Czech University of Life Sciences Prague

Faculty of Economics and Management

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Diploma Thesis

Internet Marketing vs Conventional Marketing: Cross Comparison of Companies Operating in the Czech Republic

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2. Objectives of thesis and methodology
3. Marketing
4. Internet marketing and its types
5. Analytical part
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7. Conclusions
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9. Supplements

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The Diploma Thesis Supervisor: **Richard Selby**

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Head of the Department   Dean

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Declaration

I declare that I have worked on my diploma thesis titled "Internet Marketing vs Conventional Marketing: Cross Comparison of Companies Operating in the Czech Republic" by myself and I have used only the sources mentioned at the end of the thesis.

In Prague on 3 April, 2010 _____

Tomáš Krásný

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I am heartily thankful to my supervisor, Ing. Richard Selby, whose encouragement, guidance and support from the initial to the final level enabled me to develop an understanding of the subject.

Internetový marketing vs tradiční marketing: srovnání společností působících v České republice

Internet Marketing vs Conventional Marketing:

Cross-comparison of Companies Operating in the Czech Republic

Souhrn

Diplomová práce se zabývá internetovým marketingem a jeho srovnáním s jinými druhy marketingu. První část práce se zaměřuje na marketingovou komunikaci, marketingový mix a využití různých reklamních médií. Následně jsou analyzovány různé nástroje internetového marketingu a strategií na internetu, které by mohly být využity v podnikové sféře.

Cílem výzkumu bylo srovnat strukturu internetového marketingu vybraných společností z různých odvětví, které působí v České republice. Dále byly zkoumány výhody internetového marketingu, bariéry pro jeho využívání, možné trendy v internetovém marketingu a výdaje na internetovou reklamu.

Summary

Diploma thesis deals with internet marketing and its comparison with other marketing types. The first part of the paper focuses on the marketing communication, marketing mix and usage of different advertising media. Consequently, different tools of internet marketing are analysed to illustrate possible usage for companies and to show advertising strategies on the Internet.

Research focused mainly on the comparison of internet marketing structure of the selected companies from various industries, operating in the Czech Republic. Further, the aim of the survey was to find out advantages of internet marketing towards conventional one, barriers for the implementation within the marketing structure, possible trends and spending on internet advertising.

Klíčová slova: marketing, marketingová komunikace, marketingový mix, tradiční marketing, internetový marketing, reklama, internet

Key words: marketing, marketing communication, marketing mix, conventional marketing, internet marketing, advertising, Internet

CONTENTS

1. INTRODUCTION

Nowadays, the Internet is very perspective medium compared to the traditional ones. Most of the traditional media start to be more and more overlooked by the people as they become saturated with the advertising. One can observe this trend anytime he/she watches the TV, listens to the radio, reads newspapers or magazines or simply walks along the street paying no attention to billboards. People are no longer influenced by the conventional advertising as they used to be because the traditional system of addressing people does not work as they do not want to be pushed to buy something that they do not need. Such phenomenon is confirmed by several researches on this topic that all concluded that the efficiency of the traditional media is decreasing. Some people even claim that traditional advertising merely supports unnecessary consumption, i.e. advertising campaigns only manipulate people's opinion in such a way that they buy products they would otherwise not purchase. Therefore, the future does not lie in creating pressure on people to buy the products but instead, in cooperating with them on the product development by means of motivation, interactive communication, and individual targeting.

Such communication between the company and its customer is possible on the Internet where the enterprises can communicate with their customers directly on their web page or use great variety of other channels. Because the number of the Internet users is still increasing, advertising on the Internet becomes an efficient way to address particular customer segments or even individuals. Therefore, businesses that do not utilise any of the internet marketing tools can stagnate or even be beaten by its competitors. By focusing their advertising on the Internet, companies can increase their competitive edge and gain many new customers from all over the world who would otherwise not learn about them.

Because of the technology development, closer interconnection between the conventional and internet marketing can be expected as most of the traditional media will have their online versions, such as online TV, radio or journals. This brings an enormous opportunity for the companies to use their marketing campaigns according to the popularity of the media in the target group.

2. OBJECTIVES OF THE THESIS AND METHODOLOGY

Objectives of the thesis

The main goal of the thesis is to analyse internet marketing and its environment in the selected enterprises in the Czech Republic across different industries with regards to the size of the companies. For that purpose, the hypothesis was set up to be: ´Companies operating in the Czech market will increase their spending on internet marketing´. The partial objectives are as follows:

- Analysis of the marketing structure of the selected companies operating in the market in the Czech Republic
- Comparison of internet marketing and conventional marketing among different industries
- Possible barriers for the implementation of internet marketing as a part of the marketing structure of the companies in the market in the Czech Republic
- Future trends of likely adoption of internet marketing in the companies in the Czech market

Methodology

The basic step for elaboration of the thesis and validation or disproval of the hypothesis was to acquaint myself with the available literature on marketing, marketing communication and internet marketing specifically. As internet marketing is volatile industry and new methods emerge almost constantly, it was necessary to analyse not only books that assured the basic knowledge of marketing methods and advertising, but also the electronic resources that were ideal for understanding of the current marketing trends.

The paper is divided into two parts, the first part is theoretical and deals with marketing communication, different types of advertising media and their advantages and disadvantages. The second part looks at the internet marketing research that was carried out by means of the questionnaire distributed via email to the selected companies operating in the Czech Republic. Based on the gathered data, evaluation of the research and recommendation for the companies that participated was made.

3. LITERATURE OVERVIEW

3.1 Marketing

3.1.1 Definition of marketing

If one wants to understand marketing, first he/she needs to define it properly. Authors of the papers come up with different definitions what the marketing is and what it means. Also, it must be said that meaning of marketing changed during the time and therefore, only the latest formulations about marketing are mentioned here as it is not the purpose of this paper to hold forth on how its definition constantly changed in the course of time. One of the most famous authors engaged in marketing, Philip Kotler, divides definition of marketing on managerial and social one. The social definition of marketing is ´social process in which individuals and groups gain what they need and want, and during which we create, offer and exchange with other products and services that have value´. The managerial definition lies in the ´ability to sell product´, which is, however, only part of marketing because if the company understands well its consumers and their needs and wants, then the product will sell itself (2007, p. 43-44, translated). Therefore, companies should not only focus on the advertising of the product or service and its sale itself but also on the needs and wants of their consumers who could be their prospects.

Similar thought is held by Ali who points that marketing is effective when the company is producing things that it can sell, not the contrary that it is selling what it makes. Therefore, the most successful companies are those that are customer-oriented so that they first find out needs of their customers and, consequently, they launch a new product. For the reason to sell these products, they use different marketing tools starting with the marketing research and then with the product development (2001, p. 6-7).

Cheverton's claim is that marketing is ´anticipating, identifying and satisfying customers´ needs, profitably´. In his viewpoint, marketing is thus about identifying needs of the customers and their participation, all of that to be done profitably for the company. Further, he adds that the core of marketing lies in seeking the competitive advantage so that the company in question beats its competition (2004, p.8). This

conception of marketing thus counts with anticipation of possible market development and with competitive environment that must be taken account so that the company is profitable.

To sum up, there is no exact definition of marketing. All of the formulations should serve as the examples of the concept of marketing and taken into account by the enterprises when considering marketing structure but the final decision, how marketing will look like and what it will include, is up to them anyway.

3.1.2. Marketing mix

When a company wants to penetrate some market, it needs to understand not only the concept of marketing properly but also it has to combine marketing tools in a way that the product or service is successful on that specific market. For that reason, it needs to have a well-prepared marketing mix.

Lamb et al. argue that marketing mix is the term referring to the mixture of product, price, place and promotion (often called 4Ps). Correct proportion of all Ps is essential to break through in the market and thus marketing mix can be set up for more market segments or one for the target market as a whole if addressing only one target segment (2009, p. 45-46). Some authors, such as Wray, argue that 4Ps were replaced by 4Cs. This means that there is customer instead of product, cost in place of price, rather than place, there is convenience and instead of promotion, there is communication. All four Cs relates to the customer-oriented approach of marketing which puts stress on the consumer and adjusts everything by his/he needs (2003). Kotler's argument is that it depends on viewpoint of the sellers and buyers whether the marketers use 4Ps or 4Cs. Four Ps represents the opinions of the marketers about the use of suitable marketing tools to persuade the buyer while four Cs concentrates more on the customer and thus every marketing tool should be proposed to bring benefit to the customers. He further explains two of the above mentioned Cs in a way that customer means customer solution, i.e. customer is the core of the business, and cost implies customer cost, i.e. the price for which the customer is able to buy the product. Therefore, companies that will utilise the 4Cs marketing mix will win over the ones using 4Ps (2007, p. 57-58).

Another opinion about the meaning of marketing mix is introduced by Wright, who thinks that there are two more Ps added to 4Ps, i.e. people and profit, and thus 6Ps must be followed by the businesses. People are part of the marketing mix because it depends on the employees of the company, their skills, knowledge, education, motivation and their share of the company culture, whether the business is customer oriented and generates profit. Furthermore, profit must be analysed to find out if there is a synergy between the costs and profit, what is the structure of variable and fixed costs, how financial ratios of the company stand compared to the industry average and many more (1999, p. 322-323). There may be many more definitions of what the marketing mix means and what parts it should contain, however, most of the authors nowadays agree that it should be customer-oriented and lead to the profit for the certain firm. As marketing mix can be different on the Internet, it will be analysed in detail later on in this paper. In this part, only various marketing mix components are explained.

Product

As already mentioned, it is the product from which other marketing mix components unwind. From the marketing point of view, it is believed to be a product, goods, service that is offered by the company in the market. Before the product is launched on the market, the enterprise must do a research among the potential customers who will be using the product and find out what suits their needs. Consequently, the product is adjusted according to those needs and then, it is ready to enter the market. Product is connected with other features that sell it, such as brand, quality, packaging, perception of the people or after-sales service (Vladyková, 2008, p. 5; translated).

Kotler points out that product can be anything that is offered on the market to satisfy some needs or wants. Therefore, product relates to ´physical goods, services, experiences, actions, persons, places, properties, information or ideas´. Furthermore, potential customer will choose the product by three main attributes – quality and features of the product, type and quality of the services connected with the product and the price. (2007, p. 410, translated). As it is apparent, in marketing terms, the product means not only the ´physical goods´ but also other intangible things. When

the companies plan to develop, they have to think about its qualities but also about after-sales service and total benefit for the customer.

Place

It is important for the company to have the product at the right place so that the customers can buy it. Therefore, the term denotes availability of the product at the places that are suitable for that purpose. It means that the product such as premium lingerie should not be sold at the stands in the streets because the company brand could be damaged (Wright, 1999, p. 144). As Vladyková claims, this marketing tool is connected significantly with logistics and distribution because the product must be available in stock and then delivered in time to the appropriate place where it is sold to the customer. For that reason, the enterprise selling the product needs to ensure the whole market coverage and reliable transport (2008, p. 6, translated).

Price

Adequate price is essential when the company wants to sell great amount of the products. When it is set incorrectly, it can decrease the sales, even if the product is quality with high benefit for the customers. Wright's point is that the price is inevitable part of the product and creates money value for the customer so that if it is set too low, the product might be considered to be low quality, whereas too high price may decrease customer perception of its added value. As a result, it causes that the customer does not buy the product. In the viewpoint of Kotler, price is the only element of marketing mix that creates revenues, the others lead to expenditures. For that reason, it should be set very deliberately, taken into account different factors that influence it, such as perception of the customers, competitors and their reaction to the price and marketing environment. Further, pricing strategy must be consistent with the marketing strategy of the company, positioning of its brands and target markets (2007, p. 470, 500).

Promotion

The last item of the traditional marketing mix is promotion. Kotler believes that companies use different promotion techniques to communicate some information about their product or brand with their customers. The prime aim of the promotion is

thus to keep the customers informed about the product or service of that particular company, communicate that it suits best their needs and try to persuade them to buy it (2007, p. 574, translated). In other words, promotion is about finding proper communication with the customers so that they are influenced by it and persuaded to buy the product or service. For that reason, selection of suitable marketing communication is crucial for the product or service success.

3.1.3 Marketing communication

According to Kitchen, successful marketing communication must be two-way communication between the sender (usually the company) and the receiver (usually the customer) whose relationship is equal. However, their position in this context can be changed and thus both can represent either functions. From this perspective, it is necessary to define the basic communication principles for the company communication with its customers (1999, p. 9). From Vladykova´s point of view, communication must be effective in a way that the company maximise its objectives when using minimal resources (expenditures). For that reason, the enterprise should keep the following rules:

1) **Credibility** – trustworthiness between the company and the customer
2) **Suitable timing and environment** – communication should start at the specific time when the customer could understand it most and also, in a suitable environment
3) **Understandability** – not only the company managers should understand the message they communicate but also the customers should clearly get to know what the company wants to tell them.
4) **Clarity** – message should be expressed by means of easy symbols and terms that could be understood without difficulty.
5) **Systematic nature** – communication is never ending process that needs to be further developed or repeated to achieve demanded objective.
6) **Proved communication channels** – channels that proved to be successful in the past can be thriving now as well because it is always more difficult to find completely new channel instead of repeating the old one. However, various channels have different effects and therefore, they may be used in different stages of communication.

7) Knowledge of the receiver – the company should know its customers in terms of their structure, age, education, social status etc., so that it better understands how they perceive the communication message and thus adapt it to their behaviour (2008, p. 6-7).

The above mentioned rules are only the general ones which the company should follow when it puts together some communication message. In practice, the message is usually adjusted to the specific targets of the company and to the audience. It is important for the company to select the most convenient medium that would transmit the message and address the target group of the customers and, concurrently, that would be effective in returns on investment.

Most of the authors agree that promotion has several ways of communication: sales promotion, public relations, direct marketing, personal selling, events and advertising (Kotler, 2007; Kitchen, 1999, p. 9-12). Some of them add internet marketing to the main categories (see Picture 1), however, internet marketing is not mentioned here as it is broken down in the separate chapter of this paper (see chapter Internet marketing).

Picture 1: Promotional Mix

Source: LearnMarketing, 2010.

Sales Promotion

Promotion at the point of sale can be one of the decisive factors that influence the customer to buy the product or the service. Kotler asserts that sales promotion contains tools that stimulate sales of particular products or services mostly in a short term. When confronted with advertising that offers the reason for the customers to buy, sales promotion is focused chiefly on the incentive to buy. There can be 3 types of tools that promote sales:

1) Consumer promotion tools – various tools supporting consumer interest in the product or service and his/her loyalty, e.g. price reduction, coupons, loyalty rewards, in-store promotion stands, competitions etc.)

2) Merchant promotion tools – instruments such as price reduction, contribution to advertising and display, help businessmen to sell more products and services than for usual prices and they even increases sales of the products that are not promoted (such as complementary product categories). Furthermore, if the retailers get the sample of the products or service for free, it deepens mutual long-term relationships between the businessmen.

3) Sales promotion focused on the company itself and its selling power – these tools are used to gain new business contracts (business expos, conferences), to acknowledge company customers (promotional items with the company logos – pens, diaries, notebooks etc.) and to motivate its employees to increase sales (competitions for rewards among sales representatives). For every item of these tools, the companies need to draw up a budget (2007, p. 574, 624-628).

Sales promotion thus pose a great possibility for the companies to gain new customers in a short-term. Nevertheless, on their own, they fail to create customer loyalty or change long-term customer habit, so that they should be conveniently linked with advertising (Chartered Institute of Marketing, 2009, p.9).

Public Relations (PR)

There are many definitions of public relations (PR), expressing different opinions of the authors about what it means. Very simplified formulation of PR is expressed by Theaker who claims that ´PR is about reputation – the result of what you do, what you say and what others say about you´ (2004, p. 6). This gives a simplified explanation of what PR is, i.e. to sustain and develop sound reputation must be the chief task of every company. In other words, PR is a set of tools that help the company to communicate with media and other target groups (for instance – lawmakers, state authorities, politicians etc.) to increase the company reputation or awareness about its products and services (Vladyková, 2008, p. 8, translated).

From Kotler's point of view, PR departments of the companies have 5 following functions:

1) Relations with press – effort to present news or other information about the company in a way that supports its reputation and image.

2) Products publicity – endeavour to inform public and journalists about new or specific products in a way that would contribute to the product awareness among people.

3) Company communication – usage of internal and external communication to support understanding and decisions made by the enterprise.

4) Lobbing – attempt to influence decisions of the lawmakers in favour of the company, i.e. either passing or rejecting laws.

5) Consultancy – advices and suggestions to the company managers concerning public decisions and position of the company (2007, p. 632-633, translated).

In this perspective, PR is not only about powerful image of the company but also about good relations with journalists and influence on the people cooperating on passing the laws.

Direct marketing

The term direct marketing evolved over time especially due to the development of technology such as Internet that we are facing nowadays. Stone asserts that direct marketing can be defined as interactive, two-way communication with the prospects or customers, using different media to address them (such as email, telephone, TV, Internet, newspapers etc.). The principal goal is to stir up the customers to react, i.e. do purchase or respond to some advertising activity, and analyse and measure these responses according to their efficiency. By getting answers from different customers, databases of particular target groups can be done, which allows the companies to utilise them for further marketing campaigns (2008, p.4-5)

There are different types of communication channels to address the customers, such as direct mail, telemarketing, Internet, interactive TV, cell phones and many others (Kotler, 2007, p. 642). Some of these channels are further analysed in this paper.

Personal selling

Personal selling is probably the most effective type of promotional mix. Its indisputable advantage is the direct contact with customers, feedback received from them and its consequent incorporation in the development of the products or the selling process itself. Personal contact of the company employees (usually sales representatives) allows them to answer any questions asked by the customers or to solve the problems that might arise. Moreover, sales persons can build relationship which might soon grow from the business one into friendship that supports customer loyalty. Even if there are high initial costs for the enterprise to hire such representative, they will usually be paid back within one or two years. If the businesses (ordinarily small and middle enterprises) do not have sufficient funds to employ the salesman, they should not underestimate the power of personal contact and relationship as it is the powerful weapon in the hands of the businessmen (Chartered Institute of Marketing, 2009, p. 4-5).

