CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

Department of Economics

Diploma Thesis

Topic: Evaluation of consumer behavior on a case study of a selected

e-business (weddeco.cz)

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DIPLOMA THESIS ASSIGNMENT

Bc. Valentina Petrová

Economics and Management

Thesis title

Evaluation of consumer behavior on a case study of a selected e-business (weddeco.cz)

Objectives of thesis

The goal of a theoretical part is to determine and explain the main terms related to consumer behaviour and internet marketing. The goal of the practical part is to analyse customer behaviour using data from a Czech online store using multiple regression (binary, polynomial independent variables).

Methodology

The literature review was done using the methods of synthesis, extraction, induction and deduction. There were described the main terms connected with marketing and consumer behaviour. Using multiple regression was analysed the behaviour of consumers of a particular Czech online store. There were analysed relationships between independent and dependent variables.

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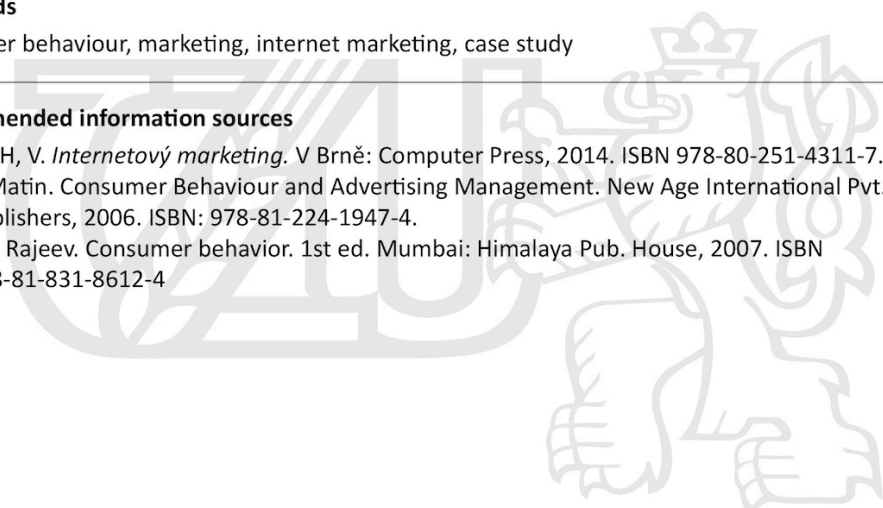
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Statutory declaration

I, the undersigned, hereby declare that the thesis "Evaluation of consumer behaviour on a case study of a selected e-business (weddeco.cz)" is a result of my personal work and only sources I used are listed in the references.

In Prague, March 30, 2017.   …..…………………….

                                                                    Bc. Valentina Petrová

Evaluation of consumer behaviour on a case study of a selected e-business (weddeco.cz)

Hodnocení chování zákazníka, případová studie: weddeco.cz

Abstract

This diploma thesis is focused on analysis of consumer behaviour of a particular online store with wedding decorations located in the Czech Republic, which was established at the beginning of December 2015.

Firstly, there are explained basic terms connected with consumer behaviour and with marketing. The history of marketing and its development are described as well as the influence of modern technologies. Next, there are explained terms related to Internet marketing since the store is online only and uses only Internet marketing (both paid and free advertising) to attach new customers. There are summarised researches regarding Internet marketing and consumer behaviour by other authors as well.

In practical part is analysed consumer behaviour and then using linear regression is analysed a relationship between following variables; the dependence of orders on various factors such as the source website of the order, the date in month, and the month of the order. Data are collected and therefore analysed for the time period from January until December 2016.

Abstrakt

Tato diplomová práce je zaměřena na analýzu chování zákazníka vybraného internetového obchodu se svatebními dekoracemi, který byl založen v prosinci 2015 a poskytuje své služby v České republice.

V teoretické části jsou vysvětleny základní pojmy spojené s chováním zákazníka, marketingem a internetovým marketingem. V teoretické části práce jsou také shrnuty výzkumy jiných autorů na téma chování zákazníka a internetový marketing.

V praktické části je analyzováno chování zákazníka, poté je pomocí lineární regrese analyzován vztah výše objednávky a nezávislých proměnných zdroj objednávky, den objednávky a měsíc objednávky. Použitá data jsou z období od 1. ledna 2016 do 31. prosince 2016.

Keywords: consumer behaviour, marketing, Internet marketing, case study
Klíčová slova: chování zákazníka, marketing, internetový marketing, případová studie

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List of abbreviations

Approx. - approximately

CZK – Czech Crowns

etc. – et cetera, and so on

GA – Google Analytics

USD – US Dollars

WWW – World Wide Web

1. Introduction

The Internet has become an important part of our lives and has changed the way how people gather information, how they communicate and interact, and how they shop. The amount of money spent on-line is increasing each year, and each year, there are established new e-commerce websites. To start an e-business is quite a new and simple way how to establish and run a business. Basically, almost everyone with an idea can start an e-business in the Czech Republic.

The Internet has changed the role and position of a consumer on the market; consumers have an easy and quick access to information about the goods and services they are looking for. To know consumer behaviour is crucial for any business to be successful, the company needs to adapt to any changes in consumer`s behaviour and his or her preferences and they need to do so as quickly as possible. Companies need to understand that it is necessary to maintain a good relationship with customers, and a large part of them already decided to use social media for marketing, and the easiest way to do so is to create a Facebook Business Page. The existence of social media has been changing the way marketing works for more than a decade. Social media like Facebook make communication between a business and a consumer much easier, businesses can obtain valuable information regarding the goods and services they offer on the market. A consumer can either write a message, comment, or post a message on the wall of a business. However, people usually expect a business to be able to reply within a short time period even on the weekends.

In the theoretical part of this diploma thesis are defined main terms, such as Internet, World Wide Web, e-business, e-commerce, difference between a customer and a consumer, and so on. There is described situation of Czech e-commerce, its development; there are compared data from year 2012 until now. There is introduced and described consumer behaviour, and the importance of marketing in modern world. Then, there is described an analytics tool Google Analytics, which is then used for collecting important data for the practical part of this diploma thesis. In the theoretical part are at last described weddings in general and important statistics for the Czech Republic in the last few years.

In the practical part are analysed data from a Czech e-business WEDDECO.cz, which is quite new on the market. This e-business was established in December 2015, and offers wedding and party decorations. There is analysed consumer behaviour from 1st January 2016 until 31st December 2016, during this time there were received 182 orders in total. Then, in the practical part using linear regression is analysed relationship between dependent variable order total and independent variables day of order, month of order, and sources of order: Facebook, Google, Direct Access, Seznam, Srovnání cen + Heureka.

2. Objectives

The goal of the theoretical part is to determine and explain the main terms related to consumer behaviour, marketing, and Internet marketing. Next, the aim is to describe e-commerce situation on the Czech market and to compare data for the Czech Republic for years from 2012 until 2016. Lastly, there is described the wedding market in the Czech Republic.

The goal of the practical part is to analyse customer behaviour using collected data from an online store located in the Czech Republic, and to analyse relationship between order total and independent variables using linear regression (binary, polynomial independent variables). To be exact, the goal is to analyse the order total dependency on various factors.

3. Methodology

The literature review was done using the methods of synthesis, extraction, induction and deduction. There were described the main terms connected with marketing and consumer behaviour. There was described the behaviour of consumers of a particular Czech online store by comparing the collected data. Using multiple regression there were analysed relationships between independent and dependent variables.

3. Theoretical part

3.1 Basic terms

3.1.1 Internet

Simply stated, the Internet is a public global network, which connects millions of computers and electronic devices worldwide. The Internet can be used by anyone to gather information and to communicate with others. Its main purpose is to provide information by connecting and sharing it globally. It plays an important role in modern lives and people depend on it for various reasons; work, education, trading, entertainment, and so on. The Internet has had a great influence on businesses and how they work now, the same with consumers and their communication with the outside world. Internet plays a significant role in almost everyone's life (Rouse, M., 2017)

3.1.2 World Wide Web

World Wide Web is often referred to as the Internet, which is not right. As mentioned above, the Internet is a network interconnecting millions of computers. The WWW is the system which is used to access the Internet and information. The WWW or shortly just the Web is usually accessed through browsers, such as Internet Explorer, Google Chrome, Safari, and many more. The WWW is also defined as a part of the Internet that provides access to text, images, and sound (Webster`s Dictionary, 2010).

Another definition of the WWW is that the WWW is a complex system of interlinked documents that use the HTTP protocol, and are situated on the Internet, and are available to users who connect via a web browser (The American Heritage Dictionary, 2013).

3.1.3 Online shopping

Online shopping is a process where customers purchase goods and services by using the Internet. It is a form of electronic commerce (e-commerce).

3.1.4 E-business and E-commerce

According to the Cambridge dictionary (2016), an e-business (or electronic business) is a business of buying and selling goods and services using Internet (Cambridge dictionary, 2016).

According to Vladimir Zwass (1996), an e-commerce is *"sharing business information, maintaining business relationships, and conducting business transactions by means of telecommunications networks"* (Zwass, 1996).

OECD (2011) defines e-commerce as a sale or purchase of goods and services conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders. However, the payment does not necessarily have to be conducted online (OECD, 2011).

The term e-business and e-commerce are usually used reciprocally. The term e-commerce covers buying and selling online, in other words it covers outward-facing processes. However, the term e-business covers not only e-commerce, but also internal processes such as product development, finances, and much more. To sum it up, the term e-business covers buying and selling online, as well as assisting customers and cooperation with business partners on the Internet.

3.1.5 Customer versus consumer

A customer is a person or a company that purchases goods or services, which are produced by a particular business (Investopedia, 2016).

A consumer is a person who uses the goods and services; it is an end user, who does not have to be a purchaser of a product (Business Dictionary 2017).

The term customer and consumer are almost identical. However, there is a difference in their meaning. The term customer is used for an individual or a company, who purchases from a business. Simply stated, a customer is a person, who orders, purchases and pays for a good or service. The term consumer is a term, which is used for an individual or a company, who

actually use the final product. A consumer is a person who does not necessarily have to be the one, who really bought the good or a service. In other words, a customer is usually a consumer but a consumer does not have to be a customer (Vysekalová J., 2011).

3.1.6 Consumer behaviour

Consumer behaviour is described as a set of external factors, activities, reactions of an organism, which are divided according psychological nature into instinctive, habit-forming, and rational. Consumer behaviour is also influenced by internal factors, it includes awareness of consumer`s thoughts, feelings, actions (Consumer psychologist, 2016).

3.2 Brief History of Internet

The Internet started to develop in 1960`s when the US military agency began to worry about communication across the US in case of nuclear war. Universities then connected to share information with other universities and researches. The engineers from ARPANet realized that the network could be used also in a different way, and that is why in 1983 the ARPANet switched to TCP/IP, transmission control protocol/internet protocol. The TCP/IP became fundamental for the development of Internet as is known nowadays. In 1995, the Internet was released to public for commercial use by the US government (Dynamic Web Solutions, 2008).

3.3 E-business

An electronic business, e-business shortly, is a set of various processes, which are handled online. Such processes are not only buying and selling products on the Internet, but also handling supplies, payments, collaboration with business partners, marketing, and customer service and support, all performed online. The main advantages of e-business are reduced costs, flexible working hours, no geographic boundaries, the possibility to reach new customers. The main disadvantages might be the issues with security, data protection, site integrity, and so on (Lorette, K., 2017).

3.3.1 E-commerce

The term electronic commerce, or e-commerce, represents buying and selling goods and services through the Internet, and is a subset of an e-business.

There are several types of e-commerce, which can be divided into several main groups: business-to-business, business-to-consumer, consumer-to-business, and consumer-to-consumer. The term business-to-business (B2B) refers to type of e-commerce which is done between companies; a typical example would be a company buying from a wholesales company. Business-to-consumer (B2C) refers to a transaction or a business, where a business sells its goods or services to the consumer directly, without any other intermediary. The consumer-to-consumer (C2C) model represents a transaction which is done between two consumers, usually through Internet applications such as eBay, Czech service Sbazar.cz, and other bazaar websites, which are a very popular way to sell any used product. Consumer-to-business (C2B) model is a model where a consumer creates a product, which a business wants. Examples of C2B would be all crowdsourcing projects in general, e.g. Wikipedia, stock photos (Tutorials Point, 2017).

3.3.1.1 E-commerce specifics

Companies can use e-commerce to sell their physical goods but also virtual products. E-commerce has been getting more and more attention in the past few years, as demonstrated by growing sales and growing number of people who shop online. E-commerce helps companies to reach new customers that the company was unable to reach before, people who live on the other side of the country or a town, or those, who have limited access to a real physical store. E-commerce, in comparison with traditional shops, has various specifics. First, there is the possibility to buy online 24 hours a day. The possibility to order on-line removes the obstacle of business hours; customers can order anytime during the day, on the weekends, or even during any holiday. Another main advantage for the customer is a large selection of goods and the possibility to compare the features of a good or a service online quickly with many other shops. The number of delivery possibilities is increasing constantly; a customer can choose from various types of delivery. In the Czech Republic and in most countries worldwide, there are possibilities such as local post, courier services, in-store pick up, and more. However, customers must wait for the goods to be delivered; sometimes it takes more than it would take to go to a local traditional shop.

3.3.1.2 E-commerce development

The Internet has been on the rise since late 1990s, and ever since then, companies have been offering their goods and services online. One of the first businesses that allowed electronic transactions was Amazon and eBay. The first product sold on Amazon was a science textbook sold in July 1995. Two months later, a first product was sold on eBay. Few years later, in 2005, social media, such as Facebook, started to influence e-commerce (Small Business Heroes, 2013).

Due to the widening range of possibilities the decision-making of people as customers has changed significantly. People, the customers, noticed the benefits of buying on-line and therefore e-commerce and e-commerce marketing plays an important role for businesses. Customers can conduct their own research when deciding where and what to buy; they usually look for lower price, better conditions or they even look up reviews on the particular e-commerce, which are available on-line as well. By contrast, the customer might miss the possibility to experience the product before purchasing it, he or she can miss the personal contact and help from the shop assistant. That is why companies try to improve the communication with customers on-line, e.g. by setting up a social media page, adding chat to their website, and so on.

As mentioned above, the main advantage for companies is that they have a broader target audience. On the contrary, it brings more competition to companies; a company can start to sell their goods and services easily than before, and customers can compare various sellers easily as well (Infigra, 2017).

In the graph below is shown the increasing tendency of Internet use by individuals in the European Union in comparison with individuals in the Czech Republic in the years from 2007 until 2016. The graph shows the percentage of individuals, who have used Internet in the past twelve months before the survey was performed. The graph (Figure 1) was done using data from Eurostat and it covers individuals aged between 16 and 74 years. The graph (Figure 1) compares the data of the Czech Republic and the average of the EU-28 countries.

In the year 2007, the share of individuals who used the Internet was 52%, while in the EU-28 it was 60%. In comparison, in years 2011 and 2012, the Czech citizens and the average of EU-28 were on the same level. In the last year, 2016, the share of people in the Czech Republic who used the Internet in the past 12 months has reached 84%. Since 2007, the percentage share has risen from 52% up to 84%.

