temporary push and improving product or brand attractiveness. Kotler & Keller (2013) described it as a mechanism that is aimed at encouraging faster and larger purchase of products or services by consumers or by trade channels through short-term incentives. It may take the form of discounts, coupons, incentives, contests, and free samples all set to trigger customer action with immediate effect. It is the immediacy and tactical nature of these sales promotions that lend them the impact of driving an immediate uplift in sales, seasonality of demand, or to reduce surplus inventory levels.

Sales promotion does not only drive an increase in short-term sales, it also involves acquiring new customers and building customer brand loyalty. According to Jurášková (2012) and Kotler (2013), a well-executed promotion will not only attract new customers by offering them products to be tested risk-free but will also reward already existing ones. For instance, loyalty programs that not only foster repetitive purchases but also help companies gain valuable insight into buying patterns. Sales promotions should be used strategically to support brand long-term objectives without possibly leading to brand dilution or getting consumers that only react to discounts. Therefore, it is crucial to maintain balance in the promotional strategy among the other elements of the marketing mix.

**Direct Marketing**

Direct marketing is done with a targeted and carefully selected list of customers from databases. This approach is known for building stronger and more personalized customer relationships. It leverages detailed geographic, demographic, psychographic, and behavioral data of both existing and potential customers if available. The trend toward personalized marketing further underscores the increasing usage of direct marketing which is often in the form of online media and messages (Kotler & Keller, 2013).

Direct marketing benefits those customers who can buy products from their homes or offices. While this seems like it might only advantage the customers, the selling party is beneficial as well. Direct marketing allows to precisely target customers very personally and quickly. This personalized approach further fosters long-term relationships with customers and enables measurement of responses to advertising messages. This goes in line with the immediacy of direct marketing channels such as email, mail, and telemarketing which allows companies to address the specific needs and wants of their market segments (Přikrylová, 2019).

However, there are drawbacks to direct marketing too. One of the main challenges is a high expense on maintaining quality customers' databases, the cost of software, and expenses related to postage and production of mailings (Přikrylová, 2019).

According to Karlíček (2016), only a minimum of the clients take the direct marketing form of communication neutrally. Most people take it as an invasive tool. This underlines the

necessity of finding the right balance between addressing potential clients and respecting their preferences to avoid harming the brand (Karlíček, 2016).

**Public Relations**

Public Relations (PR) is a strategic communication process that helps in building beneficial relations between organizations and their respective publics. The essence of PR, according to the Public Relations Society of America (PRSA), is in careful management and shaping of the impressions that the public forms with regard to an organization across all its platforms. This includes the process of learning and understanding the public opinions, attitudes, and issues that are likely to influence the organization either positively or negatively. One of the main roles of PR is, therefore, to ensure that the reputation of an organization is safeguarded (PRSA, 2024).

The emphasis in public relations is placed on credibility and trust, which makes it distinctive within marketing communication. Effective PR campaigns are based on arguments which should be objective due to the information that is taken from broader research and statistics. In general, success in PR is all about your ability to understand the audience you are dealing with, who could be either an internal (employees) or external (customers, investors, and the wider community) audience. Public relations aim to influence the perception of news and events in favor of an organization which gives them the means to manage public opinion (Karlíček, 2016; Přikrylová, 2019).

According to Přikrylová (2019), the concept of public relations is related to a wide spectrum of activities targeted at the establishment and maintenance of a good image of an organization. It may cover everything from media relations, community involvement, and crisis management with other strategies aiming at a positive dialogue between the company and the stakeholders.

Public relation professionals work through strategic communication to help improve an organization's reputation, engage different stakeholders, and help in marketing and business objectives. The different PR tools and platforms offer organizations various ways of value delivery and initiatives, pointing out that public relations are diverse and dynamic in the marketing communication mix (Karlíček, 2016).

Understanding and optimizing the Marketing Communication Mix is a key factor to effectively achieve the marketing objectives, which require being quantified in a way where they can be analyzed and evaluated rigorously in regard to the performance of various communication channels (Todorova, 2015).

These approaches, therefore, aim at showing which of the elements—in this case, personal selling, advertising, sales promotion, direct marketing, and PR—are cohering effectively with the target market. For example, one could find out the response rates to email marketing campaigns or the engagement of social media posts to improve strategies that would otherwise be more consumer preference-based or behavior-based. This allows for an increase in marketing effectiveness in terms of spending and enables more relevant communication with consumers, through which marketing strategy is effectively executed.

The repetitiveness of testing, measuring, and refining of the communication mix ensures that the marketing efforts delivered are strategic but, at the same time, could adapt to the changing market landscape (Todorova, 2015).

The role of the marketing communication mix is highly important to effectively reach and engage the target audience in the fast-changing modern markets. The marketing mix is an effective method of getting the message of a brand across to market, promoting the products and services to customers, and building up brand awareness alongside brand loyalty (Peterson, 2020).

This is why it is so crucial that businesses listen to their target audience and are proactive to tailor the mix to be in line with their preferences, behaviors, and expectations, maximizing their impact. This may include the shift toward social media in advertising to reach mainly younger consumers or focusing on more traditional media to reach older consumers.

This not only ensures that marketing messages are heard, but in addition, they resonate with the target audience on a deeper level, building customer loyalty and propelling the business forward (Peterson, 2020).

## 3.2 Marketing Strategy

Marketing strategy can be thought of as an underlying, yet comprehensive decision-making process in the firm that is essential in determining how, when, and where it competes. This

process is closely related to the overarching corporate strategy, which consequently requires a very strong collaboration between the top management and the execution teams. Such strategic alignment ensures a marketing effort that is consistent with objectives but also with a cautious use of resources to achieve competitive advantage within the marketplace (Jakubíková, 2013).

Formulation of a marketing strategy provides a guiding roadmap for leveraging strengths within competitive landscapes of the market in terms of capturing and sustaining the maximum share of the potential market by emphasizing needs and preferences of customers (Aaker & Moorman, 2017).

Vaštíková (2014) describes six basic steps for building a marketing strategy, thus underlying the structured approach required for the effective crafting of marketing communications. The steps are as follows:

- **Situation Analysis** - It is the starting point and includes a comprehensive assessment of the company's current position in the market, including the understanding of its capabilities, customers, and competitors. Thus, this analysis lays a solid ground for the formulation of strategy.

- **Set SMART Objectives** - The next step following an analysis requires the setting of Specific, Measurable, Achievable, Relevant, and Time-bound objectives to the marketing communications. This will ensure that marketing strategy goals are clear and quantifiable.

- **Budgetary considerations** - The budget is one of the key considerations because it directly affects marketing strategies and choice of marketing channels. A well-planned budget aligns to the needs of a strategy and ensures prudent management of the resources.

- **Selection of Marketing Mix Tools** - This step involves selecting relevant tools from the marketing mix to assist in sending out the message to the selected target audience. This includes product decisions, price decisions, place decisions, and promotion decisions.

- **Execution Plan** - This refers to how strategically the implementation of the various marketing mix tools chosen will be done. Aside from that, the nature of a plan should be dynamic to consider the changes which could occur due to the received market feedback or perhaps even because of the ever-changing situation of the modern market.

- **Effectiveness Evaluation of the Strategy** - Finally, it is vital to evaluate effectiveness in terms of the set objectives of the marketing communication strategy. This is important for future adjustments and improvements in the strategy to maintain its relevance and effectiveness.

The organized approach to marketing strategy formulation provides companies with a clear blueprint to follow. It ensures not only that the marketing activity is compliant with the strategic objectives, but subsequently executed within budget. The marketing strategy is also adaptive to the market dynamics, which enhances the overall effectiveness of the strategy.

These strategies help enable companies to remain prepared in terms of trends in the market and needs of customers and make the marketing resources effective. It is a dynamic process that requires continuous assessment and refinement of its actual operational effectiveness to sustain competitive strength on the market considering the marketing objectives of the organization (Vaštíková, 2014).

### 3.2.1 Marketing Strategy Formulation

Aaker & Moorman (2017) emphasizes that a formulation of a marketing strategy is a very calculated process that has to align with the organization's mission and vision, and the trajectory the company is supposed to take in the competitive landscape. An organizational mission focuses on the purpose of the company, including the reason it exists and the value it offers its customers. In essence, strategic planning and decision-making helps the company forecast its future position.

It demonstrates that the organizational strategies are driven in the long term, while the immediate business objectives should be in line with marketing strategies.

Furthermore, the process of actually developing the marketing strategy bears a deep insight into the external market environment in respect to customer needs, competitive forces and

the current prevailing market trends. This is done through situational analysis: the internal strength areas of the company in relation to the external environment are studied to find out the strategic opportunities and threats. This is then followed by the actual development of the marketing plan, defining various objectives, strategic initiatives, and marketing mix that would best reach and influence the target market. Through this process, the organizational mission and vision importantly guide the firm to ensure that the marketing strategy is not just remaining sensitive to the current pulse of the market but also, and most significantly, is a live connection to the broader organizational purpose and aspiration. This alignment is very important in the sense that it will bring cohesiveness and synergy among the activities of the organization; therefore, the organization will be in a position to flow into the complexities that the market has with very clear directions and purpose at their exposure (Aaker & Moorman, 2017).

### 3.2.2 Marketing Strategy in Practice

In a practical sense, the operationalization of marketing strategies is the active process by which businesses suit strategic plans to the evolving market conditions and customer behaviors. Such a strategic marketing plan will be deeply rooted in the mission and strategic objectives of the company, which will also require continuous re-evaluation to retain its relevance and effectiveness. These requirements ask for businesses to be dynamic and change their marketing strategies every time change takes place within the market landscape, be it from technology advancement or actions by competitors (Aaker & Moorman, 2017).

This means that the strategic marketing efforts are not static, on the contrary, they evolve in response to pressure from external forces within the market, hence enabling them to capture emerging opportunities and possibly mitigate threats. Herein comes the integration of feedback mechanisms and market research to gauge the effectiveness of the approach businesses are undertaking and make data-driven decisions for fine-tuning them. This places examples of these iterative processes that emphasize the flexibility and responsiveness of strategy execution in such a place as to continue delivering organizational overall goals, even as the organization in question continuously meets the market's needs (Vaštíková, 2014).

In a real-world application, the marketing strategies must focus on operational excellence and effective deployment of marketing mix elements. Firms need to make good use of their product, price, place, and promotion strategies in order to communicate the value of them-

to the target markets and differentiate themselves from all the other offers in the market. This means marketing campaigns must be executed consciously, the distribution channels must be effectively managed, and the product portfolio must be optimized so that it corresponds to customer expectations and preferences (Karlíček, 2016).

Organizational vision should be based on the front that amidst the complexity of markets; it is needed to make sure that the businesses align their marketing strategies and insight of customers. Thus, businesses that remain attuned to the changes in customer behavior and market dynamics through the use of different forms of evaluation, such as software analytics or the use of analytics- based marketing automation tools that are changing the field of CRM to ensure that their marketing strategies are sound from a theoretical point of view and hence practically successful in driving growth (Aaker & Moorman, 2017).

*Figure 4: The Role of External Analysis*
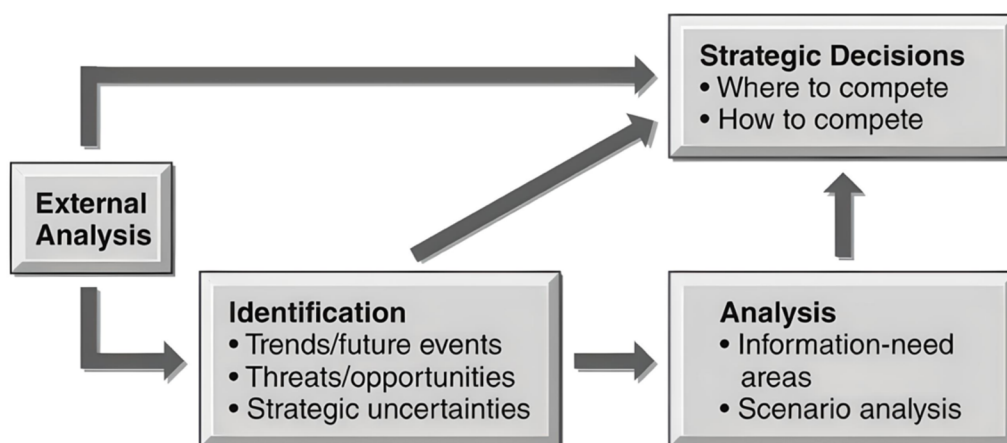


*Source: Aaker & Moorman, 2017*

Aaker & Moorman (2017) points out that the practical intent of an external analysis at the background of strategic marketing is among the main components of development for strategies. External analysis guides the strategic direction in the presentation of alternatives and influences that are then selected among these options, hence actively shaping the marketing strategy and decision-making, as illustrated in Figure 4.

### 3.2.3 Evaluation and Adaptation

This is done to stay on course, and staying aligned with the targets that are set in accordance with the mission, and so being in a better position in responding to the dynamics in the market with the utmost effect. It also, therefore, requires a systemic approach to control the performance against the set objectives and evaluate the impact of changes from outside on strategic results. In simple terms, strategic evaluation is the process of monitoring the effectiveness of marketing initiatives through the use of key performance indicators (KPIs) and metrics to unveil successes, as well as areas that need to be improved (Aaker & Moorman, 2017).

Vaštíková (2014) adds that the importance of this never-ending assessment is for marketing strategies to be correspondent with the overall company goals on the one hand and, on the other, to be responsive to the changing needs in the market and behavioral patterns amongst customers. This requires companies to be flexible, take into account the dynamics of market environments & being capable of refining and adjusting their strategies with regard to new insights and emergent trends in order to sustain a competitive advantage and meet the strategic objectives.

The required adaptation in strategic marketing involves more than the tweaking of tactics but rather a deeper reassessment of strategy in relation to the shifts in consumer preferences, competitive actions, and market conditions. This adaptation may involve changing the marketing mix, including new customer segments, or exploiting new digital platforms for engagements. It is from these that a company has the potential to capture any new opportunities and cope with challenges, knowing full well that adaptability is a core competency to survive within the currently turbulent market environment. That means continuous assessment and adaptation in order that the strategic marketing is not only effective for the currently targeted objectives but also robust to propel growth and innovativeness in the future (Aaker & Moorman, 2017).

### 3.2.4 Challenges in Strategic Marketing

The strategic marketing process is full of challenges and requires careful consideration and competent management. For example, among the obvious barriers, it requires not only a well-rounded, but meaningful analysis of competition allowing the marketing manager to be perfectly aware of what decisions need to be made in response to certain threats, as well as

opportunities. Besides, present-day consumer behavior is more dynamic, influenced by ever more factors like technology, shifting social values, among others (Vaštíková, 2014).

This gets compounded by the integration of a very diverse set of marketing channels, which have to be put together in one piece and very flexible to ensure a seamless but very engaging experience by the customer at each of these touchpoints. All these challenges only reiterate the fact that there has to be a strategic, integrated approach to marketing that does not just look at the competitive landscape or customer behavior in silos but leverages the synergies between the channels in such a manner that marketers chart out a cohesive, impactful strategy, granting them a sustained competitive advantage in the marketplace (Aaker & Moorman, 2017).

### 3.2.5 Vision and Mission

The organization's vision and mission provide direction and purpose to guide the totality of their action in the marketplace. As Kotler & Keller (2013) explain, a vision statement is a description of some future achievements that an organization would like to have; it captures a company's long-term desires and goals, usually reflecting the founding precepts as made by its creators. This is an aspirational call, truly meant to inspire and guide efforts to the same coherent future of all peoples. On the other hand, the mission statement is more oriented towards the activities of the organization at present, with a brief outline of its core purpose and how it would like to service its customer base. It underscores the focus on the customer and presents who the customers of the organization are and what is to be satisfied, how it does so, thus defining the basic purpose of the organization (Hill et al., 2019).

A marketing strategy should be closely tied in with the vision and mission of the organization, ensuring coherence across the board in terms of all marketing activities and communications. The mission is specific to detail the current operational focus of the organization, tending to achieve its vision, whereas vision sets an ultimate goal with a sense of purpose and direction, in which the vision is more detailed to specify and describe the future dream of an organization with innovative approaches. All these provide a framework guiding strategic decisions, formulation of a marketing mix, and stakeholder engagement to a way that marketing is done in line with overarching goals of the organization and speaks to the expectations and values they would be willing to support. Such become the basis of developing statements that enable the organization to differentiate their uniqueness in a very

competitive landscape and express propositions that capture the essence of brand identity (Kotler & Keller, 2013).

In a nutshell, the dynamic nature of the marketplace, therefore, means that organizations have to revisit or even change their vision and mission to remain relevant and responsive to changes in the market, consumer behaviors, and competition dynamics. Continuous cycles of this process help the organization remain agile, able to adjust strategies so they remain congruent with the core values and the strategic goals, while at the same time capturing new opportunities or solving the problems and challenges that may arise. They guide the organization's strategic marketing journey toward sustained growth and success in a fluctuating environment of the market (Hill et al., 2019).

### 3.2.6 Marketing Objectives

Marketing objectives form part of the key component areas of a company's marketing strategy, because they become the benchmarks towards which to measure the marketing success in relation to how much this contributes towards the achievement of the organization's overarching goals. Setting marketing objectives is not just about setting goals; it actually gives direction to the marketing team, motivates them, and helps them measure the success of their set objectives while using marketing strategies (Kotler & Keller, 2013).

The marketing objectives should be a kind of map leading all marketing efforts toward the strategic business goals, ensuring every move made by the marketing department is consistent and synergic with the general business strategy. In addition, clear articulation of the marketing objectives would be instrumental in the efficient allocation of resources towards optimum use of the marketing budget and enhancing return on investment. These provide objectives within which marketing strategies are developed, implemented, and evaluated for their input to positive growth and competitive advantage of the company (Kotler & Keller, 2013).

In the operationalization of the marketing objectives, the use of SMART criteria ensures that the objectives that are set are practically set, ensuring strategic alignment and achievability within the set time. This is a pragmatic approach to identify particular customer segments, and understanding them through effective market research, and target the identified segments effectively with focused marketing campaigns. The process serves to remind the

importance of continuous, data-driven marketing strategy assessment, and corresponding adjustments if changes occur in market conditions and consumer behaviors. Lastly, setting marketing objectives that are time-bound, specific, measurable, agreed upon, and realistic is a requirement without which the development and implementation of effective marketing strategies that drive success in business and foster long-term sustainability would not be possible (Hill et al., 2019).

*Figure 5: SMART Framework*



*Source: Future Learn, 2022*

In line with Jakubíková (2013), effectively set marketing objectives should follow the SMART method: Specific, Measurable, Attainable, Relevant, Time-based (see Figure 5). This methodological approach allows drawing the targeting of marketing efforts with precision, which should be duly aligned with the strategic vision of the company, capable of producing tangible results.

- **Specific** - They should state the objectives in a clear and concise manner, avoid vagueness and opt for specificity in order to remove any doubts or confusion. It elaborates what, who, and how things are to be done or accomplished.

- **Measurable** - The plain contains the objectives which have to be either quantified or qualitatively measured so that the process of advancement is tracked, and it is also

known when they have been successfully accomplished. To ensure this part ensures there is a system in place for one to measure success.

- **Attainable** - It is a standard of setting the goal within the available scope of resources and constraints while directing them to set realistic and attainable goals. Highlighting the objective to be set that is challenging but realistically obtainable will grow the team motivation but not send them on a road to failure.

- **Relevant** - The objectives are to be relevant in a way that objective statements contribute meaningfully towards the realization of the strategic ambitions of the company, through wider marketing and organizational objectives. This is aimed at ensuring that the two are in alignment to give a focused and strategic result in the marketing efforts.

- **Time-based** - This outlines the deadline of accomplishment of the goal. It helps create urgency and an alert mind to focusing on the plans and allocation of time for the activities to be done (Shopify, 2022).

The use of the SMART criterion in establishing marketing objectives will thus enable the structuring of a procedure in strategic planning, whereby ambitious but achievable goals will be set for the marketers. This is the best and systematic way not only in enhancing the focus of strategic alignment but improving the success of the organization since the chances to get the desired outcomes are high (Hill et al., 2019).