Events

Sponsorship of the events of different kinds is very popular type of promotion for the companies and thus they spend great amount of money on this part of promotional mix. Kotler suggests that there are several reasons why companies support sport events, entertainment, festivals, trade fairs, conferences or other types of actions. Most significantly, businesses want to strengthen perception of the brand or the company as a whole by the consumer and build prestige. When the people have feelings or the experiences aroused by the thrilling event, they can connect them indirectly with the brand. Furthermore, companies can support non-profit organizations or charities to express their dedication to the community or social problems.

On the other hand, there is the risk for the firms that the event will not be successful and out of the control of the sponsor (2007, p. 630-631, translated). In that case, companies hazard their prestige and perception by the people.

Advertising

Advertising is used very frequently by the companies nowadays. Most of the authors agree that it is defined as any paid, persuasive promotion of the product,

service or ideas, using media and other forms of communication to spread the message amongst people (Vladyková, 2008; Kotler, 2007; Ali, 2001). Sometimes, advertising refers to the term marketing campaign, which is when the company utilises more communication channels at once to diffuse the message.

Kitchen's argument is that advertising is more distanced form of communication except for direct-response adverts and, therefore, it does not increase the sales of the products or services but instead, it is more focused on brand building (1999, p. 266). Such contention is questionable because with the development of Internet and digitalised technologies, almost any form of campaign can be run, and moreover, companies approach the advertising in a different way so that there is no uniform measure that would suit all of the campaigns. On the contrary, today's campaigns must be created in a creative way to be successful.

According to Kotler, there is great diversification among the businesses in terms of advertising. In the small firms, advertising is done by someone from the sales or marketing department who usually cooperates with a marketing agency. On the contrary, large companies often establish their own department whose responsibility is to draw up the advertising budget, create and carry out advertising strategies and campaigns and others. Generally, most of the businesses use the services of marketing agencies because they get strategic advice from the specialists about different forms of communication (2007, p. 606, translated). Appropriate selection of the marketing agency can be thus crucial for the success of the whole marketing campaign.

3.1.4 Advertising media

The choice of media for advertising depends on many factors such as budget of the companies, effectiveness of the media, target group, marketing strategy of the companies and some others. The companies must decide which media best suits their requirements for the marketing communication and for the spread of the message. Different types of media with their pros and cons are described below.

Television

Television is generally regarded to be the most powerful medium that addresses the greatest amount of people but on the other hand, the most expensive one.

Vladyková claims that there are several TV channels available in the market and, therefore, it is vital for the companies to find out what is the target group of each channel so that the marketing communication is targeted correctly. The trend in TV broadcasting leads to more frequent occurrence of tabloid information that is more attractive for current TV viewers. This brings emotional messages being promoted instead of focus on the informative side of broadcasting that was typical in the past (2008, p. 9, translated).

The most important trend of TV broadcasting is digitalisation. TV transmission is available more and more frequently at other communication channels such as the Internet or cell phones. Also, with the increasing number of TV channels and the spread of cable and satellite TV, people can choose programmes to watch according to their interest (Stone, 2008, p. 276-277). Kurtz et al. assert that the latest trend of TV advertising is the virtual banners in the form of company logos or brief messages usually viewed mainly during the sport events. In this case, TV watchers seem to think that the banners are part of the stadium, where the event takes place, as they blend into it but in reality spectators present at the stadium can not see anything because it is only the TV trick. Further, TV spots are nowadays mostly 15-30 seconds long so that the viewer does not have a chance to switch over to other channel (2008, p. 513). All of these new trends represent a chance for the marketers to find new ways to influence the TV viewers in a more efficient way.

Advantages

TV advertising reach is very high – i.e. it addresses great spectrum of people (if the TV has national coverage) and leads to low costs per impression (i.e. one view). It can be a very efficient way of brand building as the company logos or slogans can be shown several times during the spot, which supports the prestige of the brand and arouse emotions among people. In addition, TV medium is ideal for demonstrating how particular products work, or what unique propositions they have compared to the competitors. For these reasons, if TV advertising is well-prepared, it can significantly improve value of the brand and increase sales (Kotler, 2007, p. 609, translated).

Disadvantages

The most prominent drawback of TV advertising is its surfeit in the eyes of the watchers. Inordinate use of commercials in the breaks between the TV programmes

results in increasing number of people ignoring the spots and forgetting about them. Further, TV stations charge great amount of money for the advertising space and when one adds high costs for the production of TV advertising, it is obvious that such form of advertising is not intended to be for all kinds of companies but predominantly for the large ones with greater marketing budget. Finally but importantly, efficiency of TV advertising has been declining in the last decade as there are less people paying attention to such adverts (Kotler, 2007, p. 609, translated).

Print

Printed advertising is traditional medium where marketers place their adverts. It usually has two forms - newspapers and magazines - that have their own particularities but in general, advertising in them is similar. When the companies plan to do advertising in the newspapers or magazines, it is crucial to select the appropriate print according to its focus and structure of its readers so that it best matches with the target group that the company wants to address. Ali claims that printed advertising is the cheapest way to appeal to the great audience. However, companies should negotiate with the media representatives as there is always room for price reduction. When doing so, enterprises should ask for the media kits that are ordinarily more convenient, for example, the company buys a place for one advert and gets the second for half of the price or on a better situated spot (2001, p. 40).

As Kotler argues, magazines and newspapers are practically the same in terms of advertising. However, magazines are more effective if the advertising uses some symbols to spread the communication message. On the other hand, newspapers are read by greater number of people than magazines and because of many local newspapers being published, advertisers are notably local merchants and retailers. To penetrate among the great amount of adverts that usually occur in the newspapers and magazines, it is necessary for the companies to make the advert catchy by using dominant graphical features. The most significant attributes, that the adverts must have to be noticed by the readers, are picture, title and text. The picture has to be emotive and strong to draw attention, the title must be interconnected with the picture and at the same time eye-catching so that the readers proceed to the text as well (2007, p. 609-610, translated).

Advantages

According to Ali, print advertising is very effective as the direct-response medium, which means that the customer can order anything merely on the basis of the advert. Newspapers are ideal for addressing many customers of different socioeconomical characteristics. If the newspapers are local and available for free, advertising in them is usually cheaper than in nationwide journals that are commonly more prestigious (2001, p. 40-41). Furthermore, if the companies repeat their ads in the newspapers, their credibility increases and recognition of their readers as well. As far as the magazines are concerned, the are appreciated for their longer shelf life, i.e. some magazines can be still actual even if the issue is not the latest one. This contrasts with the newspapers having short shelf-time as they get obsolete very quickly. Moreover, readers spend more time when browsing the magazine than with the newspapers, which increases the opportunity than the advert is viewed (Entrepreneur, 2010).

Disadvantages

Lamb et al. state that printed advertising is overfull with advertising and for that reason, people do not pay much attention to the adverts (p. 402). This is also Kotler´s view who argues that less than 50 % of the audience exposed to the advertising notices it, 30 % may recall the main message included in the title of the advert, 25 % of the people remember the name of the company included in the advert and finally, only 10 % of them read the whole text (2007, p. 610, translated). Such figures show that newspapers and magazines advertising is read only by little portion of the people who bought them and, therefore, its efficiency is rather low.

Ali points out that advertising in the newspapers is quite expensive when one takes into account its lifetime and efficiency. If magazines are concerned, they have rather long time of the delivery, in other words, they did not necessarily have to be available in the planned terms everywhere (2001, p.41). This problem can be solved by digitalization of the print media and their transition to online version. Yet, it is questionable whether these online versions will be still provided for free or the customer will have to pay for the subscription or access.

Radio

Radio can be an effective medium for expressing the message to the people using audiovisual communication. Ali argues that before the company selects the radio station to place advertising there, it should know what the listeners´ profile is, i.e. their age, education or customs. When the radio station is selected and business terms and conditions agreed, the enterprise must create the advert itself. If it is annoying, there is nothing simpler for the listeners to turn it down or switch to other station. To avoid this, advertising on the radio should contain sounds, music or mixture of men and women voices where the speaker is talking directly to the listeners. As this is a rather complicated process for the company in question, cooperation with some specialised advertising agency might help (2001, p. 44).

As radio is passive way of communication because the listeners do not need to do any action when listening to the adverts, frequency of the advertising is important. In general, the radio spots are recommended to be heard not less than 18 times in a week but, preferably, 24 times and more in one week. The advertising should be under way more than two weeks and then it should be repeated depending on the advertising goals so that the customers recall the product or the brand. The usual length of one advert on the radio should be one minute, however, in some cases additional fifteen second can be added so that the impact of advertising is maximised (Entrepreneur, 2010).

Advantages

According to Kotler, the cardinal asset of radio is its flexibility because each radio station has exact profile of its listeners so that the advertising can be easily targeted. Furthermore, adverts on radio are relatively cheap compared to TV, for instance, and late deadlines for the submission of the advertising are allowed, which enables quick reactions of the companies in terms of adverts placement. Radio advertising is especially efficient in the morning when many people are getting up to work or schools. Finally, some people believe that if the advertising cleverly contains mixture of music, voices and other audio tools, it can elicit imagination and create a dulcet perception of the product promoted (2007, p. 610-611, translated).

Ali lists other pros of the radio advertising. Particularly, radio adverts can be less easily overlooked compared to the printed adverts. This is related to the fact that

sound is perceived better by the listeners other forms of communication. Therefore, music and sound can transfer the hearers anywhere according to their imagination and they absorb the message without any effort. Further, local radio stations are listened mostly by the people from that area and for that reason, they are ideal medium for local companies (2001, p. 45).

Disadvantages

There are obvious cons of radio advertising, such as the absence of visual features, so that the listeners do not see any pictures, only hear sound or music. This can be crucial for some customers to see their appearance, nevertheless, if the advert is made creatively, customers can at least remember the slogan of the company and brand name as well. Yet, the listeners need to make notes of the details of some offer made on the radio in order they would not forget it. It can be said that radio adverts have only short-term impact on the customers when compared to other media. Because of the audio nature, the advertising must be exhaustive in a way that details, usually written in small font in the printed or TV advertising, are mentioned as well (Ali, 2001, p. 45). Naturally, this makes the advertising longer and more expensive.

Outdoor

It is usually characterised as any advertising placed outdoor from which it is clear that there are many types of such advertising. The most famous one is probably billboard, followed by advertising in public places or on the means of public transport. Marketers usually try to address the people at different environments than at home, i.e. at work, at school, at the shopping centres etc., because such placement is more convenient for them. The explanation is that outdoor advertising which is creative and that the people do not expect at some places, can very well draw attention of them.

Billboards are probably the most spread type of outdoor advertising. Nowadays, they have undergone a great technological development because of the digital graphics used, lighting, sounds, or other motions that help to draw the attention even more. Such technological conveniences also enable to switch the adverts so that it is possible to see several of them on one billboard (Kotler, 2007, p. 615-616, translated).

As outdoor advertising is impossible to avoid, companies try to come up with new forms of outdoor advertising that would capture people's interest. An example can be

ambient advertising that refers to intrusive, outdoor advertising usually in public places. It consists new advertising vehicles that appear on such things as means of public transport, cars and bicycles, or in the places such as benches in the park, floors of the shopping centres, toilets or in the beach. Some of the authors thus assimilate such advertising to ´environment pollutants´, meaning that it is everywhere (Media Awareness Network, 2010).

Advantages

The greatest advantage of outdoor advertising according to Reece-Myron is that it is exposed nonstop every day in a week and moreover, it is not disturbed by other pictures or texts as printed advertising or by other programming features such as the Internet adverts. What is more, it can be targeted in a way to address specific audiences at almost any place. If one compares it to other traditional media, it follows from the research carried out in the USA that outdoor advertising is 80 % cheaper than TV, 60 % cheaper than print advertising and 50 % less expensive than advertising on the radio. Speaking in general terms, even if the prices change all the time, it is visible that outdoor advertising is less expensive compared to other media (1998).

Disadvantages

Vladyková argues that outdoor advertising (especially billboards) must contain brief and clear messages so that it is noticed and understood by the people who usually just pass or walk through. Thus, the advertising message is often influenced by substantial communication disturbances that decrease their impact. For that reason, outdoor advertising is not suitable for products that need more detailed explanation, for example, cars. Similar opinion is expressed by Kotler who thinks that the limitations in creativity and in the selection of the audience are the most distinguished drawbacks of outdoor advertising (2007, p. 614-616, translated).

Direct mail

According to Kurtz et al., direct mail is the technique of marketing communication based on sending marketing materials – usually letters, postcards, brochures or catalogues – to the customers or prospects (2008, p. 495). Even if this might look like an old-fashioned way of marketing communication, it is not. Kotler asserts that direct

mail is popular because it enables the businesses to select the market and the customers according to the company's intentions. In addition, it is very efficient in getting the responses from the customers, and the evaluation of the response rate. To contact the customers, direct marketers use either their own databases or they can buy the databases from the specialised company. The goal of the campaigns is mostly to receive orders from the customers. However, there are another goals that the campaigns can have, for instance, strengthening relations with the customers, reminding the offers and others. The success of the direct mail campaigns is measured by the response rate that is regarded to be good if it reaches at least 2 % (2007, p. 642-644).

Advantages

As Frey claims, direct mail is one of the most powerful media today. It is more efficient than for instance personal selling, as the enterprises can reach thousands of customers at once instead of working hard to persuade only one in case of sales representatives. Furthermore, the businesses can send almost anything from pictures to any printed material, that spark customers´ response. Such answers can be easily measured and ROI of individual campaigns evaluated. Importantly, direct mail uses offers that are personalised according to the target customers. Unlike TV or radio adverts, direct mail is ´physical´ medium, which means that it is something that the people hold in their hands. Even if they put it way, still there is a chance that they find it later and thus, recall the company's offer. Furthermore, when the people read direct mail, they have to fully concentrate on it, which can not be said about TV or radio adverts when they behave only passively (2010).

Disadvantages

As Kurtz et al. argue, direct mail is quite expensive as the companies usually address only one customer. The success of direct mail campaign depends on the quality of the mailing list. If it is not well-prepared and the addresses checked, then the company unnecessarily wastes its money as the mail is never delivered to the particular persons. What is more, some customers might have strong hatred for this kind of marketing materials so that they get rid of them before they opened them (2008, p. 516).

Internet

Internet can be nowadays regarded without exaggeration as the most perspective medium. As Frey claims, the amount of internet users is consistently increasing and therefore, there is no wonder that some companies increase their spending on internet advertising. It is estimated that 42 % of the people in Europe are online seven days a week, 10 % is online 25 hours a week. Furthermore, the trust in the Internet as a medium is high as three fifths of the online users consider the Internet as reliable source of information. In the viewpoint of the businesses, Internet has second highest ROI after PR, which contrast with for example TV that is least efficient n terms of ROI (2008, p. 54-55).

In the opinion of Funk, Internet has shifted its potential to what is now called ´Web 2.0´. It means that it is now more interactive than ever before. Control of its content is now in the hands of its users instead of the site owners as before. People can now join social networks such as Facebook, write reviews about the products, contribute to specialised discussions and advice one another, compare products and evaluate them and many other things. Because of the technology development of rich media formats such as Flash, it is now easy to watch live streaming of TV or radio, download music or movies, play online games with the friends or with anyone else in the world and do plenty of activities that were formerly not available for the online users (2009,p. xi-xv). If the businesses will make the most of these new means of interactivity on the Internet and use internet marketing tools to achieve that, they can profit from it.

Advantages

According to Frey, the most significant advantages of the Internet for advertisers are its interactivity (described above), customer targeting that is available even on the level of an individual and longer impact of online advertising on the people. Furthermore, feedback that the companies can receive on a daily basis from their customers is very appreciated (2008, p. 54). More of the pros of the Internet are analysed in the analytical part of this paper.

Disadvantages

There are not so many drawbacks of the Internet compared to its benefits. Ali assumes that the limitation of the Internet lies in the inability of the personal contact as the customers must visit the company on its web page, not visa versa. Further, frauds, hacking and viruses still represent a threat for the enterprises (and for the customers as well) and can sometimes cause great damages (2001, p. 50).

3.2. Internet marketing

3.2.1 Definition of internet marketing

As internet marketing is still developing, it is difficult to mention one proper definition that would suit all the methods used on the Internet. Furthermore, the definitions vary according to the scope of techniques that internet marketing includes. However, the purpose of this paper is not to prospect for the differences in the definitions so that the term ´internet marketing´ is used further in the paper. According to Chaffey, internet marketing can be labelled as online marketing, digital marketing, e-marketing or electronic marketing. All of the terms differ in details and sometimes they are referred to represent the same. Speaking in general terms, it mostly defined as the way of usage of electronic communication technology to achieve the marketing objectives (2009, p. 9).

Unlike Chaffey, Vladyková thinks that electronic marketing is not the correct definition of internet marketing because it denotes the entire electronic marketing including mobile marketing and online TV (2008, p.15, translated). Harris defines internet marketing as ´advertising on the web or marketing using the web platform´ (2008, p.16). From the above definitions, it is clear how the terms may differ. To conclude, internet marketing includes any advertising or marketing methods used on the Internet to fulfil company marketing objectives.

3.2.2 E-marketing mix

When the companies use internet marketing in addition to the traditional marketing, they need to harmonize not only the marketing activities on the Internet

among one another but also interconnect them with the traditional marketing strategies offline. Therefore, creation of the appropriate e-marketing mix besides the classical marketing mix is vital for the success of the company marketing strategy.

Product

When the company is thinking about the product strategy on the Internet, it should take into account the similar aspects as for the typical product but focus on the differences that Internet brings. Because of the great competition on the Internet, products on the Internet must somehow differ. It is usually the additional services connected with the product that play an important role, such as speed of the delivery, after sales service or the amount of pieces of information about the product that is made public by the company (Blažková, 2007, p. 114, translated).