Figure 1: Internet use by individuals
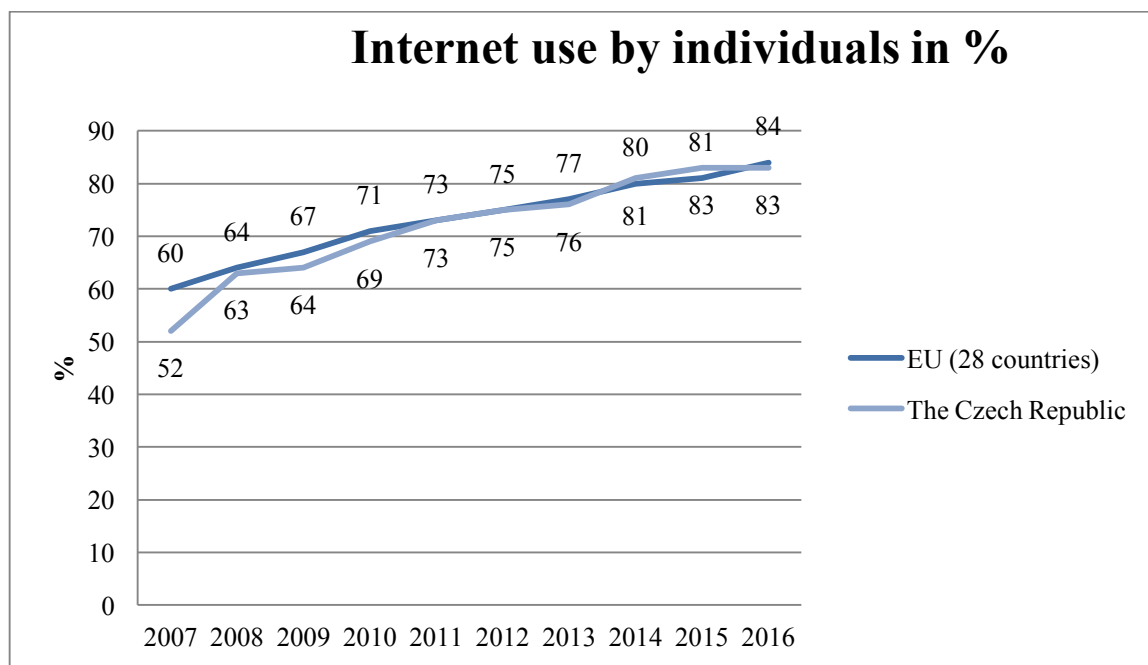
Note: % of individuals aged 16 to 74; last Internet use was in the last 12 month.
Source: Eurostat, 2017a.

Increase in the share of individuals who use the Internet allows e-commerce to flourish; it expands the possible customers for e-commerce. According to data from Eurostat, which are shown in the graph below, the amount of people using the Internet for ordering goods and services has been increasing significantly. These data refer to individuals, who bought goods and services within the last 12 months for private use.

The trend in the Czech Republic and countries of EU-28 is quite similar. In the year 2007, the share of people using Internet for ordering goods and services in the Czech Republic was only 17%; in 2016, it was already almost half of the Czech citizens.

Individuals using the Internet for ordering goods and services in %
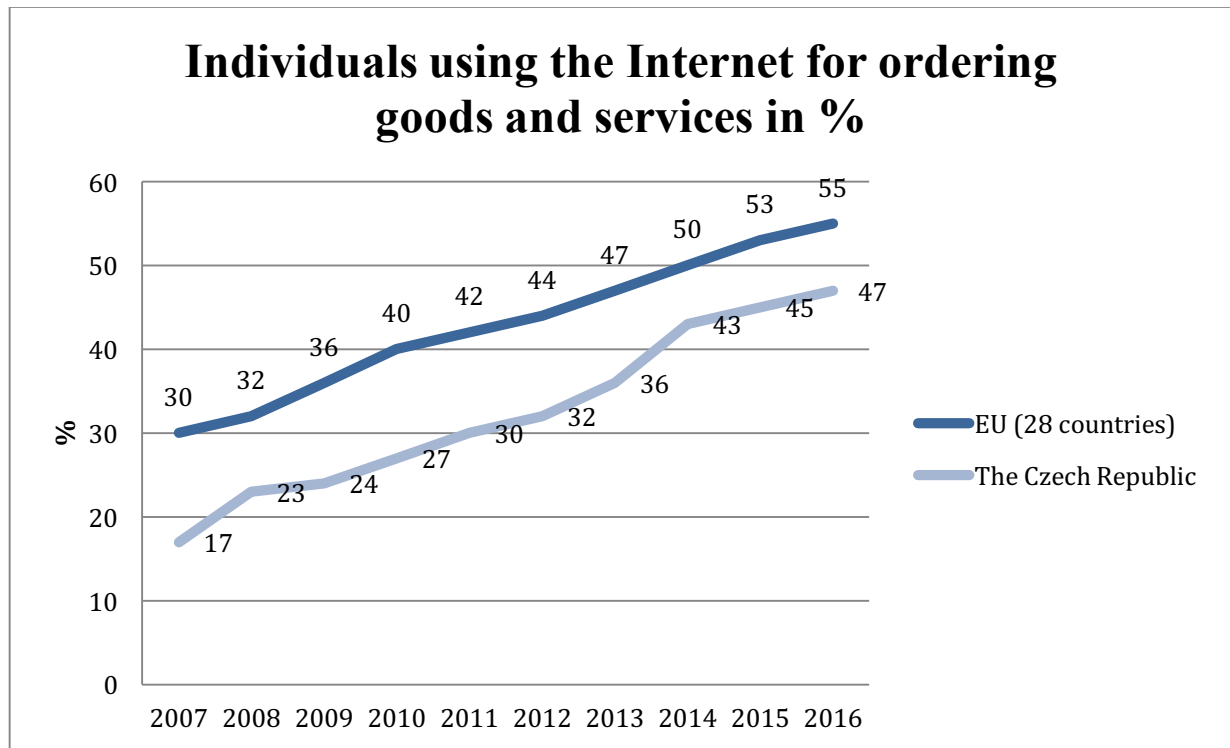
Note: Individuals who bought goods and services for private use, within the last 12 months (before the survey).
Source: Eurostat, 2017.

3.3.1.3 E-commerce statistics in the Czech Republic

APEK, Czech Association for E-commerce, has been conducting a research in the Czech Republic each year for five years now, to see the changes in online shopping behaviour. In January 2016, there was published an article summarizing the research. According to this research, Czech customers use e-commerce a lot; obviously, online purchases became a common part of lives for people of all age categories. Even though e-commerce is used more by generation aged around 20 and 30, it is no longer mainly for them; there is a significant increase

in the number of purchases of customers who are more than 35 years old. There are differences in buying behaviour between sexes; men usually buy more electronics, computers, and sports equipment. Women, on the other hand, tend to order clothes, cosmetics, and perfumes. Even though there is still an increase in sales online, there are still customers who prefer brick and mortar stores, mainly because they can personally touch and try the product (APEK, 2016).

The trend in the Czech Republic for e-commerce is merging traditional brick and mortar stores and e-commerce stores. Brick and mortar stores tend to join the online world; their main goal is to increase sales and to attach new customers. E-commerce stores, on the other hand, tend to open showrooms, which are places, where customers can pick up their orders, and they can also touch and try the products before actually buying it (CSAS, 2017).

According to multiple researches made by Shoptet.cz the total e-commerce revenues in the Czech Republic in 2016 were 100 billion CZK, in comparison with 2015, when it was 81 billion CZK (approx. 3.2 billion USD), there was a 24% increase in total revenues. According to Heureka.cz, the total revenues in 2014 were estimated to be 67 billion CZK, which means that the difference represents a 20% increase in revenues in 2015. In comparison, the total revenues in 2015 in the whole world were estimated to be 1600 billion USD (Heureka, 2017a and Shoptet, 2017).

The number of e-commerce stores in the Czech Republic has been also increasing; in 2012, there were 34,000 e-commerce stores and a year later, there were already 37,000 e-commerce stores. Since then, the level of annual increase in number of e-commerce stores has been increasing quite slowly.

Table 1: E-commerce in the Czech Republic - Statistics

Year	2012	2013	2014	2015	2016
Turnover/revenues in bill. CZK	51	58	67	81	100
E-commerce stores	34,000	37,000	37,200	38,000	38,500

Source: Own processing of data by Shoptet.cz, 2012, 2017, 2017a, 2017b

Customers in the Czech Republic in 2016 the most often bought electronic devices (such as phones), next were perfumes, and tires. In the year before, 2015, the most often bought products were electronic devices, on the second position were goods for home and garden and the third most often bought product category were clothes.

The most popular type of payment is still cash on delivery, although the share of this payment method had been on decline. In 2012, the share of cash on delivery payment was 63%; in 2016, it was only 35%. On the contrary, the share of bank transfer payment method has been on the rise, in 2012, the share of payments made by bank transfer was only 14%, in 2015 and 2016 the share accounted for 32%.

The popularity of delivery methods has been changing as well, the most used delivery methods is still the Czech post, in 2015, the share of orders delivered by the Czech post was 42.3%, in 2016, this number declined to 41%. On the contrary, Zásilkovna[1] has been on the rise with an annual increase of 6%.

The largest e-commerce in the Czech Republic is Alza.cz. It is a leader on the Czech and Slovak market with largest sales in comparison with other e-commerce but also in comparison with brick and mortar stores. In December 2016, Alza reported exceeding billion CZK in sales in only one week and a daily record of 200 million CZK. In 2015, its revenues were reported to be 14,5 billion CZK. The second largest e-commerce with revenues of 9 billion CZK in 2015 was Mall, and on the third position was Datart with revenues of 4.9 billion CZK (Shoptet, 2017).

3.3.1.4 Creating an e-business or an e-commerce store

When creating an e-commerce store, it would be quite useful to perform a market analysis, also to consider initial and maintenance costs such as hosting, purchase of a website domain,

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[1] Zásilkovna is a company, which allows e-commerce without stores offer an in-store pickup; customers choose a store where they want to pick up their order.

marketing costs, and much more. One of the largest costs might be the cost for the e-business/ e-commerce system itself. Each business needs to decide properly according to its goals, possibilities and target audience which system is the most suitable for them.

There are various possibilities for creating the e-business/e-commerce; a company or an individual can rent an e-business/e-commerce system. Next, there is the possibility to purchase a template, which is suitable for those, who are able to modify the template by themselves. Lastly, there is a possibility to hire a programmer or a programming company and to create the system according to the company`s wants and needs.

There are many companies which offer an e-business/e-commerce system for rent, monthly costs vary according to the size of the e-business (e.g. number of e-mail addresses, number of users), number of products, and so on. Example of companies, who offer systems for rent in the Czech Republic are Shoptet.cz, Shop system.cz, Inspirio, and many more. The prices of e-business/e-commerce template range between 1,500 and 2,500 CZK, of course, it is possible to find some more expensive ones. The last possibility of tailored e-business/e-commerce is very costly and is recommended mainly to large businesses, which have a specific idea.

3.3.1.5 Online security

The Internet is a great tool to access products, services, entertainment, and information much easier and faster than in the past. However, the Internet makes it easier for hackers and identity thefts. People are warned by media to be careful on the Internet, to create strong passwords, to watch out, and to shop safely.

Online shopping requires customer`s trust so the customer actually places an order online and he or she provides his or her financial and personal data for financial transactions. Uncertainty about an e-commerce security can even stop a potential customer from placing an order. Security is a very important specific of online shopping (Pilík, 2013).

According to a research made by Shoptet.cz in last 5 years in the Czech Republic, customers are less worried about online security now than they were before. In year 2012, nearly 40% of

customers were afraid of personal data theft. Data from last year, 2016, show that only 2% of people had such fear. More respondents were worried about information about credit cards and payment information. In 2012, the share of people who were afraid that their financial information might be exploited was equal to 81%, in 2016, this number decreased down to 10%. These statistics show that more people are worried about their financial information than about personal information theft.

Table 2: Online security in the Czech Republic - Statistics

	2012	2013	2015	2016
Personal information theft	39%	10%	2.4%	2%
Financial information theft	81%	15%	12.8%	10%

Source: Shoptet.cz, 2012, 2017, 2017a, 2017b

3.3.1.6 Payment methods

Nowadays, there are many ways how a customer can pay for his or her order when shopping online. It is possible to pay cash on delivery when a customer picks up the order in a store or in a pick-up place, also when the order is delivered by a currier company or a Czech Post. The customer can also pay by a bank account transfer, where the seller usually receives the payment the next working day. The fastest payment method is through online payment gateway, where a customer pays by his or her credit or debit card and the seller is informed about the payment immediately. There is also another possibility to pay immediately online, it is through a fast bank account transfer, where the customer is taken to his or her online banking system and placed the payment immediately. The seller sees the confirmation of payment immediately.

In selected e-commerce stores is a possibility of redemption; a customer does not need the whole amount of the price of the product, but only a part of it and pays an agreed amount each month. The last method is not very widespread in the Czech Republic; it is a payment through an e-wallet such as PayPal or PaySec, the money is transferred through an intermediary, the payment is immediate and therefore very fast.

3.3.1.7 Mobile e-commerce

Mobile e-commerce, or m-commerce, refers to orders and transaction, which are done on-the-go through a mobile device, such as mobile phone, tablet, etc. via wireless technologies. The main goal of mobile e-commerce is to ensure the suitability of a website to smaller screens, such as phones and tablets (Khaliq, A., 2017).

The m-commerce is a subset of e-commerce, it is not much different. M-commerce is on the rise mainly due to the increasing number of smart phones and tablets, and the increasing number of Internet access through these devices.

The Czechs have a positive attitude towards mobile phones and tablets, which reflects on the way they access e-commerce, too. Acomware (2016) conducted a research and as of 3rd quarter of year 2016, almost 30% of orders made online were done from a mobile device, representing almost 15% of all sales made on an e-commerce and 18% of orders in total (Acomware, 2016). Therefore, it is necessary for a business to take this information and the increasing importance of m-commerce into account when creating a website, it is necessary to make a mobile version of a website or to make it responsive; to make sure the website is user-friendly for all devices and that it works correctly. If the website does not work properly, the customer might not continue with the purchase and complete it (Acomware, 2016).

3.4 Consumer behaviour

According to Kumra (2006), consumer behaviour is a set of psychological processes that consumers go through when deciding about a product or service. These processes consist of recognition of needs, making decisions regarding buying the product or not, and more. In other words, the definition of consumer behaviour could be stated as follows: „a consumer behavior is a study of how people behave when obtaining, using, and disposing of products and services" (Kumra, 2006).

All marketers are identifying consumers` buying behaviour; the analysis of consumers` behaviour is crucial for any business. It is helpful and beneficial for any business to know their

consumers to gain better sales and to increase profits. Also, it is more than helpful to know and understand how consumers think when they shop; analysing consumer behaviour is an important step when forming a marketing strategy. Simply put, a marketing strategy is a summary of various activities that leads to satisfaction of marketing objectives.

3.4.1 Online consumer behaviour

Thanks to the Internet, consumers with similar interests can interact easily; they can share experience, pictures, videos, and text from anywhere in the world and thus they can reach new kind of information they were unable to reach before. Consumers can communicate with other consumers who are more experienced in the field of interest; there is also a possibility to decide according to various reviews, which are available online (Pilík, 2013).