## 3.3 Segmentation

Davey (2023) explains that segmentation is a vital strategic process in marketing that groups customers or market into distinct categories based on shared characteristics to effectively tailor marketing strategies. This approach is fundamental in comprehending the diverse needs and preferences of customers, enabling the deployment of targeted marketing campaigns that resonate well with each segment.

Segmentation utilizes demographic, geographic, behavioral, or psychographic criteria to reinforce customer relationships, increase brand loyalty, and drive sales by delivering more personalized and relevant marketing messages (Kotler & Keller, 2013).

According to McDonald & Dunbar (2004), segmentation supports enhancement in product development and customer service, demonstrating its essential role in a holistic marketing strategy. Implementing segmentation not only streamlines marketing efforts but also improves the overall customer experience, highlighting its importance in achieving marketing efficiency and effectiveness.

### 3.3.1 Customer Segmentation

Customer segmentation is a strategy of categorizing customers based on the characteristics they share, while optimizing how firms understand and relate with the market and its diverse groups of customers (Jolaoso, 2023).

Segmentation efforts are essential for marketing and enhancement of product development, and it should potentially lead to customer loyalty by covering the needs and preference of every segment individually.

Customer segmentation also enables businesses to channel their resources to the most lucrative target segments. It is providing an even finer perception of the market and helping businesses to adapt their strategies to meet the evolving demands of their customer base more efficiently (McDonald & Dunbar, 2004).

### 3.3.2 Customer vs. Market Segmentation

Customer segmentation and market segmentation are closely related but they fulfill distinct roles in strategic marketing.

Customer segmentation explores existing and potential customer base on shared characteristics, enabling businesses to tailor marketing strategies to meet specific needs and enhance profitability (Jolaoso, 2023).

On the other hand, market segmentation adopts a broader approach, analyzing the entire market to identify various segments according to product or service usage (Davey, 2023).

While customer segmentation focuses on refining marketing efforts with detailed data from known customers, market segmentation identifies broader market opportunities and consumer groups.

### 3.3.3 How to Segment Customers

If businesses want to segment their customers effectively, they must initially collect specific data about them and analyze it to identify patterns for creating meaningful groupings. This task involves gathering data from various sources, including transaction details, customer interactions, or online activities. Common methods like surveys, loyalty programs, customer reviews, and online analytics play a significant role in collecting this information (McDonald & Dunbar, 2004).

After collecting the data, it's crucial to analyze it for patterns that can be used to segment customers into groups with shared characteristics. This segmentation enables for targeted marketing initiatives, tailored to meet the unique needs of each segment to enhance customer relationships, experiment with pricing strategies, and concentrate on the most profitable segments (Jolaoso, 2023).

According to Davey (2023), customer segmentation can be divided into five categories:

- demographic
- geographic
- behavioral
- psychographic
- technographic

**Demographic**

Demographic customer segmentation categorizes customers based on factors like

- age,
- gender,
- occupation,
- income,
- and marital status

which enables businesses to tailor their marketing strategies precisely (Davey, 2023).

For example, an online pharmacy might target parents with children's nutritional supplements.

**Geographic**

Geographic customer segmentation classifies consumers based on their location, from large regions to specific cities or neighborhoods. This strategy is essential for customizing marketing messages, products, and services to meet the unique needs and preferences of various geographic areas (McDonald & Dunbar, 2004).

An example suggested by Davey (2023) is that a company might market seasonal clothing differently to customers in tropical climates compared to those in colder regions.

**Behavioral**

Behavioral customer segmentation categorizes customers based on their actions and interactions with a brand. That includes

- purchase history,
- product usage,
- and overall engagement.

This segmentation enables businesses to adapt their marketing efforts and product development to match specific behavioral patterns and, therefore, increase customer satisfaction and loyalty (McDonald & Dunbar, 2004).

For example, a business might reward frequent purchasers with loyalty incentives or craft marketing messages tailored for individuals interested in certain product categories (Davey, 2023).

**Psychographic**

Psychographic customer segmentation categorizes consumers based on their

- attitudes,
- values,
- lifestyles,
- and interests,

providing insights into the consumer psyche beyond basic demographic or behavioral data.

This method enables a more nuanced understanding of the motivations behind purchase decisions, allowing businesses to tailor their messaging and products to align with their target audience's core values and lifestyle choices (McDonald & Dunbar, 2004).

For instance, a wellness brand might customize its marketing strategies to appeal specifically to health enthusiasts or eco-conscious consumers, recognizing that while these groups share product interest, they are motivated by different values (Davey, 2023).

**Technographic**

Technographic customer segmentation categorizes individuals based on their technology use and preferences, including software and devices. This strategy considers factors such as device type (smartphone, tablet, laptop), software usage, and preferred methods of interaction with technology, whether through social media platforms, email, or text messages (McDonald & Dunbar, 2004).

For example, a business could segment its customers into those who predominantly use mobile devices versus those who use desktop computers, tailoring its marketing strategy to optimize mobile viewing for one segment and desktop viewing for the other. Also knowing whether a customer segment favors communication through email, social media, or text can guide a company in choosing the most effective channels for engagement (Davey, 2023).

### 3.3.4  RFM Segmentation

RFM Segmentation is a methodical approach in marketing that evaluates customer behavior through three pivotal aspects:

- Recency (R),
- Frequency (F),
- and Monetary value (M).

According to Buttle & Maklan (2019), the variables "RFM", as mentioned before, are determined as:

- **Recency** – It measures the time elapsed since a customer's last purchase or interaction with a brand. It's based on the understanding that customers who have recently engaged with a brand are more likely to react positively to future

communications than those whose last interaction was more distant. Essentially, recent engagements suggest a greater interest and involvement with the brand.

- **Frequency** – It counts the total number of transactions made by a customer within a specific period. This metric is crucial for understanding customer engagement and loyalty. When customers interact or make purchases more frequently, it indicates a stronger bond with the brand. Marketers can utilize this data to distinguish between one-time purchasers and repeat customers and customize communications to enhance customer relationships. Frequency serves as a critical indicator of the most active customers.

- **Monetary value** – It measures the total expenditure customer has made on products or services during a specific period. This metric is essential for identifying not only the most valuable customers in terms of revenue but also for examining purchasing trends and the average transaction value. High monetary value indicates customers who make substantial contributions to a company's revenue. These individuals or entities might deserve more personalized attention to further foster loyalty.

This technique enables businesses to identify which customers are more inclined to engage in future transactions based on their past interactions. Through the analysis of these factors, companies can segment their customer base into categories for targeted marketing strategies aimed at enhancing loyalty, retention, and overall sales. RFM Segmentation supports personalized marketing efforts, allowing businesses to focus on high-value customers with tailored messages and offers. It is especially beneficial for direct marketing, where understanding different customer groups' tendency to buy through experimentation can lead to more effective campaigns. It also provides insights into customer purchasing behaviors, helping in refining win-back campaigns or recognizing and rewarding frequent guests in service industries (Optimove, 2024).

## 3.4   Primary Data Collection Methods

Primary data collection methods are used to collect information directly from the source. Such data are original and provide valuable information for any research. Duggal (2023)

further pointed out that primary data are useful for understanding customer preferences which can potentially lead to increased demand for products and services.

Primary data collection methods range from quantitative techniques, which focus on measurable data, to approaches of qualitative nature that explore unquantified information. Common methods in a collection of primary data are

- interviews,
- observations,
- surveys,
- questionnaires,
- focus groups,
- and oral histories.

Each method has its strengths and weaknesses, but if applied effectively, each can provide valuable information that are necessary for making informed business decisions (Duggal, 2023).

### 3.4.1 Interviews

Interviewing is one of the most fundamental means of collecting primary data. In this case the interviewer has direct interaction with the interviewee by asking questions and getting responses (Duggal, 2023).

The advantage of this method is that it gives the interviewer a lot of flexibility, because the questions can be adapted to better correspond with the context of the interview and objectives. An interview provides a rich source of detailed information, hence making it an invaluable instrument in qualitative and quantitative research. Due to personalised nature of interviews, it becomes possible to tap into the complexity of human experiences and opinions. This makes it very valuable for comprehensive data analysis that informs business decisions and strategies. This method is highly valued to researchers who search for in-depths and actionable data (Indeed, 2023).

### 3.4.2 Observations

Observational is a method of data collection where a researcher records behaviors or situations as they occur in real-time in an environment that is either controlled in such a way

that participants are aware that they are being observed or uncontrolled where they do not know that they are being observed. This method is valued for its direct approach and independence from participant cooperation which is required to acquire unfiltered data. For instance, a person who is considering opening of a pet food store can by observing the frequency of people walking their pets in that area assume if the idea in this location could be profitable. The strength of this method lies in its simplicity and in the provision of pure observational data which can be crucial for making informed decisions in various research fields (Duggal, 2023).

### 3.4.3  Surveys and Questionnaires

Surveys and questionnaires are notable for its versatility, as they can be implemented through various mediums such as face-to-face interactions, mail, or online platforms, allowing for responses from diverse geographical locations. They are useful for organizations seeking information on aspects of the competitive landscape before and after launching a product, customer preferences, and demand (Duggal, 2023).

Duggal (2023) emphasizes that surveys and questionnaires enable researchers to efficiently collect data from large groups, employing formats that can range from simple yes/no questions to detailed open-ended queries. Despite their broad application and capacity to deliver valuable data for analyzing customer preferences and market demands, surveys and questionnaires also present challenges, including potential delays in responses and a risk of receiving vague answers. Nonetheless, they continue to be a fundamental tool within primary data collection strategies, helping businesses make informed decisions and enhance customer experiences.

### 3.4.4  Oral histories

Oral histories emerge as a unique method of primary data collection, focusing on collection of personal narratives and experiences related to particular events or phenomena. This method distinguishes itself from conventional interviews or focus groups by diving deeper into individual stories, providing rich and detailed insights, such as the introduction of a new product within a community. This qualitative technique excels at capturing the nuanced opinions of participants, offering a valuable tool for comprehending complex social dynamics and historical events through direct accounts. By utilizing oral histories, data scientists gain a more precise understanding of a subject, thereby improving the decision-

making process for organizations by integrating a wide array of human experiences and reflections into their analysis (Duggal, 2023).

## 3.5 Digital Marketing Tools

Online marketing tools are integral parts of all-encompassing digital marketing strategies. The channels of these tools contribute to increased visibility, building relationships with a firm's clients, studying market dynamics, and, eventually, growing sales and business. These are tools that an organization will need so that it gains access to the digital ecosystem, placing it in a position to guide its marketing towards the target markets, and at the same time, be able to attain its marketing objectives in a competitive online environment.

Deiss & Henneberry (2020) state that online marketing tools are necessary and can be classified and listed as follows:

- **Website and Content Management** - Highlighting the website and its management of content is at the core of online marketing. The functions of a website basically act as a digital storefront for a company, where content management becomes the key toward eliciting interest from customers and, ultimately, ensures its retention.

- **Search Engine Marketing (SEM)** - It involves both Search Engine Optimization (SEO) and Pay-Per-Click (PPC) advertisement to optimize site visibility in terms of easy flow of target traffic.

- **Social Media Marketing (SMM)** - This method suggests the use of popular digital platforms such as Facebook, Instagram, or Twitter with the purpose of targeting the audience with advertisements consisting of created content or goods and services.

- **Email Marketing** - A personalized promotional message sent in the form of an email to a segmented audience in an effort to turn leads into customers.

- **Affiliate Marketing** - It is a kind of marketing through which one is working with an individual or a company, where a commission of the sale will be paid through them.

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- **Content Marketing** - Content marketing is a marketing technique that involves creating and distributing consistent, relevant, but valuable content to attract and acquire a clearly defined audience, with the aim of driving profitable customer action.

- **Online Advertising** - There are numerous forms of adverts, including, but not limited to banner ads, interstitial ads and video adverts on all kinds of digital platforms to capture the attention of prospective clientele.

- **Viral Marketing** - This is the marketing type in which the focus lies on the generation of content whose popularization will provide room for an increase in brand visibility through sharing on a word-of-mouth basis from the viewers.

- **Online Public Relations** - this includes the management of the organization's reputation and relations with bloggers and online influencers within the community who can highly impact the brand's perception.

- **Online Market Research** - Digital tools are used in the collection of data on market trends, preferences, and competitive analysis of customers in informing strategic decisions.

All these tools support the execution of powerful online marketing strategies, and if done correctly, help businesses emerge with a competitive edge in the digital market. The choice and integration of these tools depend on the specific marketing goals, the target audience, and the business's overall digital marketing strategy (Deiss & Henneberry, 2020).

### 3.5.1 Websites

Websites continue to be the very critical tool in the area of online marketing, and its role can be understood as the virtual front of the business houses in this giant digital market. They act as both informative centers and conduits for customer-client interactions with the company (Popa, 2015).

In today's digital market age, designing a well thought-out and easy to use website is necessary, especially since the internet is so critical to the transfer of information and commerce. It acts as a central place of contact between clients and businesses, where customers can become acquainted with the product or service, potentially pushing them to purchasing it if necessary. "This is what sets the website at the very core of the digital marketing strategy - a possibility for a coherent and accessible presentation of the brand identity and its values, and the product or service offer, with all its elements that would lead the visitor to become its customer" (Deiss & Henneberry, 2020).

Today, it has evolved past just a digital brochure but into a whole platform supporting a wide range of marketing activities. Websites today are developed in a way that encompass functionalities like e-commerce capabilities, customer service chatbots, personalization engines, integration with social media channels, and so on, making sites more than points of information but points of transaction and engagement. It is the centerpiece of their online marketing efforts, around which all other digital marketing tools revolve. Essentially, the idea of website optimization presumes making adjustments to the site in such a way that it becomes more attractive for a greater number of users, allows generation of additional leads, and finally provokes conversion. With the help of content management systems (CMS), search engine optimization (SEO), and analytics, companies are able to optimize their website to attract more visitors and generate leads (Hill et al., 2019).

The dynamism constituting the digital landscape, therefore, seeks for current websites to respond to changing behaviors and preferences of the users. Websites play a quintessential role in competitiveness online, through tools such as mobile optimization, friendly design, and offering value-added content. In so doing, websites can actively be used in the accomplishment of various marketing goals of a firm that includes creating awareness and brand building among others. Furthermore, it can help attain objectives such as the gain of a good reputation and customer loyalty. It, therefore, is not just a tool but a very essential resource that boosts efforts toward the success of online marketing strategy. It therefore requires investment in its development and maintenance by companies (Deiss and Henneberry, 2020).

**Essential Website Elements**

The role websites play cannot be overstressed, especially considering the importance of a website to businesses and the very critical role it plays in ensuring a positive user experience, which translates to a high potential of customer engagement and conversion. As per the findings of the study conducted in the year 2021 by Geoffrey Colon, 62% of the surveyed individuals are of the view that contact information should be the most important feature of a business website (Graph 1). This factor can seem obvious, but it goes unnoticed very many times; however, it is a base to gain trust and accessibility between the business and their potentials. Clear and easily locatable contact translates to making leads out of website visitors, who in turn have a higher chance of becoming customers. Secondly, the relevant "Contact Us" page or section with different means for the contact of the firm, such as telephone numbers, email addresses, and physical addresses, shows users that the firm can be reached through different platforms (Colón, 2021).

Another vital element that businesses should incorporate into their websites, as per 19% of the respondents, is a blog. A blog can be useful resource in sharing not only valuable content with respect to some products or services but also an instrument for developing search engine optimization (SEO) of a website. Placing the blog under the domain of the firm would only increase the level of its authority and relevance for the search results, thereby driving yet more organic traffic. This goes a long way, not only in increasing the following audience but also in great essence to raising the brand's awareness and positioning the company as a thought leader in its respective industry (Colon, 2021).

*Graph 1: Survey on Essential Website Elements for Businesses*



Newsletter Sign-up: 10%, A Blog: 19%, Case Studies: 20%, Physical Address: 26%, Product Images & Videos: 27%, Live Chat: 28%, Social Media Icons: 30%, About Us Page: 31%, Contact Us information: 62%
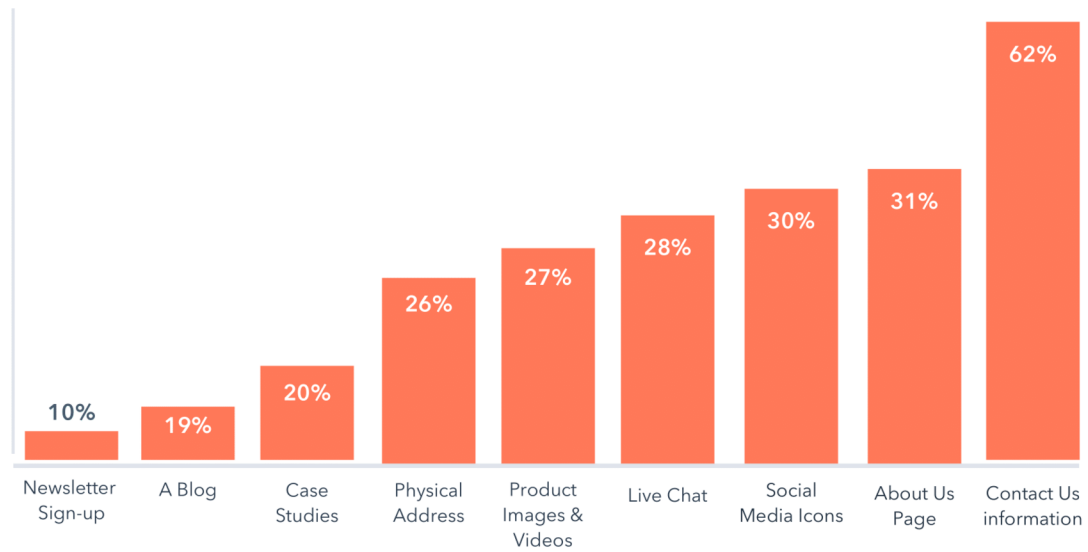
*Source: Colon, 2021*

Graph 1 illustrates the results of a survey conducted by Geoffrey Colon in 2021, which sought to answer the question: "Which element do you feel is most important for a business to have on its website?"

The "About Us" page is also rated to be an important part of a business website, considering 31% of the survey respondents rated it as among the most important. It is a page that shares the mission and values of the businesses with the people while telling their stories in a way that may develop credibility and trust from its audience. In a time where consumers want to know the ethics and motives behind the brands they support, an authentic and engaging "About Us" page has the potential to make or break the deal. Moreover, the use of ideas such as social media icons (30%), original videos, images of products and services offered (27%), makes the website content more appealing, given the likely fact that most probably, small business users have so much text at their disposal (Colon 2021).

All these critical website elements must be placed right on the homepage, where they are easily found, ensuring that the site not only captivates and retains the attention of visitors. All of the tools mentioned above are principle in building a digital presence that resonates with customers, thus making the brand stand out even in the crowded online marketplace.

### 3.5.2 Content Marketing

Content marketing represents a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience, hence driving profitable customer action. The strategy shall be an offer of free, high-quality content to the users that adds real value, rather than direct sales pitches. Over time, consistently delivering valuable content can establish a brand's authority, build trust with users, and lead to increased brand awareness and sales (Procházka & Řezníček, 2014).

Content marketing uses different formats to capture the attention of readers and potential future customers. The main goal is to provide readers with the information closest to what they are looking for. Some selected formats used in content marketing are listed below:

- **Blogs** - The backbone of content marketing, blogs represent the most versatile platform for sharing insights, tips, and company news. They further help in SEO, as through them, keywords flow naturally and thereby the websites get higher rankings in search results. Where the content is regularly updated, the site can keep the information fresh, and with repeat visits, even prove to be an effective tool for building brand awareness and loyalty.

- **Videos and Infographics** - Video-based or visually based forms that capture attention far faster and make the information explained effortless, especially in comparison to any type of written content. Aside from that, videos and infographics can be shared through social media, which theoretically expands the brand's circle of influence. They are good for telling your stories, showing the emotional connection of your audience, and explaining the data. Combining written & visual content together provides a good level of depth to the customers, as different people retain information better through different means of stimuli.

- **eBooks** - These give authority to the brand and enhance the feeling of expertise by offering in-depth analysis or comprehensive guides on a given topic. This is among the list of lead generation tools as it can actually be given out to the business in return for their contact data, with a lot to do with giving value to the audience, hence building trust and credibility (Procházka & Řezníček, 2014).