According to Chaffey, the great advantage of Internet is that the customers can participate in the product development. If the company web page is created cleverly, and people are motivated enough, then they can draw up their suggestions on the appearance and qualities of the products. This can not only serve as the inspiration for the company's products but also to find out what the customers demand. For that reason, the customization of the product is important. This means that the customer can change the design of some of the product vital parts in order they resemble his/her ideas. This approach was adopted by the company producing Barbie dolls as the customers could change their style. Moreover, some businesses may limit the products offered at their stores to the ones that are selling best. Yet, on the Internet, they may offer many more products as they are not limited by space in the store and the costs are usually lower. Finally, the companies should enable the customers to write reviews on the products their offer (both positive and negative) and to allow them to compare the products qualities. Such things can not be done in the stores (2003).

Price

According to Stuchlík, pricing strategy on the Internet is not different from the one used standardly. Basically, there are two pricing policies represented on the Internet. First, it is the low price policy that is utilised by the majority of the companies on the Internet, especially by those that operate only online and do not have brick-and-mortar

shops. Low price is for many people the reason to go online and shop there instead of traditional shops where the price of the same product is usually higher. Second, the high price strategy aims at another advantages for the customers, such as comfort of the purchase itself, fast delivery or extended warranty of the product. Sometimes, one can see the strategy that is combining both high and low prices. Such strategy is based on the transitory reductions that try to attract the customers. However, this is very demanding in terms of marketing communication because there has to be some advertising used to let people know about such reductions. Furthermore, some businesses might exploit the strategy of low prices that are connected with more expensive additional services, such as delivery. In that case, the companies rely on the fact that the customer is attracted by the low price but does not find out the price of other services, or does not compare the price with other shops (2000, p. 122-126, translated)

Distribution

Distribution strategy usually denotes the way the product or the service is distributed to the customers or companies. Blažková identifies two roles of the Internet. First, Internet serves as a distribution channel, which means that it is the medium that intermediates the products or services. This is specifically the case of the products that are transformed into the digitalised form, for example software, books, music or other pieces of information, or the services such as legal or medical consultancy. Second, Internet functions as the place of purchase. In this case, Internet is only the intermediary of the purchase and the goods or services are delivered differently, such as via transport companies or courier services (2007, p. 126-127). Therefore, Internet can be the part of the distribution channel depending on the way that the enterprises are utilising it.

Promotion

Much of the principles of the promotion in the marketing mix is also valid here for the e-marketing mix. Different combinations of direct marketing, PR, sales promotion or advertising can be used on the Internet as well. However, these tools must be used with regards to different character of the Internet. Therefore, personal selling can not be used here because of lack of personal contact. As Blažková claims, this might not be

true in the future when videoconferences between business partners or between the enterprises and their customers will become commonplace.

In promotion communication online, as well as in the offline communication, means of the communication, tools to reach the goals together with terms of realization and investment must be specified before any promotion activity is realised (2007, p. 131-132, translated). Advertising is the most significant part of the promotion on the Internet and, therefore, constituent types of the internet marketing are analysed in the next chapter.

3.3. Main types of internet marketing

Internet marketing is still developing area, where new and new techniques are generated. There are many division characteristics of internet marketing available, each counting with different types. For the purpose of this paper, only the most frequent types of internet marketing according to the author's opinion are further explained and thus, the basic division is provided.

3.3.1 Search Engine Marketing

Search engine marketing (SEM) is the form of internet marketing that tries to ensure the company the best position in the search results pages of the search engine (SEMPO, 2010). In other words, it aims to make the company visible for the people in such a way that the company web page appears on the top position of the search engine. Mostly SEM is referred to contain the following basic tools to achieve such results:

1) **Search engine optimization (SEO)**
2) **Contextual advertising**
3) **Sponsored search**
4) **PPC systems**
   (SEMPO, 2010)

1) Search engine optimization (SEO)

SEO is the process of improving the content of the web page and its code so that it suits best to the keywords that the people place into the search engine. The goal of SEO is the highest position in the search engine results (SEMPO, 2010). Ruibar argues that SEO is only the tool to achieve higher goal than just to be at the top of the results page. Prime aim of SEO should be to attract as many visitors from the search engine as possible who are from the enterprise's target group, i.e. those who type some keyword or phrases of keywords into the search engine. Such keywords must be taken into account when the company web page is created (2005, p. 90-91, translated).

As Funk claims, approximately 60 % of the companies´ customers are attracted to the web pages through the search engines. About half of it relates to the name of the company that was searched for, the other one refers to the keywords. Therefore, SEO is very important factor for the companies trying to increase their web traffic. Furthermore, SEO is more fair than the offline advertising as the small enterprises can often beat their bigger competitors because of better SEO strategy (2009, p. 14-15).

2) Contextual advertising

Contextual advertising is the type of online advertising that is connected with the context, i.e. key words. It is mostly displayed on the page with the relevant content. In other words, it functions in a such way that system recognizes the type of the article or web page and on the basis of that, it displays the advert that is related to the page/article topic. Such advertising systems are run by for example Google or Overture (Marckini, 2003). In the Czech Republic, there exist the advertising system such as eTarget, bbKontext, AdContext or Efektiv (Sedláček, 2006, p. 240, translated).

3) Sponsored search

According to Scott, sponsored search usually appears in the form of little text advertising according to the keywords on the search results page of the search engine among the ordinary listings. The companies pay per click, i.e. they first set the amount given to each click that is made by the internet user and then they set the keywords that relate to their products, services or the company itself. The rank of the links depends on the price that company assigned to one click (the higher the price, the higher the position in the results page) and on the click through rate, which is the number of the users who clicked on the advert divided by the total number of users

who viewed the advert. The examples of the programmes that allow such advertising are Google AdWords and Yahoo! Search Marketing (2007, p. 241-242).

4) PPC systems

PPC means ´Pay per click´, which denotes any advertising system where the companies can place the adverts and pay according to the number of the clicks made by users. The companies do not pay for the number of adverts that were viewed but only for the clicks that were made. There are three types of PPC available, besides the contextual advertising and the sponsored search described above, it is the advertising in the catalogues. Advertising in the catalogues is viewed according to the words that are assigned to different categories (Vladyková, 2008, p. 23-24, translated). To give an example, seller of the cars that specifies its keywords as car and Audi, will have its advertising in the section devoted to cars and to the model Audi.

3.3.2 Banners

As Sedláček claims, banners are probably the oldest type of internet marketing. Banners represent advertising stripes of different sizes that are present usually at the top, bottom or alongside the page. Originally, the banners were static, i.e. not changing at all, having only minimum of colours. Yet, with the development of Macromedia Flash format, the banners started to be interactive, which brought new features such as animation, sounds or user's reaction. These are usually the ones that react on some user activity, for example, page entry, motion of the mouse etc. (2006, p. 225-227, translated).

Nowadays, with the increasing amount of adverts on the Internet, the users overlook them, which means that they pay attention mostly to the text they want to find. According to Nielsen, most of the studies carried out on this topic, found out that people rarely look at anything that is similar to advertising. The Picture 2 shows three types of scenarios based on the eye tracking research. The one on the left represents quick scanning of the page, the middle one stands for the fractional reading and the one on the right represents attentive reading. Areas with the red colour are the ones where the users looked most frequently, yellow areas were looked at less, blue areas

indicate the least views and the grey ones received no attention from the users. Advertising is bounded by green frames (2007).

Picture 2: Banner blindness
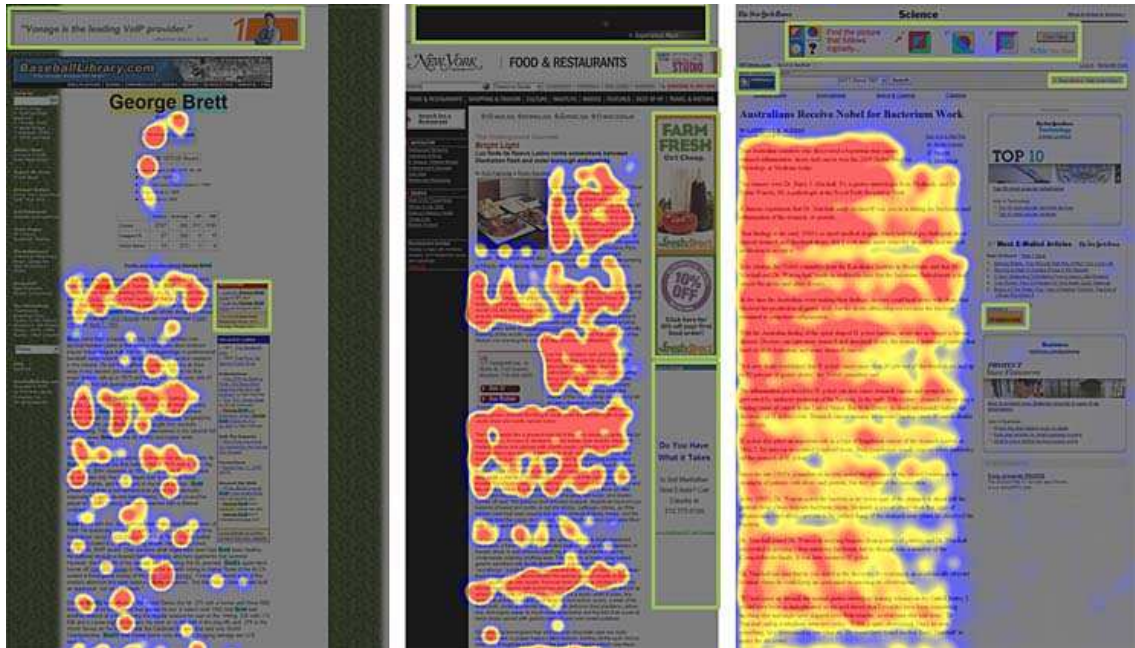
Source: Jakob Nielsen, 2007.

It is visible that in all of the scenarios, people paid no attention to the areas where adverts were placed, which confirms the fact that banners are less efficient medium compared to other internet marketing vehicles.

3.3.3 Email

Emails represent an efficient type of internet marketing that can yield profit for the business. Kotler claims that click-through rate of emails reaches about 80 %, compared to less than 1 % click-through rate of banners (2007, p. 653).

As Funk argues, there are two types of email marketing used. First, emailing concerns sending email to such customers of the company who have opted-in to receive such materials. These can include discounts for members only, exclusive sales offers or other offerings that are exclusive only to the members as expression of the company loyalty. Second, another way to exploit emails is newsletters that offer some editorial content which must be interesting for the customer. They can contain links for

discounted or sales products but even if they do not, it is a good way to let its customers remind the company. Both types must be sent only when the customer agreed to receive such offers or otherwise, they could be regarded as spam, which would damage the company name. Also, there has to be a possibility for the customer to unsubscribe so that he/she will not receive such emails anymore (2009, p. 23).

3.3.4 Affiliate marketing

According to Funk, affiliate marketing was the only way to yield revenues for some of the companies before the paid adverts aroused. Nowadays, it is a popular and easily measurable way to spread the business on the Internet. Affiliate marketing works on the principle that the original company is paying to the site owners when they use the company's affiliate system. Commissions are disbursed on the basis of revenue share, generation of the prospective customers, sign-ups to the newsletter, increase in membership or requests of the catalogue (2009, p. 80). Stuchlík asserts that the price for one realized action (order, request, sign-up etc.) paid to the affiliate partner is quite high but that is because one actions requires only tens of clicks made by the users (2000, p. 209).

3.3.5 Other types

Because of the technology development, new advertising vehicles have recently emerged. As it would be almost impossible to cover all of them, the most significant ones for the internet marketing in the viewpoint of the companies, which were also analysed in the research, are briefly described here.

Social networks

Social networks now belong probably to the most favourite sites among the people. As Scott points out, users can create their profile and build the network of their friends with whom they share statuses, pictures, videos or play online games. The structure of the people on the networks is different, varying in what services the networks bring for its users. While MySpace has users across different age structures, Facebook is popular particularly among university students or teenagers. Businesses

should, therefore, create their own profile or site on the social network and consequently, try to attract users to join their site so that they could communicate with them (2007, p. 229-231).

Blogging

Blogging can be interpreted as writing posts or journals that are meant for the public (SEMPO, 2009). It was estimated that in 2008 the number of blogs on the Internet was up to 329 millions, with 900 000 of new blog posts written every day (Pingdom, 2009). This is the evidence of the popularity of blogging that could be used by the businesses as well to increase their web traffic.

Podcasting

Scott defines podcasting as the audio record (or video record possibly) that is saved on some site so that the users can download it and listen to it at any time they want. Enterprises can introduce for example some educational programme that the users find useful, and on the basis of that, they can buy the products, services, or at least the company brand name is reminded (2007, p. 219-224).

RSS

The abbreviation means ´Rich Site Summary´ or ´Real Simple Syndication´ which is a synonym for a distribution of audio, video or textual material (SEMPO, 2009). In other words, users can view or download the latest information from their favourite blog or site directly to their browser without the need to enter the original site.

Viral marketing

Frey specifies viral marketing as the way to gain customers in order they pass along the message about the company product, service or web page. The most frequent medium for the spread of the message on the Internet is email. It can contain some interactive or multimedia files that the customers find attractive in such a way that they send the files to their friends. The threat of this marketing method on the Internet is the absence of control for the marketers and also never ending fight with spam because the diffused message must be distributed only legally (2008, p 69-72).

Online competitions

As Sedláček claims, online competitions are more popular in the Czech Republic than in other countries of Europe, as the Czech people are playful. The competitions can have any form based on creativity, skills, prediction or others. The chief advantage for the enterprises consists in the increase of sales, brand or product awareness or collection of the customers´ data that can be later used for other marketing activities (2006, p. 270-271).

Online games

Online games create a huge market opportunities for the companies. In 2006, worldwide online games market was worth $4 billion and expected to increase three times by 2011, driven especially by multiplayer online games. (Marketing Charts, 2007). Such games are played mainly by 18 to 34 years old men, who are otherwise difficult to address by ordinary adverts. For that reason, sponsorship of the games and games tournaments can be an opportunity for the companies to capture (Burns, 2006).

Microsites

As Funk argues, microsites are specialised sites intended for one customer group or niche. They are useful because of their easy memorization by the customers who get exactly what they are looking for on one site instead of skipping from section to section of the large company site. The microsites are usually used by big enterprises that want to stress some of their products, service or campaign (2009, p. 30-31).

4. ANALYTICAL PART

4.1 Internet marketing vs. conventional marketing

Internet marketing is believed to be more perspective marketing type than the traditional one. Because the traditional media are loosing efficiency, they are more and more combined with ambient media[1] and the Internet. Companies need to adapt their operation to new environment, which lies in the new life style of the people and their behaviour. At present, people use more frequently Internet than ever before, which is confirmed by the Internet World Stats survey, which shows that from 2000 to 2009, the number of Internet users worldwide increased by 399 % (2010). Such trend of the people's behaviour brings necessary marketing decisions for the companies whether to change their marketing strategies somehow or stay with the old ones that have worked well so far.

Internet marketing brings more efficient targeting than conventional marketing because when people click on the advert (banner, text advertising etc.), response rate can be simply measured. Therefore, targeting on the Internet can be done on the individual basis. On the contrary, some traditional media, such as billboards, do not give the evidence about the number of people who viewed them. Targeting in their case is more mass and thus, it does not allow to impact individuals. In the following overview, comparison of advertising on the Internet and in traditional media is made.

Internet vs TV

Advertising in TV can still be an efficient way to address mass audience as it uses both audio and visual features to communicate the message. This also goes for Internet where one can see adverts containing visual or video sequences in greater and greater extent. However, what is different is that one needs to have TV turned on to watch the advert that lasts for a short moment, whereas on the Internet, people are exposed to the advertising nonstop whenever they join the web

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[1] untraditional carriers of advertising campaigns, trying to astonish the people at unexpected places, usually outdoor (Frey, 2008).

Contrary to the mass impact of TV, Internet advertising is more focused on the individual, which corresponds with the price of advertising that is much lower than in TV. In Czech Television 1, the traditional Czech channel, the price of 30 second spot in May 2010 ranges from 130 000 CZK to 365 000 CZK depending on the part of the day and attractiveness of the TV programme (Media Master, 2010). This shows how much money the company needs to spend to appeal the customer in the averaged 30 seconds on only one TV channel.

Internet vs Print

The similar feature of the Internet and printed advertising is that in both media, the advertising section is usually marked as ´advertising´ (concerning the Internet, it is mainly the textual advertising). This helps the people not to overlook such advertising and not to consider it part of the page or site. Similarly, both media contain graphical and textual features that are specific for particular adverts. As far as the extent of the advertising is concerned, web pages usually contain only a fragment of what is used in the newspapers and magazines. However, when one counts all possible types of internet marketing, the ´advertising density´ on the Internet is higher then. Targeting in both media is similar in a way that both focus on specialised groups of customers, in other words, marketers place adverts in the magazines and newspapers according to their readers´ profile, which is similar on the Internet. Nevertheless, Internet is more individual-oriented.

Internet vs Radio

Radio uses only audio features for the marketing communication, while the Internet utilises both audio and visual ones. In terms of coverage, most of the radio stations broadcast only locally and therefore, they are more suitable for local merchants. However, because of the technology development, it is nowadays easy to tune any radio station in the world that is provides audio streaming on the Internet. In this context, advertising opportunities of radio expanded because of the Internet, and therefore, companies can now address the customer, who is listening to the radio, from the other side of the world. From this perspective, it is not important where the seat of the radio is but the language of advertising and its significance for the listeners plays an essential role.

Internet vs Billboards

Billboards are static advertising medium compared to the Internet that is highly interactive. Yet, the technological development has caused that even billboards can change its visual character similarly as the banners on the Internet. Moreover, advertising message on the billboards is exposed constantly to everyone who passes by likewise on the Internet where the advertising is visible to all the people that visit the page (talking about banners or textual advertising now). As already mentioned, the great difference is in the assumption of how many people see the adverts. While in terms of billboards, one can merely roughly estimate the real number, Internet is perfect for such evaluation.

4.2 Internet marketing research

4.2.1 Goals of the marketing research

The main goal of the research was to analyse the marketing structure of the companies operating in the market in the Czech Republic. Study of use of internet marketing and traditional marketing among the different industries in the Czech Republic has not been so far analysed in detail in the Czech Republic so that elaboration of the study of that kind could contribute to the better understanding of the internet marketing environment.

