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**THE PROPOSAL FOR THE DEVELOPMENT OF  
E-COMMERCE BUSINESS STRATEGY IN  
DISTRIBUTION COMPANY**

NÁVRH ROZVOJE E-COMMERCE OBCHODNÍ STRATEGIE VE VYBRANÉ DISTRIBUTIVNÍ  
SPOLEČNOSTI

**BACHELOR'S THESIS**

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## **Assignment Bachelor's Thesis**

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### **The Proposal for the Development of E-commerce Business Strategy in Distribution Company**

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Problem definition, goal of the thesis and methodology

Theoretical background

Problem analysis and current situation

Proposal suggestions, solutions and benefits

Conclusion

References

Attachments

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The main goal of the bachelor's thesis is based on the evaluation of the current situation, to propose the development of e-commerce business strategy for the distribution company Scandi LLC. The goal will be achieved through the application of selected analytical methods of strategic marketing in order to identify and evaluate key factors in the selected context of the environment. Based on the summary of the results of the performed analyses, a suitable business and marketing strategy will be proposed, which will increase the percentage of B2C sales to customers within the total sales volume and streamline purchases of non-key low volume B2B customers through digital channels.

**Basic sources of information:**

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## **Abstract**

The bachelor thesis focuses on the elaboration of a proposal for the development of e-commerce strategy in a company distributing health & hygiene goods operating on the Slovak market. The theoretical part deals with the definition of key areas of strategic marketing with a focus on the issue of online distribution in the form of e-shop. The analytical part presents the practical application of selected relevant methods in order to identify and evaluate key factors and the subsequent selection of appropriate actions for change in the current strategy. The design part contains the setting up and changes of e-commerce strategy, including tools to increase sales in the B2C market and streamline the purchases of B2B customers through appropriate digital channels.

## **Abstrakt**

Bakalárska práca sa zameriava na zpracovanie návrhu rozvoja e-commerce stratégie v spoločnosti distribujúcej hygienické a zdravotnícke potreby posobiacej na slovenskom trhu. Teoretická časť sa zaoberá definovaním kľúčových oblastí strategického marketingu so zameraním na problematiku online distribúcie formou e-shopu. Analytická časť predstavuje praktickú aplikáciu vybraných relevantných metód za účelom identifikácie a zhodnotenia kľúčových faktorov a následným výberom vhodných akcií pre zmenu v stávajúcej stratégii. Návrhová časť obsahuje nastavenie a zmeny e-commerce stratégie vrátane nástrojov s cieľom zvýšenia predajov v oblasti B2C trhu a zefektívnenia nákupov B2B zákazníkov prostredníctvom vhodných digitálnych kanálov.

## **Key words**

e-commerce, strategic marketing, B2C market, B2B market, e-shop, digital channels

## **Klíčová slova**

e-commerce, strategický marketing, B2C trh, B2B trh, e-shop, digitálne kanály

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## **Declaration Of Originality**

I hereby declare the originality of this bachelor's thesis. Information derived from published works has been acknowledged in the text and references are provided in the list of references. I further declare that I did not breach copyright in the sense of Act. No. 121/200 coll. on Copyright Law and Rights Related to Copyright and on the Amendment of Certain Legislative Acts.

Brno, 9 May 2022

.....  
Name of the author

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## INTRODUCTION

With digitalization being one of the most prominent trends of the last decade it has provided a foundation for rapid rise in sales of goods & services through the internet or in other words e-commerce . E-commerce can be looked upon as the purchase and sale of products and services, as well as the transmission of payments and data, over an electronic network, primarily the internet. These transactions can be B2B(business to business) , B2C(business to customer), C2C(customer to customer), or C2B(customer to business).

The origins of e-commerce as we know it today , can be traced to the adoption of the Internet and the creation of the World Wide Web in 1991 and the first web browser in 1993. Over the last decade, the widespread use of e-commerce marketplaces like Amazon and eBay has fueled its significant development. While e-commerce accounted for only 5.1% of all retail sales in 2007 ,it is expected to account for 21% of total retail sales in 2022 . The value of this market as of 2021 is 4,921 trillion USD. (4)

E-commerce is linked to a number of significant trends. For example , in online world, geographic distance has far less of an impact on the formation of business relationships than in physical world. Enterprises venturing into e-commerce have fewer entry barriers, as starting a retail website is quite inexpensive compared to opening a physical retail location. Goods are often cheaper over the Internet, reflecting not only the significantly reduced expenses of doing business online, but also the convenience with which consumers are able to compare prices. Furthermore ,due to the increased availability of the Internet and smart devices , purchasing habits of customers are changing at unprecedented rate. Radical departure from classical means of marketing to e-commerce focused strategies is happening throughout all industries. Even companies heavily invested in traditional sales channels are venturing into the online world due to the fear of becoming obsolete in the future



# **PROBLEM DEFINITION, GOAL OF THE THESIS AND METHODOLOGY**

## **Problem definition**

As we briefly mentioned in the introduction , the global trend of digitalization further accelerated through COVID-19 pandemic and its effect on the ways in which customers shop means that companies accustomed to facilitating their sales through traditional sales channels ,as for example using the means of sales representatives and their established contacts with other companies as their main sales channel, need to rethink their strategies in order to stay relevant players in the market .

To put this in context , the company which is the subject of this thesis has been able to establish a strong position within the Slovak market throughout its existence and although it has performed very well financially , operating mainly on B2B basis with most of its sales being facilitated through sales representatives , its management is becoming worried that if the company doesn't invest in and develop its e-commerce platform and its B2C model further, it might lose its leading market position in the future .

## **Goal of the thesis**

The goal of this thesis is to, based on the evaluation of the current situation, propose the development of e-commerce business strategy for the distribution company Scandi s.r.o. The goal will be achieved through the application of selected analytical methods of strategic marketing in order to identify and evaluate key factors in the selected context of the environment. Based on the summary of the results of the performed analyzes, a suitable business and marketing strategy will be proposed, which will increase the percentage of B2C sales to customers within the total sales volume and streamline B2B purchases to customers through digital channels.

## **Methodology of obtaining and processing the data**

When writing the theoretical background section, I gathered all relevant materials from mainly international and partly local authors' literary works, as well as relevant webpages. Across other sections of the thesis, information was gathered through the firm's website, publicly available information about the company such as [finstat.sk](http://finstat.sk) and questioning company's owner, head of customer relations, head of accounting and head business manager. I attempted to use the most credible and up-to-date sources when writing this thesis.

- **Literary resources** – Theoretical knowledge needed for the purposes of this thesis was obtained through various professional literary sources, mentioned in the references chapter.
- **Online resources** – Webpage of Scandi s.r.o. as well as other websites containing theoretical knowledge relevant for this thesis were used in certain segments of theoretical background as well as analytical part.
- **Online Databases** : Websites such as [Finstat.sk](http://finstat.sk), [Statista.com](http://Statista.com), Slovenský štatistický úrad, Eurostat were used for obtaining relevant external and internal data used in the analytical section.
- **Questioning owner and employees of the company** – I conducted short interviews with company's owner, head of customer relations, head of accounting and head business manager to obtain publicly unavailable quantitative and qualitative data.

### **The following methods of logic were utilized to attain the work's objectives:**

- **Description** - a technique used for precisely describing a topic or phenomena. This strategy was mainly utilized to characterize the company which is the subject of this bachelor thesis.
- **Analysis** - a method for decomposing and analysing a phenomenon. It was utilised throughout various segments of analytical part and was also employed in the development of a SWOT analysis.

- **Synthesis**-The polar opposite of analysis is synthesis. A approach that combines the investigation of several phenomena into a single entity. It is used to summarize the factual information from the sources in the theoretical section.
- **Characteristic** - a form of object description that outlines the object's specific qualities. This technique was utilised when describing the company which is subject of this thesis
- **Deduction** - is the act or process of reasoning from the general to the specific, or from premises to a logically correct conclusion.

### **Methods of evaluation and interpretation of result**

Based on the information provided in theoretical background segment as well as outputs of analyses in the analytical part , we will create a proposal for business & marketing e-commerce strategy of Scandi s.r.o.

In order to achieve this goal we have set up list of partial goals :

- Provide theoretical background of various concepts , selected analytical tools and frameworks used in the context of goals of this thesis
- Analyse the current internal and external environment of the company
- Compile results of these partial analyses into SWOT matrix
- Evaluate the factors through qualitative SWOT analysis
- Use findings of this assessment as a basis for proposal of e-commerce business & marketing strategy of the given company

# 1 THEORETICAL BACKGROUND

This part is meant to provide theoretical background for various concepts of business & marketing strategy as well as descriptions of analytical tools of strategic marketing utilized in the analytical part .

## 1.1 E-Commerce and E-Business Definitions

*E-commerce* has become a significant element in the modern global economic environment. “E-commerce” is defined as the use of a computer network, primarily the Internet, to buy and sell products, services, information, and communication. It can also be looked upon a tool for increasing efficiency and lowering costs within organizations. E-Commerce is often regarded for its omnipresence and relentless nature. Omnipresence implies its continuous development and proliferation in businesses and non-profit organizations of all kinds and sizes. The rapid growth which it has seen in the recent past reflects its relentless and unstoppable character. E-commerce has the power to overcome cultural, political and geographical barriers between nations and countries thus enabling global trade and often one size fits all websites. Furthermore it possesses the ability to reinvent various aspects of business environment and enables inception of new commercial relationships. Significant portion of its value stems from its ability to provide disintermediation & re-intermediation, former one can be described as the process of eliminating an intermediary entity employed for goods & services channel distribution. Disintermediation allows manufacturers to sell directly to end customers essentially eliminating the need for intermediary companies acting as retailers or distributors. This in turn leads to increase in customer value through more affordable pricing of the final product while also increasing manufacturers profit by enabling for wider margins . Simultaneously, e-commerce re-intermediation enables the formation of third-party organizations which act like commission based marketplace facilitators connecting buyers and sellers from all around the world. Ebay , Amazon and Grailed are stellar examples of E-commerce re-intermediation.(7,p.9)

Businesses may utilize e-commerce at several levels. The distinctions between these levels are based on following dimensions:

**Products and services** created and sold by a company might range from conventional physical to entirely digital in case of services.

**Processes** formed inside the company might also range from physical to completely digital .

**Agent** : businesses themselves can range from traditional physical brick and mortar locations to fully digital online companies .

Based on those dimensions there are several types of businesses :

**Pure e-commerce businesses** are distinguished by the total digitalization of their products/services operations, as well as the business itself. Example – Google

**Partial e-commerce businesses** are companies with some physical e-commerce dimensions, such as physical products or processes.. Example - Amazon

**Click & mortar businesses** – Companies which perform some E-commerce processes although their main business is tangible – Apple

**Brick & mortar businesses** – Companies situated in physical realm only without any online presence .

(7,p.10)

## 1.2 Strategic Management

The art and science of designing, implementing, and evaluating cross-functional decisions that enable an organization to achieve its goals is known as strategic management. Strategic management focuses on combining management, marketing, finance and accounting, production and operations, research and development (R&D), and information systems to create organizational success, as this definition suggests. Strategic management aims to explore and create new opportunities for tomorrow.

In essence, a strategic plan is a company's game plan. A corporation ought to have a good strategic plan to compete successfully, much like a soccer team needs a good game plan to have a chance of winning. A strategic plan is the outcome of difficult managerial decisions among many good options, and it indicates a devotion to particular markets, policies, procedures, and activities over other, "less desired" options.

(3,p.33)

Considering the particular context of its opportunities, ambitions, and resources, each business should always devise a long-term survival and growth strategy which represents the best fit to the company and its situation. Strategic planning is the process of shaping and sustaining a strategic alignment between a company's objectives and competencies, as well as dynamic marketing opportunities.

The direction of overall planning of the enterprise is set by strategic planning. In business, annual plans, long-range plans, and strategic plans are all frequent. The current activities of the business and ways how to maintain them are addressed in the yearly and long-range plans. The strategic plan, on the other hand, is concerned with adjusting the business to capitalize on opportunities in a dynamic environment.

(6,p.64)

### **1.2.1 Mission & Vision**

Mission and vision statements are widely used managerial tools used to establish the direction of a company. As the term statement implies these are concise, usually no longer than one sentence. The development of a company's vision and mission statement can be critical to its success. These statements give a short explanation of company's goals, help the company focus on what matters most, and serve as a foundation for constructing other components of the strategic plan. Vision and mission statements are frequently confused. The most straightforward way to recall the distinction is that vision statement reflects the intended future state, whereas mission statement embodies the existing status. (2,p.70) To elaborate further, vision statement can be seen as summarizing company's future vision in a way that emphasizes long-term objectives and expresses company's underlying values. A well-crafted vision statement should act as a guide or chant for employees, motivating them to strive toward the company's ultimate goal. On the other hand mission statement conveys company's core values and purpose through the structure of "to statement". A mission statement explains what the organization does, how it does it, and why it does it. It can also include information about the company's location, target market or audience, or general statement about the company's objectives & values. A mission statement's audience is diverse, and it frequently includes customers, workers, and investors.

## 1.2.2 Objectives

### Objectives

Objectives ought to be clearly defined , measurable and time-specific. They represent the partial goals , are usually completed one step at a time and when completed should pave the way for reaching the main objective.

Many companies develop objectives using the SMART method. SMART is an acronym which stands for : Specific , Measurable , Attainable , Relevant , Time-Based . The purpose of SMART is to help asses whether the objectives are well defined and whether they will be of utility on the path of reaching the ultimate goal.

**Specific:** This implies that objective has to be completely apparent and well defined so that it will be undoubtedly clear what needs to be done in order to achieve the goal, even for somebody who had seen it for the first time. In order to asses this we can use five W questions and for the purposes of this thesis we will use the definition from S.Kingsnorth.

- „– Who: who will be involved in achieving the action plan?
- Where: is a specific location involved?
- What: what exactly needs to be achieved?
- Why: what is this action plan going to achieve?
- When: what is the deadline and any milestones along the way? „(2,p.70)

**Measurable:** How can we assess that action plan has been completed? In order to be able to see what progress we made in completion of the objective and to eliminate the uncertainty in assessing the completion of the objective for everyone involved It is critical to have a clear measure put in place .

**Attainable:** The actions plans need to be sensible and the expectations realistic .If the objectives are unrealistic and furthermore unattainable they will be of no use on a path of accomplishing the ultimate goal. On the other hand the objectives ought not to be too easy to achieve but then again they need to be set in line with the capabilities of the company and most importantly capabilities of the persons within the company tasked with completing these objectives .

**Relevant:** This one doesn't need long explanation as it basically means the partial steps or objectives need to be in line with what the ultimate goals is. It is meaningless to establish objectives which are not relevant to the final goal as they will shift the much needed focus from important tasks to unimportant ones .

**Time-based:** It is generally perceived that setting up a deadline for the given objectives increases the likelihood of completion . (2,p.70)

Objectives as a part of the planning process don't need to be overly specific or detailed in their sense however they require deliberate consideration when being set up as setting them up properly is crucial for the overall direction of the company. The way in which company plans to achieve particular goal is not concern of the goal itself . Goals are concerned with "what" rather than "how" with the "how" being a concern of strategies.

### **1.2.3 Process of Strategic management**

Strategic management process is a process of defining company's strategy. Furthermore it is also a process which helps managers decide on a set of strategies for the company that will make it perform better.

Process of strategic management acts as a framework which provides a logical sequence which helps to ensure that all critical activities of business strategy development are included. It also seeks to ensure that the business strategy may be updated as part of the ongoing optimisation approach.

The following steps comprise the strategic management process:

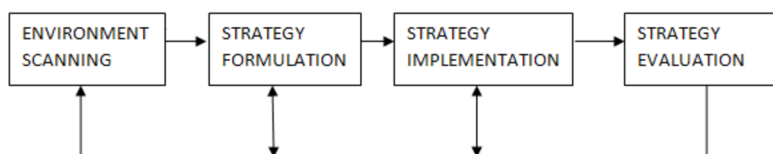
1. **Strategic analysis** -Scanning or analysis of the internal and external environments is required. Scanning is used to respond to customers and competitors both during strategy development and as a continual activity. As new digital platforms are formed and embraced by companies and customers, digital business necessitates a more constant examination of opportunities and threats.



2. **Strategy formulation** - The process of determining the optimal course of action for achieving organizational objectives and, as a result, achieving organizational purpose is known as strategy formulation. Managers develop corporate, business, and operational strategies after completing an environmental scan.
3. **Strategy implementation** - Making a strategy work as intended or putting the company's selected strategy into action are both examples of strategy implementation. Designing the organization's structure, distributing resources, building decision-making processes, and managing human resources are all part of strategy implementation.
4. **Strategy evaluation** - The final step in the strategy management process is strategy evaluation. Assessing internal and external factors that are at the core of current strategies, monitoring performance, and implementing corrective actions are the main strategy evaluation processes. The purpose of evaluation is to ensure that the organizational strategy and its implementation match the goals of the company.