The success of these kinds of content, therefore, is largely dependent on exceptional quality, relevance for the audience, and the ability of the creator to tell a good story. Effective content marketing through storytelling is not just about gripping the audience more effectively but also tends to deepen the emotional bond between the brand and its customers, improving the level of brand loyalty (Deiss & Henneberry, 2020).

Content marketing is also closely related to SEO and copywriting, which are covered in the following sections of this thesis.

**Copywriting**

Copywriting can be taken as the very essence of content marketing, in which messages go straight to the consumer. The crux of the matter in copywriting is that you form messages that are clear and concise through which the audience becomes engaged and initiates some kind of interaction. This communication method was developed in an effort to reach a specific potential of customers, request them for any means of involvement, purchase, or perhaps signing up for a service. Effective copywriting is creative writing that expects the perfect understanding of the target audience to the extent that it would be possible to excite their response, but not over-persuading, which might not be to the liking of some potential customers (Burešová, 2022).

The gravity of understanding the target audience cannot be taken lightly when talking about copywriting. This ensures the ability to customize messages to the different needs and preferences that span across a number of segments from the audience and hence capturing each of the segments' attention. Therefore, this kind of personalization ensures that the copy does not only capture the interest of the audience but literally talks to their interests and needs, making it possible to increase the likelihood to make them participate and take action (Procházka and Řezníček, 2014).

### 3.5.3 Search Engine Optimization

Search Engine Optimization (SEO) is in simple terms, the sophisticated activity of optimizing a website for visibility and ranking position within Search Engine Results Pages (SERPs) to capture more organic traffic. This is an important practice for businesses, allowing them to improve their online position and interaction with users based on a strategically optimized website and its contents (Deiss & Henneberry, 2020).

Search Engine Results Pages (SERPs) are the pages displayed by search engines in response to a user's query. Such pages are search engine result pages, which list all the results of the search users, which may come in the form of web pages, local business listings, videos, images, or any other type of content that the algorithms of the search engine think are relative. That's how SERPs are grouped: grouped according to the relevance and authority of the content with respect to the search query to help give the most precise and useful information to the user. This is in line with complex algorithms that appraise everything from keyword relevance to quality of the site, assessing in so doing, user engagement and quality backlinks to make a decision on where or how the content will rank on SERPs (Mailchimp, 2024).

Keyword research forms the base of SEO and is one way of determining the words or phrases that the potential customers would have to use on the search engines. According to Deiss and Henneberry (2020), this research allows one to develop a precise strategy that is - any business gets a chance to develop relevant and highly targeted content satisfying the needs of an audience.

*Figure 6: Google search results for "Keyword Research Tool"*
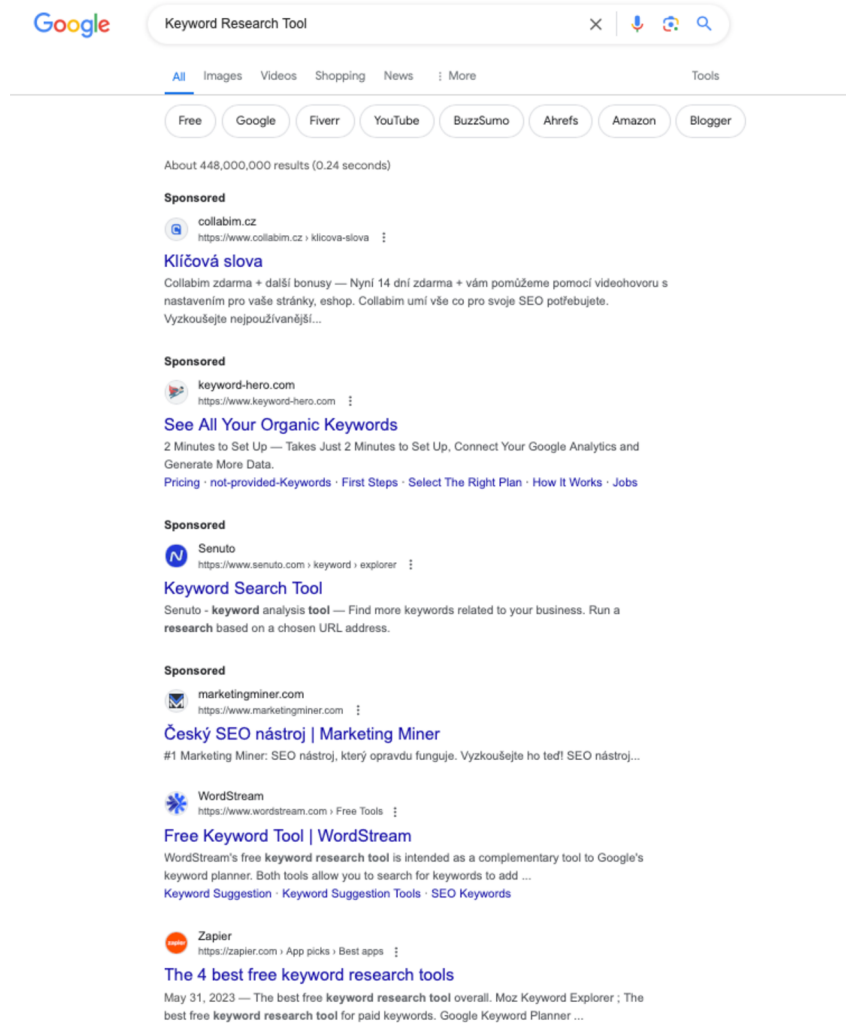


*Source: Author, Google, 2024*

Figure 6 shows the results of a Google search conducted for "Keyword Research Tool". A total of six results are shown in the figure, with paid advertisements in the first four positions and organic search results in the fifth and sixth positions.

**On-page Optimization**

Simply put, on-page SEO essentially refers to the practice of making necessary changes or adaptations to the web pages in order to enhance their search engine ranks for a website and, in the process, earn free or organic traffic. On-page SEO perfectly focuses on adjusting content and structure of the site to make it more appealing to search engines (Mailchimp,

2024). The following can be considered as the important components of on-page optimization:

- **Uniform Resource Locator (URL) Structure** - The structure of a webpage URL is important to end-users and search engines. The structure should clearly but concisely have the right words. A well-structured URL is not only a way of communicating what is on a page to the search engines but also a means by which the site can gain some credibility from the user.

- **Title Tags** - Title tags explain the content contained on your web page. They appear at the top of the browser, indicating your site's address. The title tag represents your most valuable asset for the search engine rankings. Title tags should be meaningful and include primary keywords to enhance visibility and catch the eye of potential customers.

- **Meta Descriptions** - Although it's not necessarily a direct influence on ranking, meta description is a major determinant of gaining "clicks" from SERPs, as they summarize what the page is all about and encourage people to open a listing.

- **Heading Tags** - These are the headings of the tags (H1, H2, etc.). They format content and highlight important points on the page. In particular, the H1 tag is significant as in general, it highlights the main section of a page. Subsequent headings (H2, H3, etc.) help organize content into subtopics, improving readability and SEO.

- **Keywords in Text** - Placement of proper keywords within the text of a web page in the most natural way can make the search engines value the topic and context of the textual matter; hence, it will make it likely for that page to get a higher rank for those terms.

- **Image Alternative Text** - Attaching descriptive alternative text to an image helps the search engine decipher what the image is all about, hence contributing to the overall topic understanding on a page and increasing visibility to search results by images.

- **Internal Linking** - Merging pages together under the domain of the same website simplifies the work of a search engine by letting it crawl more effectively, helps distribute page authority across the board and, therefore, improving the SEO of the linked pages.

- **Content Quality** - This factor, without a shadow of doubt, is the biggest decider towards getting a website rank. In other words, this will result in an improvement in user engagement metrics of the website, and the same has a direct positive bearing on SEO since high-quality, original, and engaging content, which meets the searched user's intent, is presented on the platform.

The on-page SEO factors presented herein are fundamental to developing a properly laid-out website that is also user-friendly, ranks better in the search engine results pages (SERPs), and allows for better visibility and organic traffic (Deiss & Henneberry, 2020; Janouch, 2013).

**Off-page Optimization**

Off-page SEO employs quite a wide range of tactics that help increase the authority and visibility of a site beyond its own pages. These components are crucial in signaling to search engines the trustworthiness and relevance of the site, influencing its ranking in the search results (Deiss and Henneberry, 2020).

Carlos Silva (2024) introduces a list of the most crucial off-page optimization elements:

- **Link Building** - An essential off-page SEO technique, link building refers to acquiring backlinks from other websites to your site. High-quality backlinks, especially from authoritative domains, enhance your site's credibility in the eyes of search engines. The optimal strategy is to create content of such quality that users are compelled to link to it on their own.

- **Content Marketing** - Beyond creating content for your own site, sharing and promoting this content across various channels improves off-page signals. Social media engagement, digital PR, and influencer marketing extend your content's reach, helping to secure more backlinks and improve brand visibility, thereby contributing to off-page SEO success.

- **Social Media** - Although not a direct ranking factor for search engines, a strong social media presence can boost your content's reach, increasing traffic and potentially leading to more backlinks. Engagement and visibility on social media platforms are valuable for off-page SEO, offering opportunities for brand mentions and shares.

- **Guest Posting** - This strategy involves writing and publishing articles that include a backlink to the author's website on blogs of non-competing entities. It offers mutual benefits: one party secures a valuable backlink from another's website, while the host site receives high-quality content at no cost. Guest posting exposes your brand to new audiences and secures backlinks, contributing positively to your site's backlink profile and fostering collaborative relationships beneficial for both content creators and hosts.

The off-page SEO elements work together to enhance a website's reputation and authority beyond its own content. These efforts have a significant impact on the website's search engine rankings and visibility (Deiss & Henneberry, 2020).

**Search Engines**

Search engines are, as it were, gates leading into a spacious flow of information on the web. The search engines use complex algorithms in crawling, indexing, and finally ranking all the web pages based on the relevance and authority of the content in the quest to deliver to the users the best results for them based on their queries. The importance of SEO cannot be understated, due to the immense quantity of users that make use of the web and for which search engines try to find relevant content. As search algorithms develop and become more refined, SEO strategies have to keep pace with the forever changing web and, therefore, must

be regularly updated and maintained. These adaptations which are performed from time to time have to be effective in bettering the position of the web content (Janouch, 2013).

*Graph 2: Search Engine Market Share in the Czechia, 2024*
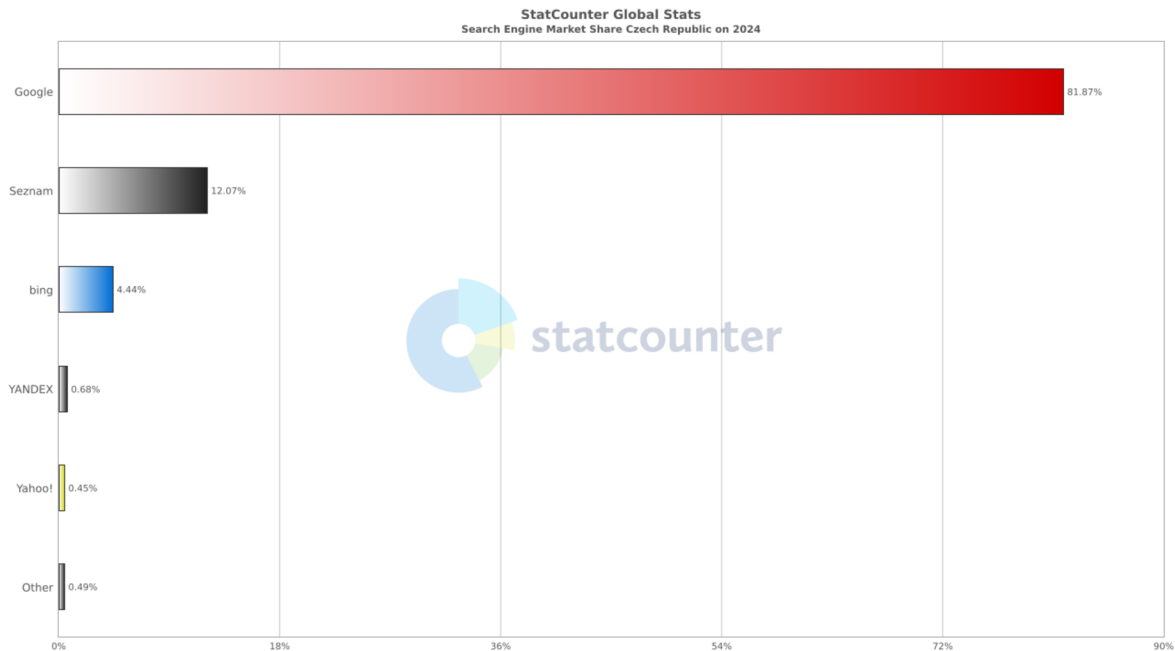


*Source: Statcounter, 2024*

Graph 2 shows the market share among search engines in Czechia in 2024. The most used search engine is Google with 81.87%, followed by Seznam with 12.07%. Seznam is a Czech based search engine that was very popular in the past, but its market share has been declining in recent years. In third place is the Microsoft search engine Bing with 4.44%. Other search engines have only a negligible market share. The combined market share of the top three search engines is 98.38%.

### 3.5.4   Social Media Marketing

Social media is an online tool for the creation of interactive content, exchange of ideas, and the building up of virtual communities and networks. It is more than just a medium where one passes along messages to the masses; rather, it is a very important tool in defining dialogues, connections, and relationships. The essence of social media all comes down to the three important concepts: authenticity, openness, and content interest. Social media holds the unique power of providing a space where organizations can listen to and communicate in real time with an audience in an interactive environment. The kind of platform like

Facebook, X (Twitter), Instagram, LinkedIn, and YouTube all each target a different form of interaction. From casual dialogues in blogs to professional networking in LinkedIn, it's not hard to find a case where their use results in something far from the ideal. Social media, therefore, underscores responsible use; it has not only presented a tool of engagement but also presented possible risks, therefore, upholding policies and best practices in the protection of both personal and professional reputations (Tufts University, 2024).

**History**

The history of social media displays the remarkable evolution of technology and human interaction. It can be traced back to the time when early forums and bulletin board systems appeared at the turn of the 20th century and set the scene for social platforms we know today. The term "social media" came around in the late '90s with the likes of SixDegrees, but the stage turned on its head early this millennium with the arrival of sites like Facebook, LinkedIn, and YouTube. Social networking platforms have revolutionized and brought about new ways of intercommunication without any physical constraints or geographical boundaries, allowing people to interact, communicate and share information via virtual communities (Maryville University, 2020).

The development of social media platforms allowed them to expand out into different forms, each with its purpose. Facebook has served purposes like personal connections and community building, while LinkedIn focused on aspects of professional networking, and YouTube was used for sharing videos. The demand for digital interaction led to the birth of such platforms. These platforms led to the standardization and acceptance of them all across the world. The impact of these social media is not only limited to personal communications, but it has the power to affect political discourse, entertainment, marketing strategy, and many more vital aspects. Right from the beginning, social media has provided humanity with the pursuit of connection and communication in all new roles, creating a globally connected society (Maryville University, 2020).

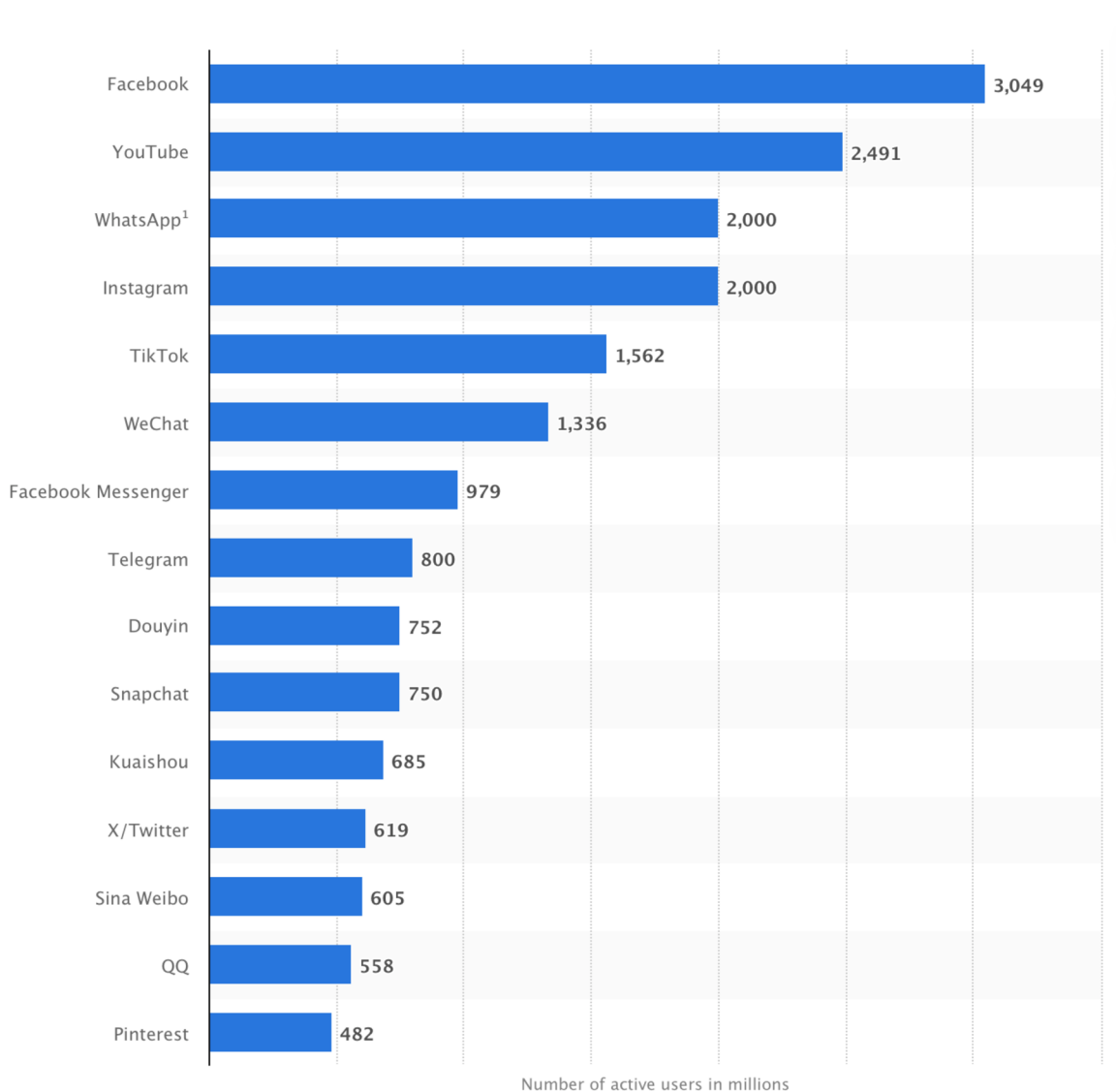**Usage and Platform Popularity**

Datareportal, therefore, suggests that the people who use social media are more inclined to continue the same trend as of January 2024, as it reports 5.04 billion people using social media across the world, marking an increase by 266 million users within a year. This reflects

the strong positioning of social media in daily life, encapsulating 62.3% of the world's population with an average daily time-share of 2 hours and 23 minutes (Chaffey 2024).

The penetration of social media ranges from exceptionally high in Eastern Asia, Northern & Western Europe to distinctly lowering Southern Asia, Western Africa and Central Africa. This diversity, therefore, underscores not only the growth potentials that marketers have in emerging markets but also the dynamism of a social media platform to serve varied consumer needs (Chaffey 2024).

There are many representatives of social networks, and they are well illustrated in Graph 3, which shows the most popular social networks as of January 2024, ranked by monthly active users. This statistic is very informative as it shows the largest social networks and also shows how social networks stand now (January 2024) due to the number of monthly active users. In first place, by a wide margin, is Facebook from US company Meta with 3,049 million monthly active users. In second place is Google's YouTube and in third and fourth place are WhatsApp and Instagram, other representatives of Meta. In fifth place, with half the monthly active users of Facebook, is the young social network TikTok.