For that reason, internet marketing and conventional marketing was compared within the same industry and between different industries to find out what marketing tool the companies in particular industries use and why.

As internet marketing has not that long history in the Czech Republic and, moreover, it is so dynamic and constantly changing tool, it was proper to recognize the barriers for the implementation of internet marketing as a part of the marketing structure of the companies in the market in the Czech Republic. Furthermore, the research also tried to examine the possible future trends in internet marketing and its funding in the Czech Republic.

Respondents were selected using stratified random sampling, which ensured the comparability of the strata. Therefore, companies were divided into the groups according to their industry and then some of them selected randomly from each group.

Since the research was more demanding in terms of knowledge of marketing and its terminology, mostly marketing managers were asked to participate. Each respondent represented one company as he/she filled it out on behalf of that company. Totally, 232 companies from the selected industries took part in the research.

4.2.2 Form and structure of the research

To achieve above-mentioned goals, the author of this paper has chosen quantitative research as a method of the research and questionnaire as its tool. As it was necessary to address quite many people in a short period of time, internet marketing research was used because it was the fastest (also the cheapest) way to get great number of responses. The reason for that selection lied in the involvement of greater amount of people representing companies, thus capturing wider scope of information received from them, and easier evaluation of the results in an electronic form. Almost all of the questions in the questionnaire were obligatory to answer, except for the ones in the section ´Internet marketing´, which is explained onward in the text.

The questionnaire was created by Google Docs and emailed to the firms with a link leading to the web page where it was placed. Email addresses to the marketing managers were provided mostly by the companies´ customer care service or through their online contact forms that were available on their web pages. Such procedure ensured the emails to be read and made possible that the questionnaire reached the competent persons. Rate of return amounted 38 % as there was 611 emails sent and 232 out of that were collected. The questionnaire was evaluated by statistical software Statistica and Minitab.

Concerning the structure of the questionnaire, it was divided into five parts. The first part served as an identification of the companies because the whole research was anonymous. Hence, respondents ticked what is the size and industry of their company. These two options then served as grouping variables being combined with other questions´ results.

The second part of the questionnaire focused on the marketing structure of the companies. The aim of this section was to identify the goals that the companies want to achieve by means of marketing, annual budget on marketing and internet

marketing, and usage of different types of advertising and their efficiency for the companies.

In the third part of the questionnaire, internet marketing and its future trends in the companies were dealt with. Specifically, this section tried to answer the question, what types of internet marketing the companies use or contemplate using, and what barriers they have come across when implementing internet marketing into their marketing structure. Furthermore, as some of the companies do not use any tools of internet marketing, there was also a possibility for them to skip some of the questions in this section.

The fourth part concentrated on identifying the companies consumers´ and the way they learnt about the company. Further, the author centred on the expectancy of these firms about their future sales made on the Internet and increased budget of those enterprises on internet marketing.

The last part of the research engaged in the type of the marketing strategy of the companies as it is interconnected to the advertising used. The companies were questioned if they take advantage of the services provided by marketing agencies or carry out campaigns by themselves, and whether and how they evaluate them to find out the efficiency and benefit of these campaigns.

4.2.3 Data analysis

The first question of the research examined the main marketing goals of the companies. All of the respondents (232) answered this question but considering that they could select more options, the total count is 404. From the Graph 1, it follows that companies mostly concentrate on the increase of sales of their goods and services, which accounts for 31 % of all the responses. On the other hand, only 1% of the companies focus on the creation of buzz that would spread the advertising message amongst people. However, this amount can be expected to rise as more and more companies will head towards internet e-commerce.

Graph 1 - Marketing goals of the companies (n=232, multiple answers allowed)
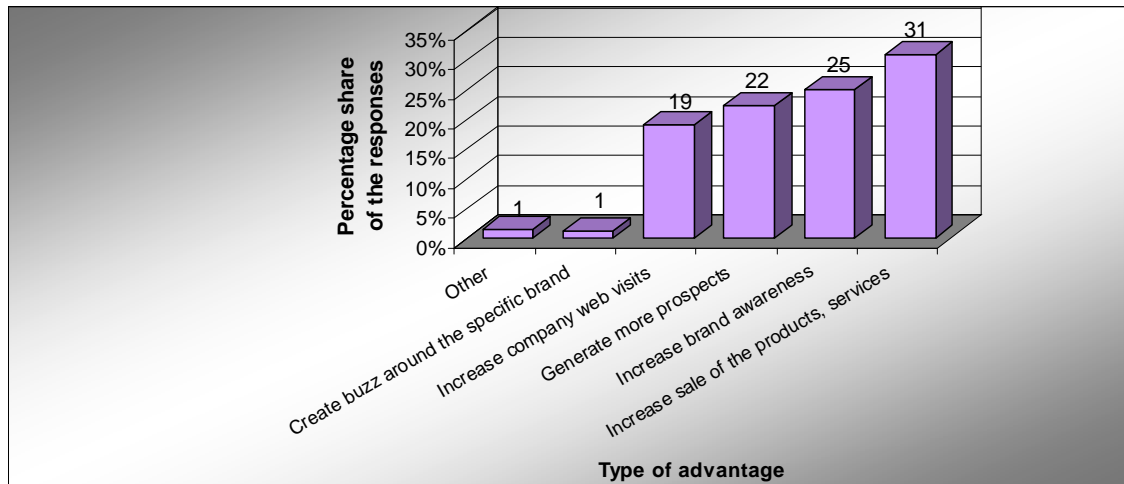
As obvious from the Table 1, 27,2% of the companies spend 0-100 000 CZK on marketing annually, which is caused by the greatest share of micro and small enterprises operating in the CR.

Table 1 - Annual marketing budget of the companies in relation to their size

	More than 10 000 001 CZK	5 000 001 - 10 000 000 CZK	1000 001 – 5 000 000 CZK	500 001 – 1000 000 CZK	100 001 - 500 000 CZK	0 – 100 000 CZK	*Total Count*
Micro	0	0	3	6	28	53	**90**
% of Row	0	0	3	7	31	59	
Small	4	3	13	11	16	9	**56**
% of Row	7	5	23	20	29	16	
Medium	6	9	6	6	6	1	**34**
% of Row	18	26	18	18	18	3	
Large	10	7	10	0	2	0	**29**
% of Row	34	24	34	0	7	0	
Corporation	13	1	3	6	0	0	**23**
% of Row	57	4	13	26	0	0	
Total	**33**	**20**	**35**	**29**	**52**	**63**	**232**
% of Total	*14,2*	*8,6*	*15,1*	*12,5*	*22,4*	*27,2*	*100%*

As expected, Graph 2 shows the fact that the greater the size of the company, the higher amount of money goes into marketing. Therefore, more than half of the micro companies (59 %) invest 100 000 CZK in marketing per year at most and none of them

spend more than 5 millions CZK a year. However, 57% of the corporations allocate more than 10 millions on marketing per year.

What is surprising here is that 7 % of the small enterprises spend more than 10 millions CZK a year, which is, relative to their number of employees, quite high number. If one examines this research in detail, they can find out that mainly the small enterprises providing legal services spend the most in this category[2].

Graph 2: Annual marketing budget of the companies in relation to their size (n=232)
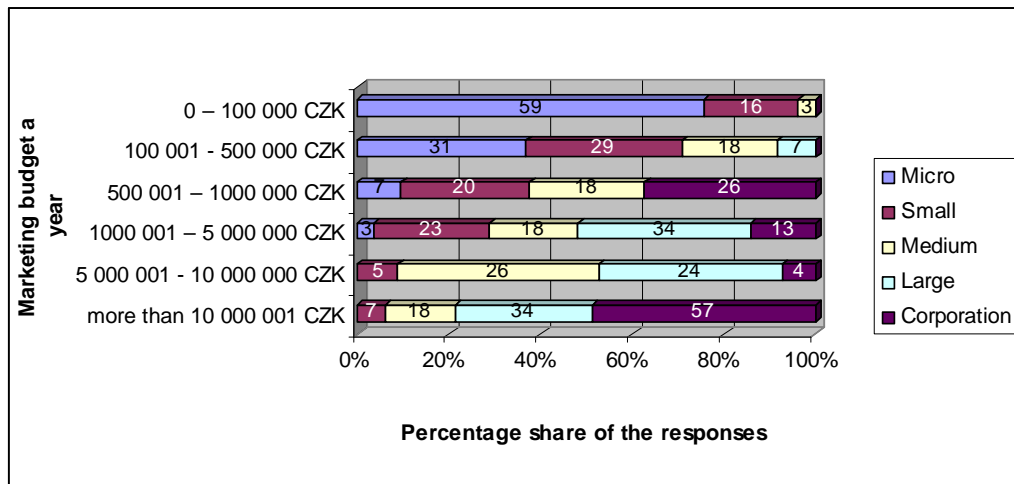
Source: author's online research, 11-12/2009

As far as different industries are concerned, expenditures on marketing according to the Graph 3 are quite balanced. Taken into account the share of each item in the industries, enterprises doing their business in IT and computers have the highest share (53%) in the expenditures accounting for less than 100 000 CZK. Similar phenomenon happens to be in marketing & media businesses where 78 % of the companies spend not more than 500 000 CZK a year.

On the other hand, logistics and transportation enterprises spend the most (47 % of the total expenditures are greater than 10 millions a year) compared to other industries.

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[2] As turned out from the research, 80 % of the small companies that spend more than 10 mil. CZK on marketing a year are from the business sector ´Legal services´ (author's online research).

Graph 3: Marketing budget of the companies per year (CZK) among different industries (n=232)

Industry	0 – 100 000	100 001 - 500 000	500 001 – 1 000 000	1 000 001 – 5 000 000	5 000 001 - 10 000 000	more than 10 000 001
Banking, insurance and finance	35	20	5	5		35
Building industry and real estates		11	17	39	33	
Education and teaching	43	19	10	24	5	
IT and computers	53	18		18	6	6
Legal services	26	26	33	15		
Logistics and transportation	12	12		29		47
Manufacturing and industry	5	5	37	5	32	16
Marketing & advertising, media and PR	40	38	7	7		7
Sales of goods and commerce	11	39	6	17	11	17
Services	32	26	16	16	5	5
Other	21	7		36	14	21

Percentage share of the responses

Source: author's online research, 11-12/2009, figures may not sum up to 100 % because of rounding

Internet marketing plays more and more important role in the overall marketing structure of the companies. Especially smaller firms can use internet marketing because of its low initial costs. (Inspiro, 2010, translated). This is proved by the Graph 4 which compares the sizes of the companies and their investment on internet marketing. It is evident that micro-sized companies have 57% share in the group of the most spending firms on internet marketing, i.e. more than 21 % of their marketing structure is created by internet marketing. If one studies their spending according to the Graph 2, they will learn that the vast majority (90%) of the examined micro-sized firms spend not more than 500 000 CZK a year. Subsequently, when the absolute value of that amount is taken into consideration, 21 % out of 500 000 CZK makes 105 000 CZK minimally that is in average spent annually by micro companies operating in the Czech Republic.

On the contrary, internet marketing is least utilised by corporations and large-sized businesses where it has mostly only 1-10 % share in the marketing structure. Totally, the most enterprises (91) have their share of internet marketing towards the total

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marketing expenditure between 1-10 %. They are tightly followed by the group of companies having 21 % and higher share of internet marketing (89 totally), which is, however, slightly distorted by micro-sized enterprises that represent more than half of this group.

Graph 4: Share of Internet marketing in the overall marketing structure of the companies (n=232)

From the perspective of the companies, it may be very effective to know the competitors´ marketing structure and on the basis of that to adjust the own one if necessary. Graph 5 reveals what type of advertising is currently being used by the companies operating in the Czech Republic. At first sight, it is visible that the most frequent medium for advertising is internet (82 % of the answers) ensued by the prints (70 %). Yet, what is startling here is that TV advertising is used only by 4 % of the enterprises, which is not much compared to other examined media such as emailing that is utilised by 36 % of the companies. Such a high number is the evidence of penetration of online types of advertising into the businesses in the Czech Republic. On the contrary, the least employed type is direct mailing (2 %) and audiovisual advertising (3 %).

Graph 5: Type of advertising used in the companies

(n=232, multiple answers allowed)
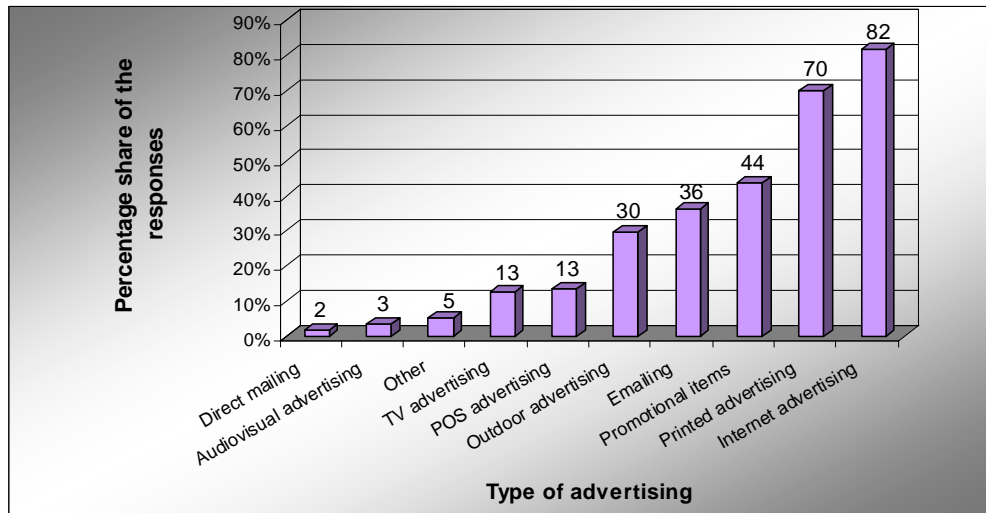
Source: author's online research, 11-12/2009, figures rounded

However, these figures only show the usage of individual types of advertising media, not the spending of the companies on each advertising tool, which would be generally difficult to obtain as the companies do not want to reveal their marketing budgets in detail. For that reason, some media would be placed in the higher position, such as TV or audiovisual advertising. According to SPIR (Association for the internet advertising, further mentioned as SPIR), TV is leading medium in terms of spending of the companies, having 43 % share on the total advertising expenditures, audiovisual advertising ranks fourth with 6 % share (2010, p. 3., translated). From these results it is obvious how different methodologies influence the rank of particular advertising towards the total advertising structure.

When examining different types of advertising from the viewpoint of their efficiency, one needs to realize that their use and suitability for the firms in different industries varies. By comparing most of the industries of the companies operating in the Czech Republic, it emerged that there are not so many differences in the usage of some advertising among the diverse industries. For that reason, the author of this paper has selected only the most distinct variances and illustrates them in the form of graphs.

As stated above, TV advertising is not that used by the companies compared to other advertising formats, however, according to some other studies such as SPIR, it

still holds the first position in expenditures from all types of advertising (2010, p. 3, translated). This finding is not surprising as the prices for TV advertising are usually the highest from all. If one contrasts different industries in the Czech Republic as in the Graph 6.1, there is great divergence in terms of how TV is efficient for them.

Graph 6.1: Efficiency of TV advertising across different industries in the CR

(n=232; 1=most efficient, 5=least efficient)
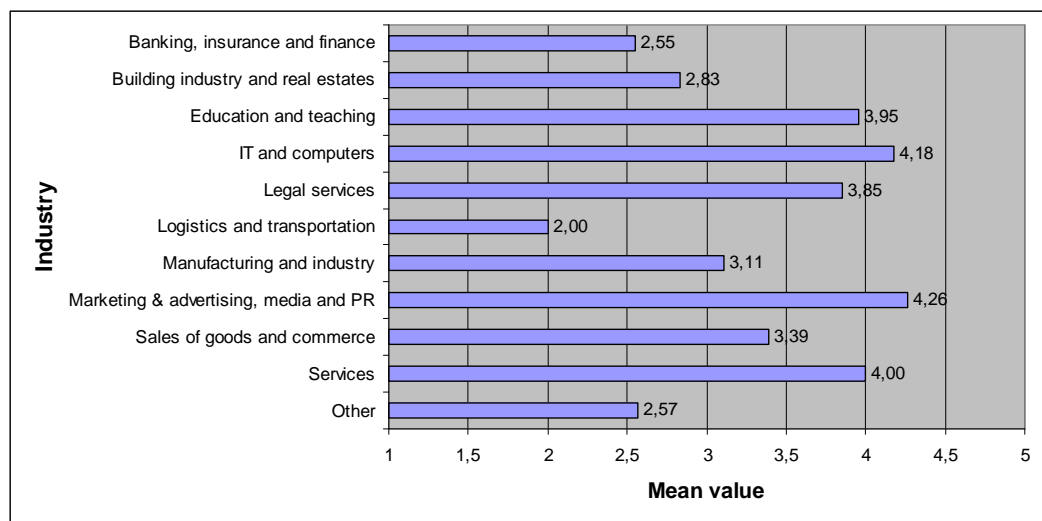
Source: author's online research, 11-12/2009

What might be unforeseen is that the logistics and transportation companies claim that TV is very effective medium to them, having mean value at 2. They are followed by financial and insurance firms that reached the mean value 2,55. Then there are several industries oscillating around 4, such as legal services (3,85), education and teaching (3,95), services (4), IT and computers (4,18) and marketing & advertising agencies (4,26). From this perspective, enterprises from the last industry seems to consider TV ineffective communication channel.

As for printed advertising, on the basis of Graph 6.2, it is relatively balanced in all the industries examined except for IT and computers where the efficiency of printed advertising is regarded to be below average (3,41). On the other hand, advertising in newspapers, magazines and other printed media, is the most efficient in the business sector of education and teaching (2,19), followed by the building industry (2,33). Such results show the favour of printed advertising in the relatively traditional industries,

e.g. building industry or education and teaching, and disfavour of the new ones, e.g. IT and computers.