When building a new strategic management plan, these components are carried out in chronological order. Businesses that have already developed a strategic management plan will return to these processes as the situation dictates in order to make necessary optimisations.

The process of strategic management is continuous. As a result, it's important to understand that its components constantly interact with each other.(17)



Picture 1 Process of strategic planning (Source:17)

### ***Strategies***

Strategy defines the future direction and activities of the organization or part of the organization. Strategy can be defined as a long-term direction and reach of an organization that benefits it by allocating resources in a changing environment to meet market needs and stakeholder expectations (17).

Businesses operate with different levels of strategy. This entails **corporate strategy** which relates to the overall purpose and scope of the organization, a **business-level strategy** which involves individual **strategic business units (SBU)** within the corporate strategy and competition within their particular markets, and **operational/functional-level strategies** which describe how the corporate strategy and business unit strategy will be implemented in various functional areas or processes of the company. (18 p.8)



*Picture 2 Levels of strategy (Source : 31)*

### **Action plans**

Action plans delve into more detail than strategies as they are the tasks from which strategies are comprised of and are detrimental to how the strategies will play out whether it is success or failure . Furthermore they represent the stage at which goals , objectives and strategies align into concrete actions . Action plans need to be developed with high levels of detail as they take into account various internal & external factors such as stakeholders , budget , legislative and regulation and others depending on the nature of particular tasks.(2 p.80)

### **1.3 Business Strategy**

Business strategy can be understood as an integrated set of moves and actions made at the business level with the goal of providing value to customers and building a competitive edge in the individual product or service market by leveraging the firm's core competencies. It establishes the company's competitive market position.

So, these strategies are the actions taken by a company for each line of business or SBU in order to gain a competitive edge in the lines of business that the company presently has in its portfolio.(19)

Effective Business-Level Strategies necessitate the development and implementation of diverse competences in order to get a competitive advantage over competitors. In the year 1998, Michael Porter proposed three business-level strategies, as follows:

#### **Cost leadership.**

This strategy emphasizes the production of standardized items at a low cost for price-conscious customers. The broad mass market is usually the target of cost leadership strategy. And to achieve this, the company works tirelessly to reduce costs in several areas, including procurement, manufacture, packaging, storage, and distribution of the product while realizing overhead savings. (19)

## **Differentiation**

As the name suggests, differentiation strategy tries to target price-insensitive clients by manufacturing and supplying industry-wide distinctive products and services to them. This strategy is also aimed at the public and includes the creation of a distinctive product. Unique refers to design, brand image, specifications, customer service, technology utilized, and so on. Furthermore, this technique may or may not result in a competitive advantage, depending on whether the customer's wants are met by standard items or if competitors swiftly duplicate the product or service. As a result, the strategy should be implemented after thorough market research and buyer analysis to determine their wants and preferences, as well as the addition of unique features to the product. (19)

## **Focus**

Firms utilize this method to create products and services that meet the needs of niche consumer groups. This strategy focuses on a market segment of substantial size with strong growth potential which are indifferent to the success of competitors. This is commonly used by small or medium-sized enterprises. This strategy works only when consumers have varied tastes and competitors does not try to specialize in that segment. Small and medium-sized businesses frequently employ this. Only when consumers have diverse tastes, and the niche is not saturated by competitors does this strategy work. (19)

### **1.3.1 Online Business model**

There are several types of business models and not all of them are compatible with each digital strategy. As a result, it is critical to align digital strategy with the given business model. There are several definitions of business model, and numerous models within those definitions.

#### ***Mass market B2C***

Organizations under this model sell items that appeal to a wide spectrum of customers at a reasonable price. Fast-moving consumer goods (FMCG) businesses are an example of this sort of companies. Selling a high number of goods, such as food, clothing, or toys, requires being able to draw attention of a large number of potential customers to your E-Shop. This includes raising awareness through advertising, attracting visitors, and

turning them into clients. This would necessitate a strong customer service as well so as a result, all digital channels are applicable in this case. (2,p.33 )

### ***Niche B2C***

This is a direct-to-consumer model with a highly distinguished offering .

This model is a direct-to-consumer business that has a highly targeted service. This could include products for people living with a specific disability

This might include items aimed at persons with unique disabilities or ultra-high-net-worth individuals. While this model appeals to customers directly, it focuses on a certain niche, such as those in a specialized vocation or ultra-high-net-worth individuals. In most of these circumstances, using traditional channels such as mainstream media, billboards or tv ads is deemed unnecessary because significant amount of the viewing audience might not be potential customers. Creating trust and advocacy, on the other hand, is critical to success, thus providing the potential customers with comprehensive content strategy and top-notch experience is advised. (2, p.33)

### ***B2B***

The B2B model is comprised of businesses which sell directly to other businesses, such as wholesalers or technology resellers.

Of course, these businesspeople are also persons, and it is crucial to remember that human psychology still applies. Their expectations on the other hand will likely be entirely different than the expectations of non-corporate customers. You will be perceived as a vendor rather than a brand, resulting in a totally different relationship. Because they have objectives and ambitions to accomplish, your clients may be more skeptical or intimidating than B2C customers. Traditional marketing messages and sales approaches will generally be less effective in this case. As a result, rather than advertising, the emphasis should be put on customer relationships, content, and direct value-added interactions. It is still critical for these clients to be able to locate your site and the information they seek. (2, p.33)

## **1.4 Marketing strategy**

Marketing strategy is business-level strategy which defines how company attracts customers to its products.

The goal of marketing is to profit from discovering and addressing human and social needs. "Meeting needs profitably" is perhaps one of the briefest ways of describing marketing accurately.

It is established that the aim of marketing strategy is to provide value for the clients and develop an economically rewarding relationships with them.

The logic by which the corporation intends to create this consumer value and establish these financially rewarding connections is referred to as marketing strategy. The business determines which consumers to accommodate (segmentation and targeting) and how to serve them (differentiation and positioning). It examines the overall market, breaks it into smaller segments, from which the company chooses the ones with the most potential and concentrates on accommodating clients in these segments.

Businesses understand well that it is impossible to service all customers within a particular market in a standardized way and do it profitably. Far too many unique types of customers exist, with each having their own set of wants & needs. Most businesses are suited to service certain demographics better than others. As a result, and as we mentioned before, each organization needs to break down the overall market, select the most suitable segments, and devise strategies to accommodate those areas in effective and financially profitable way. Market segmentation, market targeting, differentiation, and positioning are all part of this process. (6, p.74)

### **Market Segmentation**

There are numerous varieties of customers, goods, and requirements within the market. The company must identify which categories provide the best outlook in terms of opportunities. Customers can be categorized and treated in a variety of ways depending on their geographic, demographic, psychographic, and behavioural characteristics.

Market segmentation is the practice of breaking down the market into different groups of customers with different demands, personalities, or habits who may require different marketing strategies or mixes. As it is stated by Kotler : "Market segment is a group of consumers who respond in a similar way to a given set of marketing efforts." (6,p.75)

## **Market Targeting**

After defining its market segments, a corporation can decide to target one or more of these segments. Market targeting is assessing the desirability of each market segment and picking one and often more segments to penetrate. Businesses should select sectors where they can provide the most customer value in a profitable & sustainable fashion.

## **Positioning**

Positioning is the process of staging a product to inhabit a recognizable, intelligible, and desired place in the perceptions of targeted customers compared to similar items offered by the competition. Companies set positions for their goods & services that separate them from rival brands and provide them with the greatest edge in the markets they target.(6,p.76)

## **Differentiation**

Effective positioning starts with differentiation ,differentiating the company's market offering in order to produce higher consumer value. After deciding on a desired stance, the organization must take decisive action to deliver and communicate that viewpoint to target consumers. The chosen positioning approach should be supported by the company's overall marketing campaign.(6,p.77)

### **1.4.1 Digital Marketing**

Digital marketing initially originated as a concept in the 1990s, but it came to world which was radically different to the one we live in now. Web 1.0 was essentially rigid, basically read only for most of its users and with almost zero interactivity and no means for users to connect with one another it was vastly different environment from the internet we know and use today. The first online display ad appeared in 1993, and the first web browser (named Webcrawler) was developed in 1994 . This marked the beginning of search engine optimization (SEO) as we understand it today. It may not feel like a long time ago, but when we realize that this happened actually four years before Google, more than

ten years before YouTube, and social media was still a pipe dream at the time, it paints a picture of how far we have come in such a short time.

With new regulations and continuing privacy issues, cookies have been an important advancement as well as a source of dispute in recent years. While cookies have contributed to the ongoing privacy issues of the internet age, they have nevertheless played a significant role in tailoring user experience by providing them with relevant content. (2,p.7)

Darcy DiNucci invented the phrase "Web 2.0" in 1999, but Tim O'Reilly popularized it in 2004. Web 2.0 was not a technological revolution, as the name implies, but rather a change in the manner in which websites are developed. This transformed the web fundamentally from essentially a read only online library to an interactive space, serving as a platform which paved the way for online communities such as Facebook, Twitter, Instagram, Pinterest, Skype, and others.(2,p.7)

Web 3.0 being the next step in the development is poised to represent a paradigm shift in terms of user utility through the use of blockchain technology and artificial intelligence . In practice, digital marketing focuses on managing various forms of online company presence, such as company websites, mobile apps, and social media company pages, in conjunction with online communications techniques such as search engine marketing, social media marketing, online advertising, email marketing, and partnerships with other websites.(20 p.94)

#### **1.4.2 B2C Digital marketing strategies**

B2C digital marketing strategies deal with targeting end customers. We recognize following B2C marketing strategies:

**Content marketing** is something that every well-known brand does. This technique aids businesses in generating leads, expanding their target market, increasing engagement, nurturing leads, increasing brand awareness, increasing sales, and increasing customer loyalty. Various content forms assist in achieving these objectives. You can establish a blog to increase traffic to your website and to educate your audience about your products.(22)



**Search Engine Marketing** Search engine marketing is often regarded as the most essential digital marketing tool for customer acquisition. When we are looking for a new product, service, or entertainment, we naturally gravitate towards a search engine. When we become acquainted with a new brand, whether through physical advertising, direct mail, or through other digital channels such as banner display ads, we also resort to search engines in order to learn more.

It is the most dependable, trusted, and extensively utilized method of digital paid promotion. It works by utilizing keywords connected to the company and its business to drive visitors with the primary goal of ranking higher in search engine results (SERP). This can be achieved by paid search promotion (PPC-Pay per click ) or search engine optimization (SEO).

**Pay-per-click (PPC)** are type of internet advertisements which appear at the top of search engine results page and link to the company's website.. As the name implies, companies like Google charge advertisers per each click on their link .Their essence lies in the fact that they appear on top of the search results page , above the organic results and are usually highlighted. Their pricing is dynamic due to the auction style bidding where the advertisers willing to pay the most per click get the most prominent placement. **Search engine optimization (SEO)** is the process of achieving the top position within the organic listings on search engine results page once a certain combination of keywords (or key phrase) has been entered in. As mentioned in the PPC chapter organic results appear behind the top PPC or sponsored links in search engines such as Google and Bing because the search engines generate more ad income by making the sponsored advertising the most visible. The organic position or ranking is determined by a search engine algorithm that matches the relevant web page content with the submitted keywords. There is no fee for these listings to be shown or for a link to your site to be clicked. To make your website visible higher in the results, you might have to hire a search engine optimization professional to advise you or to perform optimization work.

**Social media marketing** .The use of social media and social networks to promote a business's products or services is referred to as social media marketing . Companies may use social media marketing to communicate with current customers and reach out to new ones while promoting their desired culture, mission, or tone. Marketers may measure the

performance of their efforts using social media marketing's purpose-built data analytics tools. Social media has altered how we interact as a society, especially how we communicate with one another. Businesses took note as platforms like Facebook, Twitter, and Instagram grew in popularity. They began to employ social media marketing to promote their interests on these platforms. This is because these platforms have the ability to influence customer behaviour. Marketers may use a variety of methods and strategies to promote content and get users to interact with it on social media platforms. Many social media platforms allow users to contribute comprehensive geographic, demographic, and personal data, allowing advertisers to customize their messages to what users are most likely to respond to. Due to the general availability of this customer data, social media marketing allows for better targeting than more traditional marketing channels which can lead to more effective use of company's resources. Website reports, such as Google Analytics, Customer reaction rates, the frequency with which consumers post about the company, the reach and virality of ad campaign, return on investment (ROI) as well as the frequency with which customers share content on their feeds are some of the indicators used to assess the performance of social media marketing. (3,p.287)

### **Email marketing**

Marketers can plan out their email advertising process ahead of time if they have an email marketing strategy in place. As a result, other company stakeholders will be aware of what they need to accomplish at any given time, ensuring synchrony when launching an email campaign.

A corporation can plan when to send time-based promotions or non-promotional emails using an email marketing strategy. Time-based promotions are emails that contain time-sensitive messages that encourage recipients to take action, such as buying a discounted product, signing up for a new class, or scheduling an appointment.

Emails that aren't promotional are less timely and sales-oriented. They are mostly used to build customer relationships and provide value. Unlike promotional emails, which tend to increase sales, non-promotional emails allow marketers to understand their subscribers' interests, which aids mailing list segmentation. As a result, they can send more targeted communications to prospects and customers, helping to nurture and enhance their connections.(22)

### **Influencer marketing**

Influencer marketing is a mix of traditional and innovative marketing techniques. It incorporates celebrity endorsement with a content-driven marketing strategy in the current day. Influencer marketing is distinguished by the fact that the campaign's results are collaborations between businesses and influencers.(23)

### **Membership & loyalty programs**

Loyalty programs enable businesses to engage with customers through transactional and non-transactional offers and rewards, resulting in an emotional bond. Because emotions drive behavior, brands that can establish an emotional connection with customers will be in a better position to encourage them to do specific activities.

Spending more, visiting a store more frequently, downloading the mobile app, or introducing a friend are examples of these behaviors. All of these acts boost a brand's lifetime value. Customer lifetime value (CLV) allows businesses to estimate how much money they could make over the course of a customer's lifetime interactions.(24)

#### **1.4.3 B2B Digital Marketing strategies**

Business-to-business marketing is another name for B2B marketing. Enterprises that sell to other businesses, firms, or organizations are known as B2B businesses. "B2B marketing" refers to the marketing strategy and tactics required to sell to other businesses. We recognize following B2B marketing strategies/channels :

#### **Website**

For the company to be successful in digital marketing, it needs to have a well-designed website. Majority of potential customers will form an opinion about business based on what they find on the website. As a result, website needs to be swift, secure, and attractive. It needs to work well on mobile devices, as mobile devices now account for more than half of all visits (and even B2B companies still get a significant proportion of traffic that

way). Company's website should serve as more than just a brochure. It should direct users to the top of marketing funnel, where they may enter their information and be directed to things they might like to buy.

### **B2B Content marketing**

High-quality content is increasingly being used as a means of demonstrating competence. Businesses publish white papers, original research, blog posts, and a variety of other content , mainly on their websites but also in different channels .It's becoming increasingly important to do it properly as search engines improve their ability to detect high-quality material that consumers want to read. (21)

### **B2B E-mail marketing**

Email marketing may be seen as obsolete in the face of the new available technologies, however capturing email addresses to create regular newsletters and send notifications has actually become an increasingly crucial function of other marketing efforts. Having strong email list is crucial to marketing strategy. (21)

### **Search engine marketing**

Same as in the B2C marketing strategy with the difference of utilizing keywords targeted at business customers.

### **Social media marketing**

More and more marketing is taking place on social media, and because of targeting it's bringing in a unique form of traffic, people who are both more likely to be learning about the business for the first time and eager to do so. Social media can also be used to get third-party validation and strengthen and spread the brand. LinkedIn is the social media platform that B2B marketers must employ. Others may or may not fulfill the needs of business which depends heavily on its, industry, It is very similar to B2C social media marketing with the difference of targeting potential business customers rather than end consumers. (21)

## **Video promotion**

Professional, focused B2B video is becoming increasingly important. As with written material, more and more of the other channels described above are becoming routes for video, and it's becoming an increasingly important element of the mix. (21)

## **1.5 Selected Analytical Tools & Frameworks**

In this part, we will present selected analytical tools and frameworks utilized in the analytical part of the thesis

### **1.5.1 Analysis of marketing mix**

The marketing strategy of the organization (as previously stated) defines which clients it will cater to and the way in which it will provide value to them. The person responsible for marketing then establishes an organizational marketing plan which will bring the desired value to the targeted clients. By putting the marketing strategy into action, the marketing program seeks to establish customer relationships. This process constitutes of using the marketing mix, which is the collection of marketing methods utilized by the company when establishing its marketing strategy.