*Graph 3: Most popular social networks worldwide as of January 2024, ranked by number of monthly active users (in millions)*

| Platform | Number of active users in millions |
|---|---|
| Facebook | 3,049 |
| YouTube | 2,491 |
| WhatsApp[1] | 2,000 |
| Instagram | 2,000 |
| TikTok | 1,562 |
| WeChat | 1,336 |
| Facebook Messenger | 979 |
| Telegram | 800 |
| Douyin | 752 |
| Snapchat | 750 |
| Kuaishou | 685 |
| X/Twitter | 619 |
| Sina Weibo | 605 |
| QQ | 558 |
| Pinterest | 482 |

Number of active users in millions

*Source: Statista, 2024*

**Facebook**

Facebook, the site that started off as just a simple social networking platform in 2004 with Mark Zuckerberg and his Harvard University classmates has transformed into one of the largest to date by 2021, serving close to three billion users. Perhaps one of the foundation platforms of Meta Platforms, Facebook has truly revolutionized people's way of linking, sharing, and communicating online. Facebook's popularity comes from an online facility that

enables the creation of individual profiles containing information and pictures and the uploading of videos on a person's 'wall'. What made this platform so popular is that it is able to support private relationships for sharing information and building communities, while most of its revenues are being generated through advertisements targeted at the site's users. Over the years, Facebook has rolled out quite a number of features, among them "Timeline", "status updates," and even "News Feed," all aimed at enhancing user engagement with the platform and ease the connection of businesses to consumers. Moreover, with an emphasis on authentic and clear identity, this has been key to encouraging the establishment of confidence for meaningful connections; hence, from this point, Facebook is positioned to be an equally essential tool for personal interaction and business marketing (Hall, 2024).

The platform's evolution from a university network to a global social media giant underscores its impact on marketing, privacy, and political movements. Despite facing privacy challenges, Facebook has continuously adapted, introducing privacy controls and changing its approach to user data. Moreover, Facebook's support for third-party developers through its API has fostered a vibrant ecosystem of applications and services, further embedding it in users' daily lives and the digital economy. The transition to Meta Platforms and the focus on building a "metaverse" reflect Facebook's ambition to shape the future of digital interaction, emphasizing virtual reality and new forms of connectivity (Hall, 2024).

**YouTube**

YouTube is a website that offers video-sharing services worldwide through the Internet and allows registration, enabling users to upload and share video clips on the site. YouTube can be broadly categorized from the individual and amateur to the professional category and was created in 2005. According to Sheikh (2022), YouTube is the second most popular social media platform, with 2.5 billion monthly users (Sheikh, 2022).

For this very reason, marketing on YouTube can be compared to traditional means of commercials that interrupt programs in given intervals. It turns out to be a venue for entertainment, education, and product discovery - indeed a driver for brand name awareness. Thanks to this strategic approach, YouTube marketing works through the development of content and optimization for visibility among billions of videos. It is these integrated search engines through YouTube that are reaching a diversified and huge global audience, through

which brands have a higher chance of reaching out and connecting to their customers in a meaningful way, potentially influencing them to purchase products (Sheikh, 2022).

**Instagram**

Instagram is a well thought out, phone-based application intended to share photos and videos with an array of filters and social features to a wider audience, but also your social circle. Since its introduction in 2010, it has grown to over 2 billion active users on a monthly basis in the present day, thus reinforcing its standing as a leading social media platform of the world. Instagram, among the list of social media, has been identified to be a dynamic space whereby independent creators and businesses gain access to their audiences for product discovery (Winter, 2024).

Tools at use for Instagram marketing include Instagram Ads, sponsored posts, and organic measures, such as Stories, Reels, and regular posts—all targeting a rising number of followers, driving traffic, and increment of sales. These tools open the door to connect directly with a primarily youth-oriented audience, epitomizing the importance that modern-day digital marketing strategies play, using visual content for brand recognition, interaction with customers, and sales conversion would place on it (Winter, 2024).

**LinkedIn**

LinkedIn was founded in 2002 and purchased by Microsoft in 2016. It acts as a crucial media platform for Business Professionals, with the network serving more than 774 million users from over 200 countries and territories (Upwork, 2021).

Thus, it is not merely a platform connecting the digital interaction of users, but rather an empowering tool for businesses allowing them to boost their brand presence and indulge effectively in B2B marketing. Furthermore, this permits businesses to establish a business profile, and share useful content with current or likely business contacts. All this is the strategic approach to gaining more brand awareness, website visits, and consequently lead generation. Businesses that align themselves with this professional character and use their capability of networking increase the manyfold visibility and credibility within the target market (Upwork, 2021).

**X**

X, formerly Twitter, one of the mightiest influencers among social media. Founded in March 2007, it had a significant impact on the spread of short forms of messages, or 'tweets' which have been influencing both the political and cultural scopes of the 21st century (Britannica, 2024).

Merged with Twitter in April 2023, Elon Musk's X Corp spelled the denouement for the standalone existence of Twitter and foreshadowed a new day under the vision of Musk to turn it into an "everything app." In fact, Twitter marketing is a strategic tool of real-time communication where brands have the ability to increase their voice, participate in trending conversation, and, above all, connect with consumers directly through brief, punchy messages and interactive campaigns (Britannica, 2024).

**Social Media Marketing**

Social media branding operates within a very dynamic, dialectical interplay between the brands and its audience. This territory provides an inconceivable amount of direct interaction between businesses and potential, as well as existing customers through two-way communication. Within that, though, is content that speaks to your audience, incites your consumers to engage with you, and, most importantly, builds relationships. Within this framework, it offers the opportunity for a brand to deliver stories, updates, and information relevant to but, moreover, appealing to the target demographic. A far cry from traditional marketing - where emphasis is placed on interaction and community building, rather than a direct sales pitch (Přikrylová, 2019).

An essential aspect of social media marketing is the strategic use of content to drive engagement. The contents would vary from text posts to images, videos, and even live streaming—all uniquely directed at the strengths and tastes of the platforms and audiences. For example, visual content has a lot of weight on Instagram, while brief updates and back-and-forth interactions are a hit on Twitter, and professional networking and industry-based content can be checked on LinkedIn (WordStream, 2024).

Analytical tools (e.g. Google analytics and Sklik) allow marketers to tailor their strategies to best fit the needs and preferences of the audience within each platform, hence bringing about the maximum impact of the campaign (WordStream, 2024).

Social media marketing is also indispensable in the use of analytical tools like Google Analytics and targeted advertising. The tools ensure that the marketer can be in a position to refine strategies so that content is available to the relevant and concerned party at the right time. In addition, social media platforms present ingenious targeting options that help businesses easily segment their audience through demographic, interest, and behavioral parameters. Such pinpoint targeting allows for cost-effective marketing campaigns and, therefore, bring a huge return on investment (Hayes, 2024).

### 3.5.5  Email Marketing

Email marketing is an essential component of digital marketing strategies. It allows businesses to communicate directly with their target audience through emails. According to Janouch (2013), emailing is well-known for its efficiency and high return on investment. Email marketing enables companies to distribute

- newsletters,
- promotions,
- and personalized content.

Which can potentially lead to increased

- brand awareness
- and customer loyalty.

The strength of email marketing is in its ability to deliver targeted messages with relevant content. With automation and segmentation tools, businesses can reach preferred customer segments and improve the effectiveness of their marketing campaigns (Janouch, 2013).

Goal of email marketing is not only to sell but to engage and build long-lasting relationships with consumers. If businesses use email marketing, they can achieve

- a complex database of contacts,
- improve brand awareness,
- save time,
- save manual effort,
- gain customer trust,

- and increase sales (Janouch, 2013).

Email is a widely accepted and easy-to-use platform for marketing communications because it is well-known among people. Compared to other digital marketing strategies, email marketing is cost-effective while still offering the benefits of being easy to measure (Janouch, 2013).

### 3.5.6 Marketing Automation

Marketing automation simplifies, automates, and measures marketing tasks and workflows. The main goals of using marketing automation are

- to increase operational efficiency,
- to conduct A/B testing,
- to deliver personalized customer experience,
- to increase customer trust and loyalty,
- to get leads,
- to scale marketing efforts,
- and to grow revenue.

It combines different marketing tools like

- email newsletters and campaigns,
- social media posting,
- customer relationship management (CRM),
- and other automating actions based on customer behavior (Mailchimp, 2024).

It was originally linked with email marketing, but its range has expanded to other digital marketing areas, such as advertising campaigns and contacts management.

Automation tools can simplify digital marketing tasks. They usually offer their own platforms for automation that provide tools for web analytics, content management, and customer relationship management. One of these automation tools is HubSpot with over 37% of market share in the United States as of June 2023 (see Graph 4). Marketing automation tools used to focus mainly on small businesses, but that has changed as even large companies have discovered how they can benefit from them (HubSpot, 2024).

Graph 4 shows the market share among marketing automation tools in the United States as of June 2023. HubSpot is in the first place by a wide margin with over 37% of market share. In second, third, fourth and fifth place, all around the 7% mark, are Adobe Experience Cloud, Oracle Marketing Cloud, Active Campaign and Welcome.

*Graph 4: Market share of the leading marketing automation solution providers in the United States as of June 2023*
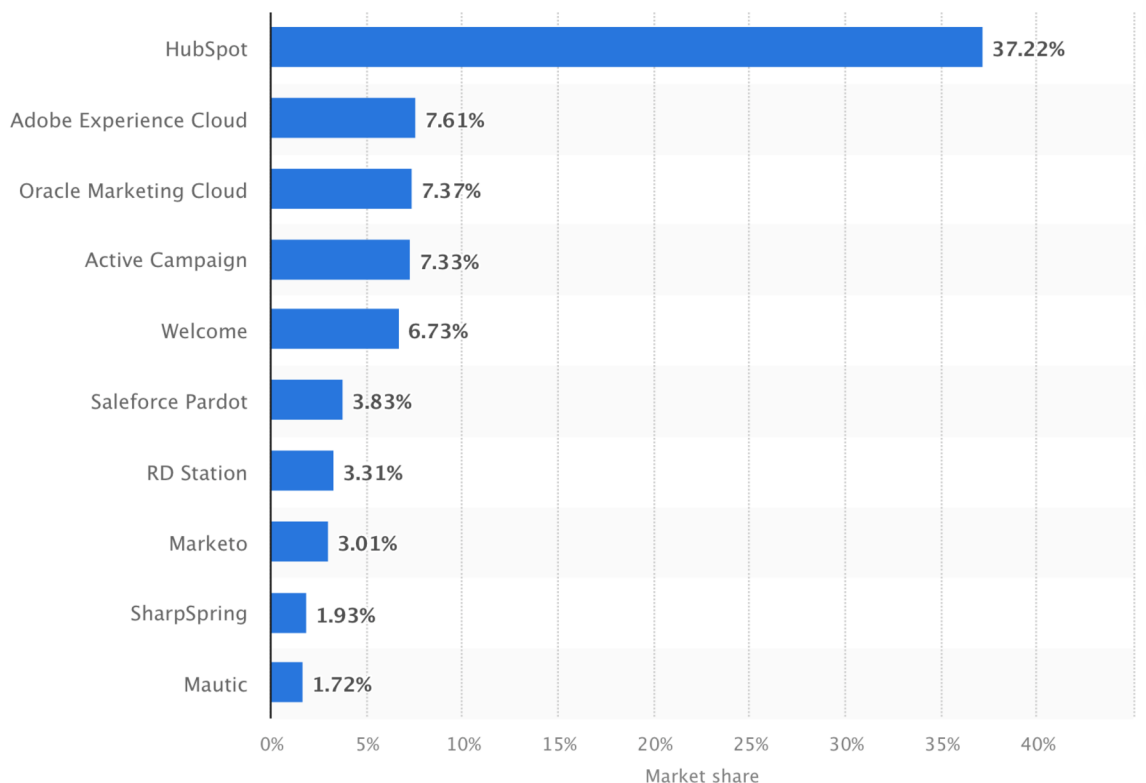


*Source: Statista, 2023*

**HubSpot**

HubSpot is a leading marketing automation solution provider. It is well known for its all-in-one marketing suite with many features which are designed in a way that customers are coming in on their own rather than pushing and chasing after them. HubSpot is very flexible and is appreciated by very differently profiled users. One example can be a blog editor who is trying to increase his subscription rate, another can be a sales manager who is focusing on getting leads (Gotter, 2022).

# 4  Practical Part

The practical part of this thesis will apply the knowledge obtained from the theoretical background described in the previous section and will focus on its application to a specific business entity, namely the company Farma Živina. The thesis will focus in detail on the characteristics of this company, the definition and characterization of its competitors and the evaluation of the aspects in which competition takes place between the companies. Subsequently, the definition of each category of the 7P marketing mix will be presented and the company's email marketing will be described, including an analysis of newsletters. The thesis will also include RFM customer segmentation and characteristics of each segment. In addition, customer interview research will be included to determine customer preferences and needs. Based on the information gathered, an email marketing campaign will be designed, implemented, and evaluated. In the final part of the thesis, suggestions for further marketing activities of the company related to email marketing will be presented.

## 4.1  Company Introduction

Farma Živina, limited liability company, is a Czech company established in 2020 that specializes in the production of plant-based food products. The name "Farma Živina" cleverly consists of two fundamental concepts: "Farma" means farm or agriculture and "Živina" which indicates nutrition. "Farma" conjures images of the production of food and it also suggests direct connection to the earth. It could also hint an organic, plant-based, or sustainable methods. "Živina" is directly connected with nutrition which is central to health and well-being. It could also underline the importance of nutritional value of products of the company. Together, "Farma" and Živina", are creating an image of a holistic approach to food and agriculture which could potentially strongly resonate with a wide health-conscious customers.

The idea to establish the company originated from a passion for food and cooking. One of the co-founders and current Chief Executive Officer got the idea while spending time at home during covid lockdown and was fermenting his favorite kimchi.

Farma Živina is still a relatively small and young company, now operating in the Czechia and Slovakia, with a fast pace of growth and has great potential for the future - for example, the company's turnover in 2023 was about 30 million Czech crowns (if the approximate

exchange rate is determined as 1 EUR = 25 CZK, the turnover is 1,2 million Euro), which was defined as a success. Nowadays, business operates with a team of about 25 employees and has its production facility and warehouse in Přerov and an administrative office in Prague.

Farma Živina operates a website at www.zivina.cz, which serves a dual purpose as both an e-shop platform and a blog. The blog articles are focused on food and contains various recipes which offers visitors culinary inspiration or practical advice on how to prepare a given meal. These tips and recipes are an important part of the concept, as a significant part of the products are exotic and it may not be immediately obvious to customers how to cook with a given product. On the other hand, the e-shop offers a range of Živina's own products for sale and also products manufactured by partner companies.

This integrated approach gives customers the possibility not only to read about food but also to make easy purchases of plant-based and healthy food directly from the website.

The company also extends its presence on various social media such as Facebook, Instagram, YouTube, LinkedIn, and TikTok. This allows Živina to introduce its quality-minded and sustainable practices to broader public and strengthen its already existing customer base.

### 4.1.1  Brand and Logo

The brand distinguishes itself through its commitment to crafting high-quality, handcrafted plant-based products using fresh ingredients without any unnecessary preservatives or additives.

It should also be clarified that the logo, which is shown in Figure 7, displays the word "Živina", which is a shortened company name that is more widely used than the full name "Farma Živina". It is also shorter, catchier, and easier to remember.

*Figure 7: Logo of Farma Živina*

*Source: Farma Živina, 2024*

The logo itself is inspired by nature. Although it may not seem so at first glance, the six waves at the top represent the wavy surface of the meadow and the black filling of the logo represents the soil.

### 4.1.2 Organizational Structure

The company's organizational structure consists of four main management pillars and a Chief Executive Officer. These are crucial for stability of the company and are as follows:

- **Production & Product** - As the name implies, this branch deals with strategic planning and management of production, purchasing of primary resources and planning of new product lines.

- **Operation & Supply Chain Management** - This sector includes warehouse management, logistics, distribution, back-office, and human resources.

- **Sales & Marketing** - This sector handles sales to end customers as well as sales to other businesses. This sector is also in charge of brand identity, advertising, and marketing.

- **Financial Management** - This branch takes care of seamless accounting, controlling and is also in charge of fundraising.

- **CEO** – This role is responsible for important business decisions and represents the company in the public space. It is also responsible for leading the management team and ensuring employee satisfaction and engagement.

### 4.1.3 Product Portfolio

Their unique product, as illustrated in Figure 8, includes a wide range of products such as kimchi, known for its health benefits, non-filtered probiotic vinegars, authentic Asian sauces, and nut butters, all free from unnecessary added sugars and palm oil.

*Figure 8: Product Portfolio of Farma Živina*



*Source: Farma Živina, 2024*

The product portfolio itself and the planning in connection with marketing is a very important aspect on which the entire team of employees works. As a result of this effort, Živina's product portfolio has more than doubled over the past year and now amounts to around 150 products. It offers products originating from, but also from other parts of the world, now mainly from Asian countries.

Important product categories include, but are not limited to, the following:

- kimchi,
- kombucha drinks,
- Asian sauces and curry pastes,
- nut butters and creams,
- vinegars and oils,

- sauces and pesto,
- ketchups and mustards,
- and oat milk which is suitable for both drinking and coffee preparation.

Another aspect that is constantly evolving and changing is the production of the products themselves. Production has now reached the point where employees can produce up to 4 000 products every day in collaboration with semi-automatic machines. The company also collaborates with leading industry experts for continuous improvement and the highest quality in production and distribution.

Products from Živina can also be purchased from other places than its own e-shop. Nowadays, popular online grocery stores such as Rohlík, Košík or Wolt market offer these products for sale as well. They can also be bought in many health food stores and often in package-free shops. In total, it is possible to find Živina products in more than 250 physical and online stores throughout the Czechia.

Regarding the transportation of the products themselves, the company's offers its own transportation, but also uses external carriers. The situation is a slightly more complicated due to the fact that some products are refrigerated and thus have to be kept in cold conditions for the entire transport process. This type of transport is only conditional in the case of an order that contains refrigerated product. Such transport is then more expensive than transport of non-refrigerated products.

### 4.1.4 Vision and Mission

A company's vision and mission serve as the main building blocks for developing marketing strategies and are also essential in strategic decisions that determine the direction of an organization.

**Vision**

The vision of a company should express the essence of what the company should look like in the future and what values it should express. It should also represent a long-term view of the life of an organization and its long-term values and goals.

In the case of Farma Živina, such visions might look like the following examples:

- Farma Živina simplifies the home preparation of tasty and nutritious dishes from breakfast to dinner.
- Farma Živina provides a premium culinary experience to all who appreciate quality gastronomy, care about their health and respect nature.
- Farma Živina is building an enthusiastic community of people who love their products and the food prepared from them.
- Farma Živina works with industry leaders to continuously move forward and ensure the highest quality at all levels - from production to distribution.

**Mission**

The company's mission, on the other hand, focuses on the current activities of an organization as opposed to the vision. The mission should describe what the main purpose of these activities is and outline how these activities will affect customers, because the core value of the mission is the customer.

Examples of proposed missions for Farma Živina might look like the following:

- Farma Živina brings the joy of diverse and easy-to-prepare meals to all households. They take pride in contributing to the spread of healthy food awareness and the overall well-being of their customers.
- This is exactly what Farma Živina offers: fast and convenient distribution, practical packaging, inspiring 15-minute recipes, maximum ease of preparation and always 100% authentic taste.
- Farma Živina is bringing the world's gastronomy to be accessible to everyone. It is based on authentic taste, natural ingredients from all over the world and honest Czech production.

It is necessary to mention that the suggested examples of formulating the vision and mission statements of Farma Živina, which are written earlier in this thesis, were drafted with regard to the personal knowledge of the company's core values by the author of this thesis based on internship experience.

## 4.2 Characteristics of Competition

The majority of competition for the company is situated within the e-commerce grocery market. This sector, which constitutes approximately 48% of the Czech online population (as indicated by the internal data of Farma Živina), is characterized by multifaceted competition that spans various niches and consumer segments. It is important to mention that the competition does not primarily extend to the breadth of the product range, but rather to specific products.

In the following part, 5 competitors of Živina are presented and discussed. The list of these companies was compiled for the purpose of this thesis in consultation with the Marketing Director of Živina.

**Aktin**

Aktin is a company focusing on dietary supplements and fitness products for a healthy lifestyle and sports nutrition. It offers a wide range of products, from proteins to vitamins and health foods.