A consumer is no longer limited by business hours or an exact location; using the Internet for business purposes, or to shop, has become one of the main reasons why people use the Internet. The Internet has developed a completely new, unique, and different market, which consumers adapted to and therefore changed their behaviour and habits during shopping online (Hasslinger, A., Hodzic, S. and Obazo, C., 2007).

However, due to new possibilities connected with online shopping, consumers tend to have raised expectations about the product, delivery, and the services. They expect faster delivery, better prices, higher standards of service; they want a better position on the market as consumers in general (Pilík, 2013).

According to a survey performed by Michal Pilík (2013), each consumer is affected by various factors that influence his or her buying behaviour. These factors might be of many types, such as economic, social, cultural, demographic or psychological factors. Demographic factors would be sex, age, education or even level of Internet literacy (Pilík, 2013).

Figure 3: Factors influencing online buying decision of a consumer
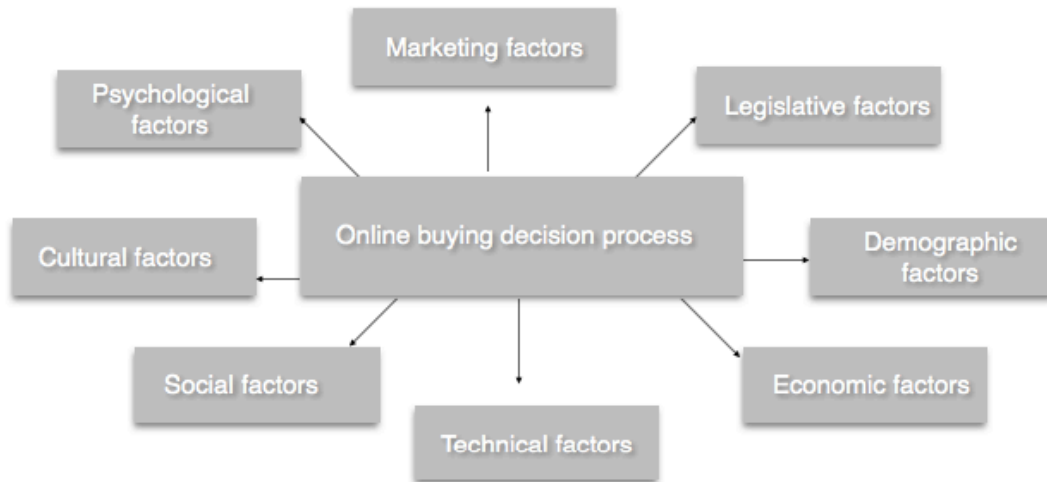
Source: Pilík, 2013.

3.4.2 Customer trust

People usually tend to trust well-known brands and stores. A customer trust is a very important factor in business, even more for e-commerce. The online world is seen as more dangerous in terms of anonymity of e-commerce and online transactions. It is much easier for customers to share their opinion and experience about a product or a company, whether it was good or bad. Therefore, it necessary for an e-commerce to gain and keep a customer`s trust.

It is important for a company to collect feedback from customers, both positive and negative, and react to it. Customers are heavily influenced by experience of others, especially by friends and by building a relationship with one customer a company can attract a new customer (Pilík, 2013).

3.4.3 Customer loyalty

A consumer loyalty is the probability that a consumer will purchase repeatedly from a specific brand, company, or a retailer (Business Dictionary, 2016).

Companies support consumer loyalty by different loyalty reward programs, such as loyalty cards, discounts coupons, free merchandise, and so on. Not only the companies attract new customers, they also keep their current customers who are in the process of making a decision where to buy a certain product.

3.4.3.1 Customer loyalty programs

As mentioned above, there are various types of programs a company can offer to their customers. Loyalty programs have two key functions: they reward a customer for being loyal to a company and they provide the company information about a customer, his or her purchases and shopping habits. Using this information obtained from a customer, a company can modify its marketing strategy and therefore increase their sales and raise the awareness of their existence (Investopedia, 2017).

3.4.4 Consumer preference

Consumer preference means what type of product an individual (a customer) likes and dislikes, it defines what a customer favours. Consumer preference may be influenced by various factors, such as trends, experience of other consumers, and so on.

3.5 Marketing

According to American Marketing Association Board of Directors (2013), marketing is defined as "*the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large*" (American Marketing Association Board of Directors, 2013).

The definition of marketing, which was stated by E. Jerome McCarthy in 1960, is described as follows: "*Marketing is putting the right product in the right place, at the right price, at the right time*" (Mindtools, 2017).

Marketing could be also defined as all the tasks and steps that a company makes in order to gain customers and to improve and support a good relationship with customers. Marketing covers advertising, promotions, sales, but also communication and the attitude towards customers.

Every kind of business, small or large, can benefit from the right marketing. Marketing is in progress all the time, mainly due to changes in consumers` behaviour, in market trends, and trading in general. According to Michal Pilík (2013), there are 4 main goals for marketers, which are defined as follows: customer acquisition, customer conversion, customer retention, and growth in customer value (Pilík, 2013).

3.5.1 History of Marketing

People have been using marketing in some kind of way ever since people started buying and selling. Marketing has changed a lot since its beginning.

In 1730`s magazines first appeared. However, the costs were too high and not many magazines could be issued. It was not until 19th century when ads began to appear. There were not many ads though, mainly because these ads were taxed by special tax. The tax was annulled later. In the late 19th century, the rotary press was invented and therefore more magazines started to be printed. In 1890 was established the first advertising agency. That was the actual start of advertising (Nikola, 2013).

3.5.3 The Importance of Marketing

Marketing is one of key components, which are needed for a success of a business. Marketing is a very important part of a business, if done right, not only it leads to brand, company or a product awareness, but it also leads to increase in sales and profit, which usually is and should be the main goal of a business. The right marketing also ensures growth or expansion of a company to new customers. If a company wishes for a product to succeed, the product needs to be recognized by potential buyers and that would be nearly impossible without marketing; without it, potential customers would probably never find out about the goods or services a company is selling. Product awareness leads to a higher possibility for a purchase of a good or service, and therefore to higher sales of a company.

3.5.2 Marketing Mix

Marketing mix is a tool that is used by marketers when creating a marketing strategy. Marketing mix could be simply described as a combination or a set of various factors, which can persuade the customer to buy the product. Those factors can be controlled by a company in order to

provoke a demand for a certain product. In summary, the marketing mix helps a company to study and determine the main matters that might affect the goods or services they are offering on the market.

The Marketing mix is an important concept in marketing and it consists of so-called 4 P's: product, place, price, and promotion (Figure 4).

Product refers to features and the image of a good or service, which is being offered by a particular company. A product should be formed according to customer demand. A product has a lifecycle that should be taken into account; at the beginning, it is necessary to work with the product in a different way than in its maturity stage (Marketing Mix, 2017).

Place refers to a location where the good or a service is sold and how it is delivered to the target customers. Using e-commerce and multiple methods of delivery, the issues with a single location can be eliminated; an e-commerce business can reach to more potential customers (Marketing Mix, 2017).

A price is an amount, which a customer is willing to pay for a good or service. Price is usually influenced not only by the total costs for a good production, but also by the price of competitors. When a product is new, some businesses tend to lower the price to attract new customers. Price can be used by a customer as a tool for products comparison, whether it is adequate for the quality of a good or a service, and so on (Marketing Mix, 2017).

Promotion includes advertising, special offers, sales promotions, and much more. However, the term promotion is not interchangeable with the term marketing, marketing is more complex. It is necessary to use suitable promotion for a product in order to get attention of potential customers (Marketing Mix, 2017).

Source: Marketing Mix, 2017.

The 4 P's concept has been later extended to 7 P's concept, since the 4 P`s concept was created in 1960s and therefore it needed a small update. Booms and Bitner, who added 3 new elements to existing 4 P's concept, created the extended 7 P's in 1981. The 7 P's are the following: product, place, price, promotion, people, process, and physical evidence (Marketing Mix, 2017).

People refer to employees and all the staff necessary for the company. Without people the business would not be able to work.

There are many processes that occur inside a business, such as manufacturing goods, delivering them to a customer; it even includes the use of graphical representation of a company. It is really important for a company to define how the customers will get the goods, in other words, which process will be used by a company so a customer receives his or her order.

Last element of the 7 P`s, the physical evidence, represents what a customer experiences when he or she purchases any goods or services. It might be a website, the e-commerce design and its

friendliness to users, it is the packaging when a customer receives a product, invoices included in the packaging, and so on (Ashish Jhalani, 2016).

Figure 5: 7 P`s

Source: Marketing Mix, 2017.

3.5.4 Online/Internet Marketing

The development of the recent years has changed the approach to marketing, customer and business in general. The Internet connection opened a new way of communicating with customers. It is easier for businesses to attract new customers thanks to online advertising; it is much cheaper and more adaptive. Moreover, businesses can obtain useful information about their customers and even about their competition. The use of Internet in marketing has several roles, e.g. presentation of a company and the company`s products, customer relationship management, sales channel, management of internal processes in a company (Pilík, 2013).

3.5.4.2 Marketing on Social Media

The arrival of social media has changed significantly the way marketing works. Social media remove a gap between a company and a customer; it makes the communication easier and more accessible for everyone. The marketing on social media is not only about promoting a product in advertisements; it is more about promoting the whole business through the interaction with customers by sharing posts, pictures, and news. By communicating with customers on the social media, a business can attract new customers and it can improve its position on the market, leading to business awareness and thus increase in sales.

Social media marketing is a form of Internet marketing that uses social media for marketing communication. It uses sharing of information in form of text, photos, and videos for marketing purposes. Social media marketing can be either free or paid (WordStream, 2017).

3.5.4.2.1 Social Media

According to Hughes (2009), social media could be defined as mobile and web-based applications that allow people to communicate and share information across multiple platforms (Hughes, 2009).

In general, social media arrange interaction with other people through a mean of communication, the Internet. Even though all kinds of social media have a lot in common – they make communication easier and much faster; they come in different shapes and sizes (Shneiderman, 2010).

Social media are one of the main purposes why people access the online world, and the number of people who access social media is growing each year. According to Matt Mansfield (2016), 97% of adults who use the Internet and are aged between 16 and 64 have visited or worked with any social medium (e.g. Facebook, Twitter, LinkedIn, Pinterest, Instagram, etc.) within the last month (Mansfield, M., 2016).

3.5.4.2.1.1 Facebook

According to Statista.com (2016), the most popular social network in the world is Facebook with its 1,712,000,000 active users (Statista.com, 2016).

Facebook is the most famous social medium and is well known all around the world. Its headquarters is in Menlo Park, California. Facebook has almost 15,000 employees as of June 30, 2016 (Facebook, 2016).

The reach of Facebook has been growing for the past few years and will continue to do so in the future. Facebook is a very valuable tool for online marketing, mainly due to the number of its active users. It can attract a large number of new customers and it can help to improve sales and company growth, when used in the right way. As of July 2016, there were 1.71 billion monthly active users and each day, there are about 1.083 billion active users of social media. In May 2016, there were 50 million active small business Pages, and according to Kit Smith (2016), 75% of brands would pay to promote their posts on Facebook. Another interesting statistic is that only 49% of users would like and follow a Facebook Page of their favourite brand and there are almost 40% of users who do not like any Facebook Page of any business and therefore the only possibility to access them is by paid advertising on Facebook (Smith, K., 2016).

There are three possibilities how the Facebook can be used for business purposes; a company can either use pages, groups, or advertisements, or combine all of these, which would be probably the most effective way to promote a business. A Facebook Page is a very simple tool, which can be used by any business, to present basic information about a company, and its products and services.

3.5.5 Measurement of Online Marketing

There are many analytical services which measure and analyse valuable information about a website and its visitors. These services show how people interact with the website, how much time they spent there, what brought them to the website and much more.

For e-commerce, such systems provide real time data and analytics about the products being sold and about the customers. It shows what product brought visitors to the website, what they were interested in and it provides information about the order, such as average order total, orders per selected period of time, and much more.

The most widely used service to provide such statistics used on the Internet is the Google Analytics by Google.com.

3.5.5.1 Google Analytics

Google Analytics is one of many available tools, which are used for detailed statistics for websites and e-commerce. It is a tool by Google, and it is provided in both free and paid version. GA is used to provide basic website statistics and it is used for creating and managing web projects. Undeniably, there are many similar useful analytical tools, both simple and more complex; however, these can be quite costly – hundreds of thousands Czech crowns, and therefore, such paid tools are worth the price especially for larger companies.

GA is a service for tracking website traffic and besides basic statistics it can provide content analysis, analysis of social networks interactions, mobile analysis, and conversions. Conversions are useful especially for e-commerce websites. The menu of GA is divided into five main tabs: real-time, audience, acquisition, behaviour, and conversions. In the first part are shown data in the real-time, meaning that there is shown the number of people visiting the website right now, where they are from, what they are looking at, and much more. In the audience part, there are shown data about the visitors, e.g. whether they are returning or new visitors, where they come from, which language is set on their browser, and so on. In the acquisition part is shown the traffic, sources of visits, etc. The tab behaviour shows data about the behaviour of website visitors, such as the average time spent on a page, most visited pages, and so on. The last part are conversions, there are shown data for e-commerce websites, such as data about transactions, the orders value, the most often bought products, and so on.

There are many useful dimensions and metrics, which are measured by the GA. The difference between dimensions and metrics is that metrics are quantitative measures of data, whereas

dimensions describe characteristics of website viewers such as country, language, or a browser type. These data describe and analyse the behaviour of website views, and they are displayed in rows and columns in GA reports. Such reports show the summary of page views, sessions, average session duration, etc., all in a selected period of time, which can be set as needed. The most basic metric and most important term in GA is a session, which is defined as a set of interactions that occur on a website within a certain time period. In GA, a session lasts until the visitor is inactive for 30 minutes. If the visitor returns to the website within 30 minutes, it is still recognized as the original session, and therefore this visitor is counted as one (Google, 2017).

Figure 6: Google Analytics, example of dimensions and metrics

Country	Acquisition			Behavior		
	Sessions ↓	% New Sessions	New Users	Bounce Rate	Pages / Session	Avg. Session Duration
	14,523 % of Total: 100.00% (14,523)	70.44% Avg for View: 70.38% (0.08%)	10,230 % of Total: 100.08% (10,222)	49.45% Avg for View: 49.45% (0.00%)	3.88 Avg for View: 3.88 (0.00%)	00:02:36 Avg for View: 00:02:36 (0.00%)
1. Czechia	11,560 (79.60%)	69.70%	8,057 (78.76%)	49.59%	4.34	00:02:43

Source: Own data, Google Analytics, 2017.

In the e-commerce section of GA, the data consist of transaction and item data. The transaction data are those, which represent information about transactions, such as revenue, transaction ID, shipping, etc. The item data represent data connected with a specific product, such as the price of product, quantity, its category, name, etc. One of the most important functions for an e-commerce is the possibility to measure a conversion, which is usually the completed transaction or in case of a website (and not an e-commerce), the conversion might be set as a signing up for a newsletter, completing a registration, etc. A business then can analyse the values of orders received, and other important data.