Graph 6.2: Efficiency of printed advertising across different industries in the CR (n=232; 1=most efficient, 5=least efficient)
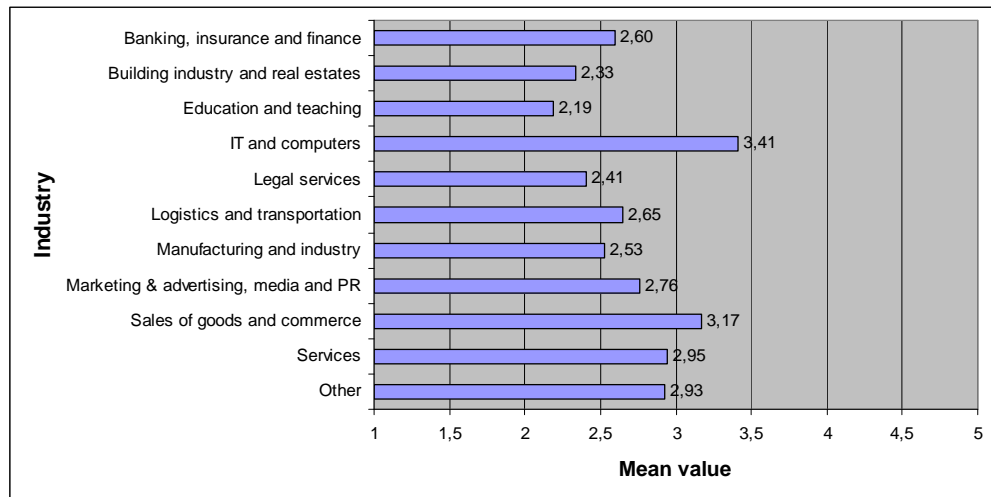
Source: author's online research, 11-12/2009

As stated in the SPIR report, Internet is one of the fastest growing medium both in terms of its share on the total marketing structure and expenditures. With 6,4 billions CZK spent by the companies, Internet was the third most addressed medium in the Czech Republic after TV and printed advertising (2010, p. 3, translated).

In terms of internet efficiency, it can be said that it is above-average compared to other conventional media. The previous statement is confirmed by Graph 6.3 which indicates that all of the companies from the variety of industries consider internet advertising efficient as all the mean values do not exceed 2,5. The greatest weight from those industries tends to be in logistics and transportation with the mean value 1,41.

Graph 6.3: Efficiency of internet advertising across different industries in the CR (1=most efficient, 5=least efficient)
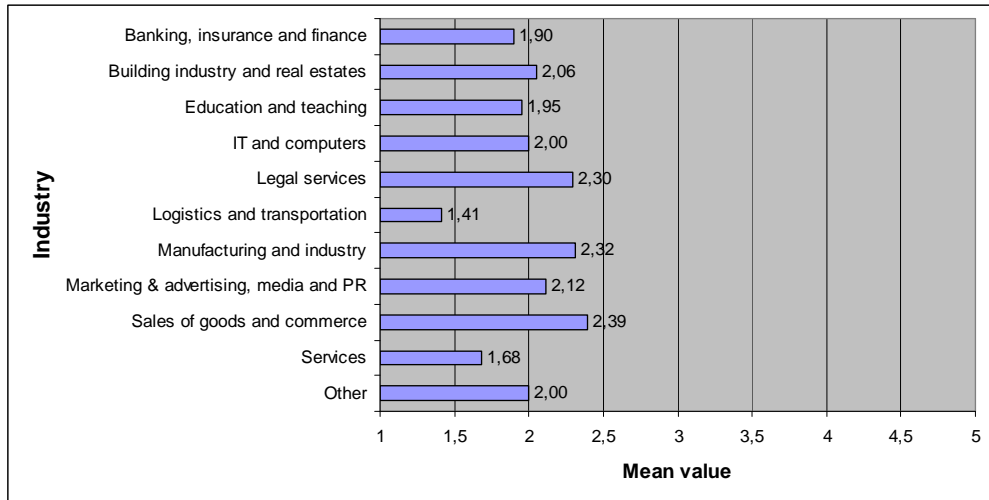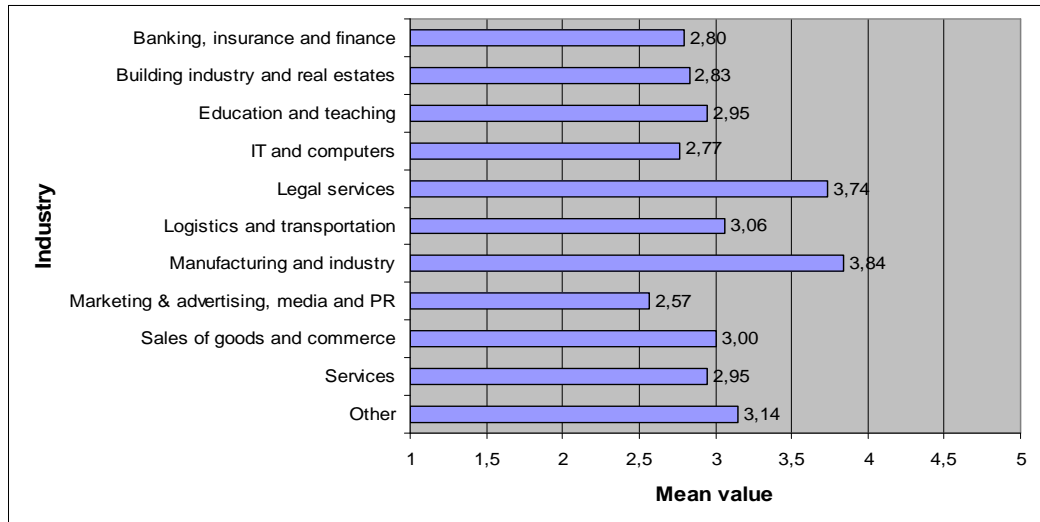

Source: author's online research, 11-12/2009

Expenditures for outdoor advertising in the Czech Republic fell by 20 % in 2009 compared to the previous year (ČTK, 2009, translated). Such a decrease shows that companies do not consider it as efficient as before and shift their attention to other media such as the Internet. This trend can also be interpreted in a way that outdoor advertising in the form of billboards, signs or posters is oversaturated and thus people simply overlook it. However, exact measurement of efficiency of outdoor advertising is unclear as there can not be exactly measured the number of people viewing, remembering and then, consequently, buying the products or services.

By comparing the individual industries as depicted in the Graph 6.4, it came out what could have been expected, i.e. building industry and real estates believe that outdoor advertising is very efficient type of advertising for them (mean value 1,94). Placing posters and billboards close to the construction site can be one of the reasons for that high efficiency as the companies try to increase the consciousness of the people about the building company and its intentions. With respect to other industries, efficiency of outdoor advertising can be regarded as rather average for them. The worst persuasion about this advertising kind is occupied by marketing & advertising agencies that reached the mean value 3,86.

Graph 6.4: Efficiency of outdoor advertising across different industries in the CR (n=232; 1=most efficient, 5=least efficient)
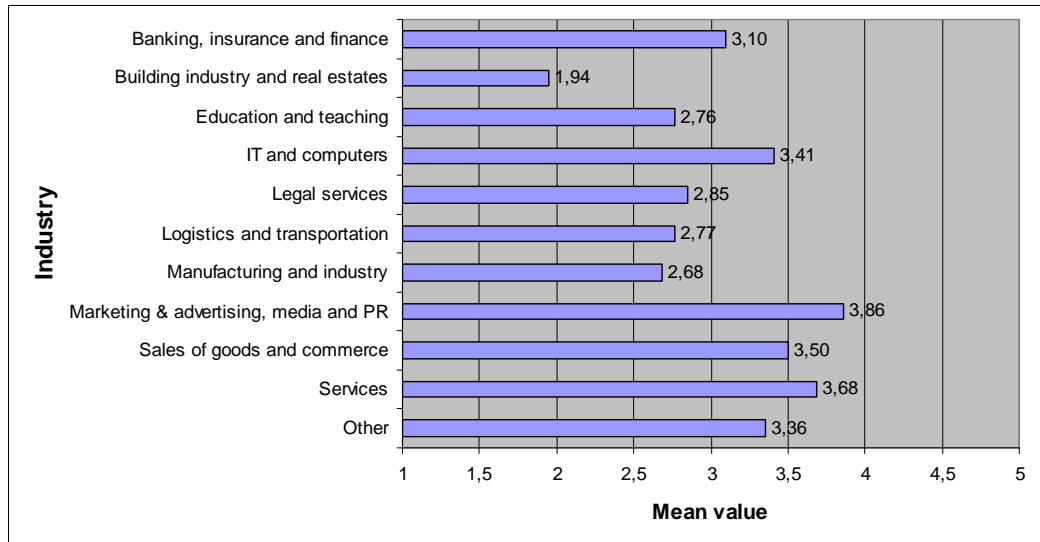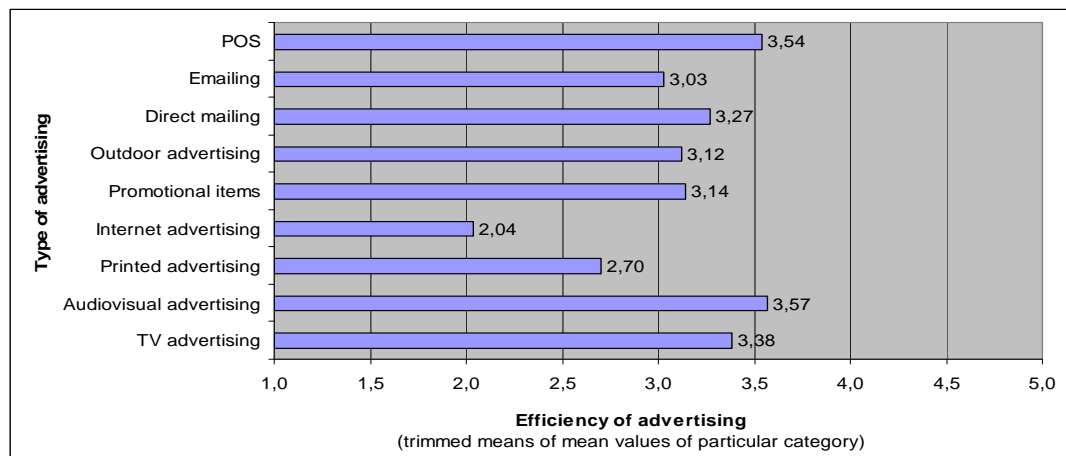

Source: author's online research, 11-12/2009

Another medium that is worth comparing is emailing. As stated above in the Graph 5, emailing is used by 36 % of the companies out of the examined sample, which shows how popular this type of advertising among the companies in the Czech Republic is. However, there are great differences in industries in terms of how efficient emailing is. In accordance with the Graph 6.5, emailing is least efficacious for the enterprises operating in manufacturing and industry (mean 3,84) and for legal services industry (3,74). These two sectors are usually more "reserved" in using emailing as they may mostly prefer personal contacts with their clients or business partners. With the mean value of 2,57, marketing & advertising agencies most incline to emailing, which thus plays and important part of their media mix.

The other types of advertising not described in detail among industries had only little variations in terms of the ROI. For that reason, they were excluded from the comparison and covered only in the total overview.

Graph 6.5: Efficiency of emailing across different industries in the CR

(n=232; 1=most efficient, 5=least efficient)
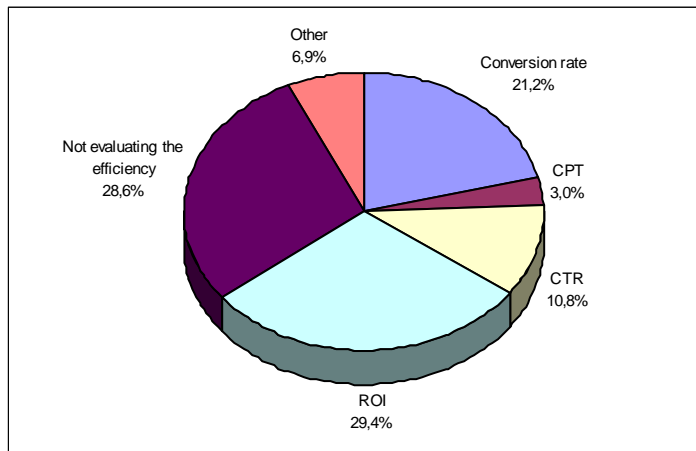

Source: author's online research, 11-12/2009

Total efficiency of all the advertising types is carried out in the Graph 6.6 that was calculated by making trimmed means from the means for particular industry. Therefore, it gives evidence about usefulness of various advertising types in the Czech Republic. It is clear from the comparison that internet advertising is leading in this view, having the trimmed value 2,04. Such number demonstrates that there can be a high potential in internet advertising for the companies and that they will focus more on it in the future. The same idea is mentioned by ČT24 that assumes that expenditures on internet advertising in 2009 were the only ones that went up, i.e. other advertising types were in red numbers confronted with the previous year (2009, translated).

The second most efficient type of advertising according to the results in Graph 6.6 is printed advertising (trimmed value 2,70). Even if it recorded a great decrease in spending in 2009 compared to the previous year, it still holds the second position among the advertising types. As the E15 journal claims, newspapers achieved the greatest slump in advertising spending annually because it decreased by 13,53 %, magazines registered ´only´ 7,44 % change downwards compared to the previous year (2009, translated).

Further analysed types of advertising have all received marks that were more or less below-average (possessing mean value higher than 3) as they ranged from 3,03 to

3,57. Emailing came out the best from this criterion with the tight below-average mean 3,03. It is quite interesting that direct mailing is placed almost directly behind emailing (mean value 3,27), which proves the usefulness of it even in today's digitalized era. Although both formats usually convey the same idea, they do it in a different way. According to Friesen, direct mailing still plays an important role in the twenty first century as it uses the appeal of personalisation and discretion to address the consumers from the particular segment (2007). Another formats that have the similar score are outdoor advertising (3,12) and promotional items (3,14). As mentioned in Promo Magazine, survey conducted by Glenrich Business Studies and Louisiana State University among marketers in the USA revealed that the promotional products are very effective in addressing customers from the specific target group without bothering as they received 3,8 points out of 5 (2009.). That is a very good result compared to the one of this paper[3]. However, both researches were done in completely diverse countries so that the outcomes from this viewpoint are not fully comparable but they imply how marketers in different places perceive the same marketing tool.

Graph 6.6: Total efficiency of all types of advertising across different industries in the CR (n=232; 1=most efficient, 5=least efficient)

Source: author's online research, 11-12/2009

The last three ranks are taken by TV advertising (mean 3,38), point of sale advertising (3,54) and audiovisual advertising (3,57). POS advertising can be and

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[3] the mean value 3,8 is equivalent to 2,2 points on the inversed scale that was used in this research and thus far from the mean value 3,14

effective way of marketing communication when used properly. Kern suggests that POS advertising will be more and more connected with modern technologies, e.g. in-store LCD screens that will serve mainly to draw attention of the potential customers instead of simply informing them about the products or services (2009, translated). The results show that all three above mentioned advertising formats perform below the average if compared to other media. Yet, they may be quite effective when combining together e.g. at the point of sale. Recent study of Factum Invenio denotes that every third Czech would acclaim more frequent tastings at the point of sale. On the other hand, advertising in TV and radio is rather annoying to them. (Brassányová, 2009, translated). For these reasons, companies especially from the industry of sales of goods and commerce should focus more on the point of sale and try to offer catching advertising on LCD screens combined with audiovisual advertising there.

When talking about efficiency, we also need to mention how it is measured in the companies. Some enterprises do not measure it at all, some of them regard it necessary to have some overview of how the marketing campaign was efficient. The matter is dealt with in the Graph 7 that holds forth on marketing efficiency measurement, with the stress on internet marketing, if there is any at all used in the firms. It is obvious from the Graph 7 that ROI (Return On Investment) is the most frequent type (29,4 %) of marketing efficiency evaluation in the companies, nevertheless it must be said that it is probably the most known type of the measurement. Therefore, other evaluation types – CPT (3%), CTR (10,8%) and conversion rate (21,2%) - are slightly disadvantaged in this matter with regards to the companies that do not use internet marketing. Conversion rate and CTR measure the advertising efficiency on the Internet only and thus all the marketers might not be familiar with these terms. From this point of view, conversion rate seems to be very effective way how to measure advertising success online, however, it is questionable what it really means for the marketers – sales of goods, services, subscriptions, downloads or other forms (Marketingterms.com, 2009).

Graph 7: Evaluation of efficiency of marketing campaigns in the CR (n=232)

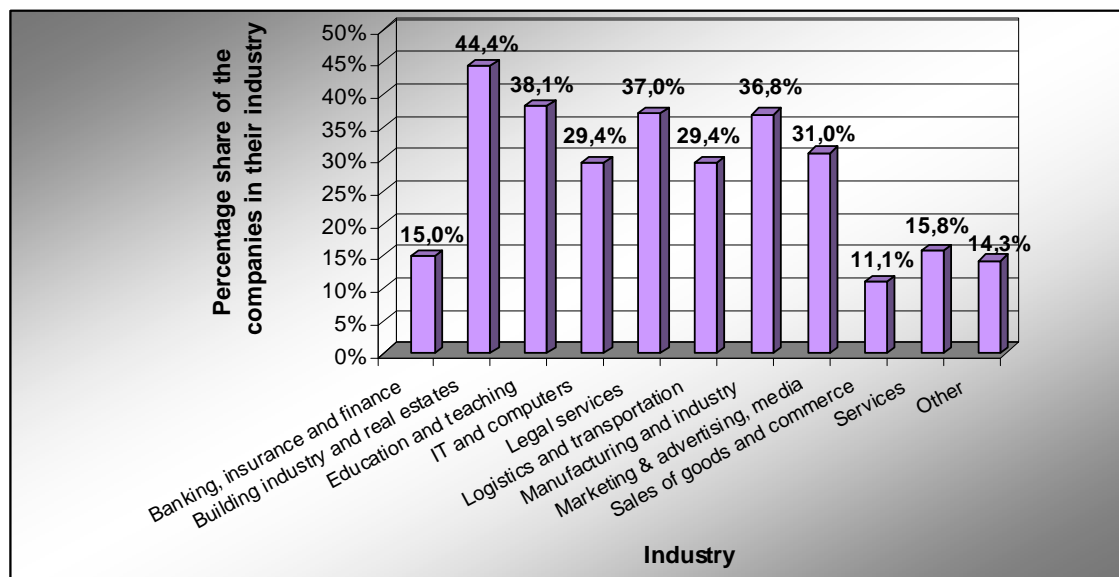Source: author's online research, 11-12/2009

Last but not least, it is necessary to say a few words about a great number of companies not evaluating advertising success (28,6 %). It is astounding how many firms do not evaluate it, as it can be one of the criteria for the success of those enterprises as a whole. However, it is disputable how to measure the efficiency of the advertising formats such as billboards, where the marketers mostly do not know how many people behaved in compliance with the message on the billboard.