Živina's overlap with Aktin targets the segment of active and health-conscious eaters, as well as individuals interested in fitness, indicating a shared interest in catering to consumers prioritizing wellness in their dietary choices. This brand competes primarily on breadth of product range rather than specific products. This competition provides mutual benefits, as both parties reciprocally offer selected products on their respective e-shops thanks to the partnership agreement.

**Goodie**

Goodie is a company that specializes in selling healthy food and wellness products. Its product range includes a wide variety of products, including organic and gluten-free foods, superfoods, natural sweeteners, healthy snacks and supplements. Goodie emphasizes the quality and provenance of the products it offers, while striving to support sustainable production and local farmers.

This is a company with a similar range and size as Živina. It emerges as a competitor in the sale of particular food items, specifically in categories such as nut butters, sauces, pesto,

pasta, and jams. This suggests a rivalry in offering specialty and high-quality food products to discerning customers.

**Wild&Coco**

Wild&Coco is an innovative company that focuses on the production and sale of fermented foods and beverages to promote a healthy lifestyle and good digestion. Its portfolio includes a wide range of vegan products such as kombucha, kefirs, fermented vegetable salads and kimchi, which are produced using traditional fermentation methods. The company places great emphasis on the quality and naturalness of its products, using only natural ingredients without added artificial substances and preservatives. Wild&Coco also strives for an eco-friendly approach, including sustainable packaging and supporting local suppliers.

The intersection with Wild&Coco in the niche markets of Kimchi and kombucha, highlights competition in trending and health-oriented food products. Although the competitor offers a different range of products, they also provide supplementary items to the main purchase, leading customers to reconsider whether to prioritize buying from them or from Živina.

**Grizly**

Grizly is a dynamic company operating in the natural foods and healthy snacks market. Its range of products includes a wide variety of products, from nuts, seeds, dried fruits, whole grains to various types of healthy sweets and energy bars. Grizly targets customers looking for quality and healthy alternatives to conventional foods. It offers its products through its own e-shop as well as through a number of distribution partners.

Grizly is a competitor in the nuts and nut butter segment, but at the same time both parties list each other's products, thus supporting each other. It is a similar business model to Živina, including its own products and distribution. This approach allows them to work together while maintaining a competitive environment, giving both companies advantages in the marketplace.

**Rohlík**

Rohlík is a leading Czech company in the field of online food sales with fast delivery. It focuses on providing a wide range of fresh food, bakery products, dairy products, meat, fruit and vegetables, as well as a wide range of non-perishable food and household items. Rohlík's

emphasis is on quality, product freshness and excellent customer service, which includes fast and convenient home delivery, often within a few hours of ordering. The company uses innovative technology to optimize logistics and improve the customer experience. The company is also known for its sustainability efforts, including reducing food waste and supporting local producers.

The competition with Rohlík underscores a battle over purchase frequency within segments where Rohlík's strong logistics, digital product experience, and a broad product portfolio aim to capture a significant market share, presenting both a challenge and an opportunity for Živina's distribution channel and brand expansion. Rohlík is the platform on which Živina sells its products, making them business partners. However, it should be noted that while Rohlik serves customers primarily as a venue for their main food purchases, Živina is currently more of a complement to those purchases.

## 4.3 Marketing Mix – 7P

### 4.3.1 Product

The product of Živina consists of two main parts: Culinary, which includes the products that Živina manufactures, and Digital, which is the digital environment and content that the customer interacts with during the purchase and subsequent preparation of the meals. The aim of the whole experience is to provide the customer with food made from quality ingredients with excellent taste, as one would expect in the best restaurant, while facilitating quick preparation of the final dish. All this is presented in a minimalist and premium design as shown in Figure 9.

*Figure 9: Kimchi*

*Source: Farma Živina, 2024*

## 4.3.2 Price

Živina is positioning itself in the premium segment of the market in order to achieve sufficiently high margins to ensure a profitable business model. At the same time, however, it is not positioning itself in the super-premium segment in order to be able to reach a broader middle-class target group.

## 4.3.3 Place (Distribution)

Distribution of Živina products plays a crucial role in terms of physical product availability and is divided into two main channels: B2B and B2C. For the B2C segment, the main distribution channel is its own e-shop, which offers four delivery options depending on the customer's location:

- own refrigerated logistics with delivery to the address,
- partner refrigerated delivery to the address (Cool Balík),
- delivery to the address or to the delivery points of the parcel delivery service Zásilkovna,

- and delivery in partner stores.

The B2B segment is structured into:

- marketplaces (such as Rohlík, Košík, Scuk, Wolt, Lékárna.cz, Aktin, Grizly, etc.),
- retail networks (Kaufland, Sklizeno, Váš chléb naše pekárna, Delmart, Country Life),
- and small retail (healthy-food stores, package-free stores, farm shops).

### 4.3.4 Promotion

The promotional strategy of Živina focuses on the entire customer funnel, i.e. the entire customer journey, starting with the Awareness phase, where they attract the attention of the target group with the main communication line - "Don't know what to cook yet? With Živina you can make a great meal in 15 minutes. Mňam!", through Consideration phase, where they present arguments why they should buy their products and why from them in particular. Examples might include fermented foods, the dietary microbiome, customer reviews, all forms of transportation, and customer care. The Purchase stage involves selecting appropriate incentives to increase the probability of a first purchase, such as discounts on first orders or a gift with the first order. The Care phase thanks customers for their order, asks for reviews and then communicates recipes, what customers can make with their products for meals, showing seasonal ingredients, news and trends in gastronomy and home cooking. The Advocacy phase involves inviting people to recommend their products to friends.

To achieve these objectives, they use a communication mix across online (platforms such as Facebook and Instagram, Google and YouTube, emails, online media - PR and influencers) and offline channels (tasting and sales events, digital billboards, radio advertising, print media, Public Relations and TV advertising).

### 4.3.5 People

Within the People category, Živina places great emphasis on customer care, distinguishing between B2C and B2B lines. An important part of this is internal onboarding, during which operators go through all sections of the company - from production, expedition, logistics planning, customer delivery, marketing to the back office - and gain experience in every aspect of the business. In addition, it is essential to provide full product training, covering

product use, storage and expiration, to ensure a comprehensive overview and understanding of the company's product portfolio.

### 4.3.6 Processes

In terms of Processes, Živina strives to ensure that all key steps in the customer journey are digitized and automated. Order collection takes place via an e-shop platform based on Shoptet (Shoptet is a Czech e-commerce platform that provides businesses with tools to create and manage their online stores), which then feeds into the Pohoda information system (Pohoda is a comprehensive accounting and economic software from the Czech company Stormware) via an API (Application Programming Interface). Thanks to the extension and connection to PDA (Personal Digital Assistant) readers, warehouse staff can efficiently pick products from individual stock positions. Once the order is picked, the system automatically generates shipping labels and places a shipping order with the carrier. The connected Solvertech logistics system then schedules routes for drivers and automatically sends out invoices upon delivery. All order data is an integral part of the Pipedrive CRM system, which enables active communication with customers. Daktela, a linked customer care system, is available to deal with customer requirements, ensuring efficient and seamless communication and customer support.

### 4.3.7 Physical Evidence

For Živina, the physical evidence of its marketing efforts manifests through various tangible elements that collectively enhance customer experience and brand perception. Packaging is the most important attribute. It is not just a protective layer but also a communication tool that conveys the brand's values. This includes thoughtfully designed packaging that emphasizes the product's health benefits, eco-friendly approach, and a modern look. Furthermore, each package features a QR code directing customers to a webpage with cooking recipes for the product.

In addition, Živina has physical display counters in nearly 250 health food and package free stores; the design and setting of these locations are essential. For customers shopping online, the website serves as tangible proof. User-friendly design, informative product descriptions, high-quality product images and customer references contribute to the perceived value and authenticity of the Živina products.

## 4.4 Email Marketing

The company Živina uses emailing as one of the main marketing tools for communication with customers. For the last few months, on a regular basis, the company has been distributing marketing and information messages in the form of newsletters, to which around 17,000 unique contacts are currently subscribed. The content of the newsletters is usually as follows:

- recipe tips, new product introductions,
- discounts on products due to their expiration date,
- discounts on products as part of a classic discount event,
- gift offer with purchase when using a coupon,
- free weekend transport offer,
- articles on the benefits of eating certain plant products,
- or articles on food and healthy eating in general.

In addition, the company uses emailing in conjunction with automation to send a welcome series of emails to new newsletter subscribers. These emails are automatically distributed at time intervals relative to the date of newsletter registration. This process is fully automated in terms of email distribution, but the content of these emails is updated at regular intervals by the company's marketing experts to keep them up to date.

Data collection is a very important element of marketing activities, not only can marketers use well-collected data to evaluate the results of marketing activities, but they can also use it to set new ones or evaluate the data on an ongoing basis. For the purpose of this thesis, data from 234 newsletters that the company has in its internal system was provided for inspection. This data was used to analyze the basic metrics of email marketing communication the following examples will be described here:

- total conversion rate, open rate and CTO vs. days of the week in Figure 10,
- unsubscribe rate vs. days of the week in Figure 11,
- and email metrics vs. time of day in Table 1.
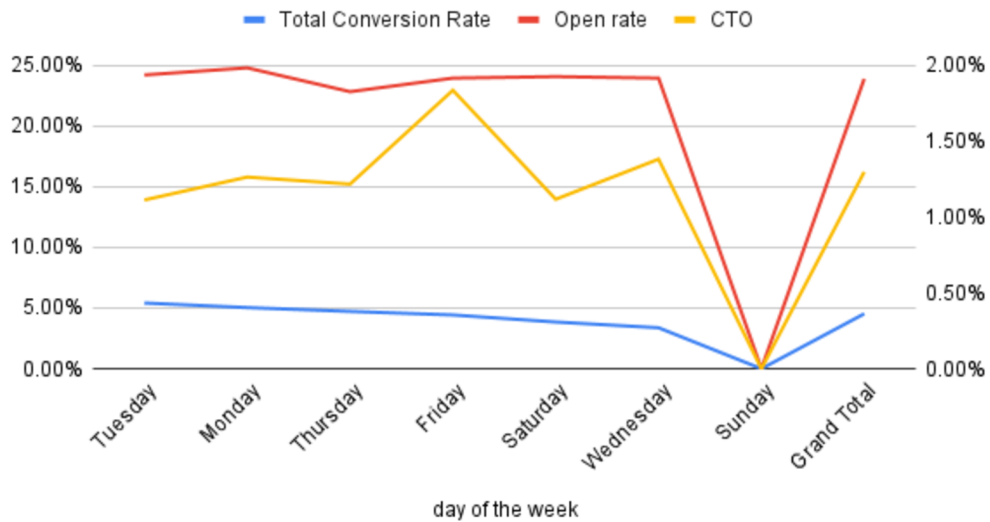
| day of the week | Total Conversion Rate | Open rate | CTO |
|---|---|---|---|
| Tuesday | **0.43%** | 24.21% | 1.11% |
| Monday | **0.40%** | 24.80% | 1.26% |
| Thursday | **0.38%** | 22.83% | 1.22% |
| Friday | 0.35% | 23.95% | 1.84% |
| Saturday | 0.31% | 24.08% | 1.12% |
| Wednesday | 0.27% | 23.95% | 1.38% |
| Sunday | 0.00% | 0.00% | 0.00% |
| **Grand Total** | **0.36%** | **23.89%** | **1.30%** |

*Source: Author in cooperation with experts from Farma Živina*

Figure 10 consists of a table and a graph and describes the following metrics total conversion rate, open rate and CTO (click to open rate) on each day of the week. It should also be mentioned beforehand that the company did not provide data for Sunday, this could either be due to an error but more likely due to the fact that they do not use email marketing on Sundays. The total conversion percentage shows what percentage of the total emails sent to newsletter subscribers, who clicked through from the email to the e-shop and then completed the order. Open rate in turn indicates what percentage of the total emails sent were opened. Finally, the CTO shows what percentage of customers who opened the email subsequently clicked through to the e-shop.

From the table, it can be seen that the highest conversion rate was on Tuesday at 0.43%, followed by Monday at 0.4% and Thursday was third at 0.38%. These days can thus be evaluated as the most suitable in terms of conversion rate. The open rate on Tuesday and Thursday was similar at 24.21% and 24.8% respectively. Thursday had an open rate almost

2% lower than Monday. From a CTO perspective, the interesting metric for Friday is that it has 1.84%, approximately 0.6% higher than the other days of the week. This may be due to the fact that customers want to buy more on Fridays than other days, they click through to the site but then don't complete the order as often compared to other days. Subsequently, these values are also shown in the graph above the table.

*Figure 11: Unsubscribe Rate vs. Day of the Week*
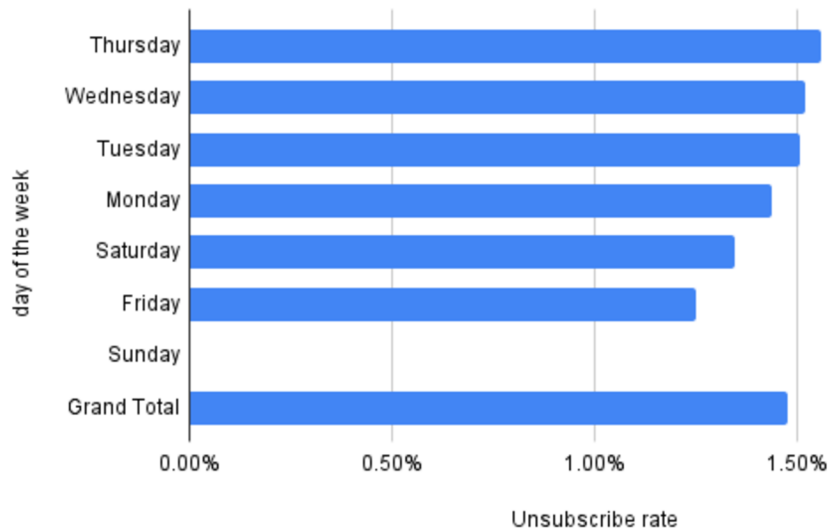


| day of the week | Unsubscribe rate |
|---|---|
| Thursday | 1.56% |
| Wednesday | 1.52% |
| Tuesday | 1.51% |
| Monday | 1.44% |
| Saturday | 1.34% |
| Friday | 1.25% |
| Sunday | 0.00% |
| **Grand Total** | **1.48%** |

*Source: Author in cooperation with experts from Farma Živina*

Figure 11 also consists of a table and a graph showing the percentage of unsubscribes from the newsletter on each day of the week out of the total number of opened emails. From the table it can be seen that the highest unsubscribe rate was on Thursday at 1.56%, followed by Wednesday and Tuesday at 1.52% and 1.51% respectively. The lowest unsubscribe rate was on Friday at 1.25%. The percentage unsubscribe rate for the days of the week comes out to

1.48%. The percentages shown in the table are also visually represented in the graph above the table.

*Table 1: Email Marketing Data vs. Hours of the Day*

| hour | SUM of Recipients | Total Conversion Rate | Open rate | CTO | Unsubscribe rate |
|------|------|------|------|------|------|
| 1 | 87 | 1.15% | 50.57% | 2.30% | 0.00% |
| 7 | 71,497 | 0.46% | 23.05% | 0.96% | 1.62% |
| 8 | 150,372 | 0.25% | 22.19% | 1.38% | 1.65% |
| 9 | 59,995 | 0.38% | 23.94% | 1.18% | 1.48% |
| 10 | 150,678 | 0.29% | 23.98% | 1.15% | 1.43% |
| 11 | 45,319 | 0.59% | 25.99% | 2.41% | 1.60% |
| 12 | 77,987 | 0.54% | 25.12% | 1.27% | 1.63% |
| 13 | 31,218 | 0.65% | 27.70% | 2.14% | 1.91% |
| 14 | 61,437 | 0.44% | 25.71% | 1.84% | 1.86% |
| 15 | 15,646 | 0.65% | 24.50% | 1.70% | 1.41% |
| 16 | 30,874 | 0.22% | 26.48% | 2.88% | 1.46% |
| 17 | 29,817 | 0.39% | 25.29% | 1.67% | 1.53% |
| 18 | 58,404 | 0.33% | 25.39% | 1.57% | 1.81% |
| 19 | 5,424 | 0.24% | 27.36% | 3.04% | 3.17% |
| 21 | 11,551 | 0.15% | 23.66% | 1.06% | 1.10% |
| **Grand Total** | **800,306** | **0.38%** | **24.34%** | **1.49%** | **1.62%** |

*Source: Author in cooperation with experts from Farma Živina*

Table 1 displays metrics including the total number of emails sent, total conversion rate, open rate, CTO and unsubscribe rate. These metrics are assigned to each hour of the day from 7:00 to 21:00. The indicated data shows that if the objective of email marketing is to maximize the conversion rate, it is advisable to set the campaign to run during lunch hours, i.e. 11:00 to 15:00. At these times, the highest conversion rate is 0.65% at 15:00 and 13:00 and the lowest 0.44% at 14:00. At the same time, these mentioned hours of the day have an above average open rate and CTO. The unsubscribe rate is then in the average range.

Therefore, the data presented indicates that to maximize the likelihood of conversion rate and open rate, it is recommended to schedule the launch of the email marketing campaign for Monday or Tuesday or use both of these days. At the same time, as regards the hours of the day, it can be seen that the hours between 11:00 and 15:00 have the highest conversion rate, so it can be recommended to schedule the start of the campaign for the noon hours. These lunch hours also have a high open rate and CTO. In these hours, all values are clearly above average.

## 4.5 RFM Customer Segmentation

RFM customer segmentation is a marketing tool that allows to define and quantify customer behavior. It identifies which customers are more likely to repeat purchase based on their historical behavior. It is also often defined as brand loyalty quantified by purchase frequency and penetration. Segmentation works by analyzing three key metrics which are recency (R), frequency (F) and monetary value (M).

The creation of RFM segmentation has five basic steps that will be followed in this thesis. These steps are as follows:

- Step 1: Gathering the Data
- Step 2: Calculating RFM Metrics
- Step 3: Defining and Describing Individual Segments
- Step 4: Customer Base Segmentation
- Step 5: Interpretation and Evaluation of Segmentation

### 4.5.1 Step one: Gathering the Data

In the first step it is essential to select and define the data properly. The condition for the record is that the customer is registered on the Živina e-shop. The data used to create this segmentation is from the time range 28 February 2023 to 29 February 2024, which is twelve consecutive months. The data is generated from the internal system of Živina and 17,264 unique customer records are extracted in this process. The individual metrics required for RFM segmentation are also filtered for these records, which are as follows:

- Recency (R) - Date of the last purchase
- Frequency (F) - Number of purchases within the time range of February 28, 2023 to February 29, 2024
- Monetary Value (M) - Total money spent within the time range of February 28, 2023 to February 29, 2024

Thus, the result of the first step is a list of 17,264 unique customers represented by an email address and the identified metrics.

### 4.5.2    Step two: Calculating RFM Metrics

In the second step, it is necessary to recalculate the previously generated metrics into values using the following procedure:

- For the recency metric, the number of days from the last purchase to the present is calculated. This means that the shorter the time since the last purchase, the lower the recency score.

- For the frequency category, the total number of purchases is calculated, which means - the more purchases, the higher the score.

- For monetary value, the customer's total spend is calculated, which means - the higher the total spend, the higher the score.

The result of the second step is the same list of customers as in the first step with recalculated metrics.

### 4.5.3    Step three: Defining and Describing Individual Segments

In the third step, individual segments are defined and their criteria are described. In addition, information on the date of registration of individual customers is used to divide the segments more accurately. These categories and criteria are described in Table 2.

*Table 2: Description and Definition of the Segments*

| Segment | Definition |
|---|---|
| New customer | Registered customer with no purchase |
| Onboarding | Already registered customer with one purchase made within the first 8 weeks of registration |
| Active customer | Customer with two or more purchases and with regular purchase activity (at least once every 8 weeks) |
| Re-activated customer | A re-activated customer who was previously "Lost" |
| Churn: High risk | A customer who has made at least one purchase but has not placed any new orders in the last 8-9 weeks |
| Churn: Prevention | A customer who has made at least one purchase but has not placed any new orders in the last 10-11 weeks |
| Lost | Any customer who has not made a single purchase in the last 12 weeks or more |

*Source: Author*

### 4.5.4 Step four: Customer Base Segmentation

In the fourth step, the customer base is segmented according to predefined and described criteria and the results are graphically depicted in Graph 5.