Product, pricing, place, and promotion represent the four categories of marketing mix and are generally presented as 4 Ps of marketing. The business needs to create a market offering (product) matching the demand to make good on its value proposition. The company also needs to figure out adequate pricing of its offering (price) and how to provide availability of its offering to target clients (place). And at last, it must interact with target customers, explain, and describe the offering, and convince these potential customers of the usefulness of the offering (promotion). Each instrument of marketing mix must be incorporated into a fully integrated marketing campaign which articulates and delivers the intended value to desired audience. Generally, tools of marketing mix are utilized with an intention of generating a response within the targeted market. We will further describe the 4P's of marketing generally and in context of digital marketing. (6,p.38)

- **Product** refers to the mix of goods and services that the firm provides to the target market. Car companies for example offer different variations of their

products which can be equipped with various features which are as well as intangible parts such as warranty all parts of the final product. The major concerns from a digital marketing standpoint are assessing whether the goods or services can be sold online. Exploring the available distribution channels. Assessing whether the product is suitable for online audiences or if it needs to be reengineered for these purposes and whether it provides an actual value to the customers while being distinct enough from the offerings of competitors. (6, p.78)

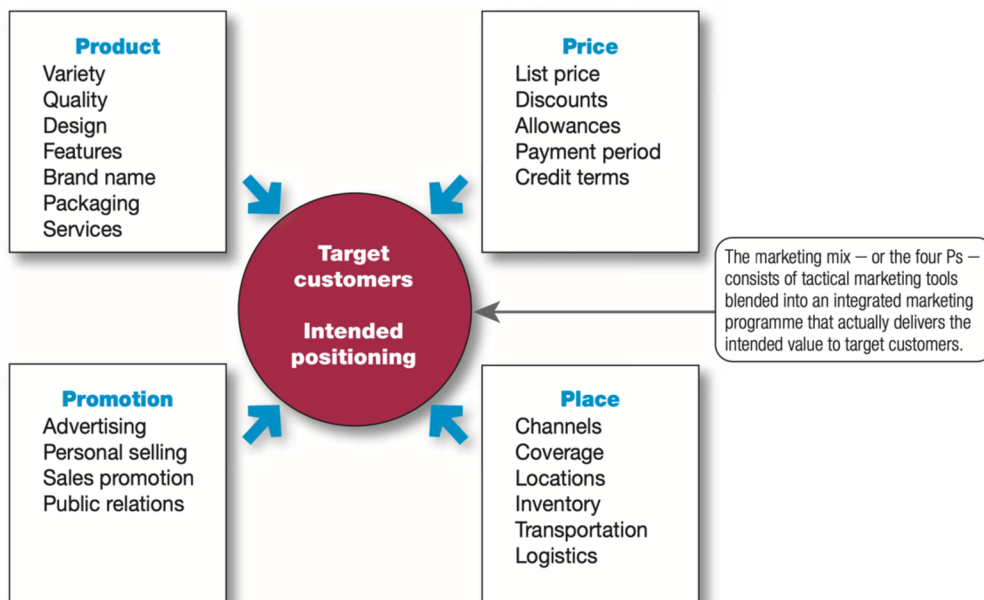
- **Price refers** to the sum of money that buyers need to spend to purchase the product. It is generally understood that companies determine prices for their products & services according to what customers are willing to pay. Price is also a highly competitive factor thus businesses need to set it carefully to remain competitive while also generating profit.

From digital point of view sales & promotions are nothing new but the inception of price comparison websites (such as Heureka) and the rising popularity of cashback services & vouchers are without a doubt playing a role in shaping customer behaviour. Customers also expect the prices of comparable products to be lower online since the online only business model significantly reduces the overhead costs compared to selling through physical location. (2, p.11)

- **Place** refers to the efforts of a company which make the product available to the customers. Moreover, while it is important for the shop to be in the right place in terms of accessibility it is same if not even more crucial for the products to be displayed in a right place within the shop so customers can easily find them. Regarding digital marketing, place doesn't exclusively mean physical location, but attributes of successful website are like the ones of successful retail location with the most important being once again the accessibility. This boils down to SEO, sponsored search, and most other digital acquisition methods. When assessing website, one must ask several

questions: Is it intuitive for visitors to browse and find the information and items they seek once they land on the website? Are the products in stock, and is the website set up properly to dispatch them in time? Eventually, if consumers can't locate what they're searching for, they'll go somewhere else. This is especially true in online world as the customers expect higher levels of speed & convenience than in physical shops and it is easier for them to switch to the competition if not satisfied. (2, p.11)

- **Promotion** or marketing communication consists of actions that outline the benefits of a product and convince potential buyers to purchase it. Promotion can take a form of advertisement, direct marketing, or sales promotion. In the digital world the timespan advertisers must capture customer's attention is much smaller compared to traditional forms of advertising such as billboards, TV, or newspaper ads. As a result, marketers often must continuously update their ads on trial & error basis to achieve optimal levels of impact messaging. It is impossible to foresee every conceivable outcome, even when you understand your customers very well. Therefore, it is critical to constantly test & update your advertisements. (2, p.11)



Picture 3 4P's of Marketing (Source: 6,p.78)

### **1.5.2 Financial analysis**

Financial analysis is the process of determining the performance and viability of firms, projects, budgets, and other financial operations. Financial analysis is typically done to determine whether a company is stable, solvent, liquid, or profitable enough to justify a monetary investment. Financial analysis is also used to assess economic trends, formulate financial policy, develop long-term company goals, and find potential investments. This is accomplished by combining financial numbers and data. Financial analysis of a company is done through analysis of company's financial statements. (25)

### **1.5.3 Social media analytics**

The act of gathering and evaluating audience data provided on social networks in order to improve an organization's strategic business decisions is known as social media analytics. Businesses can profit from social media because it allows marketers to notice consumer behaviour trends that are relevant to their industry and can influence the success of marketing initiatives. Another way social media analytics helps marketing initiatives is by giving data that can be used to calculate a campaign's return on investment (ROI) based on visitors from various social media sources. Marketers can also examine the effectiveness of other social media platforms, such as Facebook, LinkedIn, and Twitter, as well as individual social media postings, to identify which messaging and themes resonate most with a target demographic.(26)

### **1.5.4 Analysis of Google Analytics**

Google Analytics is a website traffic monitoring tool that delivers real-time information and analysis of visitor behaviour. Google Analytics allows website owners to monitor their visitors in order to interpret and improve the performance of their webpages. Google Analytics can trace all types of digital media as well as referring upstream web locations, display advertising and contextual ads, e-mail, and it is interconnected with other Google products.(27)



Google Analytics data is designed to help marketers and webmasters assess the quality of traffic they are receiving as well as the efficacy of their marketing activities.

By tracking traffic from all referring sites and the number of visitors converted to customers or members from each, Google analytics presents the feedback of a marketing effort. Google Analytics is activated by a snippet of Javascript on the watched page. Because the service is completely cloud-based, there is no need to install any hardware or software.(27)

## **KPI's**

**Number of Clicks** – this one is self explanatory and represents the amount of users who clicked on the link . It isn't very useful as a stand-alone metric as clicks don't always mean conversions, therefore it is best being used in combination with other metrics.(28)

**CTR - Click Through Rate** - The click-through rate (CTR) is another important performance measure for evaluating the success of a PPC campaign. Rather of focusing just on the number of clicks, CTR compares the overall number of clicks to the number of people who saw your ad. CTR may be calculated by dividing the number of clicks by the total number of impressions (people who saw your ad whether they clicked or not). For instance, if you had 2,000 impressions and 200 clicks, your CTR would be 10%. The click-through rate is useful since it contextualizes the number of clicks.(28)

**Quality Score** – Is a diagnostic tool that will tell you how well your ad quality compares to the ones of other marketers. This score is accessible at the keyword level and is assessed on a scale of 1 to 10. A higher Quality Score indicates that your ad and landing page are more relevant and useful to someone searching for your keyword when compared to other marketers using same keywords. You may use the Quality Score diagnostic tool to see where you can benefit from improving your advertisements, landing pages, or keyword choices.(28)

**CPC-Cost Per Click-** Because it is linked to clicks and CTR, cost per click (CPC) is a significant PPC key performance indicator to measure. It is a metric that calculates how much you pay each time a person clicks on your ad (as the name might suggest). CPC may be used to calculate how much money you've spent on an ad campaign. Simply divide the total cost of the campaign by the number of clicks received to determine the cost of each click.

This KPI assists you in staying inside your budget. If your CPC becomes too high, the ad campaign may not be worth it. Cost per click will vary depending on a variety of factors, such as keyword popularity, your Google Quality Score, and bid competition.(28)

**CVR-Conversion Rate-** Conversion rate is the most significant PPC KPI to monitor. The entire reason businesses run paid search advertisements is to increase their conversion rate (CVR). It is the number of individuals that saw the ad, clicked on it, followed the call to action (CTA), and made a purchase. The conversion rate is used to determine the success of a campaign. CVR may be calculated by dividing the total number of clicks by the number of conversions received from a campaign. For instance, if you received 200 clicks and 10 conversions, your CVR would be  $10/200$ , or 5%.(28)

**CPA- Cost Per Acquisition** - Another budget-tracking KPI is cost per acquisition (also known as cost per convert). Instead of measuring the cost per click, it calculates the cost of acquiring a new client and making a transaction. CPA may be calculated by dividing the entire cost of the campaign by the number of conversions obtained. Cost per acquisition is a useful KPI for cost management. For example, if your profit margin on a product is 10% and your CPA is 15% of the product's price, it is not cost-effective to keep that campaign running. You must either lower your cost per acquisition or halt the campaign.(29)

## 1.6 Overall assessment of factors by SWOT Analysis

The **SWOT Matrix** is an essential matching tool that helps managers construct four types of strategies: SO (strengths-opportunities) strategies, WO (weaknesses-opportunities) strategies, ST (strengths-threats) strategies, and WT (weaknesses-threats) strategies. The most challenging component of creating a SWOT Matrix is matching crucial external and internal factors because it takes sound judgment—and there is not one ideal set of matches.

**SO strategies** – SO Strategies leverage a company's internal strengths to seize external opportunities. All executives want their company to be in a position where internal strengths may be used to capitalize on external trends and events. To get into a position where they can employ SO strategies, most businesses will adopt WO, ST, or WT strategies first. Troubled by major weaknesses, businesses should prioritize overcoming them and turning them into strengths. Similarly when facing severe threats, company will want to avoid them in order to be able to focus on opportunities.

**WO Strategies** - The purpose of WO strategies is to improve internal weaknesses by utilizing external opportunities. More often than not important external possibilities exist, but a company's internal shortcomings hinder it from taking use of them. For example, there may be a strong demand for electronic devices that regulate the quantity and timing of fuel injection in vehicle engines (opportunity), yet a certain auto parts manufacturer may lack the technology needed to make these devices (weakness). One possible WO option is to create a joint venture with a company that specializes in this field to obtain the technology. Hiring and training individuals with the necessary technical skills is an alternate WO strategy.

(3,p.252)

**ST Strategies** - ST strategies make use of a company's strengths to avoid or mitigate the impact of external threats. It doesn't always imply that a company in strong position has to constantly confront external threats directly. Texas Instruments utilized its strong legal department to recover approximately \$700 million in penalties and royalties from nine

Japanese and Korean companies that infringed on semiconductor memory chip patents (threat). Many sectors are threatened by competitors who duplicate ideas, discoveries, and patented goods. (3,p.252)

**WT Strategies** - WT strategies are defensive techniques aimed at minimizing internal vulnerability and avoiding external dangers. Companies can find themselves in a jeopardy due to a combination of multiple external threats and internal weaknesses. In reality, businesses in such position may be forced to merge, declare bankruptcy, or liquidate assets in order to stay afloat. (3,p.252)

The SWOT Matrix can be broken down into eight steps:

1. Make a list of the company's major external opportunities.
2. Make a list of the company's major external threats.
3. Make a list of the company's significant internal strengths.
4. Make a list of the company's major internal weaknesses.
5. Match personal strengths to external opportunities, and note the SO strategies that result in the corresponding cell.
6. Match internal weaknesses to external opportunities and document the WO strategies that arise.
7. Match internal strengths to external threats, and make note of the ST tactics that arise.
8. Match internal weaknesses to external threats, and keep track of the WT tactics that arise.(3,p.252)

## **2 ANALYSIS OF CURRENT SITUATION**

This part deals with analysis of the company's internal & external environment.

### **2.1 General Description of the Company**

Scandi s.r.o. is privately owned company founded in 1998 in the business of distributing health & hygiene products predominantly to other businesses but to end customers as well . The company began as a small time personal hygiene/cleaning-goods distributor , selling soap, toilet paper and tissues to other businesses in its proximity but has over the years grown its portfolio of offered products to include the likes of soap / paper dispensers , safety goods , disinfectants , industrial grade wipes and other related cleaning & personal hygiene products and its portfolio of customers includes local ( Slovak ) branches of multinational corporations such as Volkswagen group . The company is currently the biggest Slovak distributor of Scandinavian premium professional & personal hygiene solutions provider – Tork , which is owned by Essity(formerly known as SCA) – one of the largest health & hygiene conglomerates in the world . Although being the biggest distributor of Tork in Slovak market, its product offerings are not limited to products of this brand. Today Scandi s.r.o. offers a vast range of both local and international brands within personal & professional hygiene sector as well as multiple brands of safety goods and non branded products such as surgical masks.

Company currently employs 16 employees and as we mentioned it is primarily Business-to-Business (B2B-98.53% of revenue) oriented with small Business-to-Customer (B2C-1.47% of revenue) operation in form of E-shop . The revenue of the company for the year 2021 was 3 663 865EUR with net profit of 239 380EUR. Company is in good financial health and its revenues have been increasing by an average of 11% per year since 2014. Therefore the company doesn't find itself in a situation where an intervention is needed due to poor financial performance, however the owner would like to digitalize the company and capitalize on the booming B2C market.

Company's subject of business according to Slovak business registry :

- Purchase of goods for the purpose of its sale to the final consumer / retail / in the scope of free trade
- Purchase of goods for the purpose of its sale to other trade operators / wholesale / in the scope of free trades
- Intermediation of trade in production, transport and services in the scope of free trade
- Repairs of working machinery
- Repair of road motor vehicles
- Freight road transport, performed by road trucks, the total weight of which, including the trailer does not exceed 3.5 tons
- Consultancy in the field of materials gluing, water treatment, industrial hygiene, marketing and advertising
- Cleaning services
- Advertising and promotional activities
- Rental of movable property in the scope of free trade
- Rental of real estate associated with the rental of movable property and the provision of cleaning services
- Organization of trainings and seminars in the scope of free trade
- Market research
- Sale for direct consumption of heat-treated meat products and the usual side dishes as well as meatless meals
- Sale for direct consumption of non-alcoholic and industrially produced dairy drinks, cocktails, beer, wine and spirits
- Business consultancy in the scope of free trade
- Bookkeeping



Picture 4 Logo of Scandi s.r.o. ( source:30)

## 2.2 Internal analysis

This part deals with analysis of company's internal environment

### 2.2.1 Analysis of current financial situation of the company

In order to deepen our understanding of the financial position of the company , we conducted financial analysis which we will describe in this chapter .

Company's revenue in 2021 has reached 3,663,865 EUR with 11% average growth since 2014 .

#### Revenue

Scandi s.r.o.



Chart 1 Revenue of Scandi s.r.o. (Source: 10)

Net profit in the same year reached 213 488 EUR and the company operates with gross margin of 16,18%

## Earnings

Scandi s.r.o.



Chart 2 Earning of Scandi s.r.o. (Source : 10)

Judging by the revenue and earnings charts , Scandi s.r.o. has been doing quite well for itself in the past decade with average annual revenue growth rate of 11% while its earnings grew at even higher average annual rate of 14,6%. Company hasn't registered a decline in revenue in single year in 2013 to 2021 period . Earnings growth within this period has been quite consistent as well , with company registering decline in earnings in just two out of total 9 periods recorded in the chart.