For the above reason, further analysis in terms of industries and their not-evaluation of efficiency was done in Graph 8. As obvious, the companies not evaluating marketing efficiency are represented in every industry in the Czech Republic. In fact, there are great differences among such business sectors. The highest proportion in this matter is ranked by building and real estates companies with 44,4 % of them not evaluating advertising efficiency, which is quite high figure when one realises that according to the Graph 2 described above, they mostly spend 1-10 millions CZK on marketing per year. Then they are followed by the group with almost the same share – education and teaching (38,1 %), legal services (37 %) and manufacturing and industry (36,8 %). The share of marketing & advertising agencies (31 %) not measuring the efficiency of marketing campaigns is rather high with regards to the fact that they make up advertising campaigns for their clients and therefore, they should be interested in the success of their work.

On the other side of this scale, there is a group of industries having similarly good results. 15,8 % share of companies offering services, 15 % share of banking,

insurance and finance enterprises, 14,3 % of firms from ´Other´ category and finally, 11,1 % of businesses selling goods or doing other form of commerce, have all ranked better in evaluation of the advertising efficiency than previously mentioned industries. Such outcomes could be expected as the industries in this group offer or sell mainly products/services for which the firms need to find out the favour with people by measuring their sales or marketing effectiveness.

Graph 8: Percentage share of the companies in their industry not evaluating efficiency of advertising (n=232, 100 % max. for each industry)

Source: author's online research, 11-12/2009

So far the author has dealt with all possible types of marketing, spending of the companies on advertising and its measurement. Now it is time to focus more on internet marketing, its new trends that emerged recently in the Czech Republic and their potential development. Since not all the companies use internet marketing, there was a possibility for them to skip most of questions in this section of the research and therefore, the number of the companies that answered the questions differs from one to another. Missing values can be thus interpreted in a way that the companies do not use the particular type of internet marketing.

The most utilised form of internet marketing in the Czech Republic in accordance with the Graph 9 is sponsored links that are utilised by 56 % of the enterprises and, in

addition to that, 26 % deliberate their usage. SEO and contextual advertising were selected by the similar number of the respondents, 53 % and 52 % respectively. Furthermore, 12 % of the companies contemplate using contextual advertising and 11 % of them are thinking about exploiting SEO. Therefore, these advertising formats are the most frequently used types of online advertising in the Czech Republic and when one counts the number of the companies considering their usage, they will most probably keep being the most common. As the research shows, all of the three formats mentioned above achieved very high usage in the enterprises using internet marketing, which contrasts e.g. with banners that are used only by 43 % of the firms and 11 % of them is cogitating their usage. This may signal that traditional banners are not that popular as they used to be because of the banner blindness already stated earlier in this paper. Instead, as the Czech Publishers Association claims, untraditional forms of banners will increasingly take the place of traditional ones and they will merge with the textual advertising (2009, translated).

As it turned out in the Graph 9, the least used (14 %) form of advertising in the Czech Republic is affiliate marketing. One of the reasons for that can be that there are not many quality affiliate networks in the Czech market thus making it difficult for the companies to use and benefit from them (Beneditova&Nevosad, 2008, p. 52). However, there is a quite large share of the companies (16 %) in this group that ponder upon usage of affiliate marketing in the near future. Similarly, newsletters are utilised by 32 % of the companies but one is able to expect that this number will rise as there are 16 % of the businesses contemplating their usage. As Sedlacek argues, the use of such medium has one significant merit, namely that the consumers do not regard it as advertising if they learn something helpful, for instance, a photographer gets useful info about how to take pictures (2006, p. 221). This can be crucial for the enterprises to retain their customers and introduce the products/services, if they skilfully distil such products into the newsletters so that they do not annoy the clients when reading it.

Graph 9: Total usage of selected types of internet marketing in the CR
(n=232, multiple answers allowed)
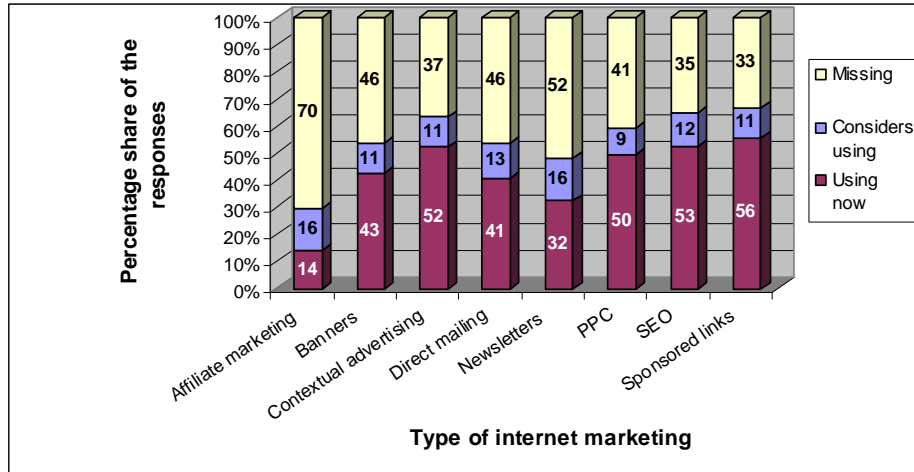
Source: author's online research, 11-12/2009

Recently, some of the new trends in internet marketing have started to penetrate the market in the Czech Republic. That is why, it was relevant to find out to what extent the companies use such new advertising vehicles, or whether they at least begin to consider their use as the part of the marketing activities. As Graph 10.1 shows, the potential of these tools has not been fully exploited yet by the firms and therefore they can be expected to spread.

Graph 10.1: Total usage of selected types of new advertising vehicles in the CR (n=232, multiple answers allowed)
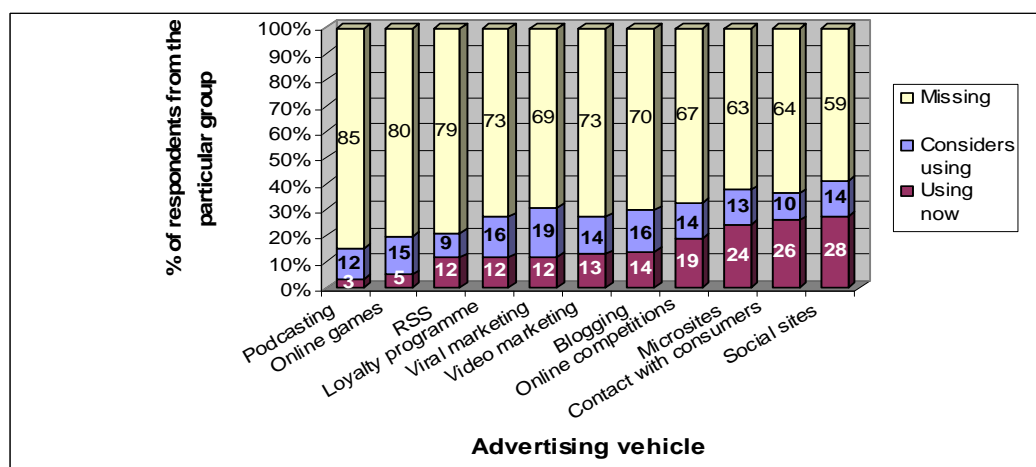
Source: author's online research, 11-12/2009, figures may not sum to 100 % because of rounding

If one assumes the missing values to be the evidence of the companies that do not use the new advertising formats, it is clear that there is an opportunity for them to start doing so and create a competitive edge. When the last two graphs are compared, it is obvious that there is a greater number of the firms that do not use new advertising vehicles in the Graph 10.1 than in the Graph 9, as the missing values exceed. In the Graph 10.1, the podcasting is in the lead with 85 % of the respondents not utilising it. It is debatable whether such a high number is caused by low familiarity with the term (even if mostly marketing managers were surveyed) or simply by little suitability for the companies in question. On the contrary, users of the social sites are nowadays targeted by the businesses more frequently as only 59 % of the companies do not use them.

The same issue as in the last graph is discussed in the Graph 10.2 but in the viewpoint of the percentage share of the companies that use new advertising devices so that the results can be compared. It follows that 71 % of the companies admitted communicating with their consumers on their web either by means of live chat or specialised online forms, and 29 % consider its use. Such active communication with the consumers is the feature of Web 2.0 (already discussed) and helps the companies to create good consciousness about the brand and services of the company. Social sites are utilised by 67 % of the firms that use internet marketing compared to 33 % that consider such option. Interestingly, only 26 % of the examined firms use online games. These games can be very effective as they do not force the advertising message upon the consumers but they simply let them be the part of it inside of the game. As Noska argues, 28 % of the Czechs play games on their PC and 4 % of them play online games, which is by far the most compared to other countries, such as Poland or Hungary (2008, translated). Therefore, there is no wonder that 74 % of the respondents have indicated that they reflect on using online games in their marketing structure because the Czechs are apparently playful.

Graph 10.2: Percentage share of the companies in the CR using new advertising vehicles (n=varies[4], multiple answers allowed)
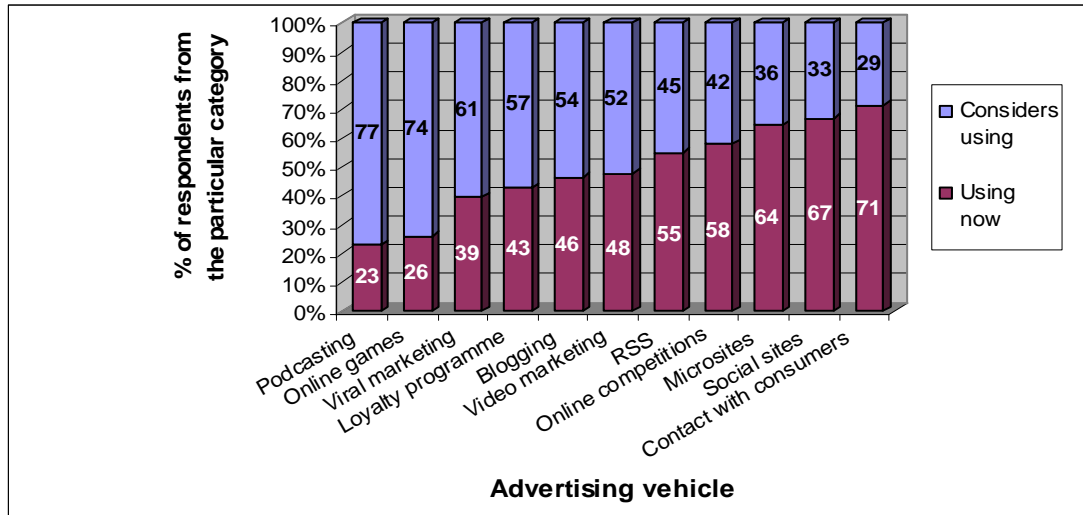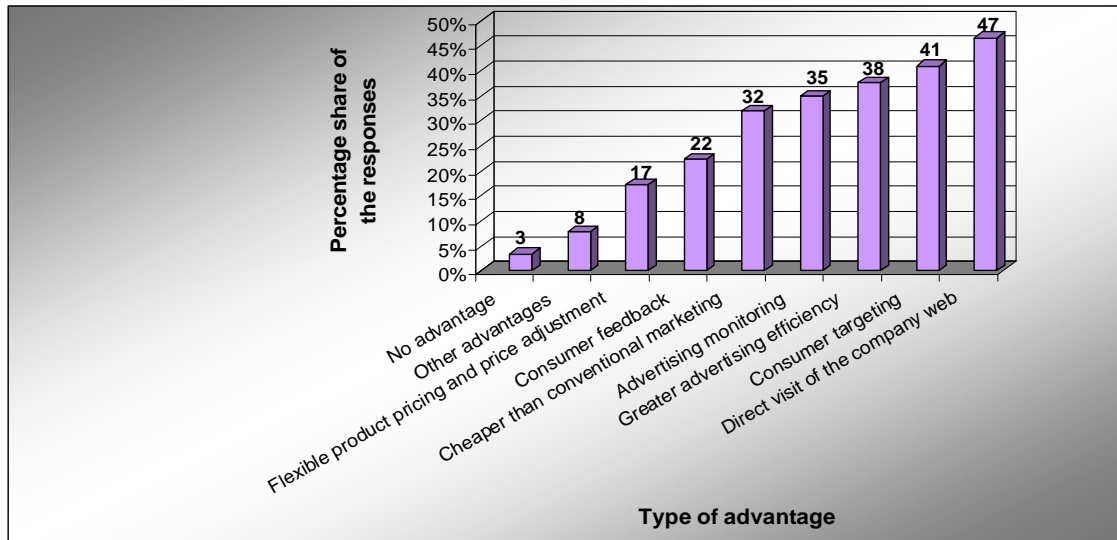

Source: author's online research, 11-12/2009, figures rounded, each category sums up to 100 %.

There is no doubt that internet marketing can play an important role for some companies to become familiar with their consumers or to increase the firm's brand awareness. What businesses operating in the Czech Republic appreciate most about internet marketing is illustrated in the Graph 11, which sums up all the respondents´ answers about this thing. Almost half of the respondents (47 %) value internet marketing because it increases traffic of their web pages, i.e. it makes people visit the company's web after they e.g. clicked on a banner. Confronting with billboards for instance, it is much easy to bring potential consumers on the Internet than to place billboards all along the roads. This is also connected with the measurement of internet marketing whose reach can be effortlessly analysed. Concerning that, 35 % of the companies acknowledge facile monitoring of advertising on the Internet and 38 % of them think that advertising on the Internet has higher efficiency than with other conventional advertising formats.

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[4] Base of the respondents varies: Podcasting: n=35, online games: n=46, RSS: n=49, loyalty programme: n=63, viral marketing: n=71, video marketing: n=63, blogging: n=69, online competitions=76, microsites: n=87, contact with consumers: n=84, social sites: n=96.

Graph 11: Main advantages of internet marketing for the companies in the CR (n=232, multiple answers allowed)
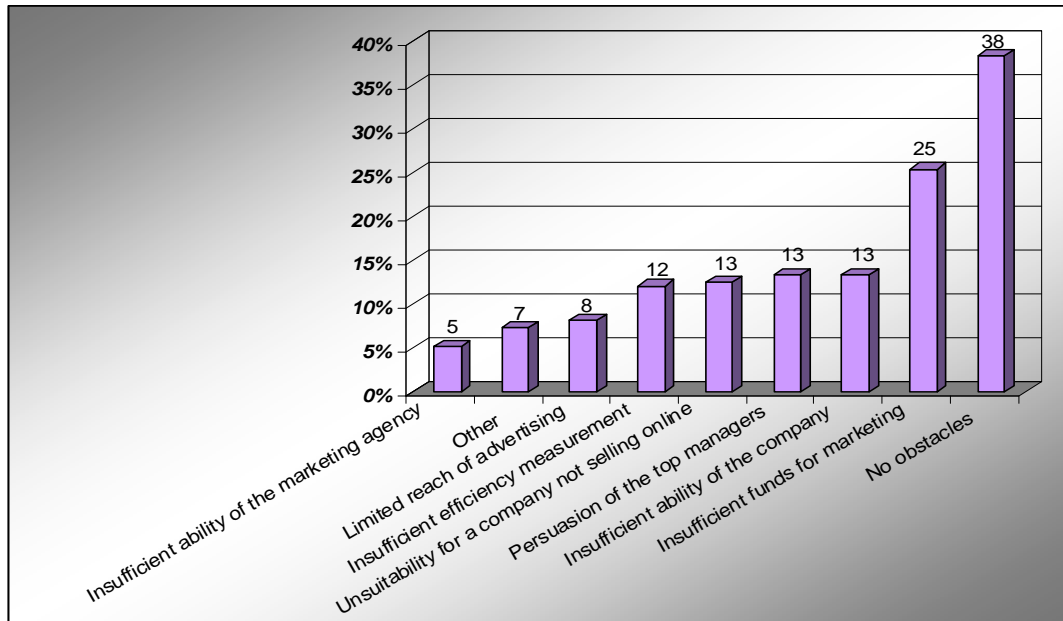

Source: author's online research, 11-12/2009, figures in percentages

Further, 41 % of the firms answered that consumer targeting is a great advantage of internet advertising. Such advertising can be put to almost any web page in any form (if the web owner is reluctant to that) and address any target group based on the focus of that web. Therefore, internet advertising is becoming very powerful tool if used prudently and on the right place.

Not to be only positive about internet marketing, there are also disadvantages about its use, as in nearly everything. However, only 3 % of the companies think that there are no benefits of its use. Evidently, firms are more positive rather than negative about internet marketing. The cons can be that the companies that have not operated online so far have to change their habits and get accustomed to the online environment. Such change may be associated with the possible barriers during the implementation which the enterprises must cope with if they want to be successful. Supposable barriers for the execution of internet marketing in the firms are studied in the Graph 12.

Graph 12: Main barriers for the implementation of internet marketing in the companies in the CR (n=232, multiple answers allowed)

Source: author's online research, 11-12/2009, figures in percentages

First, it is essential to mention that 38 % of the companies did not have any barriers to address when they included internet marketing into the company structure or considered doing so. This points out to the ease of use of internet marketing for most of the companies and to lower demands in technical and financial areas. The greatest barrier the enterprises had to face was the insufficient funds being set aside for the marketing activities (25 %). This is actually the hot topic especially in the time of the financial crisis as the companies try to cut costs. In the research carried out by Šilerová et al., it emerged that 49 % of the companies in the Czech Republic decreased their spending on marketing in 2009. Similar trend should continue in 2010 as 70 % of the companies want to reduce expenses (2010, translated). This may mean that the companies will more and more head towards cheaper forms of advertising, which should be favourable for internet marketing.