*Graph 5: Result of RFM Segmentation*
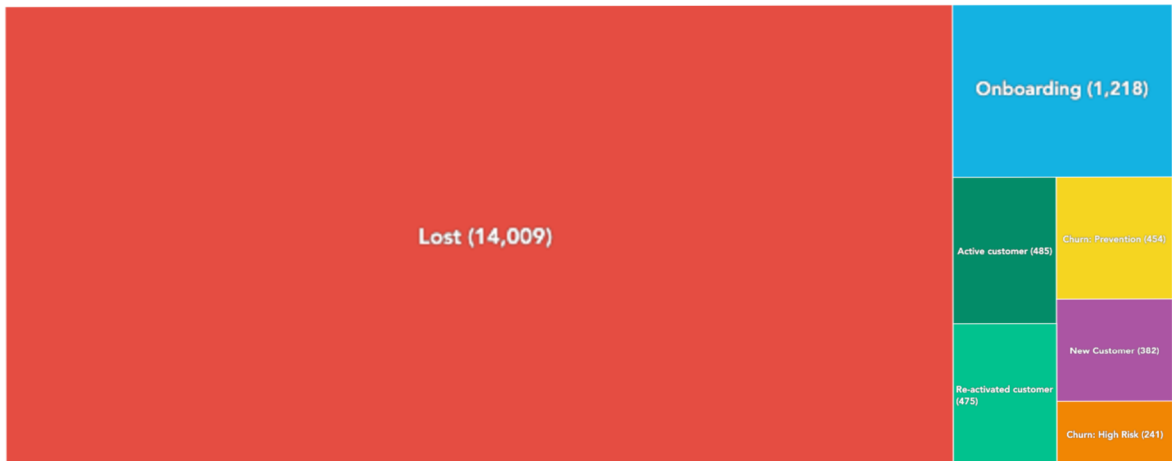


*Source: Author*

Graph 5 shows graphically the segmentation results and the individual segments. And the size of the individual segments corresponds to the overall quantitative distribution of the customer base. The individual segments are color-coded, which is shown in Figure 12 for better orientation.

*Figure 12: Segment Color Definition*
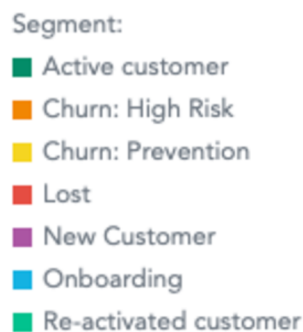


*Source: Author*

The color representation of the categories, as described in Figure 12, helps to better visualize the size of the segments.

### 4.5.5 Step five: Interpretation and Evaluation of Segmentation

In the last step, the values of each segment are quantified and described. The results for each category are described in Table 3.

*Table 3: Segmentation Results*

| Segment | Number of Customers |
|---------|---------------------|
| New customer | 382 |
| Onboarding | 1,218 |
| Active customer | 485 |
| Re-activated customer | 475 |
| Churn: High risk | 241 |
| Churn: Prevention | 454 |
| Lost | 14,009 |

*Source: Author*

Table 3 shows the segmentation results and customer volumes for each category. The relatively small segments are "Churn: High risk", "New customer", "Churn: Prevention", "Re-activated customer" and "Active customer", which range from 241-485 customers. A relatively larger segment is "Onboarding" with 1,218 customers and by far the largest segment is "Lost" with 14,009 customers.

To better illustrate the size of the segments and their trend over time, Graph 6 is created.

*Graph 6: Percentage representation of each segment in the following months - April 2023 to February 2024*
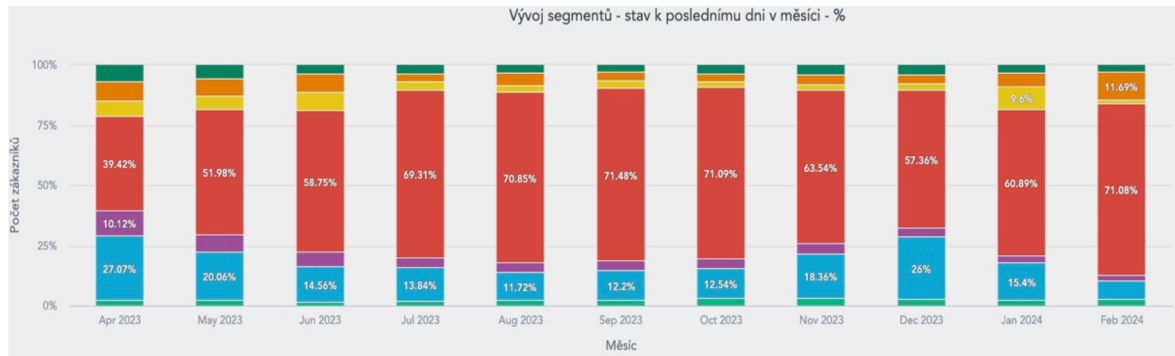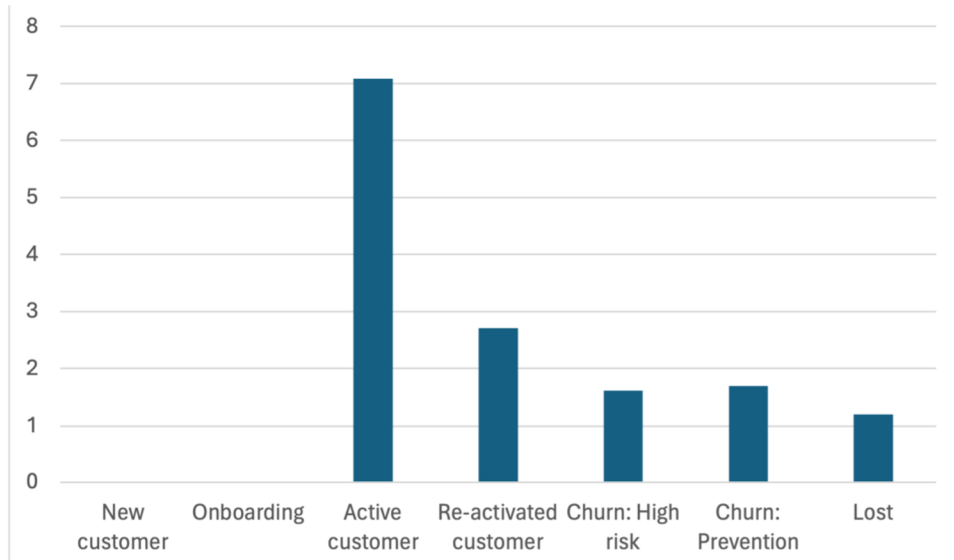


*Source: Author*

Graph 6 shows how the percentage representation of each segment varied in a given month. Since Živina is a young company and is growing rapidly, seasonality and trends cannot be tracked completely well for this metric. But in general, it can be said that e-commerce stores thrive more during the winter months when customers are more likely to be ordering. This could be, for example, because people are more likely to be at home in the evenings during the work week due to colder weather and fewer hours of sunlight. They therefore have more time to sit down at the computer. Christmas shopping may also be another factor. Even Živina had marketing promotions and gift bundles in place just before Christmas 2023, targeted specifically at customers buying presents.

The following Graphs 7 and 8 show the average number of orders and average order value for each segment for the specified period 28 February 2023 to 29 February 2024.
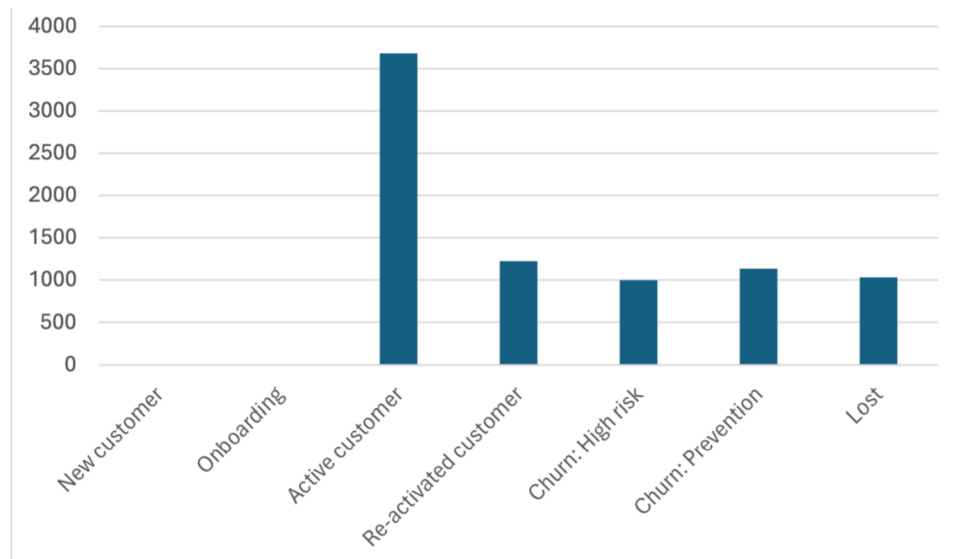
*Graph 7: Average Number of Orders per Segments*

*Source: Author*

Graph 7 shows the average number of orders for each segment. It can be observed that "New Customer" and "Onboarding" have no orders, as this was also a criterion for these categories. "Lost" has the fewest average orders, only 1.2 for the period. "Churn: High Risk" and "Churn: Prevention" similarly have 1.61 and 1.69 average orders respectively. "Re-activated customer" has 2.71 and the "Active customer" segment has significantly the most at 7.08 average orders.

*Graph 8: Average Order Value per Segment in CZK*



*Source: Author*

Graph 8 shows the average order value per segment in CZK. This metric shows an interesting value, namely that the "Active customer" segment not only has the significantly highest number of average orders, but also the significantly highest value of average orders, namely 3,681 CZK. This finding confirms that active customers of Živina not only order frequently, but also for a relatively high amount of money. Other segments have an average order price between 1,227 CZK and 866 CZK.

Overall, these results could be perceived as negative due to the large proportion of the "Lost" segment, but on the other hand, it can be perceived as a challenge and by incorporating marketing strategies the re-engagement of "Lost" customers in the buying process can be accomplished.

Given the high number of former customers (14,009) in the "Lost" segment and the information available on these customers, the logical solution is to create an emailing campaign to win back these customers. For this purpose, it is possible to take an advantage of an important feature of email marketing, namely the possibility of personalized targeting on a certain group of customers, in this case the "Lost" segment. First, however, this thesis will explore the Živina customers more closely through interviews in the following chapter, during which a lot of important information about the customers and their preferences will be identified.

## 4.6 Interviews with Customers

Interviews are one of the fundamental methods of primary data collection. Their major advantage is a direct interaction of the interviewer with the interviewee and flexibility. At the same time, the interviewer can adapt the interview, its structure, the formulation of questions or the overall course to the actual conditions at a given moment. Interviews are also a source of detailed information and personal experiences of the interviewees. The data collected in this way is of significant value and can be used, for example, to compose more accurate and personalised marketing messages.

Interviews are incorporated into this thesis as a suitable way to collect primary data from customers that can be utilized for more effective and personalized marketing messages. This data can not only help in better setup of an email marketing win back campaign, which will be discussed later in the thesis, but can also benefit the company in many other future marketing activities.

The idea of the interviews was supported by the management team of Živina, who requested that the interviews should also be used to find out other relevant information for their marketing activities. Furthermore, it was agreed that customers will receive 500 CZK (if the approximate exchange rate is determined as 1 EUR = 25 CZK, the reward is 20 Euro) in credits for the purchase on Živina e-shop for participating in the interview. However, this benefit was conditioned by the fact that the interviews are complex, extensive, and relatively long. On the other hand, this financial incentive may play a significant role in the decision-making process of interviewees whether they want to participate in the research.

For the purpose of the interviews, a comprehensive interview structure was constructed by the author of the thesis in consultation with the Marketing Director of Živina and internal experts as a template with several categories, which takes approximately 45 minutes to go through the entire interview. This time estimation was found out during a test interview with one of the company's employees. The main sections of the interview are as follows:

- Introduction
- Qualifying questions
- Food preparation
- Purchasing behavior

- o Shopping in physical stores
- o Shopping online
- o Visiting restaurants
- o Food selection
- Experience with Živina
  - o Understanding motivations
  - o Addictive behaviors
  - o Živina's communication
  - o Feedback for improvement
- Thanking for participation

A template of this interview and its structure can be examined in Appendix 1.

It was determined that the interviews will take place through online video calls via Google Meet. Due to the extent of the interview structure, an audio recording of the interview is necessary to ensure that all interviewee responses are captured. This factor must also be presented to the interviewee when asking if they are willing to participate in the interview and they must agree. These recordings are for the purposes of this interview only and will be kept internally by Farma Živina.

### 4.6.1 Setting of Objectives

Determining the goals to be achieved through customer interviews and the questions to be answered is a sophisticated task and requires a good knowledge of the topic, company, brand, and its products. The author of this thesis has completed an internship at Farma Živina and is therefore competent for this task.

The objectives and questions in this section will be set first for the purposes of this thesis and the findings will be interpreted and described later in this chapter. The author of this thesis finds that it may also be interesting for a reader of this thesis to mention the objectives that are set by the company itself and are thus important to the business. However, these questions and objectives from the management team will not be answered and interpreted in this thesis and will be used internally for company marketing communication purposes.

**Objectives Formulated by the Author**

The objectives formulated for the purpose of this thesis are as follows:

**Objective One** - How do interviewees react to Živina's discount promotions? Do they consider them as a strong motivation to make a purchase? Would simply a reminder to buy persuade them to make a purchase?

**Objective Two** - Does the current approach of slightly "informal" marketing communication suit interviewees? Do they perceive that they are connected with the brand?

**Objective Three** - How do interviewees perceive product design and packaging? Do they like it? Do they recognize the products when they see them?

**Objective Four** - Do interviewees subscribe to the company newsletter and follow the social networks of Živina?

**Objectives Defined by the Company**

The following is a list of some of the objectives that have been determined by the Živina management team for this research. These objectives are important to the company and are mentioned in this thesis to give an insight into the internal operations of the company and its orientation. The objectives are as follows:

**Objective One**: Determine how the company can increase customer retention, which is the ability to retain active customers for a longer period of time.

**Objective Two**: Identify how to increase the frequency of customer purchases and how to increase the average order value.

**Objective three**: Are interviewees satisfied with the current marketing communication that the company uses to communicate with them via social networks and newsletters? Identify what marketing content interests interviewees and convinces them to buy. Is it healthy lifestyle, time savings, product ingredients or plant-based products?

**Objective Four:** How do interviewees use Živina products? How often do they prepare food at home and for how many people? Are they more likely to prepare food at home during the

work week or on the weekend? How much money are they willing to pay for a single serving of food?

### 4.6.2 Selection of Interviewees

The list of Živina customers who will be contacted to participate in the interview is compiled from internal company data. It is logically assessed that loyal and active customers are more likely to participate in such a survey. Thus, by this logical reasoning, a list of loyal and active customers is compiled and they will be contacted in the next step of this thesis.

Since customers enter a phone number when placing an order on the e-shop, this information is part of the company's internal data. For the purpose of this thesis, the contact details and phone numbers of the selected customers were provided to the thesis author in order to offer them participation in an interview, by which they can assist the company and at the same time as a reward they will receive 500 CZK in credits to purchase on the e-shop.

### 4.6.3 Contacting selected Interviewees

The next important step is the first contact with the customer over the phone, where it is important to introduce the research process in detail and specify what it is about. It is necessary to find out if the customer agrees to the interview and if so when he or she would be available to join an online video call via Google Meet. It is also important to mention that audio will be recorded during the interview so that all answers can be captured.

62 customers were contacted in this process and 39 of them agreed to participate in the research and also agreed to be audio recorded during the interview. This result of the first contact is considered a success as 62.9% of the customers contacted agreed to participate. Based on this result, it is concluded that customers are interested in participating in research related to Farma Živina. It is also likely that customers respond positively to the offered reward of 500 CZK for participation in the research.

In the next part is a sample structure of the first phone conversation with a customer, in which it is important to find out whether the customer agrees to participate and to schedule date and time for a video call.

**Sample structure of the first phone conversation with a customer**

Good day, Mr./Mrs. _____,

this is _____ from Živina, could you please spare 3 minutes of your time?

You've made a few purchases with us at zivina.cz, haven't you? I'm calling you with an offer for collaboration. At Živina, we are currently launching a series of interviews with our customers to better understand how they think when making purchases, how Živina suits them, what's important to them, what they might be missing, and so on. An important part of the interview is that audio will be recorded to capture answers so that everything can be documented. I would be very glad if you could find the time to chat with us, and if so, I would offer you 500 Czech crowns in credits for shopping on the website zivina.cz. The conversations will take place through an online call on Google Meet and will last about 45 minutes.

What do you think? Would you be interested in helping us in this way?

Version 1: YES

Great, thank you very much! What time suits you best, are you available more in the morning or in the afternoon?

Version 2: NO

Alright, no problem, thank you for your time anyway. May you continue to enjoy Živina and have a nice day.

### 4.6.4 Conducting Interviews

The research is designed as primary data collection using the interview method. The interview is conducted online in the form of a video call via Google Meet and audio is recorded to capture the responses more accurately. The interview itself takes approximately 45 minutes and the interview structure is extensive and complex and can be explored in the Appendix 1.

Out of a total of 39 appointments, only 30 took place, 6 customers reconsidered and cancelled the interview and 3 customers did not attend the scheduled appointment.

### 4.6.5  Selected Quantitative Results

This research has collected numerous pieces of data that are vital for the intentions of this thesis as well as for the company itself. 30 unique customers of Farma Živina were interviewed and all responses were captured, some retrospectively using audio recordings.

Given the needs and scope of the thesis, the selected data from 30 interviewees is interpreted as follows:

- Of the 30 respondents, 17 were women and 13 were men.
- 56.6% of respondents were women.
- The average age of women and men interviewed is 39.4 and 37.7 years respectively.
- The average number of people living in one household is 2.5
- There are 17 respondents who have a television in their home, which is 53.3%.
- On average, respondents buy meals outside their home 2.3 times a week.
- On average, respondents shop for groceries over the internet 2.2 times a week.
- Out of the sample, only 4 respondents ever had negative emotions when consuming Živina products.
- On average, respondents are willing to pay 79 CZK for one portion of food they cook at home.
- 21 of the respondents are subscribed to the Živina newsletter and are reading it on regular basis.

### 4.6.6  Evaluation of the Results & Objectives

Within this thesis, only results of the defined objectives set by the author of this thesis will be interpreted in relation to the primary and secondary objectives of this thesis. Other interview data and other objectives set by the Živina's management team will not be interpreted here unless they provide direct value to this thesis.

In the following section, the defined objectives will be answered as best as possible based on the data obtained from the research:

How do interviewees react to Živina's discount promotions?

- Respondents reacted positively to this question and perceived that Živina does not give out discounts very often and therefore they are considered "rare". Further, 6 respondents elaborated on their answer and mentioned that if they were offered a discount on a purchase, they would order right away. 8 People mentioned that they have even already thought about what they would order.

Do they consider them as a strong motivation to make a purchase?

- 18 respondents responded positively to this question, saying that they perceive discounts as a strong motivation to buy. However, 8 respondents mentioned that it depends on who gives them such a discount, which shop or company. Overall, they would be pleased to receive a discount from Živina and would appreciate it.

Would simply a reminder to buy persuade them to make a purchase?

- 6 respondents answered that they were not sure if a reminder would motivate them to make a purchase, another 7 mentioned that they make a large purchase on the Živina e-shop once in a while and in the meantime they "forget" about the brand a bit, therefore a mere reminder could be a sufficient motivation for them to make a purchase. 10 of the participants answered that they do not perceive a reminder as a motivational incentive as a discount.

Does the current approach of slightly "informal" marketing communication suit interviewees?

- 15 respondents answered that they are comfortable with the current way of communication, another 7 responded that they have never even thought about it and that it is absolutely natural for them. 3 respondents mentioned that they are not satisfied with this approach.

Do they perceive that they are connected with the brand?