Arguably the most important information from the assets pie chart below , at least for our purposes, is that the company has current financial accounts balance of 300,882 EUR. Based on those numbers we can safely assume that the company would be able to finance its further development using their own means without a need of external financing . Chart below depicts assets of Scandi s.r.o. as of 2021

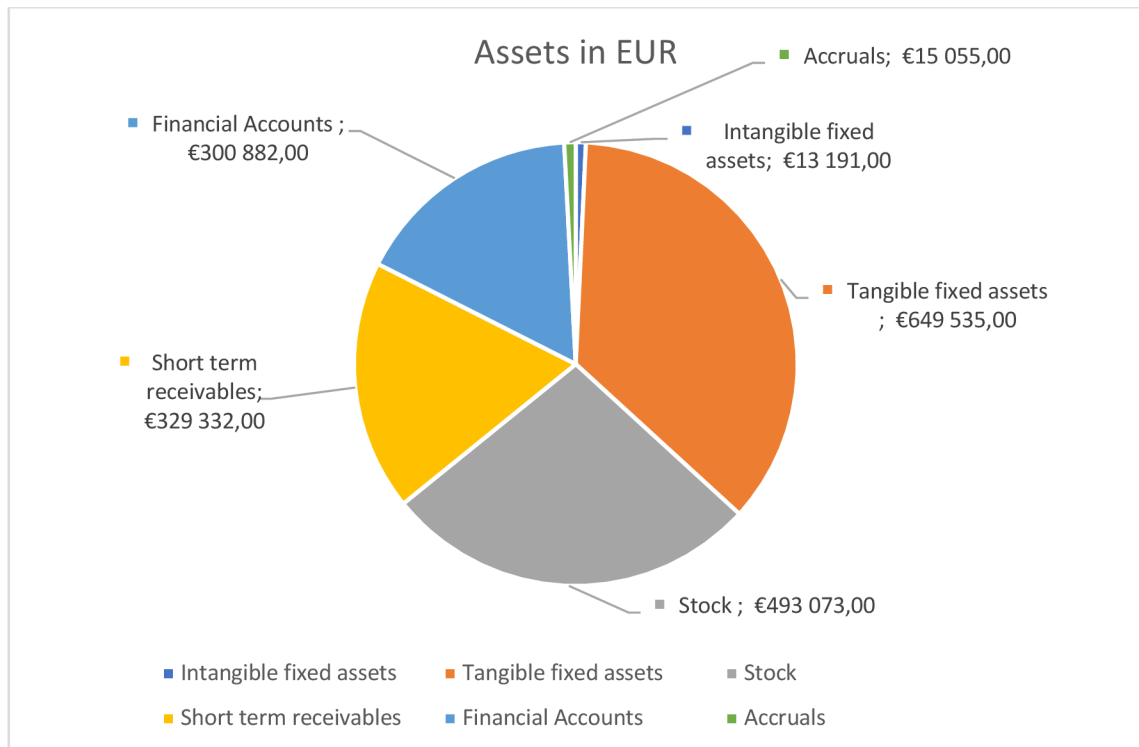


Chart 3 Assets of Scandi s.r.o. (Source: own processing)

Chart below depicts liabilities of Scandi s.r.o. as of 2021

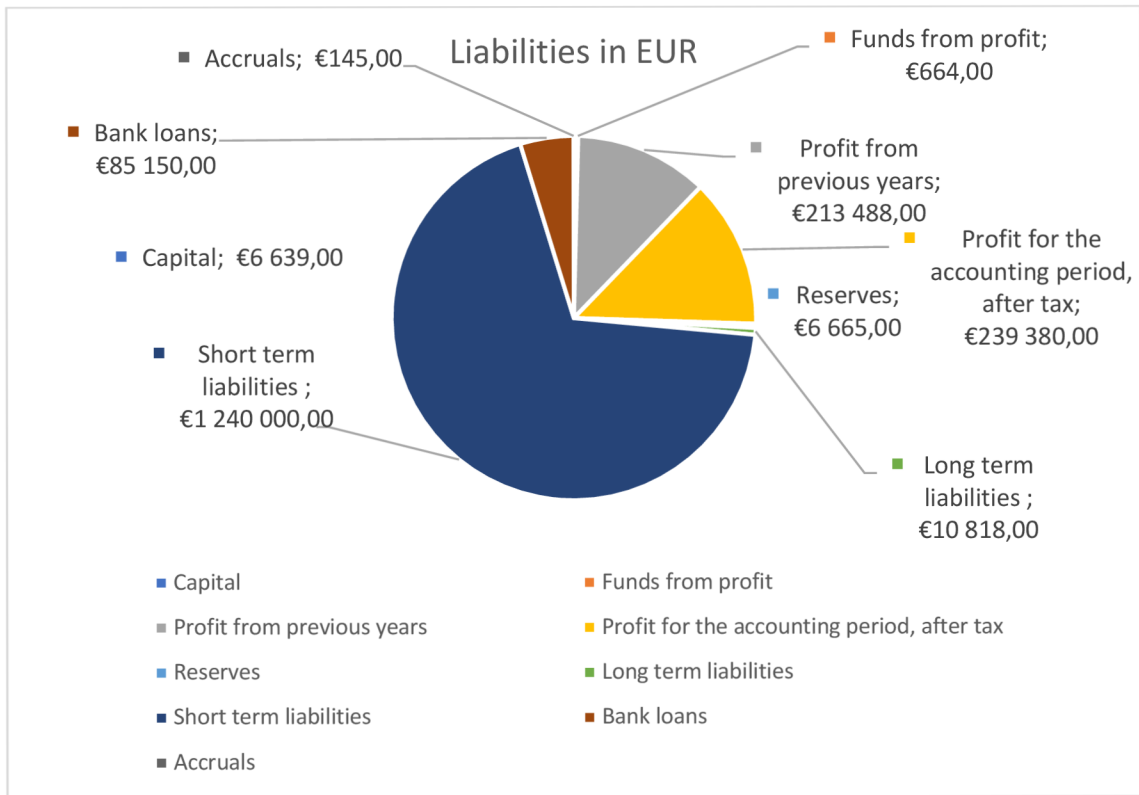


Chart 4 Liabilities of Scandi s.r.o. (Source : own processing)

### 2.2.2 Comparing the company's B2B and B2C operations .

As we can see in the table below, most of the company's revenue comes from B2B sales facilitated through sales representatives and only 1,47 percent of sales come from end customers. While the desired percentage of B2C sales is 5% which would be equal to 173930EUR assuming the total revenue stays the same .

Table 1 Table of B2B & B2B revenues of Scandi s.r.o. (Source : Own processing)

		2021 Revenue	
B2B	Sales Representatives	3,478,609	98,53%
B2C	E-Shop	45,405	1,3%
B2C	Over the counter	5,915	0,17%
	<b>Total</b>	<b>3,529,929</b>	

The company would like to achieve this goal through means marketing . As for the B2B model. The company is currently employing 4 sales representatives and one sales manager and is expecting to hire 2 more representatives in the near future .Current average revenue per sales representative is 40.000EUR s per month with 10,000EUR being the lower end and 60,000EUR being the higher end. Newly hired sales representatives are expected to bring in 20,000EUR to 25,000EUR in sales revenue per month during their first year of employment.

With the average monthly revenue per representative being 40,000EUR and average gross monthly wage of representative being 2000EUR, the cost per 1EUR of revenue is 0,06EUR when taking into account human capital only and ignoring other costs .

Furthermore, according to the owner , roughly 15% of the B2B sales come from lower volume recurring customers such as gas stations or hotels and other small businesses mainly in hospitality sector purchasing constant amounts of goods on monthly basis with little to no variation .

The company would like to explore an option of streamlining this process for its customers by eliminating the human factor while at the same time reducing its variable costs and need for human capital.

### **B2B Customers**

Due to the unavailability of data we asked the owner to provide us with rough estimate of most important B2B customer segments by revenue. The list goes as follows :

- Industry 60%,
- Hospitality20%
- Education 10% ,
- Administration 10%
- Healthcare 10%

### 2.2.3 Partial assessment of financial analysis

From the financial analysis of the company we established 2 major strengths and 2 major weaknesses which can be seen in the table below .

Table 2 Partial assesment of company's financial strengths & weaknesses ( Source . Own processing )

	<b>Factor</b>
<b>Strengths</b>	<b>Average Revenue growth rate of 11% since 2014</b>
	<b>Financial accounts balance of 300,882 EUR</b>
<b>Weaknesses</b>	<b>Heavily reliant on sale representatives</b>
	<b>B2C sales only 1,47% of the revenue</b>

### 2.3 Marketing Mix of the company

I explored the 4P components of marketing mix in the theoretical section of this thesis, which will now be specified for Scandi s.r.o.. The source of information is the company's e-Shop/website, which lists all of the company's products for sale as well as important information about the company itself. Inputs from company's owner and key employees was used as well. Because each component of the marketing mix is critical to the business, I'll go over them individually.

#### 2.3.1 Product

In terms of products Scandi s.r.o. offering consists of wide range of personal and professional hygiene products available for both B2B and B2C customers .As the company started and operated for long time as B2B only and B2B sales currently account for more than 98% of its total revenue, its main focus is selling premium hygiene products to B2B customers .Although the company offers wide range of branded & nonbranded products its main point of business comes from distributing products of only several brands : Tork , Plum , SHP/Harmony , Vileda Professional/Consumer , Dr schnell .Company is biggest distributor of Tork and Plum in Slovak market with Tork products being the most important for the company as they account for as much as 80% of

company's total revenue and these sales are facilitated through sales representatives on B2B contract basis where corporate customers lease dispensers for complementary price with binding condition of purchasing 36 months worth of fillings ( paper tissues ,disinfectants , toilet paper , soap etc. ), the total number of purchased goods during this period depends on the needs of the customer and isn't always established in the contract . B2C offering is only complementary and B2C sales are facilitated mostly through company's E-Shop and the product portfolio is almost same as for B2B customers but these sales are facilitated on traditional retail basis rather than establishing contracts as B2B and in smaller packages / volumes .

## **B2B**

**Brands** - Tork , Plum , SHP, Vileda Professional, Dr Schnell.

### **Products**

**Tork** : High capacity dispensers & their fills (toilet paper , tissue , soap) , industrial grade wipes & non woven cloths, high volume packages of toilet paper & tissue, patient care products.

**Plum** : Dispensers and their fills ( disinfection, hand cleansers, skin cleansers, eye showers)

**SHP**: Dispensers & their fills ( tissue , toilet paper , soap) , industrial grade wipes

**Vileda Professional**: Cleaning trolleys , dustbins ,cleaning gloves, mopping systems

**Dr Schnell** : professional grade cleaning solutions

## **B2C**

**Brands** - No dedicated B2C brands except **Vileda Consumer** .

Products from B2B brands are being sold to end customers in smaller packages/volumes.

### **Products**

**Tork** - hand sanitizers ,napkins ( small packages / low volume)

**Vileda Consumer** - brooms & brushes ,cleaning cloths ( similar offering to Vileda Professional at lower price point and of lower quality- doesn't have to comply with industrial standards),

**Plum** – Same as B2B but offered in smaller packages , Quickfix – band aids – plasters , eye showers in small packages ,disinfectants in small packages .

### **2.3.2 Price**

Main portion of company's revenue comes from sale of premium products . Company's core brand „Tork“ is one of the most expensive brands in the segment although it is widely recognized that the price is justified through the high quality of the product. Furthermore company offers more affordable budget friendly alternatives of its core products , mainly to end customers. B2B customers have their own individual pricing which is based on the volume of goods they purchase and negotiated with sales representatives.

**B2B** – Pricing is flexible and individual price levels are set for each individual business customer on purchase volume and relationships basis.

**B2C** – Due to the premium nature of majority of offered products and without volume discounts as for B2B customers ,the prices of individual products offered to the end customer are on the expensive side of the spectrum.

### **2.3.3 Place & distribution**

Company is operating in Slovak market and has one physical location in Lieskovec, Slovakia which serves as headquarters, warehouse and retail location where customers can purchase goods upon arrival, however this location is not customer friendly in terms of accessibility as it is situated in small village on outskirts of Zvolen, which itself isn't a big city or major population centre in any sense. Furthermore company employs a fleet of sales representatives who operate in Slovak cities of : Bratislava , Banská Bystrica , Prievidza , Detva , Nitra and Lučenec . Least but not last company has established contracts with logistics companies GLS and Geis and in addition employs 5 couriers of its own , which means it can deliver goods anywhere in Slovakia within 24 hours .Finally company runs its own E-Shop where customers can order delivery of products also anywhere within Slovakia.

**B2B** – Sales representatives , shipping , physical location in Lieskovec, by phone.

**B2C** – E-shop , over the counter at physical location in Lieskovec ,shipping

#### 2.3.4 Promotion

As the company is an established player within the industry and has a stellar reputation , it doesn't rely much on traditional promotion for its sales . Company communicates with its major B2B customers mainly through its sales representatives , who meet and negotiate with representatives of customer companies and generally bring brochures with current offering and tailored prices as mentioned in the price chapter .Furthermore the company communicates with its customers through its Website / E-Shop and its social media accounts, its e-shop can be also found through marketplace aggregator Heureka .Company uses SEO and further promotes its e-shop through Google ads. As the goal of this thesis is to propose an E-Commerce strategy we will further analyse those online channels in an individual section .

**B2B** – Google ads, SEO, sales representatives, organic Facebook reach

**B2C** – Google ads ,SEO, organic Facebook reach

#### 2.3.5 Partial assessment

From the analysis of marketing mix we established 2 major strengths and 2 major weaknesses which can be seen in the table below

*Table 3 Partial assesment of company's marketing mix ( Source : Own processing )*

	Factor
<b>Strengths</b>	<b>24 hour delivery within Slovakia</b>
	<b>Sales representatives in most major Slovak cities</b>
<b>Weaknesses</b>	<b>High price point of core Tork products</b>
	<b>No traditional means of advertising</b>

### **2.3.6 Analysis of company's digital channels**

For the purpose of setting a timeframe for analysing analytics of digital channels we have chosen 1 month window from 1.4. 2022 to 1.5. 2022

#### **Analysis of company's e-shop/website**

When it comes to obtaining B2C clients, the company depends mainly on its website (<https://www.scandi.sk>). Overall, it serves as the company's business card and the initial point of contact for potential new clients. The website looks well-developed at first glance since it has been updated recently. Website utilizes traditional e-shop layout , with logo of the company in the upper left corner , navigation bar containing buttons : Introduction , about us , FAQ , contact , sale and 2 new product categories (which have been recently added), can be seen to the right from the company's logo. Side bar is also located to the left and contains product categories. Body of the page is comprised of product offering. Footer at the bottom of the page contains company logo once again , contact information , payment information , account settings and promotional video.

As we mentioned earlier, website looks developed at first glance, however it has many shortcomings which are quickly uncovered after spending several minutes on the page. This includes for example dead end links which lead to a blank page, side bar product categories description with randomly mismatched uppercase / lowercase words, certain product listings missing pictures and overall product photography / presentation lacking uniformity with photos having different backgrounds , resolutions and watermarks . Therefore we recommend complete rebuild of the e-shop which will fix these shortcomings and bring new functionality.

#### **Google analytics of company's website**

As we can see in the report below, E-shop had been viewed 3,457 times within this time frame by 593 users , 539 of them being new users who spent an average of 3 minutes and 28 seconds on the website.



Bounce rate which represents the percentage of visitors who left the website after viewing just one page is 46,82% which is inline with standards of e-commerce websites . Spike in the volume of visitors implies that the company has started a Google ads campaign on 18<sup>th</sup> April .

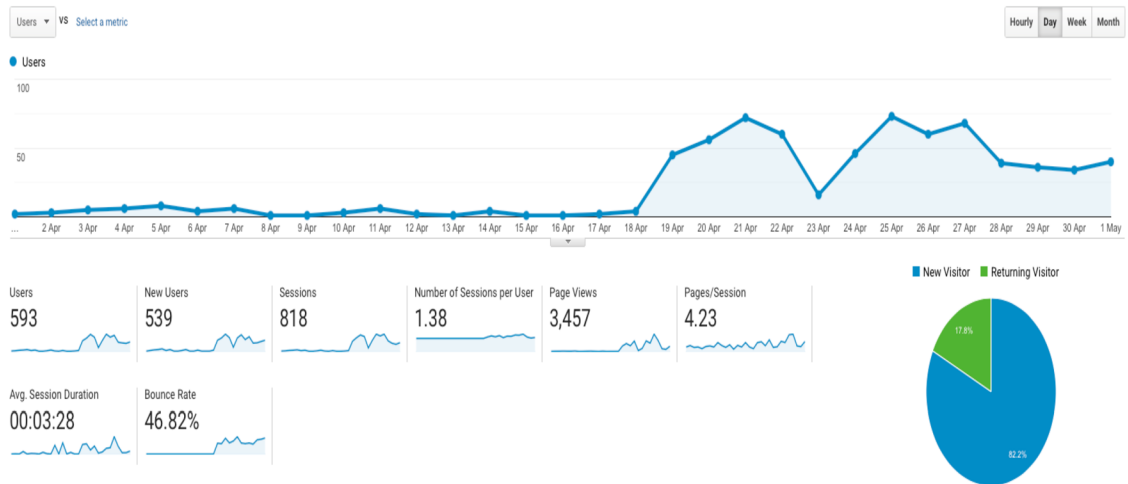


Chart 5 Google analytics of company's e-shop (Source : 8)

In the report below ,we can see that the revenue from the e-shop reached roughly 4,400EUR within the given time frame ,which is inline with company's overall yearly B2C revenue of 45,405EUR. Conversion rate of 12.47% is considered very good by e-commerce standards, although it has to be noted that this is overall conversion rate including direct and organic visitors and not a conversion rate of advertising campaign only.