3.5 Weddings in the Czech Republic

The term wedding stands for an occasion or an event during which two people are joined together in a marriage. The trends and traditions vary across the globe since there are different cultures, social classes, ethnic groups, and each of those have a different attitude and different habits regarding a wedding.

A wedding is without doubt a very important step and part of life of most of the people, and therefore people usually spend quite a lot of money when arranging a wedding. The wedding trends are changing each year. Nowadays, the weddings tend to be more in a natural style, so-called rustic style, but still there are brides and grooms who prefer more colourful and more decorative kind of a wedding.

The statistics for the Czech Republic are as follows: in the year 2014, according to the CZSO, there were 45,575 weddings in the Czech Republic in total. In 2015, the number increased up to 48,191 weddings (CZSO, 2016).

The latest data for 2016 show that the number of weddings in the Czech Republic has increased significantly again, there was 50,800 weddings in total representing increase by more than 2,000 (CZSO, 2017).

The costs of a wedding vary a lot, the costs usually start from 1,000 CZK, which is a marriage fee paid to the authorities, and go up to 150,000 CZK, it depends on the financial possibilities of the couple, size of their families who come to the ceremony, and many other factors.

Most of weddings in the Czech Republic are held from April till October, the most favourite month is usually June. In the Czech Republic is said that weddings should not take place in May, this saying goes from the past when a bride would get pregnant during the wedding night and then because of having to work on the field, the pregnancy would end in a miscarriage or in case the pregnancy would not end in miscarriage, the baby would be born in winter, and due to bad conditions, the women would not survive the birth. Nowadays, people do not tend to cling

to traditions, and May is a very favourite month. Weddings take place the most in summer months such as June, July, August, and September. On the contrary, the least favourite months tend to be the "cold" ones, such as November, December, January, and February (CZSO, 2011).

4. Practical part

4.1 E-commerce WEDDECO.cz

For the practical part of this diploma thesis were used data of a selected e-business - www.weddeco.cz, that offers wedding decorations on the Czech market. The data were collected using the following tools: the WooCommerce system, Facebook Insights, and Google Analytics. Data used for the purpose of analysis were collected for the time period of 1st January 2016 until 31st December 2016.

4.1.1 About the company

Figure 7: The logo of WEDDECO company

Source: Own data about WEDDECO.cz, 2017

The e-business WEDDECO.cz is a Czech e-business and it is quite new on the market. It is a small e-business, which is focused on selling products from a particular field on the market – weddings. The idea to establish an e-business with wedding decorations first occurred in September 2015, the name was derived from collocation wedding decoration, and the graphical part of logo represents two wedding rings. WEDDECO.cz was officially launched on 13th December 2015. This e-business offers various types of decorations and products for weddings and bachelorette parties at low prices; some of them can be used even for parties and celebrations of different kinds or sorts, such as photo booth props, balloons, garlands, hair accessories, etc. The advantage for this company is that the goods are durable, and that they can be stored for unlimited time and they do not need special storage conditions.

Due to the size of the company and the fact, that the revenues will not exceed 1,000,000 CZK per 12 months, the simplest way to establish it according to Czech laws was to file for a trade certificate list, and then to issue invoices as a natural person (trade licence holder). It is also the fastest way to establish an online store in the Czech Republic. The entrepreneur is then obliged to file taxes by submitting an annual tax form, to report to Czech Social Security Administration, and to Health Insurance Company. According to the Czech tax system, the deductions can be done as a flat deduction of 60% for expenses.

The main initial costs for e-business WEDDECO.cz were the following: logo (3,000 CZK), website domain, e-business template and system, the handling costs of trade certificate (1,000 CZK), and finally the purchase costs of final products, which have to be in stock, packaging boxes and envelopes, printer, product labels, etc. There were not any costs for product photographs, because the photos were taken by one of the WEDDECO founders at home. For comparison, such costs are usually listed as a price per picture, one product photo by a professional usually costs from 20 up to 100 CZK.

The prices for the e-business/e-commerce system and website in the Czech Republic vary a lot. The monthly costs per rented e-commerce system range from 600 CZK/month up to 2000 CZK/month (Matosoft, 2017).

The prices for a tailored e-commerce with a lifetime licence are quite high, and range from 4,000 CZK up to 50,000 CZK (Eshop system, 2017).

In comparison, the e-business template for WEDDECO.cz cost only 2,000 CZK, plus additional plugins. Total costs for the e-business WEDDECO were below 50,000 CZK.

WEDDECO.cz is a very small e-business with two co-founders, who are also the only employees. The average margin per product is approx. 50%, the level of margin varies according to a type of product, competitor`s price of product, and so on. WEDDECO.cz offers nearly 300 products of different types, colours, and purposes, and the number of products is still

changing according to the demand of customers and new trends. The cheapest product, which is a decorative brooch, is sold for 3 CZK per piece; the most expensive is a set of stamps and is sold for 449 CZK.

Thus, the largest expense for the establishment of a new e-business WEDDECO.cz were purchase costs for finished goods ready for sale, and the cost of the e-business template, which then had to be modified. The total initial costs were under 50,000 CZK, mainly due to the savings on the website template.

As seen in the picture below (Figure 8), the website as seen from a visitor`s point of view, has a main menu with the most important information about the company, i.e. contact, delivery methods, general terms and conditions, and the products page, where the e-commerce is located. The products are divided into three main categories according to their purposes: The Bachelorette party, The Wedding, The Wedding Reception. The products in these categories are usually more or less interconnected, since the products can be used for more occasions.

Figure 8: E-business site www.weddeco.cz

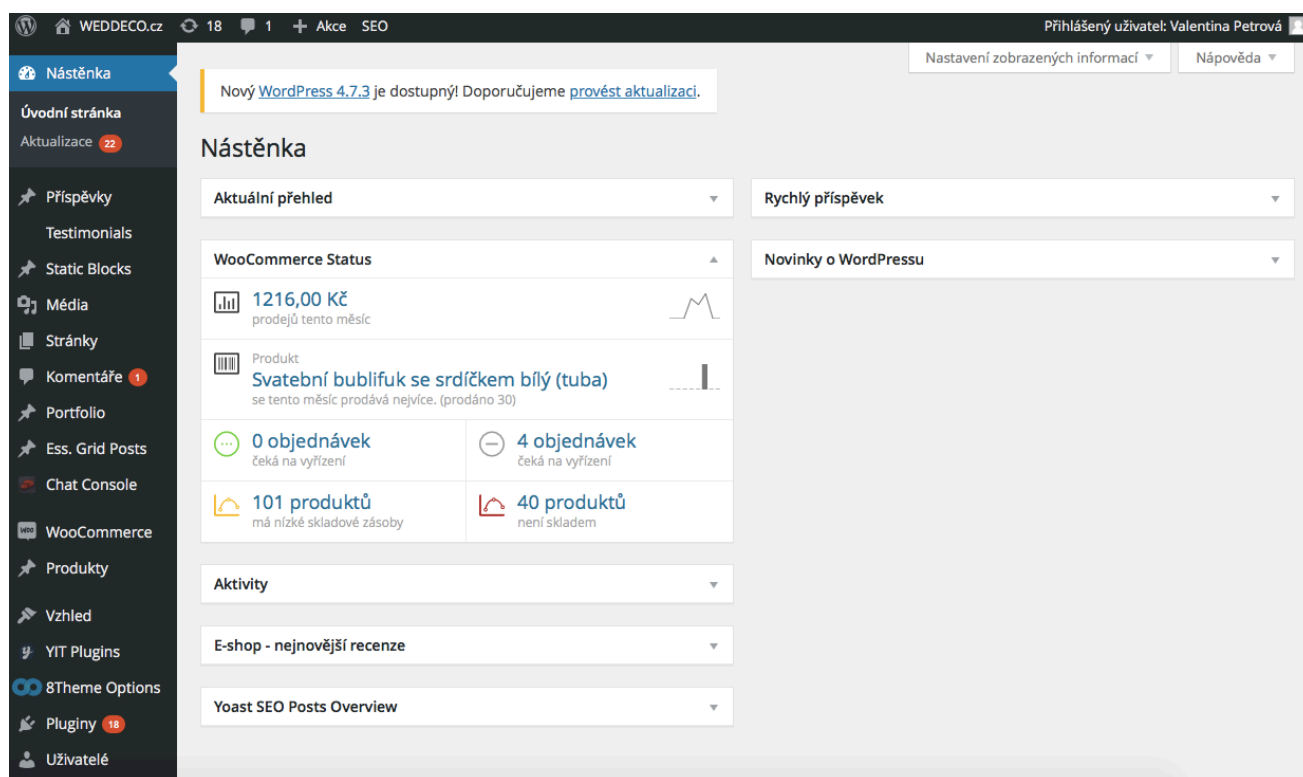Source: Own printscreen of WEDDECO.cz website, 2017

From a technological point of view, the e-business is run on a system called WordPress, and for an e-commerce is used a WordPress extension called WooCommerce (figures 9 and 10). WordPress is an open source (free) content management system, which started as a blogging service. Over the time, it evolved into a content management system with almost unlimited possibilities (WordPress.org, 2017).

For this e-business, there was selected a paid WooCommerce template, which was modified according to the needs of the e-business WEDDECO.cz. It was necessary to choose the most suitable version of the purchased template, regarding the homepage layout, product page layout and e-commerce settings. The system WooCommerce itself consistently monitors the quantity of each product available, which adjusts automatically after each order. The quantity of a product decreases according to a received order, and therefore there is only needed a time-to-time inventory check by the staff, to verify the stock levels. Next, the system is set to notify when the availability of a certain products decreases down to a set number (now set to 2). The system also generates e-mail confirmation of orders, as well as PDF invoice. When a customer creates an order, an e-mail is sent to him or her, and to the e-business staff; the staff receives also a PDF version of an invoice. The WooCommerce system records orders, and when the order is delivered and completed, the state of an order is set manually to finished. The invoice is sent to customer when the order is confirmed in the system, so the customers do not receive invoices until they pay and receive the products. It is possible to create discount coupons for customers, which can be limited by minimum and maximum spend, specific products or product categories can be included or excluded from a discount, and even a concrete e-mail can be banned from use of a discount coupon. The use of discount coupons can be limited by total uses (e.g. only for first 100 customers) or per one customer (e.g. one use per each customer). The customers can create an account with information about their home address, e-mail, and telephone number, and in case they make orders repeatedly, they do not need to fill the information again.

The main page of the WordPress system is called Dashboard and there are shown the most important data, which can be selected according to the needs of a website. The dashboard of the selected e-business WEDDECO.cz is shown in the picture below (figure 9). For an e-commerce, the most important data are data about received orders and products, which are listed in WooCommerce Status section. There are also shown statistics for a selected time, there are shown revenues from one month, orders waiting for completion, products with low stock and products no stock. The WooCommerce Status section then shows statistics and graphs for a selected time (e.g. one day, one month, selected time).

On the left side is the main menu of the e-business system, which consists of all the important parts needed for functioning of an e-business and all the tabs leading to the e-business system settings.
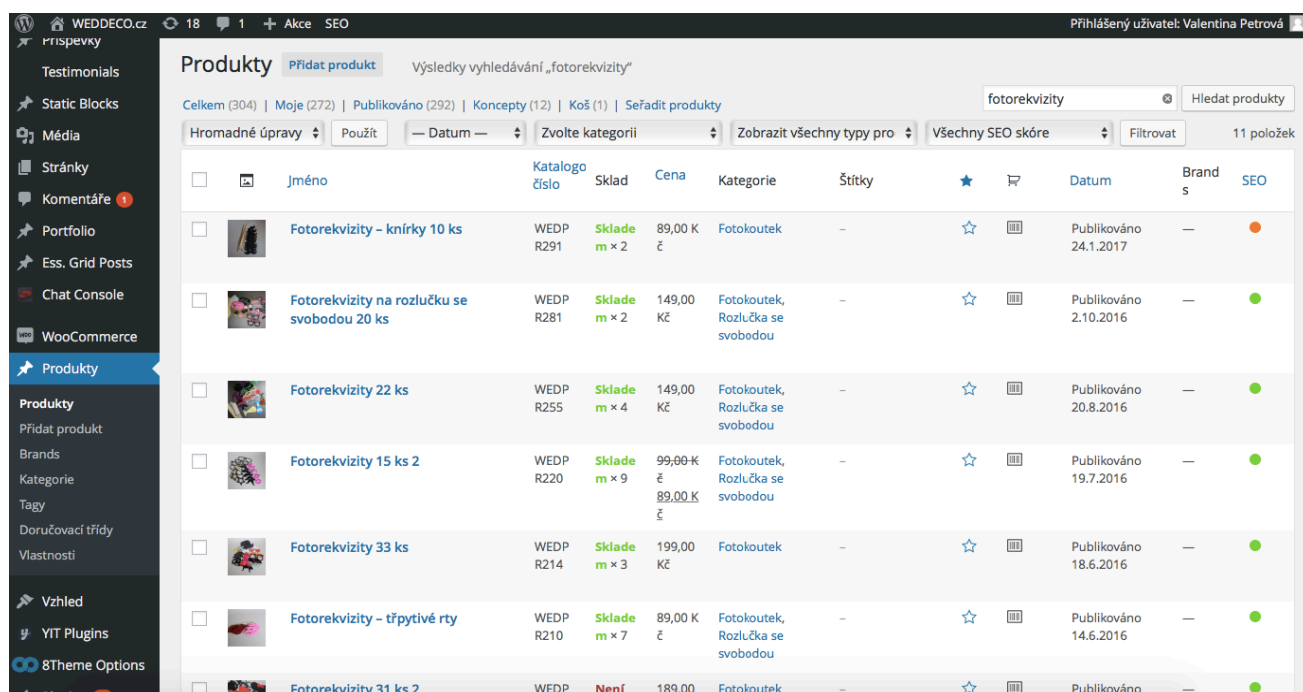
Figure 9: WooCommerce system - Dashboard

Source: Own printscreen of WordPress system of WEDDECO, 2017

In the picture below (Figure 10) is shown the appearance of the WooCommerce e-business system for WEDDECO.cz on the Product page. All products are listed in selected categories, and each product has its own product number for identification. A product can be ranked into multiple categories. The identification number is chosen by the system administrator, and in case of WEDDECO.cz it consists of shortage WEDPR and is followed by the ranking number. The identification number must be unique for each product and the system does not allow to have two products of one identification number. Next, prices and stock status are listed on the main Product page, and therefore it is possible to see the amount of each product almost immediately. There is also shown information about when a product was added to the e-commerce. A new product can be added quickly either through this page or right from the homepage/dashboard. A new product can be done also by duplicating an existing product. Each product then has a specific URL address, which can be modified right through the Products page.

Figure 10: WooCommerce system – Products page

Source: Own printscreen of WordPress system of WEDDECO, 2017

For a company, which uses a website for their business, moreover who operate only on the Internet, it is very useful (if not necessary) to do a search engine optimization (SEO). The SEO is a way how to improve the website position in a web search engine, in its unpaid results. For a better page optimization, there is used a Yoast: SEO plugin, which makes it easier for the staff to fill in the preview of a product, which is later seen in the list of results on Google search engine. This plugin helps to optimize content of pages, titles of images, and so on. In the picture below (Figure 11) is shown a snippet editor, where can be edited an extract which is then seen as a preview in case somebody shares an URL address of a certain product.