- More than half of the respondents indicated that they did. The main reason given was that the company is based in Czechia and that they perceive it as a local company trying to bring something new to the market.

How do interviewees perceive product design and packaging? Do they like it?

- 23 respondents answered that they perceived the design and packaging of Živina products very positively. They find the design memorable and like it. The packaging is in the right size for most products and they have not experienced any product being damaged. 2 respondents mentioned that when they opened, for example, the curry paste and did not consume it all at once and placed it in the fridge afterwards, it spoiled relatively quickly.

Do they recognize the products when they see them?

- 25 respondents said that they recognize Živina products. In particular, they mentioned that they remembered the typical label design of the products and they also remembered the logo.

Do interviewees subscribe to the company newsletter and follow the social networks of Živina?

- 15 respondents answered that they are following Farm Živina's social networks and are actively watching shared content. 21 respondents are subscribed to the Živina newsletter and regularly read food articles. 7 respondents do not use social networks at all.

As the research was conducted in the form of an extensive interview, it is necessary to mention that not every question was fully answered by the respondents and for some questions they gave more answers and elaborated on them.

In addition to the structure and prepared questions, several relevant details were also identified, such as:

- Respondents often stated that they perceived very positively the company slogan "MŇAM", which has been used by Živina for several months. This slogan in Czech evokes the feeling of having delicious food and also that something tastes good.
- It was also found that Živina customers feel strongly connected to the brand, are loyal to it and satisfied with the products. Above all, they highlighted the taste, quality and ingredients of the products and these are thus also the main motivations to buy.

- Respondents also mentioned that they like the design and labels of Živina products, which is typical for its distinctive font that is written vertically on many of its products. They have this design associated with the brand.
- Respondents also highlighted a significant observation: the sight of Živina products sparks their craving for them, which logically increases their motivation to make a purchase.

The results of the customer interviews can clearly be described as very informative and the overall evaluation of the interviews is therefore a success. The research findings answered most of the questions in the objectives that were identified in this thesis. Furthermore, a significant quantity of essential and valuable information for the future marketing communication of the company was obtained through the interviews and a great number of questions set by the management team of Živina were answered.

Overall, the interview method can be evaluated as a well-chosen method for this type of assignment, as detailed and valuable information was obtained from customers. In the future, if there was a need to obtain responses from a larger and broader sample of customers, the questionnaire method would be appropriate. However, with a questionnaire, it is essential to formulate the questions carefully and to test the questionnaire in detail before starting the research, so that the respondents know exactly what question they should answer

The information, insights and details identified in this section of the thesis are very valuable for making informed decisions regarding the primary objective, i.e. the design and implementation of an email marketing campaign.

## 4.7  Design, Implementation and Evaluation of Email Marketing Campaign

When implementing a marketing communication campaign in the Internet environment, a well-crafted marketing message is a vital aspect. In the following part of the thesis, a design proposal for an email marketing campaign is drafted and subsequently implemented and evaluated. The purpose of the campaign is to win back customers who have not purchased for more than 12 weeks and to increase retention rate.

It is important to identify the individual steps for the marketing campaign to ensure it is successful. The first step is to formulate the objectives and define the appropriate incentive.

The next step is to define the target group that the campaign will focus on. This is followed by choosing an appropriate marketing channel to deliver the message. Next, a timetable and a financial budget are required. The next vital part is creating the actual content of the marketing message and launching the campaign. Finally, the created marketing campaign is implemented in practice and partially evaluated.

### 4.7.1 Formulation of Objectives

The general objectives of the company are to increase sales, increase retention rate, which involves all activities aimed at retaining leaving customers, improving their loyalty and eliminating the causes of their dissatisfaction, and drive customers to purchase again.

Based on the company's internal data, the following objectives have been specified that this marketing campaign aims to achieve. These milestones are as follows:

- Open rate at least 25 %
- Click to Open Rate at least 10 %
- Percentage conversion at least 0.8%
- Net Profit of at least 75 000 CZK
- Final discount percentage less than 12%

### 4.7.2 Definition of Incentive

Another important part is determining the appropriate incentive that is likely to achieve the desired customer behavior. From the previous part of the thesis, in which research was conducted in the form of customer interviews, it was found that customers highly value and respond positively to discounts, as they are not used very often by Živina and are perceived by customers as "rare". Based on this finding, an **incentive of 150 CZK** (if 1 EUR = 25 CZK then it's 6 EUR) discount per purchase is set for the marketing campaign in this thesis. Furthermore, a minimum threshold of CZK 600 (if 1 EUR = 25 CZK then it's 24 EUR) has been set for the use of this discount, which means that with this set minimum purchase, the customer can achieve a maximum discount of 25%. To encourage purchase motivation, a maximum period of two days has also been specified for redeeming this discount offer. The combination of the discount and the set minimum threshold for its use therefore assumes that customers are likely to purchase for a higher amount than the minimum threshold.

In addition, in order to stimulate the shopping habit, a follow-up email will be sent to the customer with a second discount of 150 CZK after the first discount has been used as part of the marketing campaign (the condition is the use of the first discount). As a condition for the use of this second discount, the minimum order amount will also be limited to CZK 600 and therefore the maximum possible discount will also be 25%. Customers will have three weeks to take advantage of this second discount. The customers will be informed about this fact, i.e. that the marketing campaign consists of a discount of 2x 150 CZK, in the first email, where it will be clearly explained how the campaign works.

This process will already be automated by the company's internal system, which will recognize when a customer uses a unique code within the first discount and automatically send a follow-up email with a unique code for the second discount.

### 4.7.3 Target Group

The selection of target group is another important procedure. For the purpose of this phase, an RFM customer segmentation was created in the previous part of the thesis, from which several customer categories were identified. The largest segment, containing 14,009 customers, was named **"Lost"** sand contains customers who have not made a purchase in the last 12 months or more. This particular group is evaluated as potentially the most appropriate for the purpose of this marketing campaign due to its size and the fact that these customers already have experience with the brand but have not purchased in a long time.

### 4.7.4 Choosing a Marketing Channel

The choice of the marketing channel through which the marketing campaign will be distributed is a crucial part of the process as it can determine the success or failure of the campaign.

Based on the results from the interview research in the previous section of this thesis, **emailing** is determined to be the main and only marketing channel for the purpose of this proposed campaign as it was highlighted as a popular communication tool among the respondents and 21/30 respondents subscribe to newsletters, indicating the popularity of this channel. Živina customers are habituated to this channel as the company regularly distributes newsletters with articles on food, cooking, and recipes. It should also be mentioned that it is

a fact that emailing is one of the cheapest marketing tools compared to other marketing channels.

### 4.7.5 Time schedule

The choice of the time schedule is a relatively simple task in this case, since it was already decided in the section on choosing the appropriate incentive for using the discount that the deadline for this offer would be **two days,** which is therefore also set as the timeframe for the need of this marketing campaign.

This decision is also logical from the point of view that if it is taken into account that the marketing email will be sent to all customers from the "Lost" segment at the same time, three days will be enough for them to open the email and possibly take advantage of the discount offer.

Based on the analysis of the newsletters and email communications in the previous section of the thesis, it was determined that this campaign would be launched on Monday around noon, March 25, 2023. Monday was chosen because of the high total conversion rate, which is 0.4%, and the open rate, which is 24.80%

### 4.7.6 Financial Budget

After defining the objectives, target group, choice of marketing channel and timeline, it is also important to define the financial budget. As mentioned earlier, emailing is one of the cheapest marketing tools and therefore the cost of this marketing campaign will not be very high, which was also the purpose.

Considering all the aspects of campaign development, the following costs items are specified:

- **Human Resource Expenditure** - Most of the components of the developing campaign were handled by the author himself. Some processes were consulted with the management team of Živina and with company experts, but their time cannot be clearly quantified in this case.
- **Cost of Ecomail Software** - The cost of this email marketing software is 3,240 CZK per month (if 1 EUR = 25 CZK then it's about 130 Euro per month). But the company

is paying for this software long term, so for the financial budget for this marketing campaign this cost will not be included.

- **Customer Discounts** - This element of the financial budget will be realistically calculated once the results of the campaign have been evaluated and it is evident how many customers have used the discount promotion.

### 4.7.7 Email content creation

The next phase of the marketing campaign development process is a very important one and that is the actual drafting of the email marketing message.

The challenge of email communication is to communicate a certain message that should be clear, concise, and relevant. The email should engage the customer immediately, awakening their interest and most importantly, initiating them to behave in the intended way, which is the goal of the marketing effort in general.

The design of the email itself will be created in compliance with the specified characteristics that have been identified during the interview research in the previous part of the thesis and in consultation with the company's marketing specialist, who has identified them from the long-term behavior of Živina's customers. These characteristics are as follows:

- Shorter emails tend to have higher conversion rates.
- Including price or discount information in the subject line increases the open rate of the email.
- Subject lines that "brag" about the company or tell users what to do tend to have lower open rates.
- Combining an educational email without a call-to-action (CTA) with a subsequent hard sell does not prove to be effective.
- Incentive with a direct purchase CTA does prove to be effective.
- Email copy that includes lists, such as "3 ways" or "5 steps," does not convert well, possibly due to the length of the email.
- Using interactive countdowns can motivate customers to take action.
- During interviews with customers, it was found that the respondents perceive positively the company slogan "MŇAM", which Živina has been using for several months.

- In interviews with customers, it was found that they like the design of Živina products, recognize the design and associate it with the brand.
- Respondents also highlighted a significant observation which is that the sight of Živina products sparks their craving for them, which logically increases their motivation to make a purchase.

It should also be mentioned that the discount codes that will be in the marketing emails are unique and are generated by the company's internal system.

The content of the email will also directly mention that customers can have their order sent to one of Živina's delivery points, of which the company has 10. This message indirectly informs customers that Živina also has delivery points, which it tries to communicate to customers and spread awareness about them. This information will therefore be placed in the content of the email at the request of the company's management.

Based on the information collected from the customer interviews in the previous part of thesis and consultations with the company marketing specialist, the following email draft was created for the purpose of the email marketing win-back campaign targeting "Lost" segment presented in this thesis.

**Email Content Draft**

**SUBJECT: If we give you 300 CZK, what will you buy?**

**Make your purchase by 26 March and the 300 CZK reward is yours**

We want to thank you for being with us. And to make sure we don't stop with just words, we are sending you 300 CZK for 2 extra purchases.

**Just use the code**

**W1NB4C241**

until 26 March and 150 CZK discount on your first purchase is yours! What will it be?

COUNTDOWN (Interactive Countdown – 3 days)

**I CHOOSE (Call-to-action Button)**

**How it works**

- After redeeming the first coupon, you will receive an additional 150 CZK for your purchase.
- All coupons are valid for purchases with a value of more than 600 CZK including VAT.
- The next coupon can be used until 15 April 2024.

**Transport advice**

- You can also have your order shipped to one of our delivery points.

PICTURE OF PRODUCT PORTFOLIO

**Mňam!**

### 4.7.8 Implementation and Launch of the Campaign

For the actual distribution of marketing emails, Ecomail software will be used, which is a Czech tool that is primarily used for sending mass emails and Farma Živina subscribes to its premium version and regularly uses it for purposes of newsletters and in general emailing communication with customers.

In cooperation with a graphic designer, who also does email marketing design at Živina, the following email, shown in Figure 13, was created and will be distributed as part of an email marketing win-back campaign targeting the defined "Lost" segment.

The email campaign will be launched on Monday around noon, March 25, 2024, as per the timeline and customers will have two days to redeem the first discount code. If they manage to use the discount code by the deadline, they will automatically receive an email with a second discount code which can be redeemed until 15.4.2024.

Když vám dáme 300 Kč, co si koupíte?

ŽIVINA     **Novinky**     **Recepty**

**Nakupte do 26. března a odměna 300 Kč je vaše**

Chceme vám poděkovat za to, že jste tu s námi. A abychom nezůstali pouze u slov, posíláme vám 300 Kč na další 2 nákupy.

**Stačí použít kód**

# W1NB4C241

do 26. března a sleva 150 Kč na první nákup je vaše! Co to bude?

**0**  |  **0**  |  **0**  |  **00**
DNÍ   HODIN   MINUT   SEKUND

© Powered by MailTimers

**JDU SI VYBRAT**

**Jak to funguje**

- Po uplatnění prvního kuponu dostanete dalších 150 Kč na nákup.
- Všechny kupony jsou platné pro nákupy s hodnotou vyšší než 600 Kč včetně DPH.
- Další kupon lze využít až do 15. 4. 2024.

**Tip na dopravu**

- Objednávku si můžete nechat také poslat na jedno z našich výdejních míst.

**Mňam!**

*Source: Author in cooperation with experts from Farma Živina*

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### 4.7.9 Monitoring and Evaluation of Results

The monitoring and evaluation phase is one of the most important stages in the process of setting up marketing campaigns. For longer campaigns, evaluation should not only be done at the end, as in this email marketing campaign, but also during the campaign, so that the strategy can be adapted if the campaign has not performed as expected.

This evaluation enables to specify and understand to what extent the email marketing campaign was successful. At this stage, the various metrics shown in Table 3 will also be interpreted and then compared to the pre-determined objectives.

It should also be pointed out that this email marketing win-back campaign focusing on the "Lost" segment was launched on Monday around noon 25.3.2024 and the results recorded are from Wednesday 27.3.2024, when the deadline for redeeming the first discount coupon had already passed. As mentioned earlier in this chapter, the proposed campaign includes a follow-up in the form of a second discount coupon that customers received after redeeming the first coupon. They can use the second coupon until 15.4.2024. The data regarding the second coupon will not be evaluated in this thesis because the campaign is still running, but it may be mentioned that at the time of recording the results, i.e. Wednesday 27.3.2024, 3 customers have used the second coupon.

The recorded metrics in Table 4 were determined using the internal tools, automation and integration of various software tools used by and in the possession of Farma Živina and were provided for the purposes of this thesis.

*Table 4: Results of the Email Marketing Win-back Campaign Targeting Lost Segment*

| Win-back 24 Q1 | Wednesday 27.3.2024 |
|---|---|
| target "Lost" segment | 14 009 |
| newsletter sign up | 10 549 |
| *% newsletter sign up* | 75,31% |
|  |  |
| **email sends** | 10 549 |
| **deliveries** | 10 322 |
| **delivery rate** | 97,85% |
| **opens** | 3 597 |
| **open rate** | 34,85% |
| **Call to Action (CTA)** | 529 |
| **Click to Open Rate (CTO)** | 14,71% |
|  |  |
| **direct transactions** | **109** |
| **% conversion** | **1,03%** |
| revenue (gross) | 119 642 CZK |
| **revenue (net)** | **103 292 CZK** |
| **ARPE** | **9,79 CZK** |
|  |  |
| sum of discount given | 16 350 CZK |
| % discount value (original) | 25,00% |
| **% final discount** | **13,67%** |

*Source: Author in cooperation with experts from Farma Živina*

**Description of individual data, metrics, and results**

**target "Lost" segment**                    **14 009**

- The number of individual customers who were categorized as a "Lost" segment using RFM segmentation and were targeted by the proposed email marketing win-back campaign.

**newsletter sign up**                              **10 549**

- This value indicates how many customers could actually be targeted by the email marketing campaign because they are subscribed to the newsletters. Customers who are not subscribed to the newsletter the email could not be sent.

**% newsletter sign up**                          **75,31%**

- The percentage of customers from the "Lost" segment who are subscribed to the newsletter.

**email sends**                                   **10 549**

- The total number of emails sent, which corresponds to the value of customers from the "Lost" segment who are subscribed to the newsletter.

**deliveries**                                       **10 322**

- The number of emails actually delivered which is 227 emails less than the number of emails sent. The fact that some emails were not delivered could be due to a number of factors, e.g. the customer may have entered an invalid email address, the destination email address may have a full inbox, or an error occurred somewhere else.

**delivery rate**                                  **97,85%**

- The percentage of sent emails that were delivered.

**opens**                                          **3 597**

- The number of opened emails.

**open rate**                                       **34,85%**

- This metric indicates the percentage of delivered emails that were opened. This figure is crucial for comparing individual campaigns and evaluating how effective the subject line was in motivating people to open the email.

**Call to Action (CTA)** 529

- This figure tells how many customers clicked on the CTA button ("I CHOOSE") in the email, which was highlighted in red and led to the Živina e-shop.

**Click to Open Rate (CTO)** 14,71%

- This value is the percentage of how many customers who opened the email subsequently clicked on the CTA button in the email. This metric also indicates how engaged the customers were with the email itself, the content and concept, and how motivated they were to click the CTA button.

**direct transactions** 109

- This figure indicates how many customers have made a purchase on the Živina e-shop and used the discount coupon from the email.

**% conversion** 1,03%

- This metric shows what percentage of customers made a purchase with a discount coupon out of the total emails sent.

**revenue (gross)** 119 642 CZK

- This metric shows the total amount of money customers have spent on the Živina e-shop when using a discount coupon from the email campaign, also known as gross revenue.

**revenue (net)** 103 292 CZK

- This is a very important figure and determines the total net revenue, or Return on Investment (ROI), which is calculated as gross revenue excluding expenses. The expenses in this case are the total amount of money that customers received as discounts as part of this marketing campaign.

**ARPE                                        9,79 CZK**

- ARPE, or Average Revenue per Email, indicates how much net revenue a single sent email earned. It is calculated as net revenue divided by the number of emails sent.

**sum of discount given                  16 350 CZK**

- This value indicates the total amount of discounts, expressed in money, that the company distributed to customers. It is considered as a cost of this marketing campaign.

**% discount value (original)            25,00%**

- The value of the original maximum discount amount, which is calculated as the minimum order limit (600 CZK) divided by the value of the discount coupon (150 CZK), expressed as a percentage.

**% final discount                       13,67%**

- This figure is very valuable and tells a lot about how much discount customers actually received in average, in this case 13.67%, even though the maximum possible discount for a minimum order was 25%.

**Evaluation of the Set Objectives**

**Open rate at least 25 %**

An important metric that indicates how many of the emails delivered were opened is also essential for evaluating the effectiveness of the subject line and how that subject line motivates customers to open the email. The results of the email marketing campaign show that this value was 34.85%, exceeding the target of 25% by 9.85%. This result suggests that the subject line of the marketing email was well defined for the type of campaign containing the discount coupon and attracted customers enough to open the email.

**Click to Open Rate at least 10 %**

The objectives for this marketing campaign included a goal of achieving at least 10% in the Click to Open Rate metric, which indicates what percentage of customers who opened the email subsequently clicked on the CTA button. This metric measures how interested readers

were in the email's content and wanted to click through further using the mentioned CTA button. Thus, the campaign metric was 14.71 and exceeded the target by 4.71%, indicating that the email content was set correctly and performed well for this type of marketing campaign.

**Percentage conversion at least 0.8%**

Another target set was a percentage conversion rate metric of at least 0.8%. This metric shows what percentage of customers, out of the total number of emails sent, completed a purchase on the Živina e-shop and used a discount coupon from the marketing campaign. The resulting figure from the campaign was 1.03% and exceeded the target expectation by 0.23%. This result is perceived as a success and exceeding the 1% threshold is also viewed positively by the company.

**Net Profit of at least 75 000 CZK**

An important part is the evaluation of the overall net profit of the campaign, or the comparison of costs and revenues. The financial budget was only outlined in the previous section, but not determined, due to lack of data. However, at the present stage it is already possible to make such an evaluation. The total net profit, which was calculated as the gross profit excluding discounts given to customers in the email campaign, amounts to CZK 103,292 (approx. EUR 4,132) and thus exceeded the objective of CZK 75,000 by 37.7%. This result is perceived as a great success not only by the author of this thesis, but also by the management team of Živina.

**Final discount percentage less than 12%**

The final target set was a metric of the average percentage discount actually used by customers who completed an order on the coupon e-store. Customers could take advantage of a 25% discount with a minimum order, but the marketing campaign goal was ambitiously set at 10%, which was not achieved because, based on the results of this marketing campaign, customers took advantage of an average discount of 13.67%. In the case of this metric, the higher the percentage, the greater the discount taken up by the customer and therefore the higher the cost to the company. However, the final result is still a solid result despite not meeting the objective.