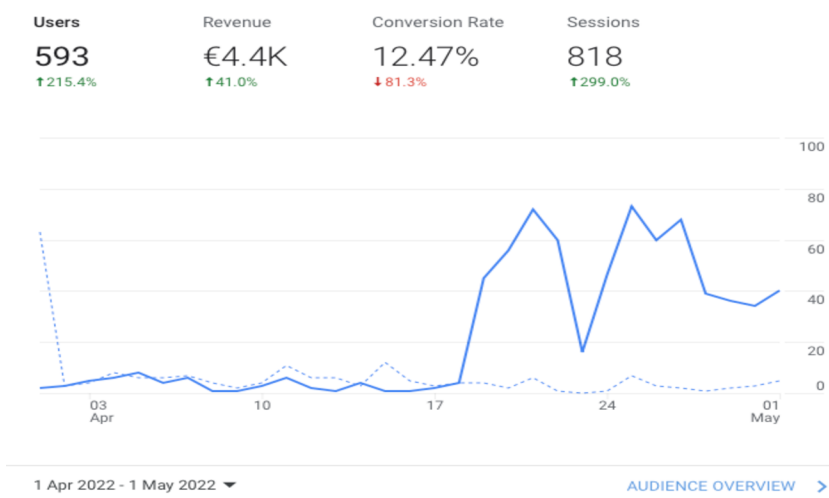


Chart 6 Google analytics of company's e-shop (Source : 8)

Report below depicts analytics of top five keywords within implemented Google ads campaign with average conversion rate of just 1.79% . The most clicked on keyword being “Scandi” which is the name of the company itself implies that majority of conversions came from customers familiar with the company , actively searching for it and not new impressions.

Table 4 Google analytics of company's e-shop ( Source : 8)

Keyword	Acquisition					Behaviour		Conversions E-commerce		
	Clicks	Cost	CPC	Users	Sessions	Bounce Rate	Pages/Session	E-commerce Conversion Rate	Transactions	Revenue
	839 % of Total: 100.00% (839)	€134.68 % of Total: 100.00% (€134.68)	€0.16 Avg for View: €0.16 (0.00%)	208 % of Total: 35.08% (593)	279 % of Total: 34.11% (818)	45.52% Avg for View: 46.82% (-2.78%)	4.60 Avg for View: 4.23 (8.81%)	1.79% Avg for View: 12.47% (-85.63%)	5 % of Total: 4.90% (102)	€438.61 % of Total: 9.86% (€4,449.89)
1. scandi	170 (20.26%)	€14.43 (10.71%)	€0.08	59 (27.57%)	83 (29.75%)	22.89%	7.25	6.02%	5 (100.00%)	€438.61 (100.00%)
2. tork	108 (12.87%)	€40.39 (29.99%)	€0.37	32 (14.95%)	42 (15.05%)	33.33%	4.17	0.00%	0 (0.00%)	€0.00 (0.00%)
3. loctite	31 (3.69%)	€3.63 (2.70%)	€0.12	8 (3.74%)	8 (2.87%)	75.00%	2.38	0.00%	0 (0.00%)	€0.00 (0.00%)
4. Dynamic Search Ads	30 (3.58%)	€1.98 (1.47%)	€0.07	12 (5.61%)	16 (5.73%)	43.75%	4.75	0.00%	0 (0.00%)	€0.00 (0.00%)
5. upratovacie pomôcky	27 (3.22%)	€5.05 (3.75%)	€0.19	3 (1.40%)	3 (1.08%)	66.67%	3.00	0.00%	0 (0.00%)	€0.00 (0.00%)
6. čistenie	26 (3.10%)	€2.67 (1.98%)	€0.10	2 (0.93%)	2 (0.72%)	100.00%	1.00	0.00%	0 (0.00%)	€0.00 (0.00%)
7. mopy	24 (2.86%)	€2.27 (1.69%)	€0.09	3 (1.40%)	3 (1.08%)	66.67%	1.67	0.00%	0 (0.00%)	€0.00 (0.00%)
8. mopy leifheit	22 (2.62%)	€4.04 (3.00%)	€0.18	0 (0.00%)	0 (0.00%)	0.00%	0.00	0.00%	0 (0.00%)	€0.00 (0.00%)
9. čistiaci prostriedok	21 (2.50%)	€2.57 (1.91%)	€0.12	4 (1.87%)	4 (1.43%)	50.00%	1.75	0.00%	0 (0.00%)	€0.00 (0.00%)
10. mopy na podlahu	20 (2.38%)	€2.07 (1.54%)	€0.10	8 (3.74%)	8 (2.87%)	50.00%	3.38	0.00%	0 (0.00%)	€0.00 (0.00%)

In the picture below we can see ,apart from previously mentioned metrics, that the average order value is 43,63EUR.

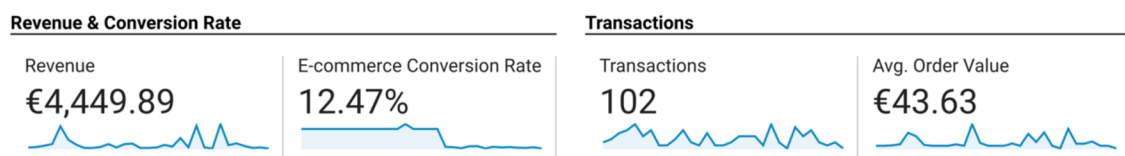


Chart 7 Revenue & Conversion rate of E-shop ( Source : 8)

## Audience

Analysis of audience in Google analytics provides us with valuable insights regarding visitors of our website. In the chart below we can see frequency of visitors in the given timeframe which is highest between 8am and 12pm on workdays , this implies that majority of the traffic comes from business audience .

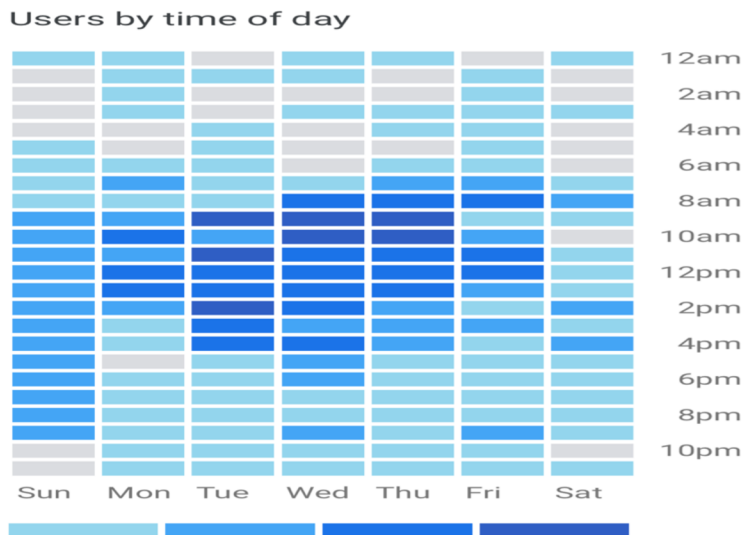


Chart 8 Google analytics of company's e-shop ( Source : 8)

Furthermore we can see top five cities in terms of page visitors in the chart below.

Table 5 12 Google analytics of company's e-shop ( Source : 8)

City	Users	% Users
1. Bratislava	117	19.18%
2. (not set)	88	14.43%
3. Kosice	37	6.07%
4. Banska Bystrica	15	2.46%
5. Zvolen	15	2.46%
6. Poprad	12	1.97%
7. Zilina	11	1.80%
8. Nitra	11	1.80%
9. Prague	10	1.64%
10. Trencin	10	1.64%

### 2.3.6.1 Analysis of E-shop Products

In the report below we can see which products contributed most to the overall revenue of the e-shop . Given that the world is still battling global pandemic it comes as no surprise that the most popular product was disinfection agent.

Table 6 Google analytics of company's e-shop ( Source : 8)

Product ?	Sales Performance				
	Product Revenue ? ↓	Unique Purchases ?	Quantity ?	Avg. Price ?	Avg. QTY ?
	€3,548.50 <small>% of Total: 100.00% (€3,548.50)</small>	168 <small>% of Total: 100.00% (168)</small>	437 <small>% of Total: 100.00% (437)</small>	€8.12 <small>Avg for View: €8.12 (0.00%)</small>	2.60 <small>Avg for View: 2.60 (0.00%)</small>
1. TEST TOP Tork Alkoholová penová dezinfekcia 400 ml	€831.11 (23.42%)	67 (39.88%)	67 (15.33%)	€12.40	1.00
2. Tork Alkoholová penová dezinfekcia 400 ml	€831.11 (23.42%)	67 (39.88%)	67 (15.33%)	€12.40	1.00
3. Tork Advanced papierové utierky v kotúči zelené H1 Matic system	€484.51 (13.65%)	1 (0.60%)	60 (13.73%)	€8.08	60.00
4. Harmony professional 250 T toaletný papier 3 vrstvy 29 m	€241.50 (6.81%)	1 (0.60%)	10 (2.29%)	€24.15	10.00
5. Tork Reflex rola so stredovým odvinom 1 vrstva 300 m biela	€176.40 (4.97%)	1 (0.60%)	30 (6.86%)	€5.88	30.00
6. Plulac pasta na čistenie rúk pre lakýrnikov 1400 ml Bag in Box	€169.20 (4.77%)	1 (0.60%)	10 (2.29%)	€16.92	10.00
7. Vileda PVA Micro špeciálna mikro utierka 4 farby 5 ks	€112.77 (3.18%)	5 (2.98%)	9 (2.06%)	€12.53	1.80
8. Tork Premium papierové utierky na ruky v kotúči H1 Matic system	€108.07 (3.05%)	1 (0.60%)	12 (2.75%)	€9.01	12.00
9. Stanica prvej pomoci očná sprcha 1 x 500 ml +1 x 200 ml neutral	€85.50 (2.41%)	2 (1.19%)	2 (0.46%)	€42.75	1.00
10. Tork rolna do zásobníka W6 natur 350 m	€85.46 (2.41%)	1 (0.60%)	8 (1.83%)	€10.68	8.00

### 2.3.7 Analysis of company's Facebook page

From the social media point of view , the company lacks any cohesive marketing strategy and hasn't posted anything since June 2021.

Out of all social media platforms , Scandi s.r.o. is active only on Facebook with just 201 likes .

In 2021 posts from this account have reached 2273 users which presents an 13,9% increase since previous year and its Facebook page was visited by 278 users which corresponds to 18,8% increase from the previous year .

While this is certainly a sign of growth it is not deemed satisfactory

## Facebook Insight analytics of Facebook page

This part deals with analysis of Facebook Insight of company's Facebook page

In the chart below we can see reach and visits of company's Facebook page .

We can see that within the period established for analysis, posts of company's Facebook page reached only 30 users and the page itself has been visited only by 6 people and 0 new users had liked the page.

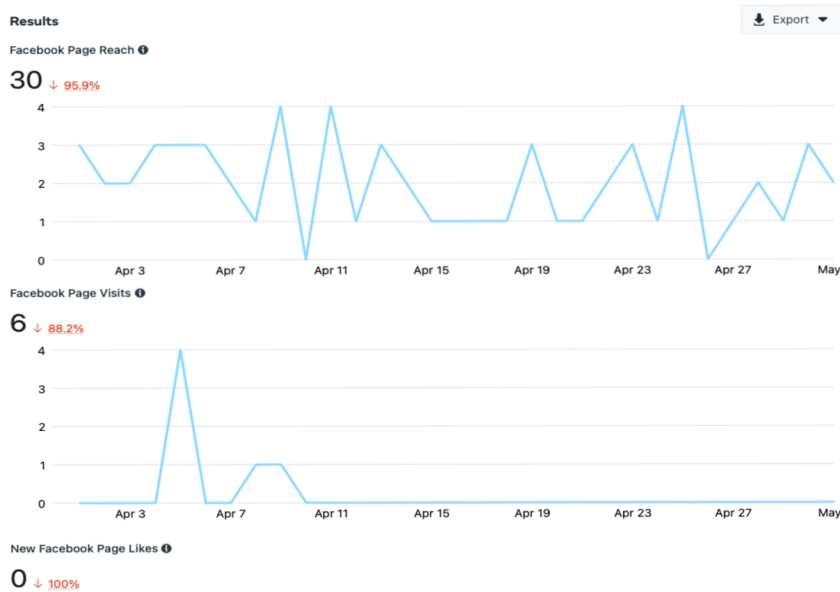


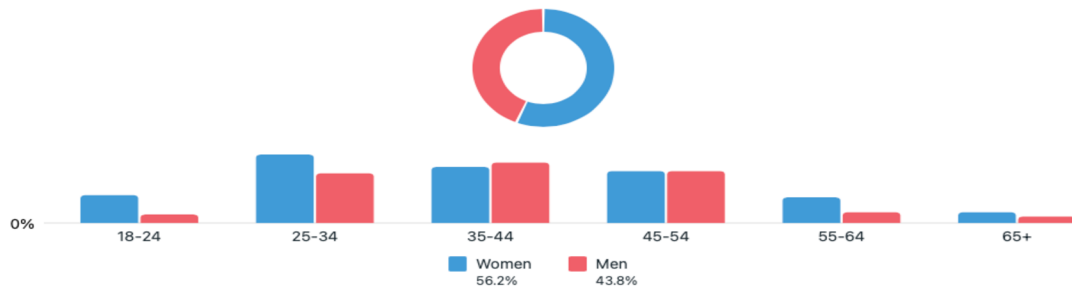
Chart 9 Facebook insight of Scandi s.r.o. ( Source : 9)

In the chart below we can see demographics of Facebook audience.

Facebook Page Likes 1

201

Age & Gender 1



Top Cities

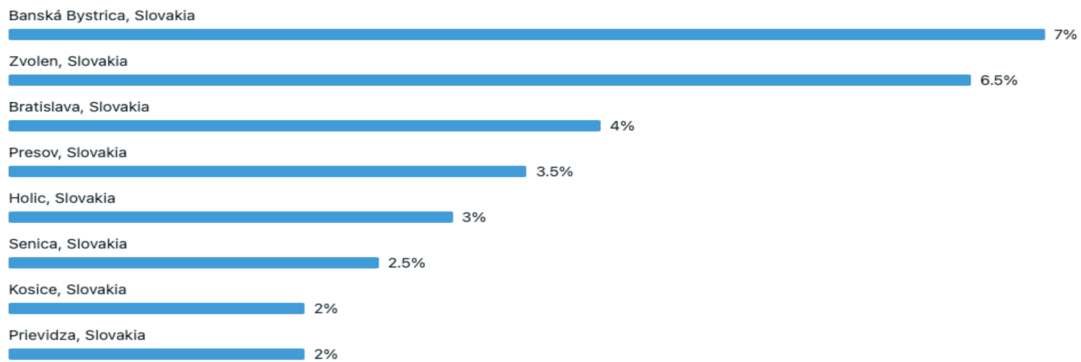


Chart 10 Facebook insight of Scandi s.r.o. ( Source : 9)

Although the data from Facebook Insight is fairly limited due to company's overall inactivity on this social media platform and absence of testing advertising campaign which is usually used to obtain valuable customer data, we can see that 3 out of 5 top cities are same as in the data from Google analytics which implies that the data is at least partially accurate. As per our Facebook Insight analysis we have established from the small sample, that our target demographic should be potential customers of age 25 to 54 years old with the most prominent demographic segment being women aged 25 to 34. This can't be confirmed through Google analytics data because this particular demographic data set was not available at the time of writing. However Google Analytics validates Facebook Insight's information that most visitors on both Facebook and e-shop came from three cities: Banská Bystrica, Zvolen, Bratislava, therefore we would advise to target potential customers in these cities when setting up advertising campaign.

### 2.3.8 Partial assessment

From the analysis of company's digital channels we determined 2 major strengths and 4 major weaknesses which can be seen in the table below .