Figure 11: Yoast:SEO overview
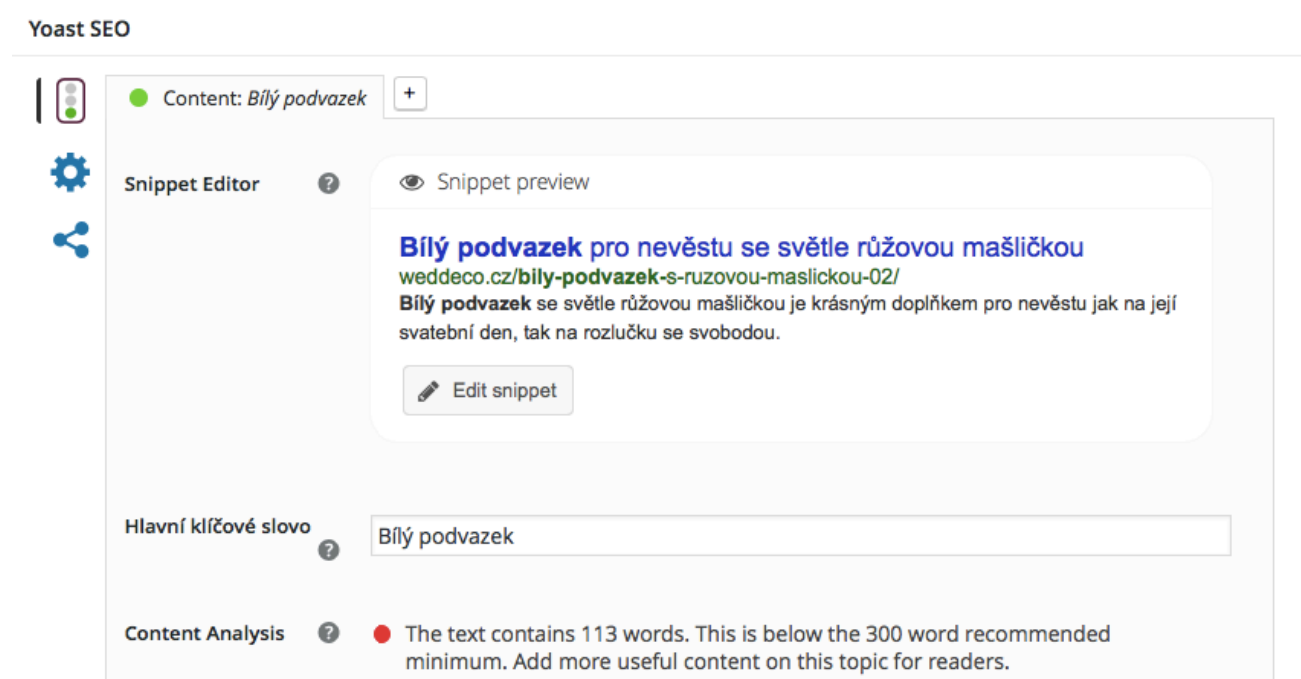
Source: Own printscreen of WEDDECO.cz website system, 2017

WEDDECO.cz offers two methods of payment at the moment: customers can pay either by cash on delivery or by a bank account transfer. In the future, it is expected to provide also the possibility to pay by a credit or debit card, which is provided by the majority of Czech large e-commerce.

It offers two delivery methods as well: one of them is Zásilkovna, which is a set of pick up places, which are located across the whole Czech Republic (and Hungary and Slovakia as well), and then, it is a delivery by the Czech Post. Until the 31ˢᵗ December 2016, there was a possibility to pick up the order personally after agreement; this possibility is cancelled now due to large time consumption. For the personal pick-up was possible to pay only in advance by a bank account payment. Zásilkovna was chosen mainly due to the number of its branches. Now they have in total 995 branches, where a customer can pick up his or her order. Using a plugin for Zásilkovna, the customer only chooses the address of his or her nearest branch, which is then recorded in the system.

Due to the wide range of wedding decorations online on the Czech market, the main goal of WEDDECO.cz is to keep the prices as low as possible and to provide a consumer a good shopping experience, as well as quick delivery, and a friendly communication mainly through social media. The social media play a crucial role for this e-business. WEDDECO.cz aim is to have a nice and user-friendly website, which works on any kind of electronic device and to have a realistic list of products, mainly when it comes to product photos, all the pictures are taken by the staff and none of them are stock photos from a wholesaler. WEDDECO.cz also offers many products, which can be used by consumers for different occasions, not only for bachelorette parties or weddings.

4.1.2 Competitors

There are many Czech e-commerce stores which offer a large amount and a wide range of wedding decorations, usually, they provide more wedding services such as wedding and party organization. The decorations are in most cases originally from Poland from one wholesaler, and all the e-commerce have the same product pictures which are provided by the wholesaler. On the contrary, the WEDDECO.cz has various types of products from different wholesalers, and the product photographs are made by the WEDDECO staff.

4.1.2 Customers

Since the e-commerce offers very specific kind of products, which are mostly used for weddings and sometimes parties, the target audience of this e-business is a very specific group of people. The target audience, potential customers, are mostly young women (approx. from 18 years up to 38 years old), who are interested in weddings and parties, who use the Internet and social media quite a lot, who order goods online, and who want to save money and do not mind spending time by comparing several e-commerce through price tracking shopping portals such as Heureka, Srovnání cen, Zboží, and others.

The e-business is located in the Czech Republic, in Prague and delivers only in the area of the Czech Republic, and therefore the potential customers should be currently staying in the Czech Republic.

Using GA were collected data regarding the www.weddeco.cz website visits, which are different from the data about actual customers or consumers. The average session duration was 2:36 minutes, and during one session, a customer visited almost 4 pages (3.88).

The average session duration can be distinguished for different sources of sessions. Customers who come from Facebook tend to spend the most time browsing the e-commerce, the average session duration for source Facebook is 3:02 minutes with the average count of pages per session 5.65. Customers who visit the website through Google search engine spend in average 2:47 minutes on the WEDDECO.cz website and visit 3.85 pages on average. The average duration of sessions through Heureka.cz is estimated to be around 2 minutes. Customers who arrive through Czech search engine Seznam.cz spend on the e-commerce website on average the shortest time, only 1:28 minutes and such customers visit on average 3.06 pages.

4.1.2.1 Website visitors` location

According to Google Analytics, the country from which came the most visits in the year 2016 was the Czech Republic, which is also the aim of the e-business, since the location where the e-business operates is only the Czech Republic.

On the second position in count of visits is Russia, however, it should be taken into account that such visits counted by the GA are not significant or useful for the e-business WEDDECO.cz. Such views are called "fake views" or "fake visits" because they are done usually by a bot or a program, not by a human being interested in the website, e-commerce or its products as a potential customer.

According to GA, the WEDDECO visitors in 2016 from the Czech Republic were from these regions in descending order: Prague (34%), South Moravia (10%), Moravian-Silesia (9%), Central Bohemia (7%), Ústí nad Labem (5%), Olomouc (5%), Pardubice (5%), South Bohemia (5%), Vysočina (4%), Hradec Králové (4%), Zlín (4%), Plzeň (3%), Liberec (3%), and Karlovy Vary (2%).

Table 3: WEDDECO Customers' Location in the Czech Republic (Regions)

Region	Count	Share %
Praha	3872	34%
South Moravia	1187	10%
Moravian-Silesia	1022	9%
Central Bohemia	861	7%
Olomouc	577	5%
Pardubice	531	5%
South Bohemia	517	5%
Ústí nad Labem	608	5%
Hradec Králové	460	4%
Vysočina	491	4%
Zlín	458	4%
Liberec	379	3%
Plzeň	393	3%
Karlovy Vary	204	2%

Source: Own processing according to data from GA of the company, 2017

4.1.2.2 Device categories

Using GA, it is possible to determine whether the visit or a session was made through a desktop computer, a tablet, or a mobile phone. As shown in the table below (Table 4), the largest number of visits came through a desktop computer, 8,874 visits to be exact. Second largest number of visits came through a mobile device, 5,067 visits in total. The fewest people came through a tablet device; only 582 sessions were made through a tablet.

Table 4: Device Categories (WEDDECO.cz)

Device category	Count	Share
Desktop	8,874	61,10%
Mobile	5,067	34,89%
Tablet	582	4,01%

Source: Own processing according to data of the company, 2017

The WEDDECO website is visited mainly from desktop computers; more than 61% of all sessions in 2016 were made from desktop computers. However, a large and reasonable share is represented by mobile devices, almost 35%. Only 4% of sessions were made through a tablet device.

Device categories

■ desktop ■ mobile ■ tablet

4,01%

34,89%

61,10%
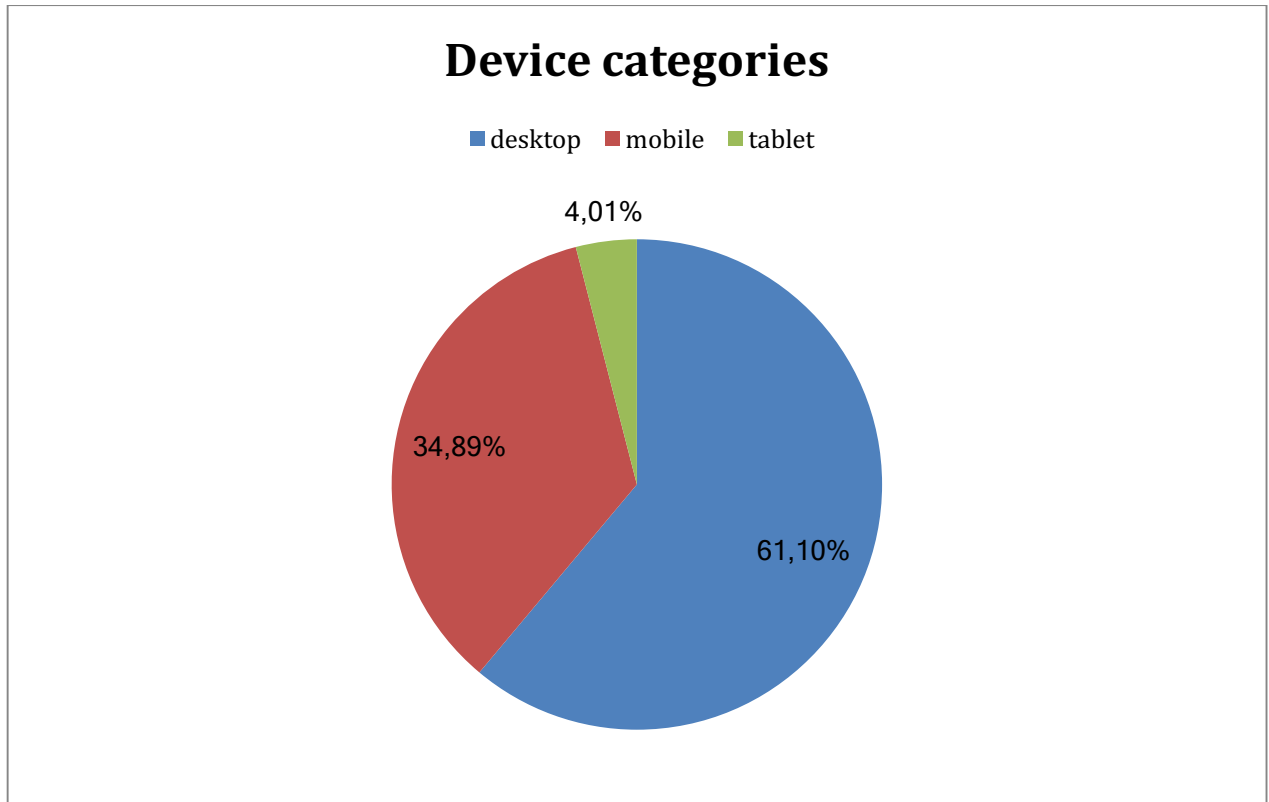
Source: Own processing according to data of the company, 2017

Based on the data listed above, there is a reasonable number of people, who visit the website through their mobile phone and therefore it is very necessary for this e-business to have a responsive website, which means that the website changes according to the size of device which is used to browse this e-commerce. Such template was chosen in the beginning, according to modern trends and the importance of m-commerce. In the picture below (Figure 13) is shown how the website looks when accessed from an iPhone (mobile device). The menu is adjusted; the search bar can be used the same way as from a desktop computer. This ensures that the website is more user-friendly, and therefore the orders can be made even through mobile or tablet devices without any problem. In case the e-commerce would not be adjusted this way and the use via mobile device would be complicated, the e-business might lose some potential customers.

Figure 13: www.weddeco.cz on a mobile device
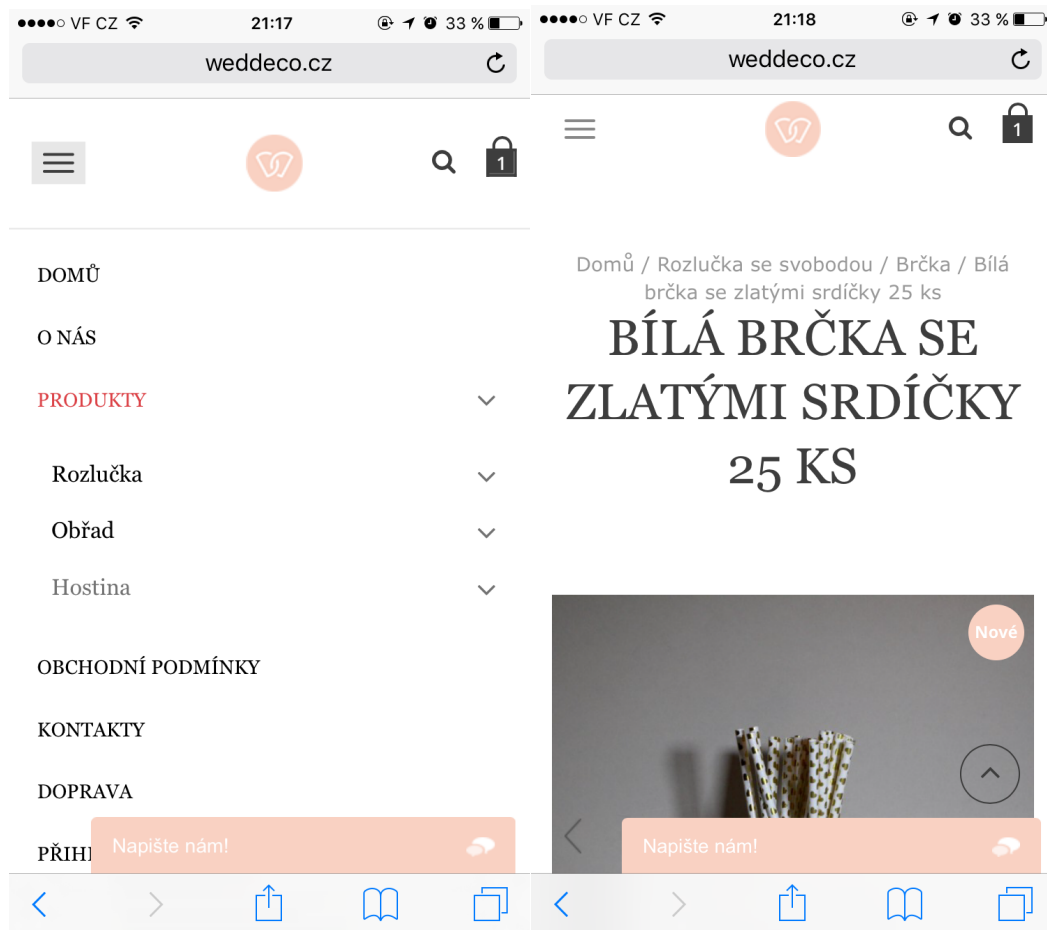
Source: Own printscreen of WEDDECO.cz website, 2017

4.1.2.3 New versus returning visitors

In the analysed time period from 1st January 2016 until 31st December 2016, there were detected 14,523 sessions in total according to GA. Out of these sessions; almost 71% represents new visitors, who have not visited the website of the e-commerce WEDDECO.cz before. Returning visitors in the analysed time period represented 29.5% of sessions. However, this share probably might change if the analysis were performed for a longer period of time, not only for one year, or after more years since the launch of the e-commerce, because the e-commerce is quite new and therefore the set of people who visited the website any time before is not as large as it would possibly be in the future.