Another barriers the companies had to confront, was the persuasion of the top managers, insufficient ability of the company and the feeling that internet marketing is not suitable for the company that does not sell online (each 13 %). Insufficient ability of the enterprise is connected with the knowledge of the digital tools among the employees of such company. To solve this problem, businesses often use the services

of marketing agencies that help them to create suitable strategy on the Internet. Interestingly, only 5 % of the responses indicate that insufficient capabilities of the agencies are a barrier which supports justifiability of the choice to hire the agency. Firms not selling online may say that they do not need to use the Internet as an advertising medium because majority of the consumers do not use internet and thus they would not learn about the message the firms advertise. No matter how this statement can be true, it is cardinal to know the consumers and their behaviour. In an article by Gibbson, he lists several reasons why the companies should sell their products/services online, otherwise they put their brand at risk. The main arguments for online selling (and marketing as well) are that the enterprises can gain a competitive edge towards their competitors that do not market online and, also, the firms can obtain more consumers even from the other part of the world who would otherwise have not learnt about them (2009).

Similar problems are handled in the worldwide research of the marketers carried out by McKinsey Company. It outlines other barriers that the companies need to address, among those already described, it is mainly the brand risk associated with the transition to internet marketing, lack of online space for the advertising online and labour needed for the command of the more complicated digital tools (2007, p. 7-8).

After stating the pros and cons, it is vital to note the stand of the companies on the spending on internet marketing in the long term. The Graph 13 implies the future possible spending of the companies in five years time from now. Fifty eight percent of the enterprises claim that they will increase the spending on internet marketing, while only 4 % of them are convinced that their expenses will decrease. Consequently, 31 % of the firms think that their budget on internet marketing will stay relatively the same. These figures show that one can expect the spread of internet advertising in the Czech Republic and growing expenditures of the businesses in this area. It seems likely that advertising on the internet will be more interconnected with offline advertising, such as TV and printed advertising, and it will gradually catch them up or maybe, overtake them in terms of spending. If McKinsey Company's worldwide research is looked at closely it is seen that the authors of the research came to the same conclusion, i.e. they expect increase in spending in all types of online advertising. Specifically, the greatest rise can be anticipated in video advertising and sponsored links, while direct mail and display advertising (banners) will gain the least. (2007, p. 6).

Graph 13: Does the company plan to invest more funds in internet marketing in the near future (within 5 years) than at the present time?
(n=232)
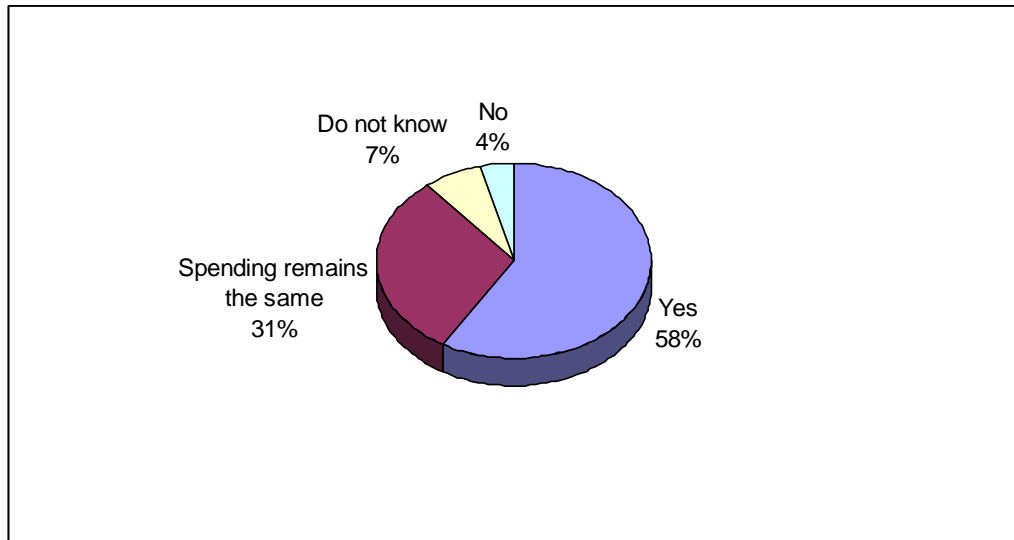
Source: author's online research, 11-12/2009

When planning which target group to address, the companies need to know well the consumers and their behaviour in order to select proper marketing strategy. Therefore, this research further analysed who are the consumers of the companies in the Czech Republic and what their behaviour on the Internet might be. Graph 14 represents the structure of the companies´ consumers according to the responses received. Private companies ranked first, having 38 % percent of the answers, individuals with 36 % coming closely after. Such division is significant mainly from the point of targeting of marketing. If the figures are summed up, 51 % of all the consumers is made by individuals and households, on the other hand, 48 % is created by companies. This is the basic for the distinction of B2B and B2C marketing because both create independent components that need to be looked at in a different way. As Murphy argues, B2B marketing is mainly associated with building relationships with other companies, while B2C marketing is more product driven (2007).

**Graph 14: Structure of the consumers of the companies** (n=232)
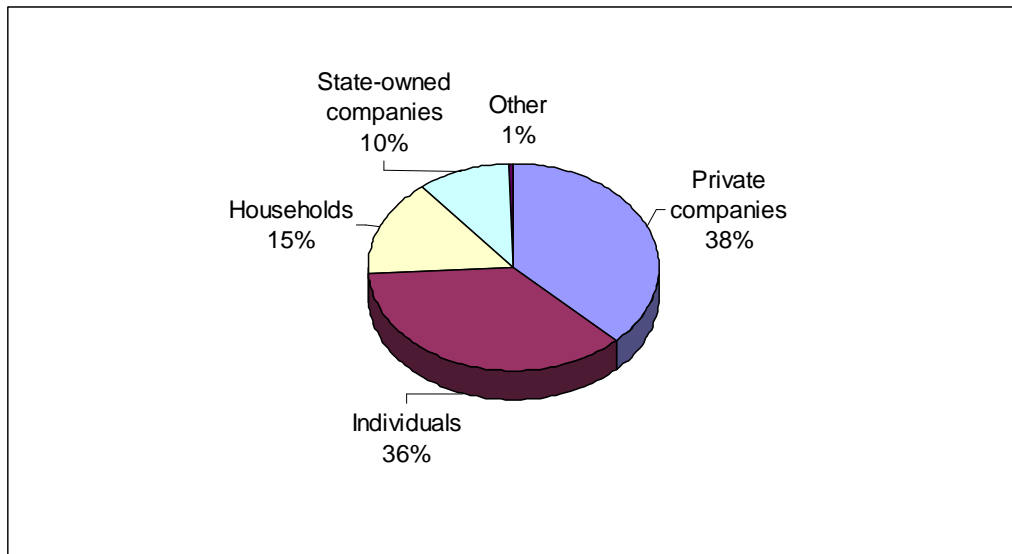
Source: author's online research, 11-12/2009

For the purposes of this paper, most of the attention will be paid to B2C marketing as it is more focused on the product and final consumer than B2B marketing and comparison of the internet marketing and conventional one can be performed more easily.

As noted before, the understanding of the enterprise's consumers can be essential for its success. Consequently, comprehending the way the consumers learn about the company can be vital for the managers to place and adjust advertising by its efficiency. According to the Graph 15, 37,1 % of the people learn about the company on the Internet, 31 % of them hear about it via their relatives, friends or business contacts. These results should persuade the businesses that do not operate online to do so, as there is a high portion of the people that could come to know them on the Internet. Further, people trust information from their relatives or friends and thus, viral marketing connected with the Internet could be very effective. Surprisingly, there is quite high number of the consumers finding the company by means of the sales representatives (3,9 %) compared to e.g. TV (only 6,9 %). Sales representatives are thus inseparable part of the companies, especially those doing B2B marketing.

Graph 15: The way the consumers learn about the companies (n=232)
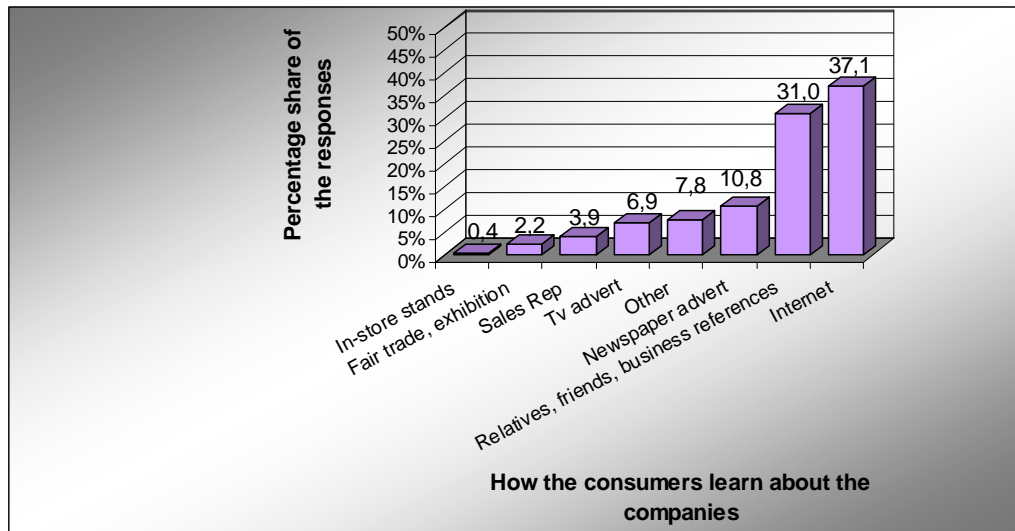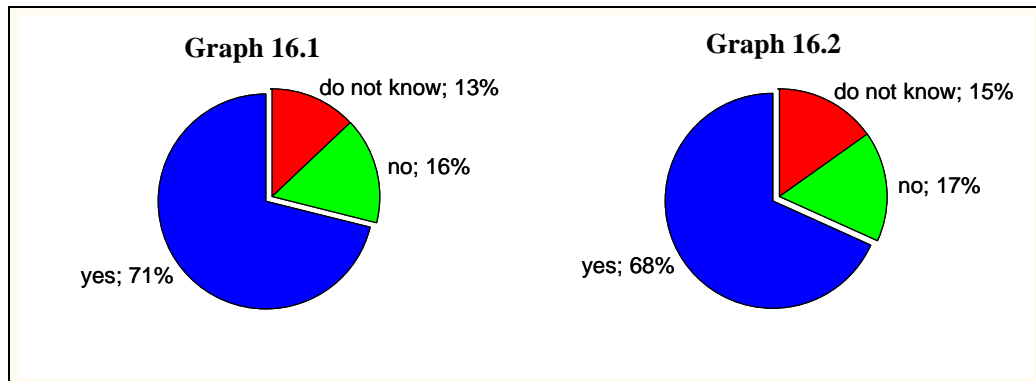

Source: author's online research, 11-12/2009

As more and more people in the Czech Republic are going online (CSO, 2009, translated), it is imperative to find out the opinions of the companies about their consumers in the long term (five years time). Graph 16.1 indicates that 71 % of the firms expect their sales made by the consumers online will increase, compared to only 16 % of them thinking that these numbers will not rise. Furthermore, from those enterprises, who answered that there will be more consumers on the Internet buying their products/services in five years time, 68 % will increase their spending on internet marketing, and only 17 % will not (Graph 16.2). These figures confirm what was expected; with the increasing amount of people buying different products/services online, the companies will proportionally invest more and more on internet advertising.

Graph 16.1 – Do you think that in 5 years time the number of consumers buying your products/services on the Internet will rise? (n=232)

Graph 16.2 – If yes, will it be the reason for your company to increase the budget for internet marketing? (n=165)

Source: author's online research, 11-12/2009

Last but not least, it is important to go through the role of marketing & advertising agencies in the Czech Republic. As already mentioned, these agencies present a barrier only for 5 % of the companies that want to put their money in internet marketing (Graph 12). From this viewpoint, it seems that the cooperation between the agency and the companies works well in terms of internet advertising. However, as far as overall marketing strategy is concerned, it is evident from the Graph 17.1 that half (50 %) of the companies do not use the services of such agencies at all. Only 12 % of the enterprises utilize marketing agencies regularly and 34 % on a limited basis – i.e. solely for certain projects. This may be explained by the effort of the companies to cut costs and create marketing strategies by themselves, as they know their products/services the best. Moreover, according to Vanickova, advertising agencies in the Czech Republic (even in the USA or Germany) do not have that many contracts in 2009 as they used to have, because of the financial crisis, and many of them need to lay off their employees (Tyden, 2009, translated).

Graph 17.1: Does the company cooperate with the external marketing agency on the creation of marketing strategy and advertising? (n=232)
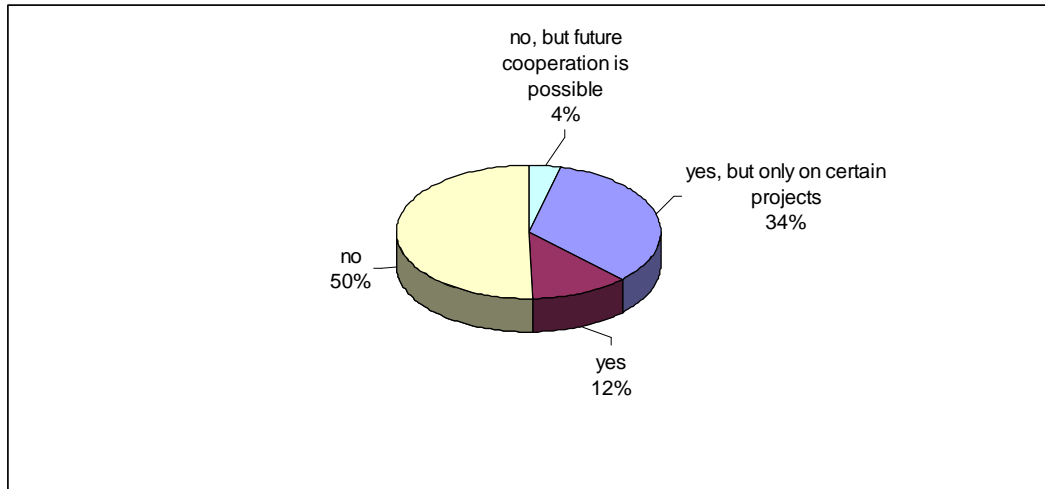
Source: author's online research, 11-12/2009

When one analyses particular industries and their approach to the marketing agencies as in the Graph 17.2, it becomes clear that 77 % of all transportation and logistics companies use the agencies to create marketing strategy for them. Then they are followed by the business sector of manufacturing and industry (69 % totally) and sales of goods and commerce (67 % totally). The result of the second industry could be awaited since the companies selling the products have to come up with the successful marketing strategy as their businesses may stand or fall on it. For that reason, they need to cooperate with the agencies because such organizations are not only specialists in their field – marketing, but they also save work and time for their clients. Further, 71 % of the IT firms and 83 % the marketing & advertising companies do not take advantage of the agencies. In case of the latter, they do not do so because this business sector is actually representative of the marketing agencies which do not have to use the services of their competitors.

Graph 17.2: Does the company cooperate with the external marketing agency on the creation of marketing strategy and advertising? (n=232)
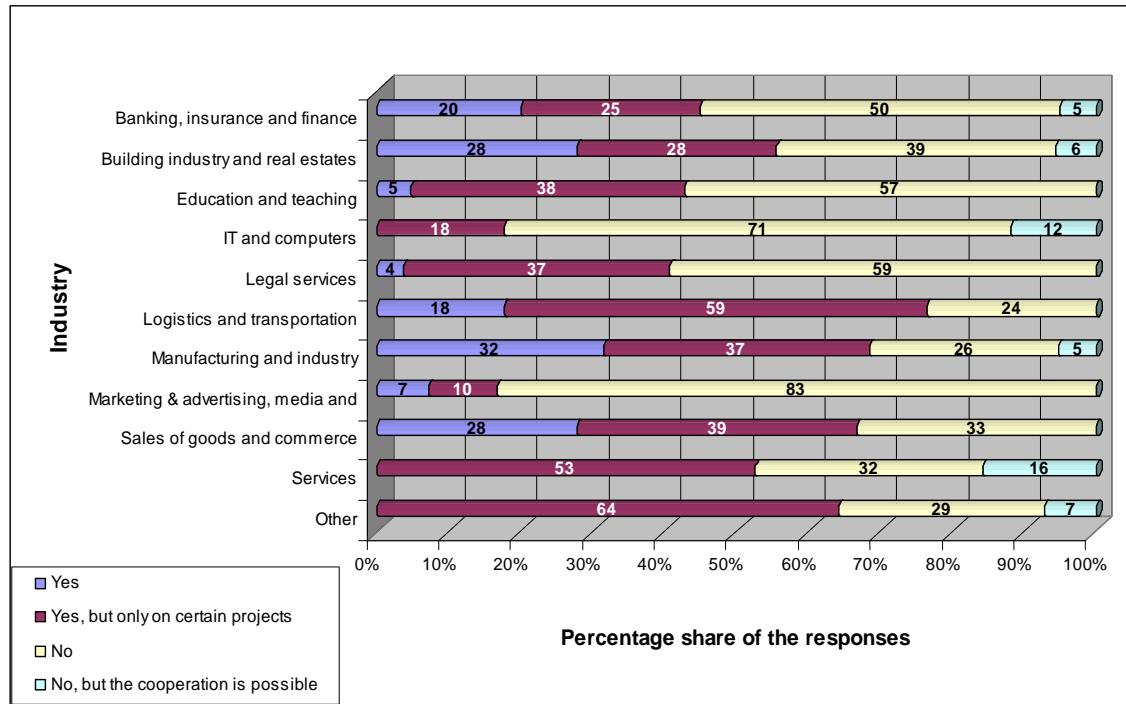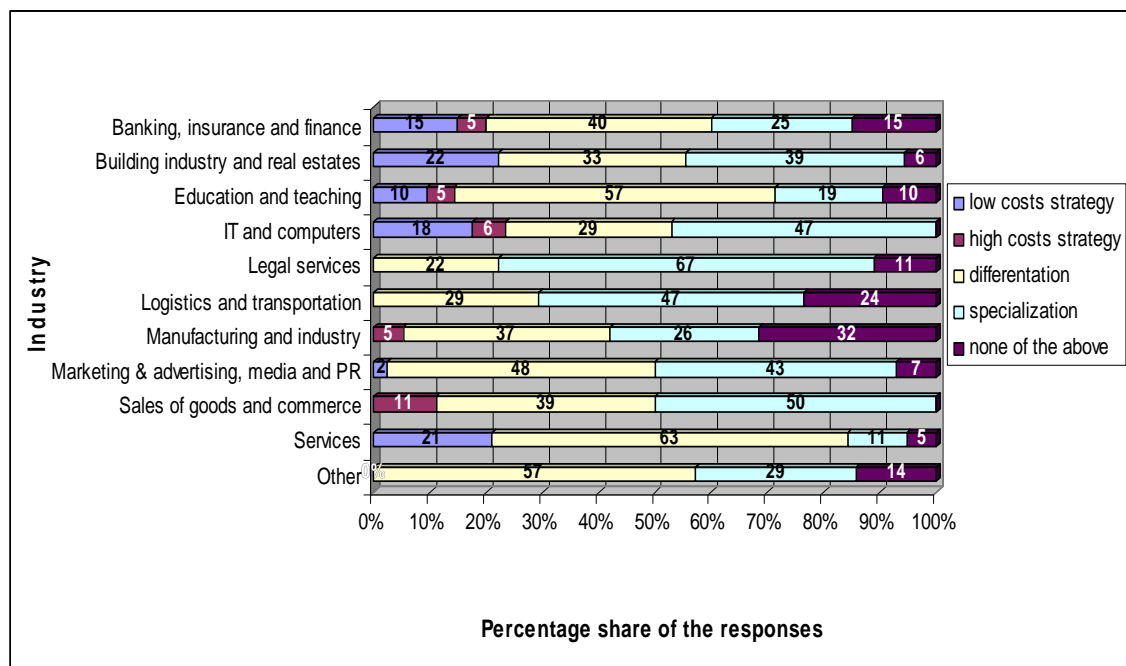

Source: author's online research, 11-12/2009

The use of agencies is indirectly connected with the type of the marketing strategy which the companies exploit. In this research, the main aim was to find out strategies that the companies in different business sectors in the Czech Republic use to gain the consumers or to increase the sale of the product/service. Therefore, Graph 18 depicts that the businesses in the Czech Republic mainly utilise the strategy of differentiation and specialisation because they aim to be distinguished from their competitors and create some benefits for their consumers.