*Table 7 Partial assesment of company's digital channels ( Source : own processing )*

	<b>Factor</b>
<b>Strengths</b>	<b>E-shop's Overall conversion rate of 12,47%</b>
	<b>Revenue of E-shop increased by 41% in April</b>
<b>Weaknesses</b>	<b>Revenue through ad campaign just 9,86% of total e-shop's revenue</b>
	<b>Ad campaign conversion rate just 1,79%</b>
	<b>Poor user interface and user experience of e-shop</b>
	<b>Low engagement of company's Facebook page</b>

## 2.4 External Analysis

For external analysis we chose to work with statistics regarding European E-Commerce European health & hygiene sector

### 2.4.1 Analysis of B2C E-Commerce market potential

In the chart below, we can see that the direct to customer (B2C) e-commerce sales in Slovakia have grown by 7% in 2020

#### Growth in direct-to-consumer (D2C) sales in Central and Eastern European countries in 2020

Sales value change of D2C in the CEE region 2020

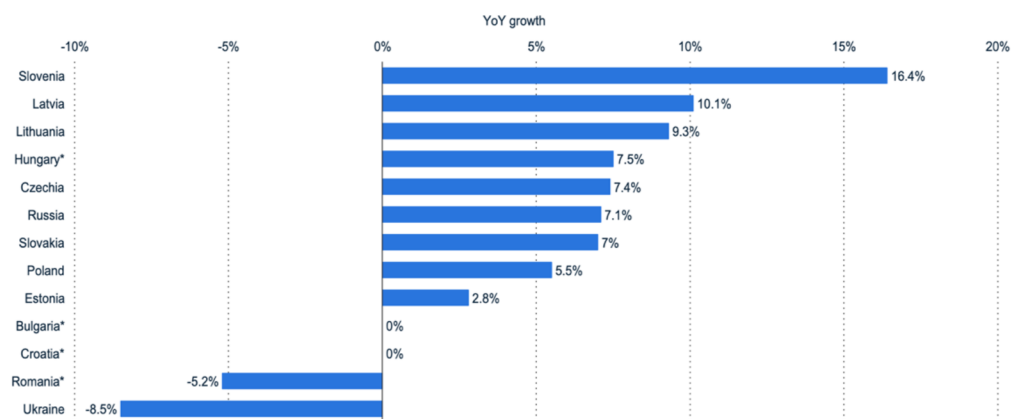


Chart 11 Growth in D2C sales in Central and Eastern European countries in 2020 (Source : 32)



Chart below provides us with information that 30% of E-commerce companies in north America and Europe use social media as a sales channel , while 33% is contemplating this possibility and 12% has planned to do so in 2021 which implies high levels of competition and possible market oversaturation.

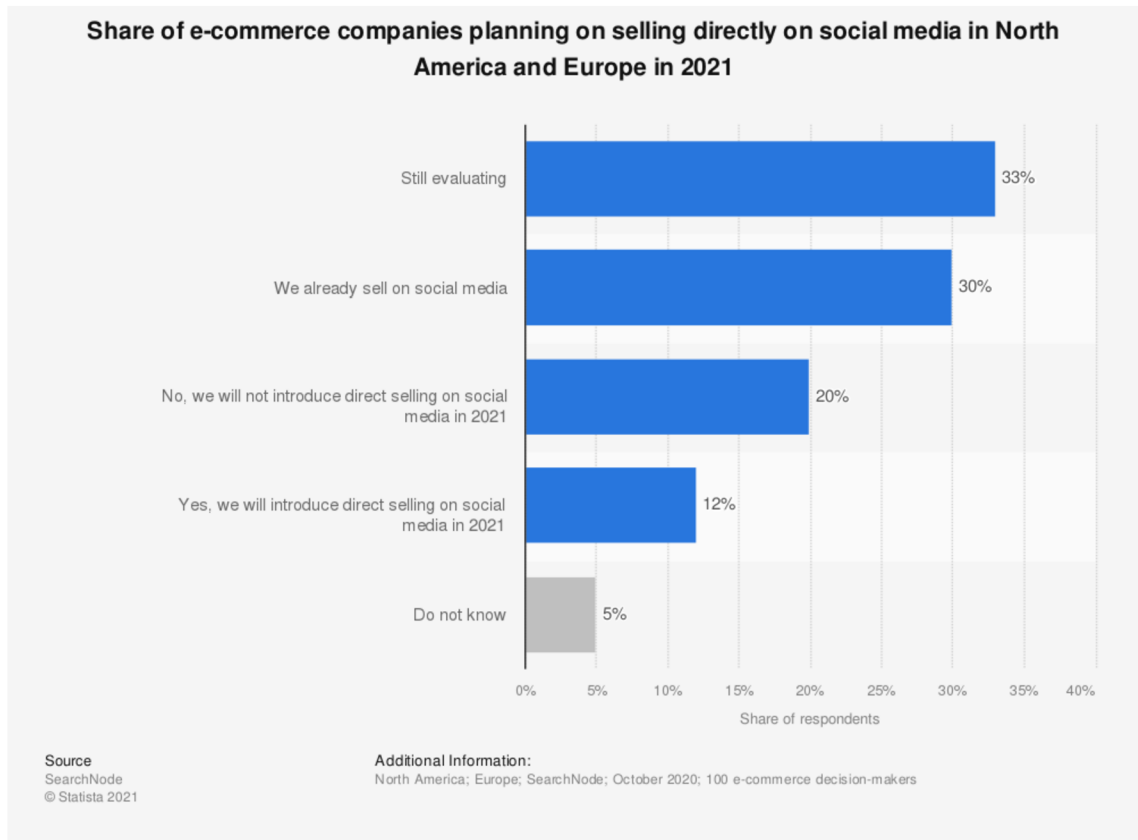
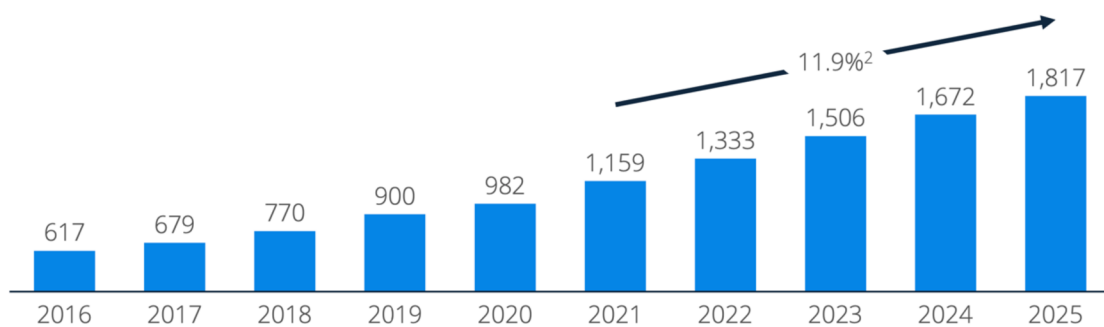


Chart 12 Share of e-commerce companies planning on selling directly on social media in North America and Europe in 2021 (Source : 34)

### 2.4.2 Analysis of B2B E-Commerce market potential

In the chart below we can see that Gross Market Value (GMV) of B2B e-commerce in Europe is projected to grow at 11,9% annually in the coming years.

**B2B eCommerce GMV<sup>1</sup> in Europe in billion US\$**



Sources: Agileintel Research

Chart 13 B2B E-Commerce GMV growth ( Source : 33)

### 2.4.3 Partial assessment

From the analysis of global e-commerce statistics we determined 2 major opportunities and 1 major threat which can be seen in the table below .

Table 8 Partial assesment of external analysis of B2C E-Commerce in Europe ( Source : own processing )


<b>Opportunities</b>	<b>7% growth in B2C E-commerce sales within Slovak market in 2020</b>
	<b>Projected 11,9% growth in B2B E-commerce sales in Europe</b>
<b>Threats</b>	<b>High levels of competition with 30% of European e-commerce companies using social media as sales channel and 12% planning to do so in 2021 which if true means total of 42% in 2022</b>

## 2.5 European Health & Hygiene Sector

Chart below represents growth in in European B2B professional cleaning & hygiene sector as of 2020.

Table 9 Growth of European Professional Cleaning Sector (Source : 14)

PROFESSIONAL CLEANING & HYGIENE	HEALTHCARE	FOOD, BEVERAGE & AGRICULTURE	KITCHEN & CATERING	TECHNICAL CLEANING	BUILDING CARE	LAUNDRY	TOTAL
MARKET VALUE 2020 (BILLION €)	2,8	1,8	1,4	1,3	1,0	0,5	8,8
MARKET SHARE (%)	31.6	20.1	16.1	14.9	11.1	6.2	100
GROWTH (%) 2020 VS. 2019	67.1	26	-9.3	20.8	7.4	-16,1	22.9




Source : A.I.S.E. national associations' data. Total EU + UK + CH + NO.

Picture below represents growth in European B2C household care sector as of 2020.

Table 10 Growth of European Household Care sector (Source : 14)

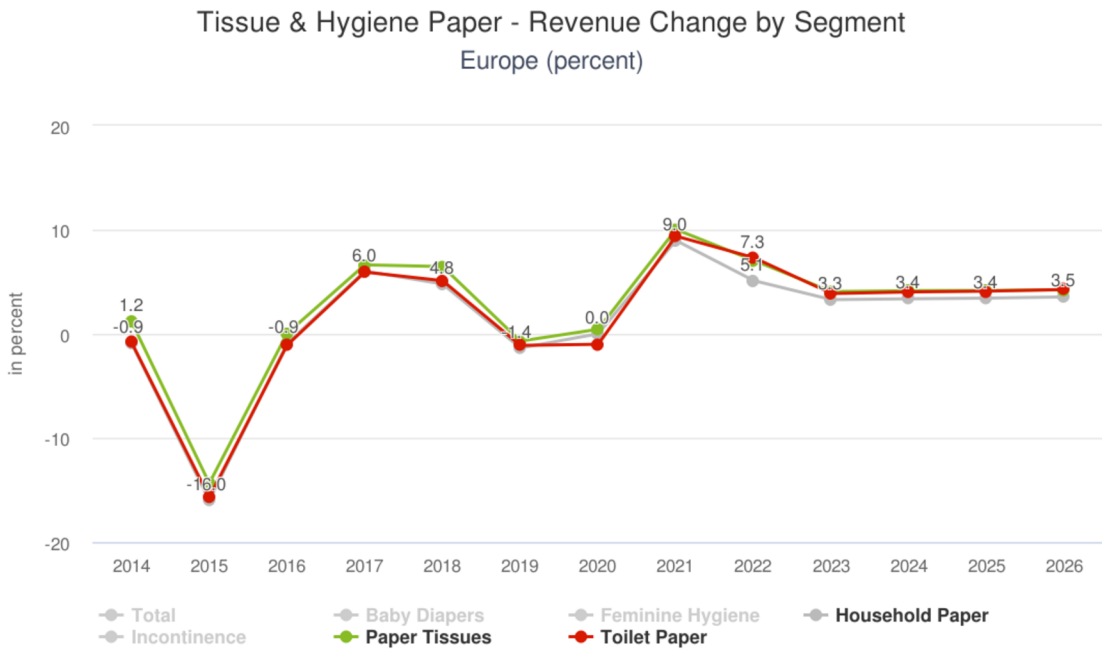
HOUSEHOLD CARE	LAUNDRY CARE	SURFACE CARE	DISHWASHING	MAINTENANCE PRODUCTS	BLEACHES	TOTAL
MARKET VALUE 2020 (BILLION €)	15,3	7,2	5,1	4,1	0,7	32,4
MARKET SHARE (%)	47.1	22.2	15.8	12.6	2.3	100
GROWTH (%) 2020 vs. 2019	1.3	9.2	10.3	0.9	12.2	4.7



Source : Euromonitor (EU 27 + UK + CH + NO). Please note that due to fixed exchange rates, the values for 2019 differ from the values published in last year's report.

When analyzing the data provided by International Association for Soaps, Detergents and Maintenance Products, we learned that, European professional cleaning & hygiene and household care sectors have both seen a rapid growth in the recent years , which we assume is partly due to the global pandemic situation.

As we can see in the chart below , growth rate of European Tissue & Hygiene paper segment has slowed down since the peak of pandemic and isnt expected to grow in the recent future .

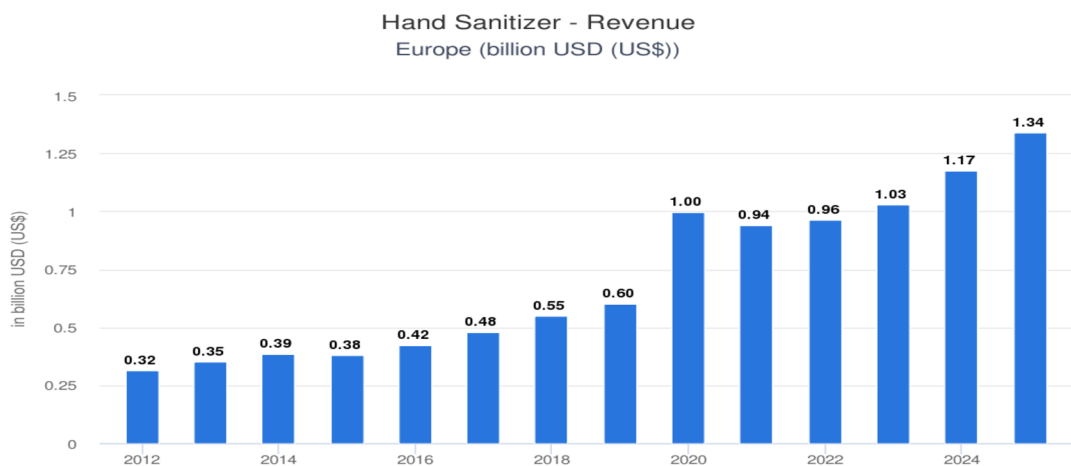


Source: Statista

statista

Chart 14- Tissue & Hygiene Paper Revenue change by Segment ( Source : 35)

Chart below depicts evolution of revenue from hand sanitizers sale in Europe. We can see that this revenue has declined by 0,04Bn\$ since 2020.



Source: Statista

statista

Chart 15 Revenue from hand sanitizer Europe 2022 ( Source : 36)

### 2.5.1 Partial assessment

From the analysis of global e-commerce statistics we determined 2 major strengths and 2 major weaknesses which can be seen in the table below .

Table 11 Partial assesment of analysis of European health & hygiene sector ( Source : own processing )

	Factor
<b>Opportunities</b>	<b>22.9% growth in European professional hygiene (B2B) sector in 2020</b>
	<b>4.7% growth in european household care(B2C) sector in 2020</b>
<b>Threats</b>	<b>3.9% decline in growth rate of European household paper segment since 2021</b>
	<b>Revenue from hand sanitizers declined by 0,04bn since 2020</b>

### 2.6 Statistics regarding Slovakia

According to the ICT survey (EU survey on the use of Information and Communication Technologies (ICT) in households and by individuals) from 2021 which can be seen in form of chart below ,estimated 16% of Slovak citizens responded that they had purchased cleaning or personal hygiene products through internet within last 3 months which is 3% more than previous year and 1% above European average .

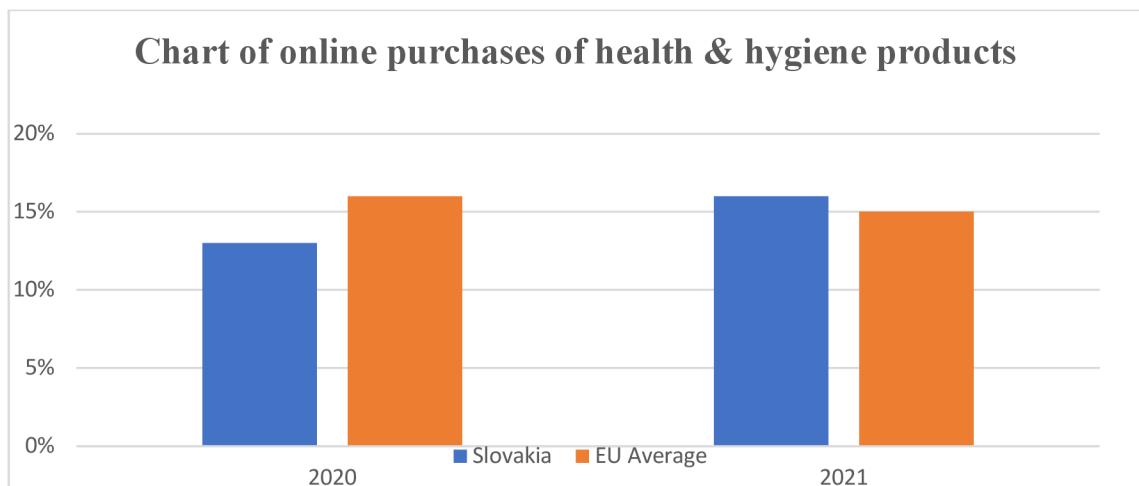


Chart 16 Chart of health & hygiene e-commerce purchases in Slovakia & EU ( Source : 15)

Given the 5,459,000 population of Slovakia this percentage translates to 873,440 people or potential customers.