New visitors spend on the website approximately 2:07 minutes, returning visitors usually have a longer session duration, 3:44 minutes. For both new and returning visitors, the number of pages they visit is almost the same, a new visitor visits 3.86 pages before he or she leaves the e-commerce website, a returning visitor visits 3.92 pages before they leave.

Figure 14: New versus Returning visitors of WEDDECO.cz
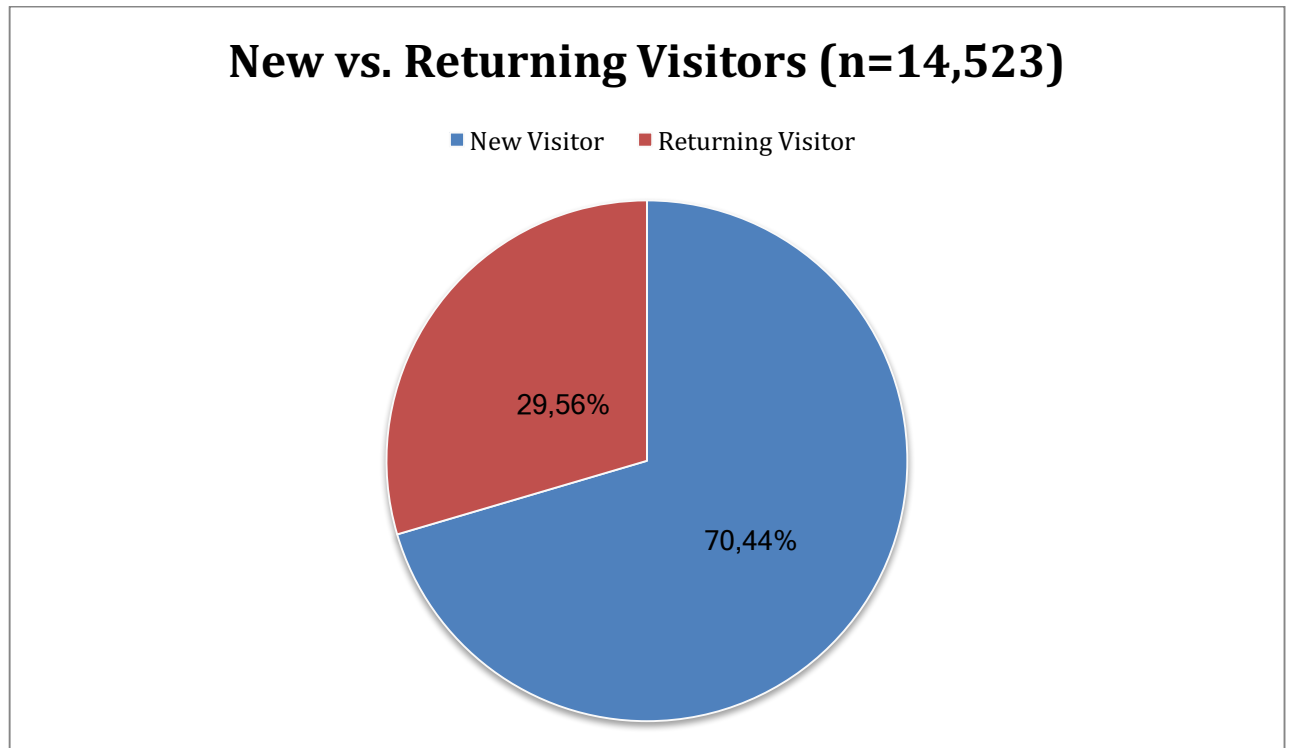
Source: Own processing according to data of the company, 2017

4.1.3 Marketing

The main marketing tools for this e-business are social media, especially Facebook. WEDDECO.cz uses both paid and free options for Facebook promotion, such as paid posts, sharing a post into Facebook groups with target audience, and so on.

There was established a Facebook Business Page with basic information about the e-business, where is posted information about products of this e-business, and more importantly, there are posted real photos taken by a phone camera, so the customers see the real product in detail and

not only product photo which are used in the e-commerce. Whenever a new product is added to the WEDDECO e-commerce, it is shared on this Facebook Page to attract new customers. Using this page, it is possible to promote a business in a different way. It is possible to promote a Facebook Page, to promote the website, as well as promote a post. When creating an ad, it is necessary to choose the target audience well, in the case of WEDDECO, the target audience is selected usually in this combination: Female who live in the whole Czech Republic, are from 18 to 32 years old, and whose interest are friends, wedding, love, wedding, marriage, or parties. The minimum budget per day per an ad is 10 CZK; the WEDDECO usually chooses to pay 20 CZK per day per a post.

The total costs from 1st January until 31st December 2016 for WEDDECO Facebook ads were 1,072 CZK. There were 54 campaigns in total; the total number of people reached through paid advertising on Facebook was in this time 15,836 people in total.

There was established a Facebook group for people who are interested in weddings named Wedding resale store and tips with 13,630 members (as of 18th February 2017, the number of people in the group is increasing everyday by approx. 100 people) and is run by the same people who run the e-business WEDDECO.cz. The main advantage of the Facebook group is that there is a large group of potential customers at one place and therefore it is easier to promote new products, discounts, and so on, to those, who are interested in it. What is also very important, the company staff can change the products portfolio or adjust it quite quickly according to the questions of the group members and new trends, which are shared in the group every day. It is also much easier to keep an eye on the competitors, because the group members tend to share their experience with other businesses, and therefore WEDDECO.cz can change or improve their behaviour towards their customers.

The use of Facebook Business Page is very simple, as seen in the picture below (Fig. 15), right on the homepage it shows information about the reach to people from the last week. It is very simple to create an ad right from the homepage, as well as to create a post, all it takes are a few clicks. When a WEDDECO.cz post is shared into the above-mentioned group with target audience of around 14,000 people, the post reach is usually around 1,200 people. It is possible

to comment on an existing page post in the group, which adjusts the post position in the group to be on top, and increases the post reach.
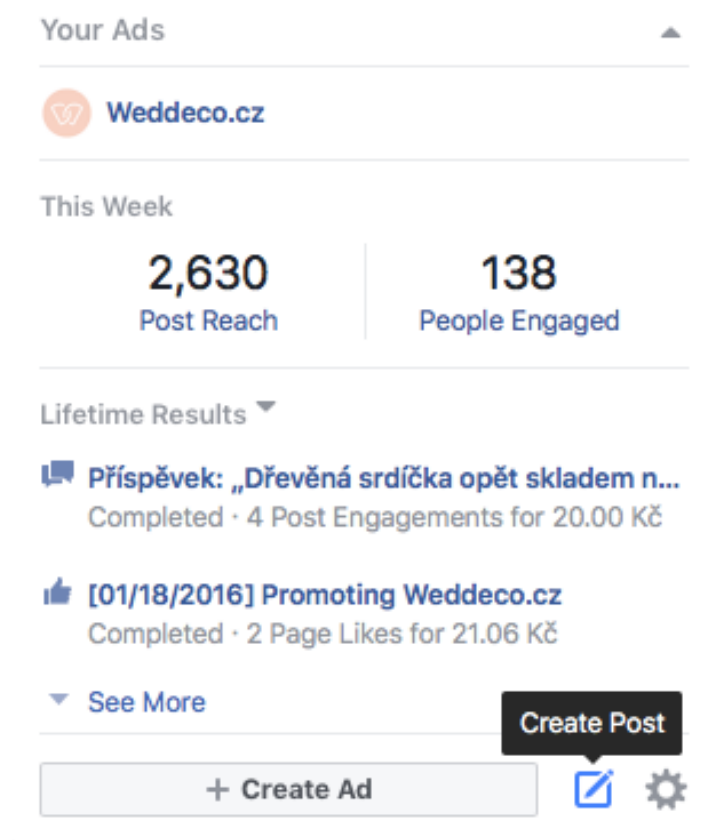
Source: Own printscreen of Facebook Page Insights, Basic summary of Ads, 2017

Next marketing tool used by the company is Heureka.cz. This online catalogue compares goods from multiple e-commerce stores in the Czech Republic according to price of a product. It is not the only function of Heureka; it is also possible for a customer to leave a review on Heureka in order to provide his or her experience with an e-commerce. Heureka can send on behalf of the e-commerce itself automatically an e-mail asking for a review by a customer. All reviews received since the establishment of the e-commerce are positive, however, not many customers tend to leave a review; there are 12 reviews out of approx. 200 completed orders.

In the picture below (Figure 16) are shown statistics for WEDDECO.cz business on Heureka. Heureka brought 475 visitors to the website www.weddeco.cz, where a cost per click (CPC)

was equal to 1 CZK. The total costs for Heureka for the year 2016 were 475 CZK. Then, there are shown statistics for Srovnání cen, which brought 285 visitors, and one click cost the company 1.02 CZK. The total costs for 2016 for these price tracking services were 772.25 CZK.

Figure 16: Heureka statistics (WEDDECO.cz, 2016)

Vaše statistiky z Heureky				Vaše prodeje				
Zdroj	Návštěvy	CPC	Náklady	Konverzní poměr	Obj	Průměrná objednávka	Obrat	Náklady z obratu
Heureka.cz »	475	1,00 Kč	475,25 Kč	-	-		-	-	-
Srovnanicen.cz	285	1,02 Kč	291,00 Kč	Pro tento zdroj nejsou konverze měřeny				
Seznamzbozi.cz	6	1,00 Kč	6,00 Kč	Pro tento zdroj nejsou konverze měřeny				
Celkem	766	1,01 Kč	772,25 Kč	-	-		-	-	-

Source: Own printscreen of Heureka, data about WEDDECO.cz, 2017

Using the Heureka statistics, it is also possible to determine which products the customers who came through Heureka search were looking. These products are listed below. The majority of visitors were looking for a set of alphabet stamps, which is one of the products, that is not necessarily only a wedding decoration, and it is also the most expensive product of WEDDECO.cz e-commerce. Then, the rest of the most looked up products were from a category Bachelorette party.

Figure 17: Heureka statistics - products (WEDDECO.cz, 2016)

Vaše statistiky z Heureky				
Produkt	Návštěvy	CPC	Náklady	
Razítka abeceda	54	1,00 Kč	54,00 Kč	
Černá šerpa pro nevěstu	20	1,00 Kč	20,00 Kč	
Fotorekvizity 31 ks	18	1,00 Kč	18,00 Kč	
Šerpa pro nevěstu "Bride to be" bílá	18	1,00 Kč	18,00 Kč	
Svatební závoj s hřebínkem	16	1,00 Kč	16,00 Kč	

Source: Own printscreen of Heureka, data about WEDDECO.cz, 2017

The search engines like Google and Czech Seznam go through the Internet regularly to check for new websites. In order to speed up the process of being listed in the results of search, WEDDECO.cz was before launch registered in both Google and Seznam. It is a quick process, where a business adds their website address.

### 4.3.1.1 Analysis of behaviour of Facebook Page Weddeco.cz fans

As mentioned above, there was established a Facebook Business Page of the e-business WEDDECO.cz, which currently (as of 7th March 2017) has 404 fans[2] in total. According to data for this Facebook page, which are collected by Facebook and can be viewed through Facebook Insights (2017), women account for 93% of people who like the Facebook Page WEDDECO.cz, men account only for 6% of fans. 58% of people, who like the page, are from an age group from 25 up to 34 years, 21% of fans are from age group 18-24. These data correspond with the target audience, which was described above, as young women around 18 and 30 years old (Facebook Insights, 2017).

In Facebook Insights Summary are shown important data about the page and its fans, such as page views, development of page likes, actions on page (e.g. phone number clicks, website clicks, get directions clicks), post engagements, and post reach. Such data can be shown directly in the Insights tab only for last 7 days, 28 days, today, and yesterday. For broader time frame, Facebook Insights allow a business to download data in excel file from time periods up to 180 day, the time is not limited. For more than 180 days, the data must be downloaded separately. From these data, it is possible to analyse the long-term behaviour of people on the Facebook Page better. The average daily reach was 202 people, maximum daily reach was 2839 people in one day, and the minimum was 0.

Another key metric that was measured for year 2016 was daily page engagement, which stands for actual action that was taken on the Facebook Business Page, such as click. The daily page engagement in 2016 was on average 10.

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[2] A Facebook fan is a person or a user, who likes a Facebook Page. Such fans receive updates from a page they follow, they can see posted content, events, etc.
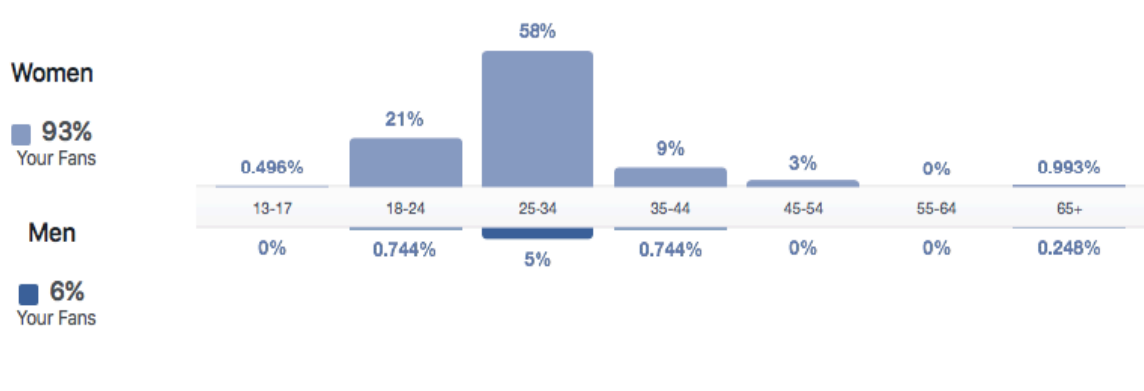
Source: Own printscreen of Facebook Insights, 2017

The number of fans has an increasing tendency in time, which is shown in the picture below (figure 13), and according to data from Facebook Insights people do not tend to "unlike" the Facebook page. The average number of likes per day for year 2016 was 0.7077 likes. On the contrary, the average amount of "unlikes" (when a person decides to change "Like" to "Unlike", he or she is no longer listed as a fan and does not follow the page) was 0.05 a day, in total only 20 people "unliked" the WEDDECO Facebook Page during the whole year 2016.