After evaluating the objectives, it can be determined that four of the five objectives have been achieved. This result can be considered a success and therefore the overall evaluation of this email marketing win-back campaign focusing on the "Lost" segment can be evaluated as a success. The results achieved by this marketing campaign were also presented to the management team of Živina, who were satisfied with some of the results and, for example, perceived the campaign's net revenue of CZK 103,292 as a great success beyond expectations.

## 4.8 Suggestions for Email Marketing Activities

The author of this thesis, on the basis of the data collected and the acquired knowledge about the email marketing capabilities of Farma Živina, proposes further email marketing activities mentioned in this chapter. These activities are all related to email marketing with automation involved. These suggestions will not be developed any further, they are only inspirational.

### 4.8.1 Inspiration / Recipes

Inspiration on cooking options and the use of Živina products, as well as recipes directly, can be suitable content for the newsletter subscriber base. People who are interested in cooking and healthy eating will appreciate a suggestion for a new recipe, or a recipe that they already know but may smartly incorporate a Živina product.

These recipes could also be sent out as welcome email flow to newly registered customers so that they get to know Živina a little better and receive inspiration on how to use their products.

This type of marketing communication could motivate customers to increase their purchases and thus increase sales.

**Draft email content:**

Subject A: Lots of ideas for home cooking

OR

Subject B: A regular dose of inspiration on what to cook at home

You can never have enough yummy ideas for quick meals, right? We've got quite a collection of recipes on the site already, so check them out and maybe just take them as inspiration for what to cook at home next time.

CTA: CHECK OUT THE RECIPES

### 4.8.2 Reminder of Previously Viewed Products

Typical behavior of a visitor to a food shop may be that he/she looks at certain products that he/she gets a taste for but does not buy them afterwards. Therefore, it may be a good idea to set up an automated process where just such customers are sent an email reminding them that they have viewed certain products and whether they want to buy them. A condition of this proposal is that the e-shop visitor must be registered for the company's newsletter in order to be sent the email, and there is also the need to set up automation for it. Furthermore, for this proposal it could be useful if Živina had a more extensive catalogue of recipes, so that a recipe containing the given product could be automatically added to the email.

This automated way of reminding viewed products could be beneficial to increase the number of orders and therefore sales.

**Draft email content:**

Subject A: Still in the mood for something good?

OR

Subject B: Are you hungry? We have a solution

Last time you checked out these goodies, are you still craving them? Throw them in your cart and they'll be arriving soon. Then all you have to do is smell them and... yum!

DYNAMICALLY LISTED PRODUCTS

CTA: I'LL TASTE

### 4.8.3 Email Reminder for Repeat Product Purchases

Another suitable inspiration for email marketing automation can be an email reminder for repeat product purchases. Before implementing this activity, an analysis needs to be done on the best-selling products and see how long it takes on average for customers to repurchase them, so that the timing of sending this marketing email can then be calculated for exactly that moment or a little earlier. This could increase sales, as customers are likely to get reminders at a time when they have already consumed the product and are likely to want to order it again. To implement this, in addition to the analysis, the process needs to be automated, which may not be easy, but the author of this paper has no insight into this process.

Marketing email design created in collaboration with a newsletter expert can be examined in Appendix 2.

**Draft email content:**

Subject: Do you feel like having them again?

Repeat your last purchase

The crystal ball is telling us you may have run out of goodies from Živina. Do you happen to be in the mood for some of them again?

Last time, you found MŇAM:

DYNAMICALLY LISTED PRODUCTS

CTA: SELECT GOODIES

### 4.8.4  Email Reminder to Customer for Abandoned Cart

The last proposed suggestion is an email reminder to customer for abandoned cart, which works on the principle of automation that records what the customer has put in the cart. This activity is also conditional on the customer having to be registered for the newsletter in order to send them an email with a marketing message. Such an email could be sent to customers one day after cart abandonment as a reminder, or they could be offered, for example, a 5% discount if they make a purchase within 24 hours of the email being sent. For this purpose, a unique discount coupon could be generated and sent to them as part of a marketing email. This marketing activity is also aimed at increasing orders and motivation to buy, which would lead to increased sales.

Marketing email design created in collaboration with a newsletter expert can be examined in Appendix 3.

**Draft email content:**

Subject A: Where should we deliver it?

You left something good in your cart, but don't wait too long. Complete your order today and the package will be with you soon.

YOUR CART

DYNAMICALLY LISTED PRODUCTS

CTA: COMPLETE YOUR ORDER

# 5 Results, Evaluation and Recommendations

Since the first email was sent, years have passed, during which the internet, marketing and communication tools have transformed dramatically. The Internet has evolved from a primitive network to an indispensable part of everyday life. Marketing has adapted to a new digital environment with endless possibilities to reach and interact with customers, and communication tools have become more sophisticated and diversified. Over the last few years, the return of emails and newsletters as essential marketing communication tools can be observed. This "comeback" can be linked to their ability to target and build long-term relationships with customers, where personalization and direct communication are the main factors.

Emailing allows businesses to effectively market their products and services by communicating directly and in a personalized way with target customers, leading to higher conversion rates and increased sales. Through segmentation and automation, it is possible to send relevant offers to specific groups of customers, increasing the likelihood of purchase and strengthening the relationship between brand and its audience. Additionally, with low implementation costs, email campaigns are highly cost-effective, giving businesses a significant improvement in profitability when this communication method is used correctly.

**Results & Evaluation**

The first secondary objective of this thesis was to develop an RFM segmentation of Živina's customers, classify customers into individual segments and characterize them accordingly. This objective was successfully accomplished. According to the specified steps in the theoretical part, it was possible to develop an RFM segmentation that resulted in the specification of seven segments. These segments are presented in Table 5.

*Table 5: Segmentation Results*

| Segment | Number of Customers |
|---|---|
| New customer | 382 |
| Onboarding | 1,218 |
| Active customer | 485 |
| Re-activated customer | 475 |
| Churn: High risk | 241 |
| Churn: Prevention | 454 |
| Lost | 14,009 |

*Source: Author*

In Table 5, the "Lost" segment was identified as the most important segment with 14,009 records, which was subsequently used as the target group for the email marketing campaign in this thesis.

The second secondary objective was to identify purchasing preferences of Živina customers through customer interviews with the aim of better personalization of the email marketing campaign. The evaluation of customer preferences was successfully accomplished through the primary data collection method of interviews. A total of 30 customer interviews were conducted, which provided a significant amount of vital information for the subsequent design and content of the email marketing campaign. The key findings included that customers have a positive perception of email communication from Živina and are inclined towards promotions.

The primary objective of the thesis - design, implement and evaluate an email marketing campaign targeting "Lost" segment - was successfully fulfilled. Firstly, it was identified through newsletter analysis when it would be most convenient to launch the campaign. Through RFM segmentation, the target group of the "Lost" segment was specified. Interviews with customers identified their specific needs and what motivates them to buy. This information was key to understanding customer preferences, which subsequently helped to form the design and content of the marketing email. Selected campaign results are shown in Table 6.

*Table 6:  Selected Results of the Email Marketing Win-back Campaign Targeting Lost Segment*

| Win-back 24 Q1 | Wednesday 27.3.2024 |
|---|---|
| open rate | 34,85% |
| Click to Open Rate (CTO) | 14,71% |
| direct transactions | 109 |
| % conversion | 1,03% |
| revenue (net) | 103 292 CZK |
| % final discount | 13,67% |

*Source: Author in cooperation with experts from Farma Živina*

The email open rate, an important indicator of the success of an email marketing campaign, was 34.85%, indicating that the email subject line was designed appropriately for the type of campaign that included the discount coupon, and was sufficient to attract customers to open the email. The Click to Open Rate metric shows that 14.71% of customers who opened the email subsequently clicked on the CTA button, which indicates that readers were interested in the content of the email. A total of 109 direct transactions were recorded in the Živina e-shop where customers used the discount coupon from the email. A conversion rate of 1.03% from the total number of emails sent that resulted in a purchase on the Živina e-shop with the use of the discount coupon is considered a success. Exceeding the 1% threshold is also perceived positively by the company. The total net profit of the campaign, calculated as the gross profit after deducting the discounts given to customers, amounted to 103,292 CZK (approximately 4,132 EUR), a result evaluated as a great success by both the author of this thesis and the management of Živina. The average discount used by customers who completed their order was 13.67%, the only metric that was not met, but still a solid result.

The results of the email marketing campaign exceeded the objectives in 4 out of 5 cases and the campaign can be evaluated as a success overall.

**Recommendations**

Since this email marketing win-back campaign was successful, it may be recommended to repeat it regularly, for example, at quarterly intervals before the closing of the accounting period. This relatively quick campaign may have the effect of improving the company's results relative to the quarterly results.

Furthermore, other marketing activities using email marketing were also suggested by the author in the chapter "Suggestions for Email Marketing Activities" and are as follows:

- Inspiration / Recipes

Inspirational tips for recipes in a series of welcome emails to newly registered customers.

- Reminder of Previously Viewed Products

Automated email reminder of recently viewed products.

- Email Reminder for Repeat Product Purchases

Automated reminder to customers timed for when they are likely to want to re-order that product. An email design was created for this example, which is in Appendix 2.

- Email Reminder to Customer for Abandoned Cart

Automated email reminder to a customer who has placed products in their cart but has not completed the order. For this example, an email design was also created, which is in Appendix 3.

# 6 Conclusion

The thesis was divided into two parts - literature review and practical part. The literature review examined marketing, marketing models, marketing communication, segmentation and primary data collection methods, and prepared a solid theoretical foundation for the practical part. The practical part included a detailed description of Farma Živina, identification of competitors and a description of the elements of the extended 7P marketing mix based on the selected company.

Initially, an analysis of the newsletters was conducted to identify the best timing for launching an email marketing campaign. In this analysis, metrics such as conversion rate, open rate, click-to-open rate, and unsubscribe rate were measured.

Subsequently, RFM customer segmentation was performed following the steps identified in the theoretical part. RFM metrics were calculated, and individual segments were characterized. The customer base was then divided into individual segments, which were then described. Based on this segmentation, the "Lost" segment was identified as the target audience for the email marketing campaign, which was found to be the most appropriate to achieve the campaign objectives. This step also fulfilled one of the secondary objectives of this thesis.

This was followed by research that involved primary data collection through customer interviews. Ultimately, 30 interviews were conducted and important information regarding customer preferences and motivations was obtained in this way. This information was vital in the design and content creation of the email marketing campaign. This also satisfied the second secondary objective of this thesis.

The next chapter described in detail the design, implementation and evaluation of an email marketing campaign focused on the "Lost" segment. The main objective was to re-engage with customers who had not purchased for a long time (12 week or more) and motivate them to purchase again. A discount of 150 CZK with a minimum purchase of 600 CZK was chosen as a key motivational element. After the campaign was completed, the results were analyzed and evaluated. In total, 109 customers redeemed the discount coupon provided, resulting in a cost to the company of 16,350 CZK. The average discount used was 13.67%, although the maximum possible discount could have been 25%. The net profit of the campaign amounted

to 103,292 CZK. By designing, implementing and evaluating the email marketing campaign, the primary objective of the thesis was successfully accomplished.

Given the success of the email campaign, it is recommended that similarly focused campaigns are repeated at quarterly intervals, ideally before the end of the quarterly financial year, to maximize profit.

Suggestions for future email marketing activities have been developed. These include, for example, abandoned shopping cart reminders or revisions to the welcome email series. As part of these suggestions, graphic and content concepts for the emails were also developed and are attached in the appendix of this thesis.

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# 8 List of Figures, Tables, and Graphs

**List of Figures**

**List of Tables**

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# Appendix

**1) Template of the Structure of Interviews with Customers**

## Introduction

- Check the internet connection.

- Ensure that the audio and video recording will work properly.

- Thank the participant for their participation.

- Why are we meeting?
  - At Živina, we are currently launching a series of interviews with our customers to better understand their thought process during purchases, how Živina suits them, what is important to them, what they might be missing, and so on.

- Explain to the participant how the interview will proceed.
  - We will talk generally about grocery shopping, your experiences with Živina, including the shopping itself as well as your satisfaction with the products.
  - When answering questions, I would like to ask you to elaborate as much as possible. The more details, the better.
  - This is not a test; if something is unclear, feel free to ask. There are no wrong answers here, nor wrong words. Speak as you are used to.
  - At the end, you will have space for any additional questions, suggestions, or comments.

- Information about the reward.
  - For your willingness and time, you will receive 500 CZK in credits for the purchase on Živina e-shop for participating in the interview.

- Obtain the participant's consent for audio recording.

- We can start.

## Qualifying Questions

Can you briefly introduce yourself at the beginning?

- Woman / Man
- Age
- Place of residence
- Occupation - do you work at your place of residence?
- Number of people in the household
- Do you use social networks? Which ones?
    - Actively (you add content) or passively (you consume content)?
    - What do you watch the most on them?
    - Who are your favorite people to follow (influencers)?
- Do you watch TV?
    - What programs do you like the most?
    - What shows do you like the most?
- Do you have any favorite websites that you visit regularly? Which ones?

## Meal Preparation

- Do you cook only for yourself?
    - Who cooks in your household?
- Do you look up recipes or cook based on instinct and knowledge?
    - Do you prepare meals according to video recipes on YouTube or reels, or do you prefer written recipes, whether in a cookbook or on a website?
- How many meals do you prepare at home each week?
    - What are the 3 meals you prepare most often?
- What is more important to you - the speed of preparation or the quality of the food being prepared?
- Do you also take meals with you? For example, to work/for children to school/on trips?
    - What kind of meals are these?
- How much time do you dedicate to meal preparation?
- What type of cuisine do you prefer? (Asian, Italian, Indian, ...)

## Shopping Behavior

- Do you predominantly shop in physical stores or online?

**Shopping in Physical Stores**

- How many times a week do you buy groceries?
  - What foods do you prefer to buy?
  - What do you buy most often?
  - Which foods are essentials in your shopping basket?
- Please describe the last time you planned a grocery shopping trip. Ideally, step by step - Where were you? What were you doing? How did it go?
  - How far in advance do you plan your shopping?
  - How often do you deal with "last-minute shopping"?
  - Are there any foods you always forget to buy?
- Where do you shop most often:
  - Supermarkets
  - Hypermarkets
  - Farm stores
  - Health food stores
  - Zero waste stores
  - Farmers' markets?
  - …
- And at which specific stores? (Albert, Billa, Tesco…)

**Online Shopping**

If they don't shop online at all, we find out the reason and otherwise skip this section.

- How often do you shop for groceries online?
- What do you most often buy online?
- What is important to you when buying groceries online?
- In which specific e-shops do you shop?
  - Rohlík
  - Košík

- o Grizzly
- o Aktin
- o …
- What are the advantages and disadvantages of online grocery shopping for you?
- Do you prefer to shop on a mobile device or laptop?
- Do you ever order ready-made meals home? (Foodora, Bolt Food, Wolt)
  - o How often?
  - o What are the 3 meals you order most often?
  - o What is the most common reason for ordering?

## Visiting Restaurants

- How many times a week do you eat at a restaurant/bistro?
- For what reason do you visit restaurants? (time savings, better food, for occasions, ...)
- Which restaurants do you visit most often? Why?
  - o Which restaurants do you like the most? Why?
- How much do you approximately spend on a regular lunch per person?
- How much do you pay for a nice dinner per person?

## Food Selection

- What is decisive for you when selecting food?
  - o Locality
  - o Composition
  - o Origin
  - o Health restrictions
  - o …
- Is it important for you to know if food contains any allergens (typically gluten, lactose, etc.) when choosing food?
- Can you estimate how much you spend on food per month?
- Do you use loyalty programs? Which ones and why?
- How do you perceive the BIO label?
  - o Is the BIO label something that convinces you to buy the food?

- Is the topic of waste sorting important to you?
  - Do you prefer eco-friendly delivery methods from companies? (e.g., returnable boxes, etc.)
- And what about discounts and promotions on food shopping? To what extent do they motivate you to buy?
  - What form of discounts do you prefer? (quantity, percentage, anniversary, …)
  - Do you consider discounts as a strong motivation to buy?
  - If you imagine being sent just an email reminder to ask if you would like to make a purchase again, how would that influence you?
  - Can you remember a specific discount promotion that motivated you to make a purchase?

## Experience with Živina

- How did you find out about Živina?
- Do you currently have any Živina products at home? Which ones?
- Do you remember your first order of Živina products? What led to that decision?
- Which products have you tried?
- Where do you most often purchase Živina products (online / in brick-and-mortar stores)?
  - ONLINE:
    - How satisfied are you with the order and delivery process on zivina.cz? (clear / intuitive / easy vs. lengthy, confusing)
    - Can you always easily find the information you need?
  - STORES:
    - In which specific ones?
    - Are you satisfied with the range of Živina products in this store?
- Please describe what leads you to use our products. Is it a specific situation, time of day, feeling?
  - Are there any external factors, such as advertisements or recommendations, that lead you to order or consume Živina?
- Do you immediately understand our products?
  - Have you ever been unsure of what a particular product is for?

- What specific event or circumstance usually precedes your decision to have something from Živina?

**Understanding Motivations**

- What are the main advantages you see in using Živina products?
- Can you describe how Živina products meet your needs or solve your problems (example: kimchi is good for my digestion)?
    - Which products specifically?
- Are there any emotional or practical needs that Živina fulfills for you? For example, when you're stressed from work or school, and crave something sweet…
- What motivates you to regularly consume our products?
- Do you have any goals that Živina consumption helps you achieve? (example: improving gut microbiome)

**Habitual Use**

- Do you consume Živina products regularly?
- Which ones and how often?
- Which products do you consume most frequently?
- Have you developed any routines or habits around consuming our products?
- Has your consumption of Živina products evolved over time? How?
- Is there something unique about our products that keeps you coming back?

**Živina Communication**

- Where do you get information from Živina?
    - Mailing
    - Social networks
    - Websites
    - …
- Do you read emails from Živina?
    - How satisfied are you with the content of the newsletters? Is the content relevant to you?
    - Do you always find out everything important from them?

- o How do you rate the frequency of newsletter distribution?
- o What specifically motivates you to open, read, or perhaps click on a link and make a purchase from an email?
- What topics from Živina interest you most?
  - o E.g., lifestyle, timesaving, composition of foods, calories, diet...?
  - o What content convinces you to make a purchase?
  - o Through which channels do you want this information to reach you?
  - o Are you more interested in inspiration for weekend cooking, or something for the workweek?
    - Weekend menu: Would you be interested in inspiration for 2 hot meals (Saturday and Sunday), or also dinners?
    - What price are you willing to pay for these meals?

**Feedback for Improvement**

- What could we improve about our products?
- Have you ever felt any negative emotions while consuming our products?
  - o Can you describe this experience?
- Is there anything missing in our current offering? Or perhaps specific product variations?
- Would you appreciate Živina products in any specific store?
- How do you compare our products with others on the market? What sets us apart?
  - o What are we doing wrong and what are we doing right compared to others?
- Who do you see as Živina's competition?
  - o Why them?
  - o What do you think they do better?
  - o Do you use/have you ever used their products?
- Do you have any suggestions on how we can improve the overall experience with Živina?

## Conclusion

- Thank you for your time and valuable information.
- Information about the reward of 500 CZK:

- If you do not have a registration with us, a colleague will send you login details via email, and credits will be added to this account.

- Would you be interested in participating in similar research in the future, possibly even in person with testing selected products?

**2) Email Reminder for Repeat Product Purchases**

**Subject: Do you feel like having them again?**

# ŽIVINA

## Zopakujte si svůj poslední nákup

Křišťálová koule nám říká, že vám mohly dojít zásoby dobrot od Živiny. Nemáte na něco z nich náhodou zase chuť?

Posledně vám přišlo mňam:

**Joybucha Kombucha Malina 330 ml**
79 Kč

**Joybucha Kombucha Extra zelený čaj 330 ml**
79 Kč

**VYBRAT DOBROTY**

### 3) Email Reminder to Customer for Abandoned Cart

**Subject: Where should we deliver it?**

V košíku jste si nechali něco dobrého, ale nečekejte příliš dlouho.
Dokončete objednávku ještě dnes a balíček bude už brzy u vás.

## Kam to máme doručit?



ŽIVINA Balijské kari 140 g
149 Kč



Joybucha Kombucha Chaga 330 ml
89 Kč

**DOKONČIT OBJEDNÁVKU**