In the chart below we can see that the amount of entrepreneurs in Slovak B2C E-commerce market has increased by 10,000 in 2019-2020.

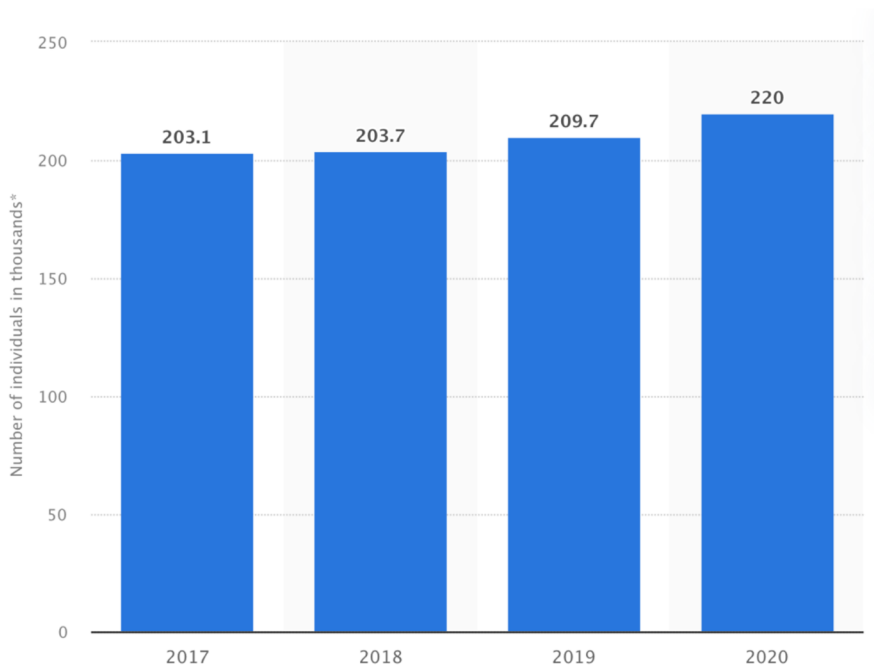


Chart 17 Entrepreneurs participating in B2C E-commerce sales in Slovakia ( Source : 31)

This might come across as cynical but the decrease of new covid cases in Slovakia implies lower future sales of protection goods such as disinfectants or face masks.

### Daily New Cases in Slovakia

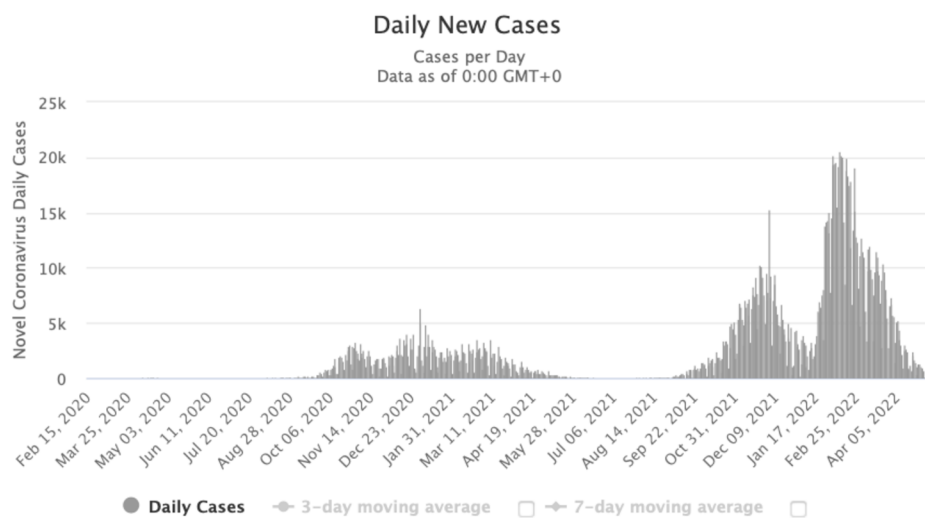


Chart 18 Daily new Covid cases in Slovakia ( Source : 37)

### 2.6.1 Partial assessment of European health & hygiene sector

In this part we assess the opportunities & threats of external analysis of European health & hygiene sector.

Table 12 Partial assessment of European health & hygiene sector (Source: Own processing)

<b>Opportunities</b>	<b>873,440 potential online B2C customers within Slovak market</b>
	<b>3% increase in online purchases of hygiene &amp; health goods in Slovakia in 2020-2021</b>
<b>Threats</b>	<b>Decrease in covid cases which will lead to decrease in sales of protective measure goods such as hand sanitizers or protective masks</b>
	<b>Number of B2C E-Commerce entrepreneurs in Slovakia increased by 10000 in 2019-2020</b>

## 2.7 SWOT analysis

In this part we will compile outputs of partial analyses into SWOT matrix .

Table 13 SWOT Analysis ( Source : Own processing)

<b>Strengths</b>	<b>Weaknesses</b>
<ol style="list-style-type: none"> <li>1. Average Revenue growth rate of 11% since 2014</li> <li>2. Financial accounts balance of 300,882 EUR</li> <li>3. 24 hour delivery within Slovakia</li> <li>4. Sales representatives in most major Slovak cities</li> <li>5. E-shop's Overall conversion rate of 12,47%</li> <li>6. Revenue of E-shop increased by 41% in April 2022</li> </ol>	<ol style="list-style-type: none"> <li>1. Heavily reliant on sale representatives</li> <li>2. B2C sales only 1,47% of the revenue</li> <li>3. High price point of core Tork products</li> <li>4. No traditional means of advertising</li> <li>5. Revenue through ad campaign just 9,86% of total e-shop's revenue</li> <li>6. Ad campaign conversion rate just 1,79%</li> <li>7. Poor user interface and user experience of e-shop</li> <li>8. Low engagement of company's Facebook page</li> </ol>
<b>Opportunities</b>	<b>Threats</b>
<ol style="list-style-type: none"> <li>1. 7% growth in B2C sales within Slovak market in 2020</li> <li>2. 22.9% growth in European professional hygiene sector in 2020</li> <li>3. 4.7% growth in European household care sector in 2020</li> <li>4. 873,440 potential online B2C customers within Slovak market</li> <li>5. 3% increase in online purchases of hygiene &amp; health goods in Slovakia in 2020-2021</li> <li>6. 11,9% projected annual growth of B2B e-commerce sales in Europe</li> </ol>	<ol style="list-style-type: none"> <li>1. High levels of competition with 30% of European e-commerce companies using social media as sales channel and 12% planning to do so in 2021 which if true means total of 42% in 2022</li> <li>2. 3,9% decline in growth rate of European household paper segment since 2021</li> <li>3. Revenue from hand sanitizers declined by 0,04bn since 2020</li> <li>4. Decrease in covid cases which will lead to decrease in sales of protective measure goods such as hand sanitizers or protective masks</li> <li>5. Number of B2C E-commerce entrepreneurs in Slovakia increased by 10,000 in 2019-2020</li> </ol>



Table 14 SWOT Strategies ( Source : Own processing )

S-O Strategies	W-O Strategies
<p><b>S2+O1+O3+O4+O5 = Invest portion of the available capital into promotion of B2C E-shop platform to capitalize on growing B2C e-commerce demand.</b></p> <p><b>S3+O1+O5 = Utilize the available logistics network by promoting next day delivery service to B2C customers</b></p>	<p><b>W1+O6+O5+O2= Channel portion of the B2B sales currently facilitated through representatives to an e-commerce platform</b></p> <p><b>W7+O5+O3+O1=Improve E-shop in order to be able to take advantage of growing B2C market</b></p>
S-T Strategies	W-T Strategies
<p><b>S2+S3+T1=Utilize the existing logistic network and capital to outcompete competition in terms of customer value and promotion</b></p> <p><b>S1+S2+T5=Utilize company's strong financial position and available capital to minimize threat of increasing number of B2C vendors within Slovak market.</b></p>	<p><b>W8+T1=Improve company's Facebook page in terms of engagement and reach through content marketing to eliminate threat of competition in social media B2C segment.</b></p> <p><b>W7+T5= Improve company's e-shop to minimize threat of increasing number of B2C vendors in Slovakia</b></p>

### 2.7.1 Summary of SWOT analysis

As chronology of SWOT matrix dictates we need to minimise threats and eliminate weaknesses first ,which means we need to start with W-T strategies first. Therefore we will start with “W7+T5” = Improve company’s e-shop to minimize threat of increasing number of B2C vendors in Slovakia, we will address this strategy in the “E-shop/website upgrade” section of recommendations part .We will proceed with another W-T „W8+T1“ which means to „Improve company’s Facebook page in terms of engagement and reach through content marketing to eliminate threat of competition in social media B2C segment.“ We will further elaborate on this in the recommendations part regarding company’s social media channels. We will further proceed with eliminating threats , now by utilizing company’s strengths through S1+S2+T5=Utilize company’s strong financial position and available capital to minimize threat of increasing number of B2C vendors within Slovak market, this will be done through investing into company’s digital promotion.. At last we will propose W1+O6+O5+O2 which translates to “Channel portion of the B2B sales currently facilitated through representatives to an e-commerce platform” which we will elaborate on in the B2B online business model section .

### **3 Recommendations and their projected benefits**

This section of the bachelor thesis makes recommendations for feasible developments that will help the thesis achieve its overall purpose of suggesting company ideas that will increase its B2C sales and streamline purchasing experience of non-key low volume B2B customers which account for approximately 15% of overall revenue . These suggestions are based on information and data acquired from sources in the theoretical part and analyses completed in the analytical section.

#### **3.1 Proposal of - e-commerce strategy**

We will focus on three areas of improvement

- **B2C** – B2C goal : B2C sales reach 5% of revenue
- **B2B** – B2B goal : Streamline purchases of non-key low volume B2B customers accounting for 15% of monthly revenue by channelling them through the website rather than sales representatives.
- E-shop/Website – overall upgrade

##### **3.1.1 B2C online business model**

###### **Mass market B2C model**

Due to not having necessary demographic data to further profile & segment our audience, together with essential nature of company's product offering which is comprised mostly of hygiene products we decided to opt-in for Mass market B2C model , as we believe it makes most sense given the circumstances.

## **E-shop/website upgrade proposal**

As we decided to focus on mass market B-2C model, we should optimise the e-shop in general way in order to be able to accommodate various kinds of customers with different want and needs . Therefore, we chose to present mostly functional upgrades except for product photography and carousel which are also visual.

### **Proposed website/E-shop upgrades**

#### **Interactive footer**

Footer containing interactive map with location of the company, contact form, newsletter form .

#### **Attach blog segment of webpage to the E-shop**

Append e-shop with blog segment which can be utilized for content marketing in form of blog posts.

#### **Complex carousel**

Create aesthetically pleasing carousel with combination of photos & videos.

#### **Multiple language functionality**

Add Czech , Hungarian , Polish & German translations to the e-shop to accommodate potential international customers .

#### **Product photography**

Capturing and editing new photos for each product in a cohesive and aesthetically pleasing way .

#### **Advanced product search filters**

Append product search filters with new parameters such as : colour , price , size product line , brand.

**Dynamic product search**

Functionality which filters and displays search results dynamically when typing in the search bar.

**Payment methods**

Add PayPal as a method of payment.

**Next day delivery**

Advertise and provide next day delivery for customers within Slovakia.

**Individual B2B pricing**

Implement individual pricing levels for B2B customers based on preestablished B2B agreements which can be accessed by logging in through their company profiles.

**Dynamic pricing**

Implement volume discount functionality for B2C customers.

**Automatized invoicing**

Implement automatic (individually tailored on request for certain B2B customers) invoicing which is as of now done manually by employees.

**Fully integrate e-shop with company's Enterprise Resource Planning (ERP) software.**

**Complex contact form**

Append contact form with file sharing functionality

## Implementation of e-shop

As a service provider for the website upgrade we chose Blueera as they were able to meet all of the requirements through their tailored offering .

We can see the pricing in the chart below .

*Table 15 Cost structure E-shop ( Source : Own processing)*

Type of service	Supplier	Price ( one time payment)	VAT	Total ( one time payment)	Price (per month)	VAT	Total (per month)
E-shop	Blueera	10325EUR	2065 EUR	12390 EUR	0	0	0

## Benefits

Benefits from e-shop update will be quantified in the B2B section ..

### 3.2 Recommended B2C E-commerce marketing channels

For the purposes of driving more customers to the e-shop and ultimately achieving our goal of increasing B2C sales we have chosen following digital marketing strategies.

#### 3.2.1 Content marketing

Since the website update will accommodate blogging section alongside e-shop , we can use this space as platform for content , which will help us gain trust and familiarity with both B2C & B2B customers as well as helping the overall website appear higher in the organic search results .For the purpose of content marketing , after extensive research , we will opt-in for services of LesenskyCZ (<https://www.lesensky.cz/sk/online-marketing>) , as they offer full package content marketing services for 1000EUR per month. In order to achieve better understanding of what content would be suitable for the

purposes of our website we can take inspiration from Tork website (<https://www.tork.co.uk/services/solutions/vision-cleaning/>).

There are various kinds of suitable content, as for example in the picture below we can see step-by-step tutorial on how to achieve proper hand hygiene in healthcare facility. Content like this is friendly, helpful and creates image of company that care in minds of customers.



Picture 5 Example of content (Source : 38)

Another example of useful & suitable content can be seen in the picture below which depicts evidence-based guide on where to place dispensers within healthcare facility.

## Dispenser placement

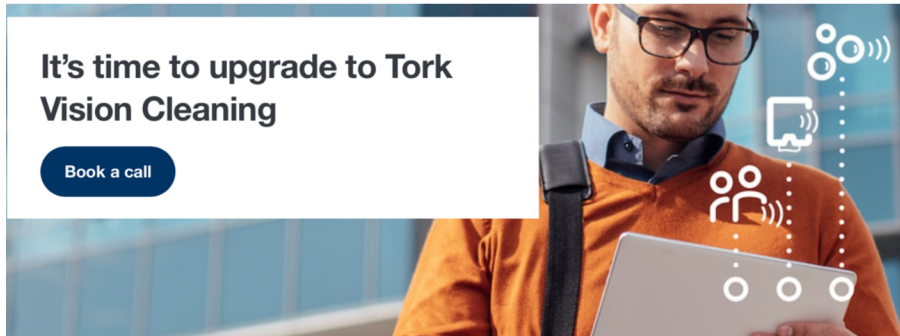
How to optimise dispenser placement for improved hygiene.

Proper hand hygiene is considered the single most important method for preventing cross-contamination and reducing healthcare-associated infections. Research shows that hand hygiene dispensers have a significant impact on compliance rates\*, and the key to success is making sure they are correctly placed. In fact, studies show that optimising dispenser placement can increase usage by more than 50%.\*\*

To help you boost hand hygiene compliance in your healthcare facility, we have created evidence-based guides for optimal dispenser placement. Built around four common types of areas commonly found in healthcare facilities, the visualisations suggest dispenser placements that support hand hygiene compliance with the important WHO 5 Moments in mind. The information in the placement guide is based on both Essity-sponsored research and independent findings from academic research.

Picture 6 Example of content (Source : 38)

Another suitable topic for content is innovation , not only it can be entertaining to read but it can also sow curiosity and interest in minds of potential customers, best case scenario would be if a product which company offers is subject of the innovation.



**It's time to upgrade to Tork Vision Cleaning**

[Book a call](#)

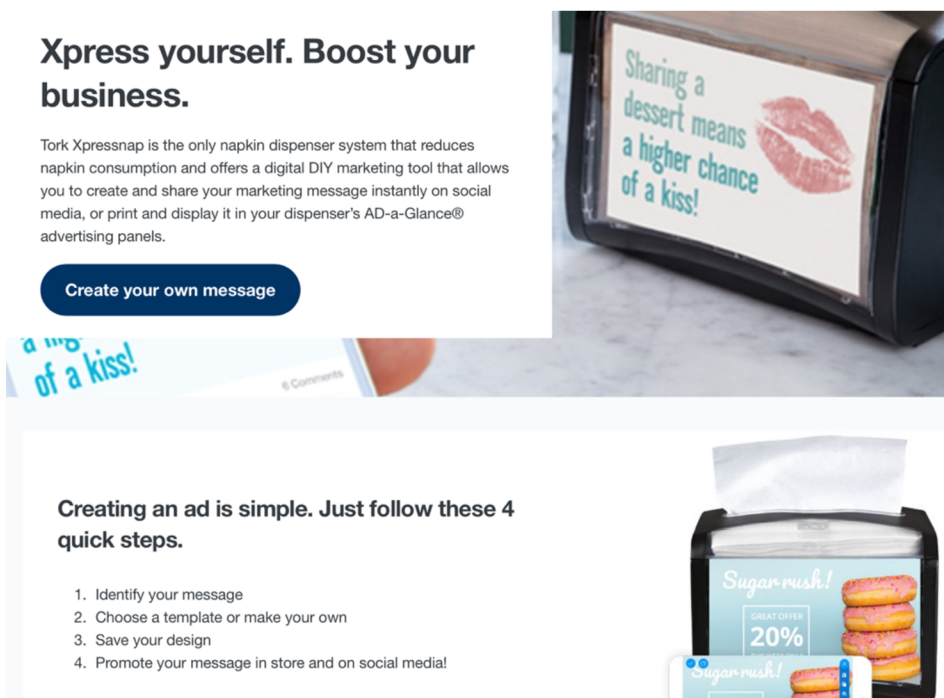
**The data-driven cleaning revolution is here**

What if you could have a solution that would help improve cleaning quality and support better hygiene by optimising efficiency and cleaning resources? Now you can.