Figure 19: Development of number of people who like FB Page Weddeco

Source: Own printscreen of Facebook Insights, 2017

4.2 Analysis of behaviour of consumers of WEDDECO.cz

4.2.1 Basic statistics

The total number of orders that were made from 1st January 2016 till 31st December 2016 was 182; there were also cancelled and returned orders, which were not used for the analysis. The data are analysed for a time period of one year; more data are not available yet since the e-business started in December 2015. Data were collected using Google Analytics and WooCommerce. There was purchased 1,060 items in total, and the mean of monthly revenues was 4,500 CZK, the median of monthly revenues was 4,200 CZK. However, it is necessary to take into account the variability of weddings, that there are more weddings in the summer and less in e.g. November, or December and therefore the monthly revenue are not a very useful metric for this particular e-business.

The mean of order total (revenue) in 2016 was 314.4 CZK per order, median is 255.5 CZK. Median is more accurate statistic, because the median is the middle value from the whole range of data and not only the average value, which can be influence by outliers; very large and very small numbers.

4.2.1.1 The sources of orders

There were defined six main sources of orders: Seznam.cz, Google.com, Srovnání cen + Heureka, Facebook.com, Direct Access, and other sources. A source of an order means the origin website of a visit from which an order was completed, such as search engine (Google, Seznam) or a domain. Direct access refers to a visit which did not lead from any other website, and it represents an order made from a consumer, who came directly to the website www.weddeco.cz. Heureka and Srovnání cen are listed together, because the provider of these services is the same, and they are a very similar shopping assistant and price tracker service.

Most orders were done by customers who accessed the website through search engine Google.com; it represents 41% from 182 orders. In these orders would be included also those, who possibly already saw the website somewhere else and then searched for it again through Google search engine. The percentage of finished orders of customers who arrived through the

social medium Facebook was 18%. This number represents those, who clicked on a link or an ad on Facebook and during the same visit of a website (e-commerce) they placed and finished an order. On the third position is direct access, meaning that the customer went directly to the WEDDECO.cz website and did not visit any website leading to the e-commerce beforehand.

Figure 20 - Sources of WEDDECO.cz orders in 2016

Sources of orders (n=182)

■ Seznam.cz ■ Google.com ■ Srovnání cen, Heuréka ■ Facebook ■ Direct ■ Other
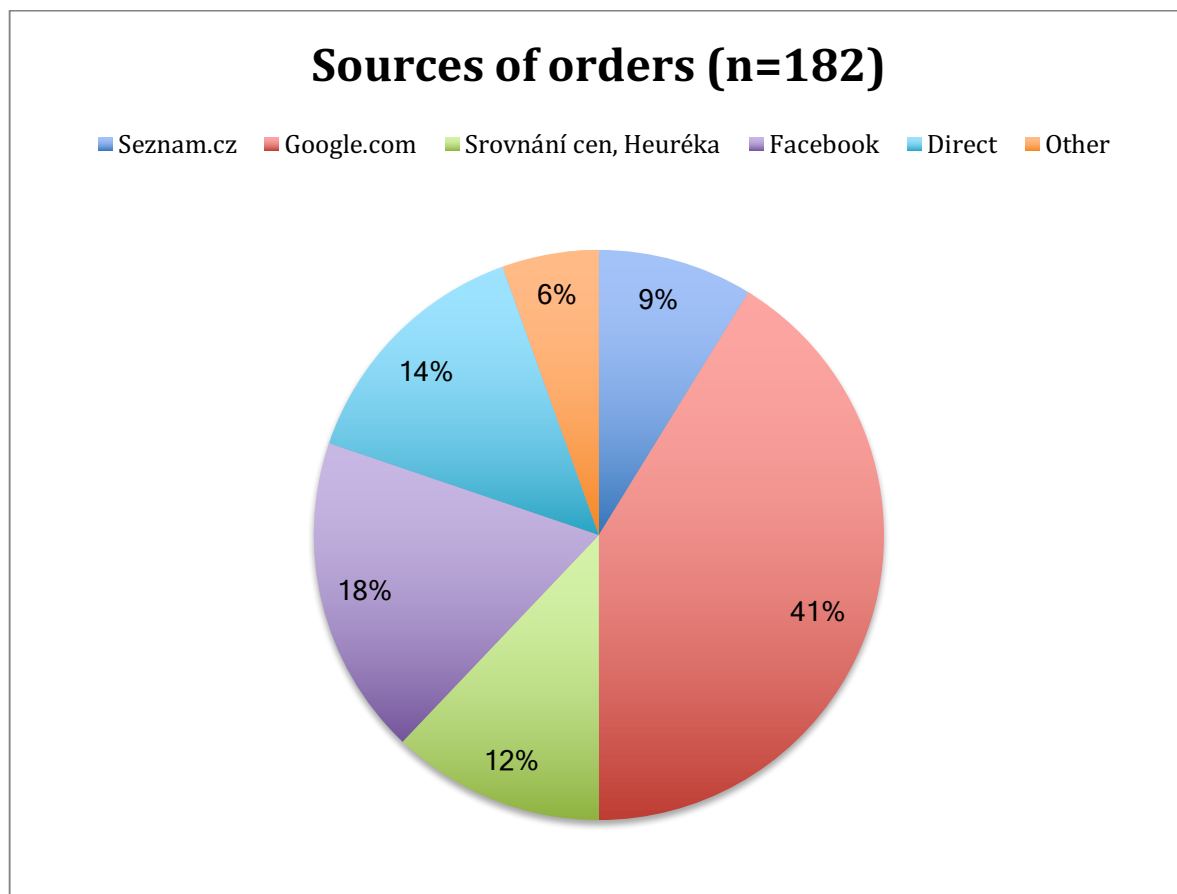
Source: Own processing according to data of the company, 2017

4.2.1.2 Payment methods

There are two possible payment methods in WEDDECO.cz, customers can choose to pay either by a bank account transfer or they can pay cash on delivery for both delivery methods – The Czech Post and Zásilkovna.

The share of these payment methods in analysed year 2016 is shown in a graph below (Figure 21). The total number of orders in 2016 was 182 and in 59% of cases customers chose to pay when their order was delivered. The bank account transfer was chosen by 41% of consumers. In summary, customers of WEDDECO.cz prefer to pay on delivery, but the difference between the two methods is not significant. The cash on delivery method can be seen by the customers as a faster method, because the order is shipped as soon as possible. When the customer chooses a bank account transfer, the delivery period is extended by the time, during which the money is assigned to the bank account of WEDDECO.cz, which takes usually one working day in case the customer does not have the same bank as the company.

Figure 21 – WEDDECO.cz Payment methods distribution in 2016
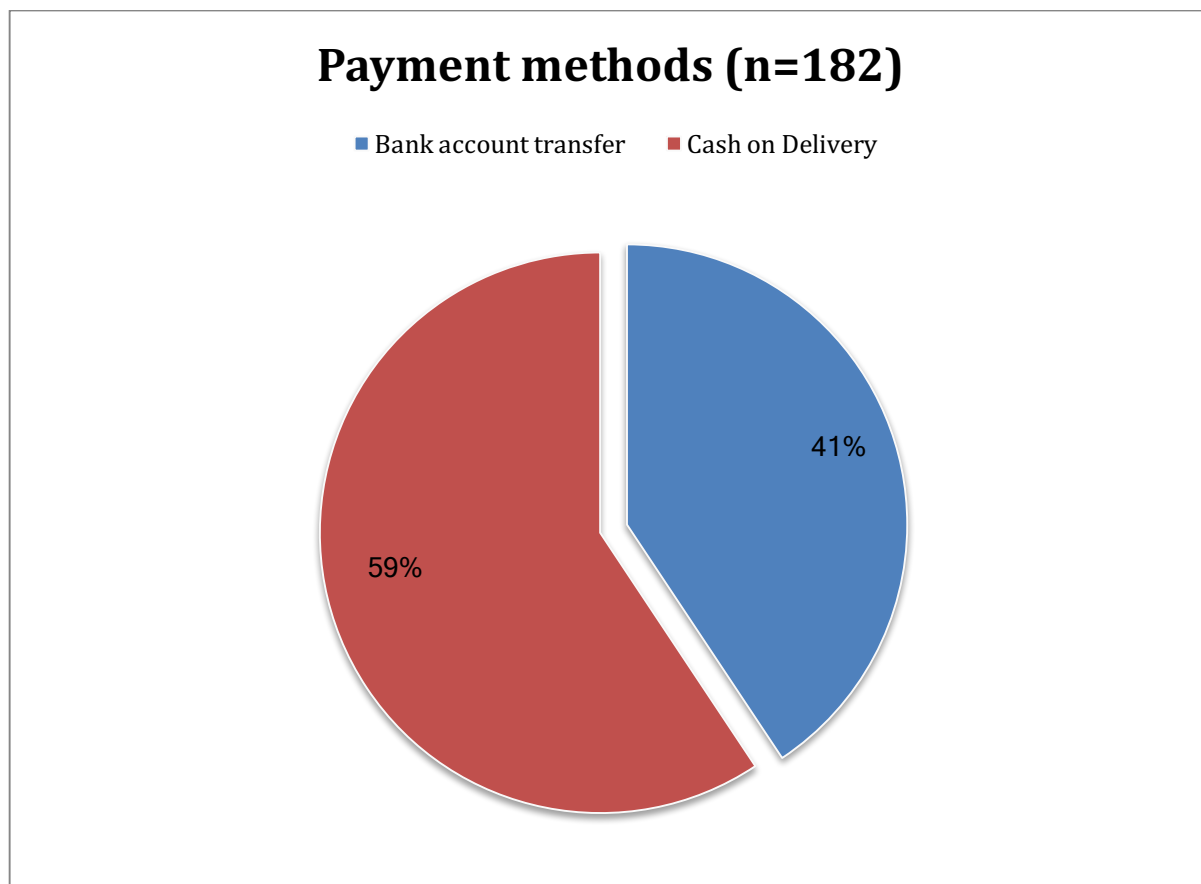
Source: Own processing according to data of the company, 2017

4.2.1.3 Delivery methods

In the graph below (Figure 22) is shown the distribution of delivery methods of WEDDECO.cz. There were three possibilities for delivery in year 2016: Zásilkovna, the Czech Post, and pick up in Prague after arrangement with WEDDECO staff. The last method, personal pick-up after arrangement in Prague, was cancelled at the end of year 2016, because it was time consuming for the company and it was not cost efficient, and therefore it is not possible anymore.

As is shown in the graph (Figure 22), in 2016 the most used delivery method was delivery by the Czech Post, representing 44% of deliveries of 182 analysed orders. There is not a huge difference between the share of the Czech Post and Zásilkovna deliveries; 38% of WEDDECO.cz customers chose the delivery by Zásilkovna. When choosing Zásilkovna, it is possible to pick-up the order in any of 995 branches that are located across the whole Czech Republic. The share held by the pick up after arrangement with the staff represents 18%. The share of pick up after arrangement is only 18% probably because the pick-up was possible in a limited area, only in Prague, where the WEDDECO storeroom is located, and only approx. one third of customers is from Prague.

Figure 22 - WEDDECO.cz Delivery methods distribution in 2016
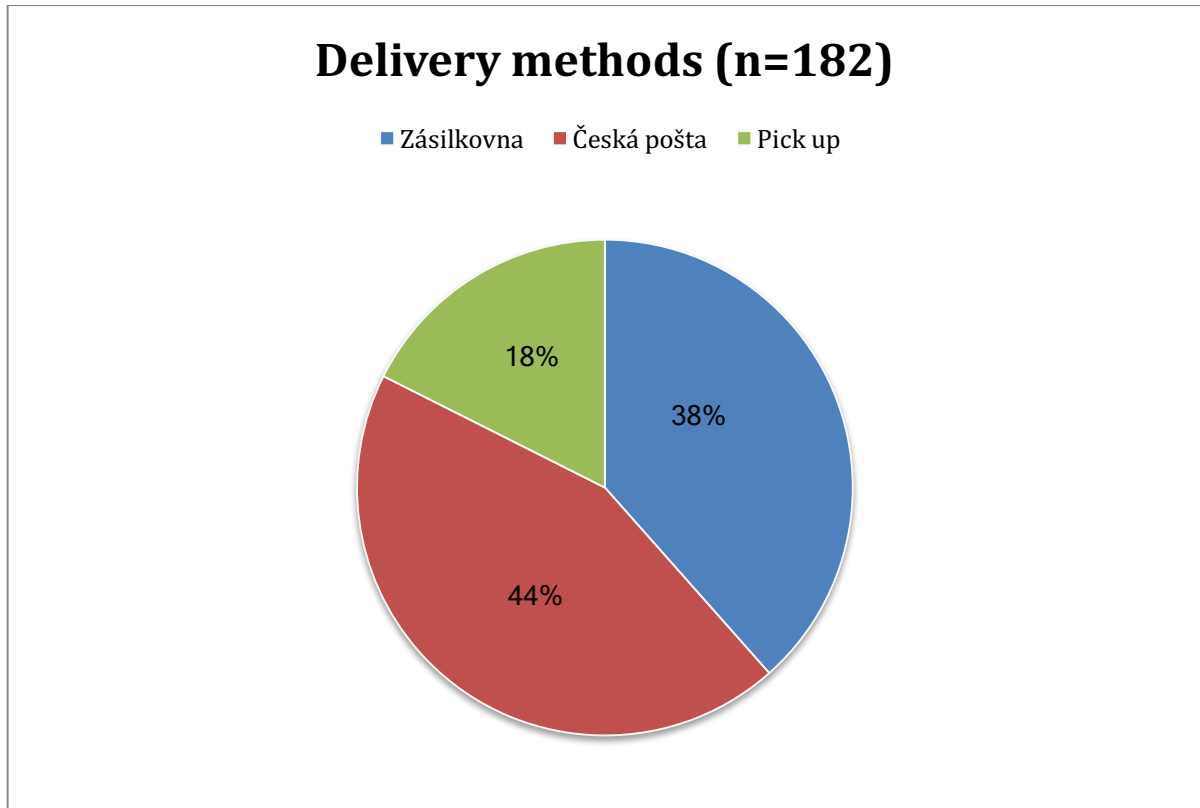
Source: Own processing according to data of the company, 2017

4.2.1.4 Location of Customers

According to information from orders obtained through WooCommerce system, nearly one third of 182 orders came from customers, who live in Prague, which corresponds with data about visitors from GA, where was shown that almost one third of website visitors came from Prague as well. The second largest share in customer's location is South Moravia Region, where Brno, the second largest city in the Czech Republic, is located. From South Moravia Region were customers in 14% of orders, majority from these orders came from Brno. The third largest share of orders came from Central Bohemia Region.

Then, in descending order, the orders came from these Czech regions: Moravian-Silesia, Hradec Králové, South Bohemia, Ústí nad Labem, Plzeň, Zlín, Olomouc, Vysočina, Karlovy Vary, Liberec, Pardubice.