Tork Vision Cleaning\* harnesses the power of real-time data to identify when and where there are service needs in your facility. This helps you meet expectations by maximising efficiency so that you can work smarter and secure the new hygiene standard.

Picture 7 Example of content ( Source : 38)

Last example of suitable content we chose is traditional product promotion . In this case a tissue dispenser with advertising window and tutorial on how to use it ..



**Xpress yourself. Boost your business.**

Tork Xpressnap is the only napkin dispenser system that reduces napkin consumption and offers a digital DIY marketing tool that allows you to create and share your marketing message instantly on social media, or print and display it in your dispenser's AD-a-Glance® advertising panels.

[Create your own message](#)

**Sharing a dessert means a higher chance of a kiss!**

**Creating an ad is simple. Just follow these 4 quick steps.**

1. Identify your message
2. Choose a template or make your own
3. Save your design
4. Promote your message in store and on social media!

**Sugar-rush!**  
GREAT OFFER  
**20%**

Picture 8 Example of content ( Source : 38)

Content marketing will be used as a vehicle to gain trust of customers and it is not possible to quantify its benefits as of now because its success relies entirely on the nature of the content , however since we will task professional marketing agency with its creation it should help the company to establish itself as relevant player in B2C E-commerce hygiene and acquire new customers .

### **Content marketing implementation**

For the purposes of content marketing we recommend using service of LesenskyCZ with monthly rate of 1200EUR (VAT included)

*Table 16 Cost structure Content marketing ( Source : Own processing)*

<b>Type of service</b>	<b>Supplier</b>	<b>Price ( one time payment)</b>	<b>VAT</b>	<b>Total ( one time payment)</b>	<b>Price (per month)</b>	<b>VAT</b>	<b>Total (per month)</b>
<b>Content marketing</b>	<b>LesenskyCZ</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1000 EUR</b>	<b>200 EUR</b>	<b>1200 EUR</b>

### **E-mail marketing**

E-mail marketing has always been an undervalued aspect of digital marketing and marketing in general. When we consider it, email is the bedrock of both the Internet and business. Some people even have multiple email accounts, giving businesses a variety of options to contact potential customers. For most people e-mail is something they check first when they wake up . The simplest and most effective strategy to use e-mail marketing on your website is to collect as many email addresses as possible and suitably address them with relevant content. No one likes spam, but a well-designed and aesthetically pleasing email, with a specific theme or solution ,to a problem which the recipient of the email is experiencing will never be discarded.



As a result, email is one of the most efficient online marketing tools. This is mostly because the user voluntarily requests the transmission of emails by logging in or entering his email address. As a result, clients frequently anticipate and welcome emails (for example, in the case of a blog or a new article). Customers should receive exactly the information they need in order to take the action we want them to take .

We can use examples proposed in the content marketing section in e-mail marketing as well.

### **E-mail marketing implementation**

Same as with content marketing , we will use services of LesenskyCZ which will cost us 720EUR/month VAT included.

*Table 17 Cost structure of E-mail marketing ( Source : own processing*

<b>Type of service</b>	<b>Supplier</b>	<b>Price (one time payment)</b>	<b>VAT</b>	<b>Total (one time payment)</b>	<b>Price (per month)</b>	<b>VAT</b>	<b>Total (per month)</b>
<b>Email marketing</b>	<b>LesenskyCZ</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600 EUR</b>	<b>120 EUR</b>	<b>720 EUR</b>

### **Search engine marketing**

**SEO** of company’s webpage is not ideal at the moment as when inputting keywords such as “hygiena, “utierky”, “tork”,”toaletny papier” the company doesn’t show up in the first page search results which should definitely be improved given that the company is the biggest in its segment within Slovak market .This is also part of the Bluerra monthly package .

Given than the company started **PPC** campaign just recently it is hard to estimate the **PPC** costs needed to reach the objective of B2C E-shop sales being 5% of revenue , which equals to 183,193EUR yearly or 15,266EUR monthly .

However, with the company’s e-shop revenue being 4,400EUR for April 2021 we can leave it to professionals and estimate the remaining 10,866 through Facebook advertising campaign .

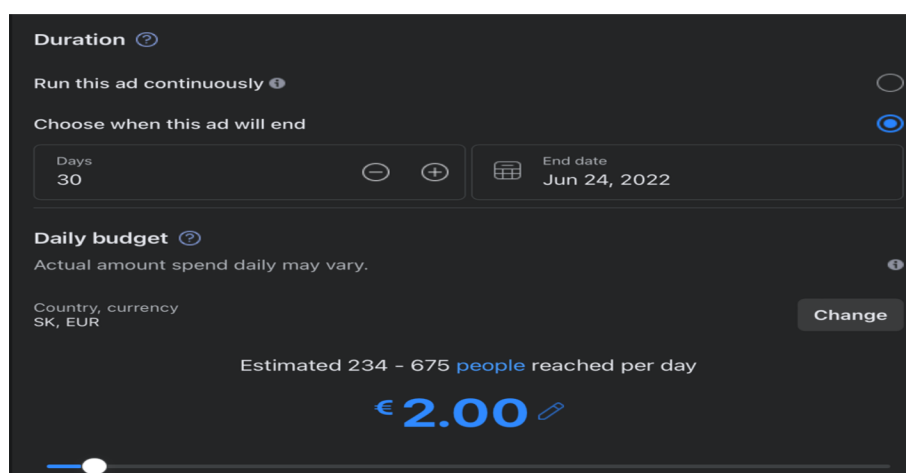
## Social media marketing

Due to the age of its audience and nature of offered products, we believe that Facebook is the most suitable social media platform for promotion of Scandi s.r.o. .

The company has been running its Facebook page for some time. although its ceased most of its social media activity last year due to it being perceived as unnecessary, because the overall low number of B2C sales and company's B2B model which was thriving and still is. Regarding content, we believe that social media should act as an extension of content marketing, either by directly sharing and promoting blog posts / products or by creating content which is similar to the one described in the content marketing chapter .

Furthermore, we believe that after conducting several testing campaigns, company will be able to obtain more valuable demographic data about its customers which it can utilize in the future to achieve better targeting results. We would also advise to utilize Facebook's commerce platform and tag offered products in the shared posts.

With the Google PPC and SEO accounting for 4,400EUR of monthly revenue, there is still 10,866EUR which needs to be covered, this given the average order value being 43,63EUR means that the company would need to acquire roughly 249 new monthly customer through Facebook advertising campaign . This translates to 249 customer purchasing average order value of goods and means that with the current e-shops PPC conversion rate of 1,79% company needs to reach at least 13,910 new customers each month through paid promotion to reach this goal. This translates to roughly 464 impressions per day and we can calculated the cost of this campaign at 60EUR / month in the picture below .



Picture 9 Facebook campaign ( Source : own processing )

Campaign is proposed to cost 2EUR per day which translates to 60EUR/month, and with the average of 571 impressions per day ( 234+675/2) company will still have a comfortable margin of error .

For the purpose of targeting we chose to target both genders with age-span of 24 to 54 years old in Banská Bystrica , Bratislava , Zvolen , Detva and Lieskovec , as per our analysis of social media channels.

### **Search engine & social media marketing implementation**

We recommend using services of Blueera for both Google and Facebook PPC campaigns as they offer both of those services in a bundle deal with one time payment of 580 EUR (VAT included) and monthly rate of 790 EUR ( VAT included).

*Table 18 Cost structure of Google & Facebook PPC campaigns ( Source : own processing )*

<b>Type of service</b>	<b>Supplier</b>	<b>Price ( one time payment)</b>	<b>VAT</b>	<b>Total ( one time payment)</b>	<b>Price (per month)</b>	<b>VAT</b>	<b>Total (per month)</b>
<b>Google &amp; Facebook PPC campaign</b>	<b>Blueera</b>	<b>483 EUR</b>	<b>97 EUR</b>	<b>580 EUR</b>	<b>658 EUR</b>	<b>132 EUR</b>	<b>790 EUR</b>
<b>Facebook campaign</b>	<b>Meta</b>				<b>60EUR</b>		<b>60EUR</b>
							<b>850EUR</b>

## E-commerce overall costs

Table 19 B2C Cost Structure

Type of service	Supplier	Price (one time payment)	VAT	Total (one time payment)	Price (per month)	VAT	Total (per month)
<b>E-shop</b>	<b>Blueera</b>	<b>10325EUR</b>	<b>2065 EUR</b>	<b>12390 EUR</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Google &amp; Facebook PPC campaign</b>	<b>Blueera</b>	<b>483 EUR</b>	<b>97 EUR</b>	<b>580 EUR</b>	<b>658 EUR</b>	<b>132 EUR</b>	<b>790 EUR</b>
<b>Email marketing</b>	<b>LesenskyCZ</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600 EUR</b>	<b>120 EUR</b>	<b>720 EUR</b>
<b>Content marketing</b>	<b>LesenskyCZ</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1000 EUR</b>	<b>200 EUR</b>	<b>1200 EUR</b>
<b>FB Campaign</b>	<b>Meta</b>				<b>60</b>		<b>60</b>
				<b>12970EUR</b>			<b>2770</b>

## B2C E-commerce Benefits

Given the estimated 571 Facebook impressions a day , with PPC conversion rate being 1,79% and average order value 43,63EUR, the monthly revenue from Facebook campaign should reach 13,378EUR, assuming the e-shop revenue of 4,400EUR stays the same ( which will likely increase as well but we don't have data to support it), this adds up to 17,778EUR monthly revenue and with the company's gross margin of 15,41% it translates to 2740EUR monthly profit from the B2C sales . Given overall monthly costs of 2770EUR , and not taking into account additional revenue from google PPC and email marketing we can conclude that this is sound investment since majority of the costs will be covered just from the Facebook campaign conversions.

### **3.2.2 B2B – online business model**

As our goal for B2B is not to gain new customers but rather streamline the purchasing process of existing ones through digital channels, we don't need to worry about creating a marketing campaign . All we need to do is implement changes to the website/e-shop which will allow for the streamlining and inform our chosen existing customers about those changes.

#### **Customers**

As we don't think it is sensible to move all of our B2B customers from sales representatives to e-shop at once , not only because it would be a shock for the customers but mainly because it would require complete restructuring of the company ,we will enable this functionality to small B2B customers mostly from hospitality segment which together account for roughly 15% of monthly revenue(45,798EUR).

#### **B2B Website update**

As we mentioned in the website upgrade part, the new functionality of business profiles with individual pricing will allow us to accommodate B2B customers who would have previously need to go through sales representatives , directly through website at their preestablished individual prices which will ultimately reduce costs due to economies of scale .

#### **B2B Direct E-mail**

Since it is necessary to inform those selected B2B customers of the new functionality and since we will already use direct emailing as a B2C channel , we can use company's email list of existing B2B customers eligible for the switch to inform them about the possibility of ordering through website. We can also provide existing customers with e-mails containing content mentioned in the content marketing section to achieve better relationships with them.

## Benefits

As we calculated in analytical part , the cost of 1EUR in revenue from sales representatives is 0.06EUR .

With average monthly revenue in 2021 being 305,322EUR .

Therefore the 15% of monthly revenue equals to 45,798.

When we multiply 45,798 by 0.06 we will arrive at 2,748EUR which is estimate monthly cost in sales representatives wages per the 15% of revenue . Given that the e-shop upgrade with added functionality adds up to a one time payment of 12390EUR . The whole cost of e-shop will be break-even in less than 5 months just by the reduction in costs of B2B sales . Given that the task of managing e-shop stays in hands of the owner and wont require hiring additional employee.

## Timeline

Following visualization presents planned actions in consequential order with scheduled approximate dates of their implementation.

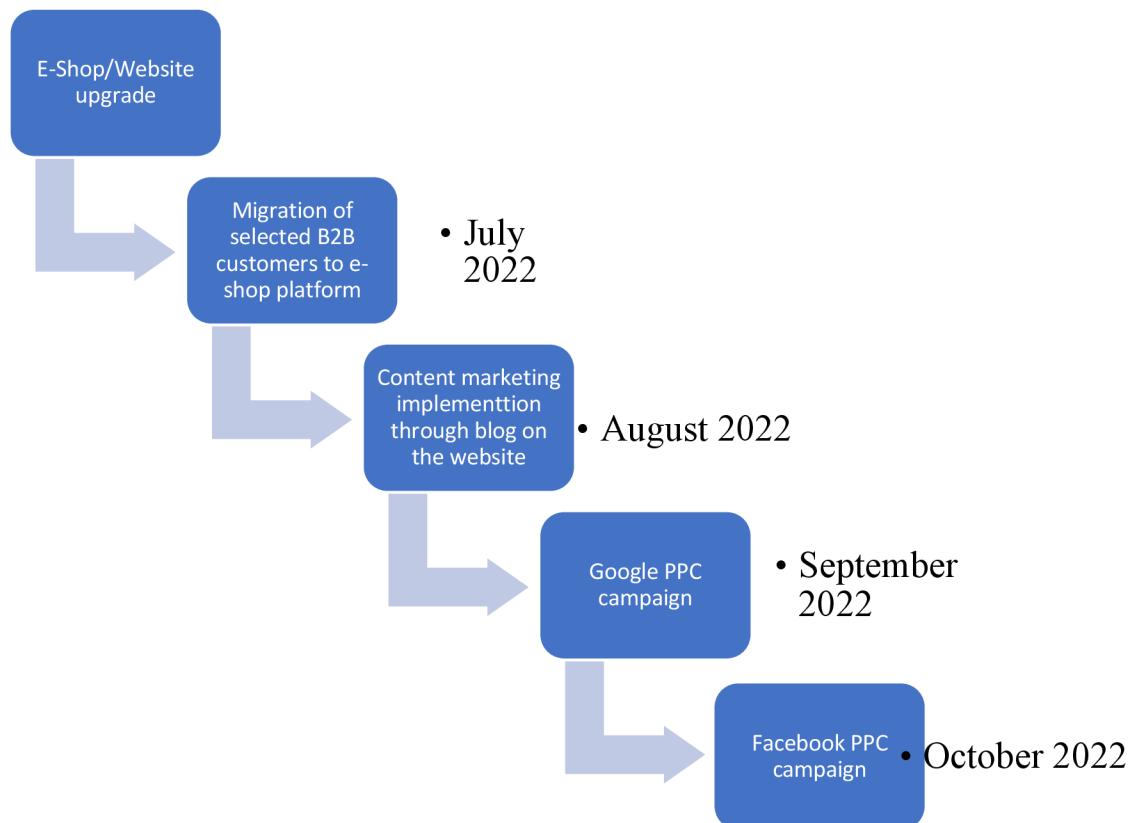


Chart 19 Timeline and engagement of proposed implementations (Source: Self Processing, 2022)

## **CONCLUSION**

The major purpose of this bachelor's thesis was to evaluate the current state of the selected company, Scandi s.r.o., with a focus on its digital presence and propose suitable solutions for further development of its online presence through various digital channels. In the theoretical section, I attempted to describe the most essential information that was necessary for further clarification and the readers' knowledge of the company's condition, as well as explaining basic terms in a way that any reader should be able to comprehend. The analytical section began with introduction of the company which began with general overview of company's occupation, the way it does its business, its communication channels and overall financial analysis of its business model. I further continued with evaluation of macroenvironmental elements which influence the company and the overall market in terms of threats and opportunities. We conducted a partial assessment after each section in the analytical part of the thesis, which were then compiled into a SWOT matrix and further processed into outcomes which were then used as a basis for proposals in the recommendations section of the thesis. Recommendation's section further included recommended service providers with their estimated cost structure for the proposed actions as well as approximate timeline as to when these actions should be implemented.

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## **7 LIST OF USED FORMULAS**

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