In comparison with data from GA about the website visitors, the most visitors came from Prague region, as well as the most orders came from Prague region. Also, the share is very similar, the visitors from Prague account for 34% of visitors, and the actual customers from Prague account for 30%. 14% of orders came from South Moravia region, the number of visitors from this region was 10%.

Figure 23: WEDDECO Customers Location

Share of customers location (n=182)
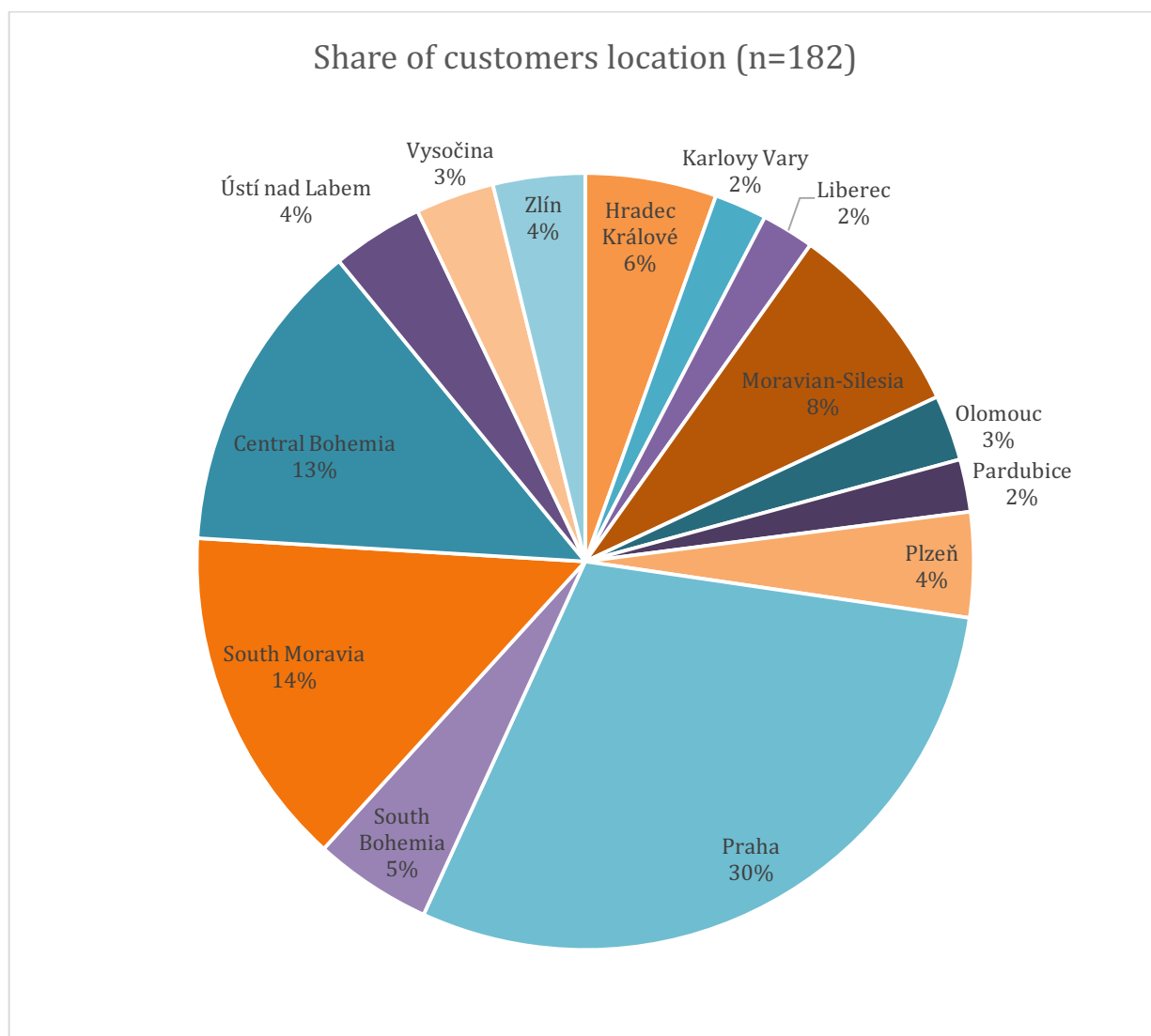
Source: Own processing according to data of the company, 2017

4.2.1.5 Distribution of total revenues

The total revenues of the company in year 2016 were in total approx. 55,000 CZK. The largest revenues from orders were in months from May till August, usually around 7,000 CZK per month. This is also the time when the most wedding take place, and therefore the increase in revenues in months from May till August were expected.

Table 5: Total revenues in 2016, in months

January	February	March	April	May	June
1603	5992	898	3998,6	6898	7738
July	**August**	**September**	**October**	**November**	**December**
8701	8416	4360	1874	1772	2397

Source: Own processing according to data of the company, 2017

The data for February 2016 are influenced by an outlier, which was in this case a large order (2,200 CZK); therefore the sum of the revenues is not significant. In the graphs below (Figures 24 and 25) is shown the distribution of revenues from orders according to month and according to day in month.

Figure 24: Revenues from orders in 2016 – according to month

Source: Own processing according to data of the company, 2017

In the graph below (Figure 25) is shown the distribution of revenues from orders according to days in month. It can be seen that the distribution of total revenues according to days in month is quite evenly distributed and therefore there probably is not any influence of day in month on the total revenues of the company. The total revenues in day 26 are again influenced by the order made in February, which was in total 2,200 CZK.

Figure 25: Total revenues in 2016 – according to days in month
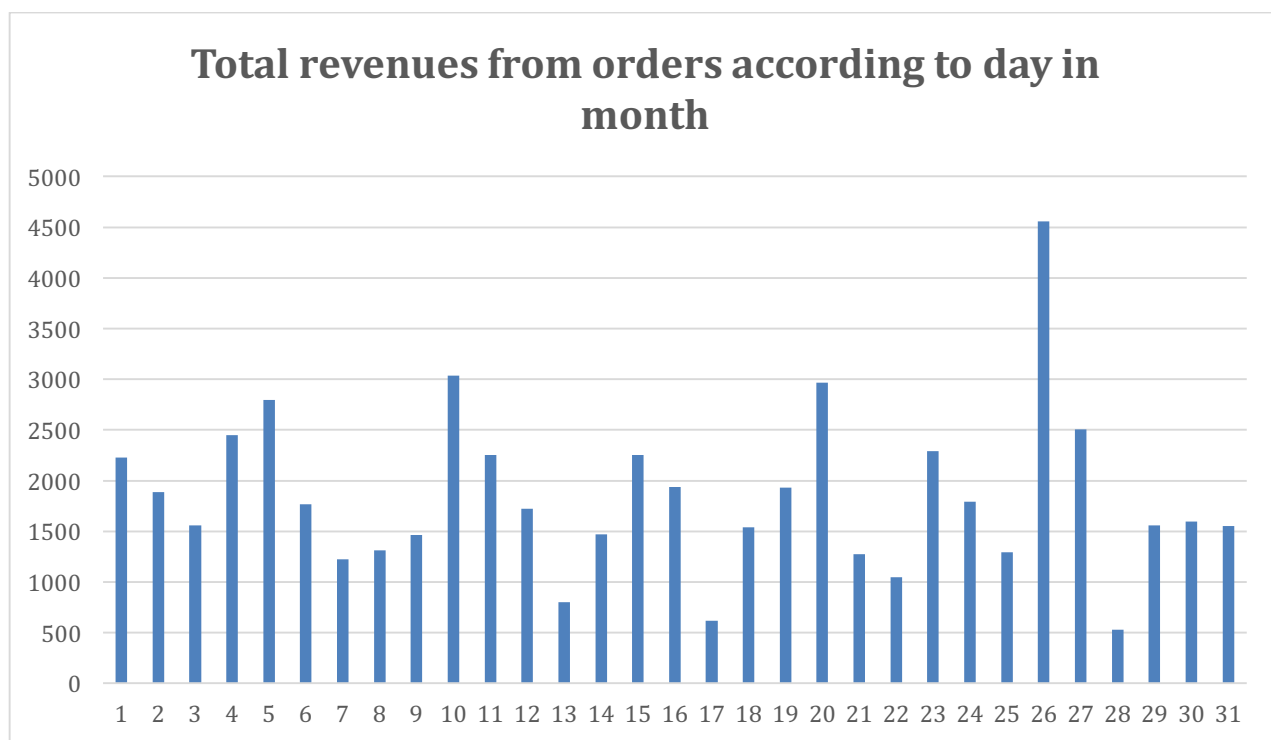
Source: Own processing according to data of the company, 2017

The revenues were distributed in the whole year unevenly; the majority of orders was done in months from April till August, which also corresponds with the revenues of the e-business.
In the analysis of days in month is not seen any peek in revenues, therefore there is probably not any influence, such as pay day, etc.

4.2.2 Linear regression analysis

For the purpose of analysis of relationship between independent and dependent variables was used linear regression analysis. Multiple linear regression is used to explain a relationship between one dependent and one or more independent variables (Statistics Solutions, 2017).

There was stated dependent variable y – order total in CZK, and seven independent variables x:

- day of order (x_1),
- month of order (x_2),
- and sources of orders: Facebook (x_3), Google (x_4), Seznam (x_5), Direct Access (x_6), and Srovnání cen + Heureka.cz (x_7).

The number of observations (n) is equal to 182. The variable x_7 summarizes two sources of orders, because these two shopping assistants and price tracking services are very similar and are run by the same provider.

Hypothesis is stated as follows:

H_0: There is a relationship between the order total and the day of order, month of the order, and source of order.

H_A: There is no relationship between independent variable order total and the independent variables day of the order, month of the order, and source of order.

In the following table are the measures of "Goodness of Fit", which describe how well the regression model fits the real data.

Regression Statistics	
Multiple R	0,122882858
R Square	0,015100197
Adjusted R Square	-0,024522209
Standard Error	231,1659843
Observations	182

Source: Own processing according to data of the company, 2017

Multiple R is the multiple correlation coefficient, which describes the strength of the linear relationship. When multiple R is zero, there is no relationship at all, when multiple R is equal to one; there is a perfect positive relationship.

R squared is a coefficient of determination, which tells how well the data fit the line. The closer the number is to one, the better the regression line fits the collected data. In this case, 1,5% of the variation in Order total is explained by the independent variables (day of the order, month of the order, and sources of order Facebook, Google, Seznam, Direct Access, and Srovnání cen/Heureka).

Table 7: ANOVA

ANOVA					
	df	*SS*	*MS*	*F*	*Significance F*
Regression	7	142556,7084	20365,24406	0,381102468	**0,912509754**
Residual	174	9298161,943	53437,71232		
Total	181	9440718,651			

Source: Own processing according to data of the company, 2017

The Significance F (Table 7) is a part of ANOVA and it tells if the model is a good fit, if the probability that the regression output was obtained by chance. Small Significance of F would confirm the validity of output of regression. In this case, the Significance F is large, and

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therefore the regression output was obtained by a chance occurrence. To have a meaningful correlation in the model, the significance F should be below 5-10%, in this case, the significance F is 91.2%, therefore there is not a correlation in the model (Wilcox, 2010).

Table 8: Regression analysis Excel output

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95,0%*	*Upper 95,0%*
Intercept	243,95	101,86	2,39	**0,02**	42,91	444,99	42,91	444,99
Day in month - x₁	1,50	1,91	0,79	**0,43**	-2,26	5,27	-2,26	5,27
Month of order - x₂	1,42	7,44	0,19	**0,85**	-13,27	16,11	-13,27	16,11
FB - x₃	31,40	87,57	0,36	**0,72**	-141,44	204,24	-141,44	204,24
Google - x₄	19,74	78,81	0,25	**0,80**	-135,81	175,29	-135,81	175,29
Seznam - x₅	46,00	94,61	0,49	**0,63**	-140,73	232,74	-140,73	232,74
Direct - x₆	72,37	87,79	0,82	**0,41**	-100,90	245,63	-100,90	245,63
Srovnani cen+Heureka - x₇	81,67	89,27	0,91	**0,36**	-94,51	257,86	-94,51	257,86

Source: Own processing according to data of the company, 2017

According to the excel output in the table above (Table 8), the regression equation is:

$$y = 243,9 + 1,5x_1 + 1,4x_2 + 31,4x_3 + 19,7x_4 + 46x_5 + 72,4x_6 + 81,7x_7 + \varepsilon$$

The p-values provide the probability that they are real results. The p-values in this model are for all independent variables higher than set alpha (alpha=0.05) and therefore there is not a significant relationship between the independent variables (day in month, month of order, and

sources of order Facebook, Google, Seznam, Direct Access, Srovnání cen + Heureka) and the dependent variable order total (Statistic How To, 2017).

According to the linear regression analysis there is not a relationship between dependent variable y (order total) and the independent variables x (day of order, month of order, source of order: Facebook, Google, Seznam, Direct Access, and Srovnání cen + Heureka). The total order is not influenced by the other factors, which were analysed using this multiple linear regression.

5. Conclusion

The Internet has changed the way businesses work, and has had a great impact on trade in general. The role of a consumer has changed as well, consumers have more power, they can easily compare products range of more businesses online, and they can find reviews by other consumers on selected businesses easily. The consumers` position on the market has improved even more with formation of social media, the communication between a consumer and a business has changed significantly.

The formation of an electronic business has opened the market for more new subjects; it made it much easier to start a business with lower costs. There is no need to have multiple systems to control the stocks and register received orders, there are tools where all of this is combined. There are many possibilities on the market for establishment of an e-business or e-commerce, it is possible to rent an e-business system, to have a custom-made e-business system, or to use and modify an existing template for quite low acquisition costs.

A wedding is for most people a very important day in their life, and it can be quite costly. The costs per a wedding usually vary from 1,000 CZK up to many thousands CZK, depending on the selected decoration and number of guests. Since people expect such ceremony to be only once in their lives, they tend to spend reasonable amount of money when organizing their wedding, and buying decorations.

The e-business WEDDECO.cz was established in December 2015, and it offers wedding decorations in the Czech Republic. The total costs of the e-business were below 50,000 CZK, and the total revenues in year 2016 were approx. 55,000 CZK. The data used for the purpose of consumer behaviour analysis are collected for time period from 1st January 2016 until 31st December 2016. There were 182 orders received in this time period in total, the number of purchased products in total was 1,060. The most frequent source of orders was Google.com (41%), next was a social medium Facebook (18%), on the third position is Direct Access, which represents a consumer who went from his or her browser directly to the WEDDECO.cz website. The consumers of this e-business were mainly from Prague region (30%), and South Moravia

Region (13%), where the second largest Czech city Brno is located. The majority of consumers (59%) chose to pay on delivery, the rest of orders was paid by a bank account transfer (41%); there is no possibility to pay by a credit/debit card yet. The most favourite delivery method was delivery by the Czech Post, which corresponds with the statistics for the Czech Republic in general. The mean of monthly revenues was 4,500 CZK; however, the seasonality of weddings must be taken into account. The average order total was 314.4 CZK, the median is 255.5 CZK.

There was analysed a relationship between the order total (revenues from an order) and day in month, month, variables source of order: Facebook, Google, Seznam, Heureka + Srovnání cen, and Direct Acccess. Using linear regression, there was determined that there is not a relationship between those variables, and that the order total is not dependent on any of these variables.

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