Industries that are highly competitive, e.g. services and education, have the highest share of exploitation of the differentiation strategy (63 % and 57 % respectively) as this might be the way to break through in their branch. Similarly, 67 % of the legal services and 50 % of the companies selling goods or doing other forms of commerce focus on the specialisation. The reason why the solicitor's offices often need to specialise is that there are many companies offering wide variety of services, and specialisation is the only possibility for them. On the other side, there is a minimal share of businesses preferring low costs and high costs strategy, i.e. investing. As

supposed, the greatest share among the low costs companies is represented by building industry (22 %), which must observe the terms of the constructions, or they can be penalized, followed by the firms offering services (21 %) that have often the only possibility to set up – be the cheapest one.

Graph 18: Type of the marketing strategy used in the companies (n=232)

Source: author's online research, 11-12/2009

4.2.4 Summary of the results

The main results arising from the research that was carried out among the selected companies operating in the market in the Czech Republic are described in this part of the paper. It was found out that the 31 % of the enterprises use marketing tools to increase the sales of their products or services and only 1 % of them want to create buzz around the specific brand. Such figures show that most of the companies are driven by sales and thus proper cooperation between marketing and sales departments should be commonplace.

Concerning the marketing budget of the companies per year, it was determined that 50 % of them spend 0-500 000 CZK a year. This is, however, caused by the

greatest share of micro and small enterprises in the Czech Republic. Further, it was confirmed what was expected – the greater the size of the firm, the higher amount of money goes into marketing. Thus, 90 % of the micro-sized companies spends up to 500 000 CZK on marketing per year and 57 % of the corporations invest more than 10 millions CZK on marketing. Taken into account the share of each item in the industries, enterprises doing their business in IT and computers have the highest share (53%) in the expenditures accounting for less than 100 000 CZK. Similar phenomenon happens to be in marketing & media businesses where 78 % of the companies spend not more than 500 000 CZK a year. On the other hand, logistics and transportation enterprises spend the most (47 % of the total expenditures are greater than 10 millions a year) compared to other industries.

From the viewpoint of the above, it was necessary to examine to what extent internet marketing penetrated into the marketing structure of the businesses in the Czech Republic. On the whole, internet marketing mostly creates only 1-10 % of the total marketing structure of the companies. As supposed, micro-sized companies are using internet marketing most as they have 57% share in the group of the most spending firms on internet marketing, i.e. more than 21 % of their marketing structure is created by internet marketing, which makes 105 000 CZK that is invested every year. Identically as with the total spending of the firms, it is also valid here that the greater the size of the company, the less share internet marketing in its total marketing structure has. Thus, 38 % of the corporations do not utilise internet marketing at all.

In the sample of the companies that participated in the research, internet marketing is most frequently used medium as 82 % of them utilise it, followed by the printed advertising (70 %). TV advertising, even if it is still leading medium in terms of investment of the companies, did not rank well as only 13 % of the businesses take advantage of it.

When analyzing different enterprises and their usage of the media, it is vital to know according to which criteria they decide to select the appropriate advertising, therefore, the analysis of the return on investment of various advertising tools with respect to the industries of the firms was elaborated. It emerged that there are not so noticeable differences in various industries. As for TV advertising, it was considered to be less efficient for most of the business sectors, such as marketing agencies, with

mean value 4,26. Yet, some of the industries, e.g. logistics and transportation, were rather satisfied with this advertising vehicle, having the mean value 2,00.

Printed advertising is regarded mostly to be more efficient compared to TV advertising as the vast majority of the investigated enterprises valued its ROI. Sector of education and teaching was at the top of this scale (mean value 2,19) in contrast with IT companies that considered it by far the most inefficient (mean value 3,41).

Another type of advertising that was studied in this regard was internet advertising. It was supposed that it is the fastest growing type of advertising, which was bolstered by the research as it received the best evaluation out of all advertising kinds from the companies. Even if the outcome of the study were favourable across all industries, it was regarded the most efficient in logistics and transportation with the mean value 1,41.

Outdoor advertising was mostly praised by building and real estates businesses which believed that outdoor advertising is very efficient type of advertising for them (mean value 1,94). Most of the respondents explained it in a way that by placing posters and billboards close to the construction sites, they can increase the perception of the brand and clarify its intentions to the people.
Not surprisingly, the worse persuasion about this kind of advertising is among marketing agencies (mean 3,86) which think that in current form, it is not perspective.

The last advertising format studied in detail was emailing. There are great differences among the business sectors in terms of ROI it brings. While marketing agencies rate it to be rather satisfactory for them (mean value 2,57), legal services enterprises (3,74) and manufacturing companies esteem it unsuitable for them (3,84). This is because both business sectors prefer mostly personal contact with their clients and thus this way of communication may be too impersonal and intruding.

Overall, it is clear that internet advertising is leading in the viewpoint of ROI for all the companies. Such number demonstrates that there can be a high potential in internet advertising for the companies and that they will focus more on it in the future and, possibly, that internet marketing will get ahead other advertising types. Even if the total amount of printed advertising decreased, it still holds the second position. With the increasing amount of advertising on the Internet, it can be expected that newspapers, magazines and other printed media will establish online versions, and sell advertising place there at the expense of their printed matter. As a result, printed

advertising can be anticipated to decrease. Further studied advertising formats are more or less below average for the firms in terms of ROI.

As far as the measurement of efficiency is taken into account, 29,4 % of the companies admitted using ROI to evaluate their marketing expenditures and these companies were from 70 % the ones that do not use internet marketing. Further, conversion rate is number one measure for the businesses exploiting internet advertising and together with CTR, it forms 32 % proportion of the evaluations made by these companies. On the other hand, it is astonishing that 28,6 % of all businesses do not evaluate marketing campaigns. These are mainly companies using advertising formats where the evaluation is more difficult, such as building industry, which applies principally outdoor advertising, or legal services companies. On the contrary, there are sectors where evaluation is executed intensively, e.g. companies selling goods and services or banking industry, where the share of the firms not assessing their investments in marketing is quite low (11-16 percentages).

Internet marketing is very perspective advertising medium and according to the research, it will be used more and more frequently. It was found out that textual advertising on the Internet is more attractive for the studied companies nowadays than banners, for instance. In accordance with the results, textual advertising in the form of sponsored links, contextual advertising and SEO is the most common advertising vehicle on the Internet as it is utilised by more than 50 % of the examined companies, and it will most probably keep being so. On the other hand, banners are used only by 43 % of the firms from the sample and 11 % of them is cogitating their usage. This may signal that traditional banners are losing their position of number one advertising format on the Internet and that they will be replaced by untraditional form of the banners, which ensures to be viewed more by the internet users. At end of the scale, online affiliate marketing was ranked with 14 % of the companies using it. The argument for this lies in that there not many quality affiliate networks in the Czech Republic that the companies could choose from and thus, only minority of the enterprises use them in the large-scale.

As internet marketing is experiencing new trends almost constantly, it was appropriate to find out how the companies perceive these trends and adopt them, what advantages internet marketing brings to them and, on the other hand, what barriers they encountered. It emerged from the research that still, vast majority of the

enterprises does not use new advertising formats so that their rise can be expected when the companies learn to use them efficiently. The most frequently, the advertising is placed on social networks (28 % of the firms) such as Facebook, that have achieved a great boom recently. Communication of the companies with their clients by means of contact page or email has become commonplace. Nevertheless, new interactive forms of communication with the people, such as live chat, virtual assistant or usage of specialised programmes for video calls or instant messaging over the Internet (Skype etc.) is not that often. Even so, it is utilised by 26 % of all of the studied companies. On the other side, vehicles that the marketers are not that familiar with - podcasting or online games - are still applied very little.

Even if the usage of new advertising types is not that great as ´the traditional´ ones, it was necessary to study the advantages of internet marketing and its barriers. Almost half of the respondents (47 %) value internet marketing because it increases traffic of their web pages, i.e. it makes people visit directly the company's web after they e.g. clicked on a banner. 41 % of the examined enterprises appreciates consumer targeting which is usually higher than with traditional marketing. Other pros that were selected by more than 30 % of the companies were greater advertising efficiency, monitoring of the campaigns on the Internet and smaller price of advertising in comparison to the traditional (offline) media. These results show the complexity of internet advertising and its usefulness particularly for smaller businesses with lower marketing budget that want to address specific consumers for a relatively good price. On the contrary, 38 % of the firms did not run into difficulties when they started using internet marketing. The greatest barrier they had to face was the insufficient funds being set aside for the marketing activities (25 %), which is understandable in the times of financial crisis, followed by insufficient ability of the company to handle internet marketing activities, and persuasion of the top managers about the suitability of such type of advertising for the company in question. Totally, it can be said that advantages of internet marketing prevail over the barriers and therefore, it should be the part of the marketing structure of the companies.

Most of the companies claim that they plan to spend more on internet marketing in the five years time (58 % of them) and only 4 % think that their investment on internet marketing will decrease. If one adds the 31 % of the companies whose spending in five years will remain the same as now, he/she can get the picture of the

situation in the future. In other words, spread of internet advertising in the Czech Republic and growing expenditures on it can be anticipated. Furthermore, it seems likely that advertising on the internet will be more interconnected with offline types of advertising such as TV and printed advertising, and it will progressively catch them up or maybe, overtake in spending.

When planning the marketing structure, enterprises should know well their consumers and their behaviour. Thus, the penultimate part of the research was focused on the consumers of the companies and their behaviour. It was ascertained that 51 % of all consumers is made by individuals and households and 48 % is created by private or state-owned enterprises. Such little distinction allows the businesses to use features of either B2B or B2C marketing according to the particular group. As followed from the research, B2B marketing should be focused especially on generating business references since 31 % of the consumers learn about the specific company through them and, what is more, such information is trustworthy. Therefore, sustaining good relationships with the company clients or with managers´ friends and relatives is essential for the sound reputation of the enterprise and people's awareness of the business. In addition to that, B2B and B2C companies should pay attention to the Internet as 37 % of the consumers hear about the specific firm there. These results should persuade the companies that do not operate online to do so because otherwise, they could lose profit.

After realizing who the consumers of the companies are, it was necessary to find out the attitude of the enterprises about spending on internet marketing. Survey showed that 71 % of the businesses expect that in five years, there will be more consumers buying their products/services online, compared to only 16 % that do not think so. Out of those 71 % of the businesses positive about increase of online consumers, 68 % assume that it will be a sufficient reason for them to increase the budget on internet marketing, while only 17 % do not plan to raise internet advertising investment. This is another evidence why spending on internet marketing can be expected to augment.

Finally yet importantly, it was significant to study marketing strategy of the companies totally and in different industries, and their cooperation with marketing and advertising agencies. The study indicates that businesses mainly utilise the strategy of differentiation and specialisation because they aim to be distinguished from their

competitors and to offer some benefit. On the other hand, low costs and high costs strategies (investment) is represented only minimally. Concerning the strategy in different industries, there is a great variation among them. Sectors with high competition employ the strategy of differentiation as e.g. 63 % of the companies offering or selling services or 57 % of the education enterprises. Specialisation is exploited chiefly by the sector of legal services and industry focused on the sale of goods and other commerce. The greatest share of low costs strategy is included in the building industry (22 %) and services (21 %) which are the industries that need to put pressure on cost cutting to be thriving. High costs strategy is represented only in the five business sectors out of ten examined, and moreover, in a limited extent, such as in the industry engaged in the sales of goods where it has merely 11 % share of the companies using it.

Finally, marketing strategy can be important for the decision to select particular agency. In terms of internet marketing, only 5 % of the companies confess that the agency does not have adequate experience. As far as the overall marketing strategy is concerned, 50 % of the companies create it by themselves and thus, do not need to use the services of the agency. Only 12 % of the enterprises utilise marketing agencies regularly, 34 % of the business use marketing agencies on a limited basis – i.e. solely for certain projects. Totally, the sector of logistics and transportation uses the agencies most as it has 77 % share of such companies, followed by the industry of sales of goods and commerce, having 67 % share. Interestingly, 71 % of the IT firms and 83 % the marketing & advertising companies do not take advantage of the agencies. In case of the latter, they do not do so because this business sector is actually representative of the marketing agencies which do not have to use the services of their competitors. This may be explained by the effort of the companies to cut costs and create marketing strategies by themselves, as they know their products/services the best.

5. EVALUATION AND RECOMMENDATION

The research that was elaborated brought some expected but, on the other hand, unexpected results. On the first sight, it is visible that companies across all industries are still conservative in the usage of new advertising vehicles on the Internet. Tools such as podcasting or online games are still used very little. The most sceptical about the internet marketing were manufacturing and legal services industries. This is no wonder, as the new online advertising vehicles do not correspond with nature of their business. However, they should at least increase marketing communication by means of the well-established forms of internet advertising, such as sponsored links or contextual advertising, which would extend brand awareness among people. .

As far as ROI is concerned, Internet advertising is taking a lead, followed by printed advertising that is by far the most appreciated by educational institutions. These are more sceptical about the usage of internet marketing. As for TV advertising, it was considered to be less efficient for most of the business sectors, mainly for marketing agencies; on the other hand, some of the industries, e.g. logistics and transportation, were rather satisfied with this advertising vehicle. Internet advertising is favourable across all industries, however, the best it is perceived by logistics industry. As expected, outdoor advertising was best apprehended by building industry for which it can be a perspective communication channel. Yet, it was interesting that 28 % of all the companies that were examined do not use any method to evaluate the efficiency of advertising. It was especially the building industry and legal services companies that admitted not using marketing communication so much because they more rely on business contacts and references. Therefore, if such companies want to break through in their business sector, they should focus more on such advertising vehicles that would allow them to evaluate marketing campaigns, such as internet marketing, and helped them create lead before their competition.

Internet marketing mostly creates 1-10 % share of all of the companies´ marketing structure. Most frequently, it is utilised by the smallest enterprises, which is no wonder because of the higher prices of advertising in other media. It is appreciated particularly for bringing the customers directly to the web page as well as for consumer targeting. As bigger companies are not that flexible in using internet marketing, smaller businesses should persist in their online strategy to address the customers on

the Internet for a relatively good price. Using textual advertising that belongs to one of the cheapest types, or affiliate marketing, that would spread their business online, could be a solution.

Based on the results, 71 % of the questioned companies admitted increasing spending on internet marketing in five years time because of their anticipation of more sales made on the Internet. As the businesses studied use advertising to drive sales of their products or services, it can be expected that especially the larger companies will pay more attention to the interconnection of traditional media and the Internet. The only limitation in this effort can be insufficient funds devoted to marketing itself because otherwise, 38 % of the companies do not see any barrier for the implementation of internet marketing into their marketing structure.

6. CONCLUSION

The objective of this paper was to analyze internet marketing from the viewpoint of the selected companies that operate in the market in the Czech Republic. Marketing is in some of the companies overlooked both because they do not have sufficient funds intended for it, or they do not engage in it very much. When marketing is used correctly and suitable marketing strategy selected, the whole enterprise can benefit from it. Nevertheless, to be successful in the competitive markets needs great effort put in the research of the market and also, find out the potential customers. For that purpose, proper combination of product, price, place and promotion must be selected. The core of all marketing decisions should be the customer. Therefore, the product should be developed according to the customer needs, appropriate price must be set and the product has to be available at certain places so that one could purchase it. Besides that, promotional strategy must be coherent to address particular target group.

With the development of the Internet, the previously mentioned things described above have become easier. Interactivity on the Internet enables marketers to involve customers in the product development, to watch video or play an online game created by a company, or simply attract them to the company web page because of its interesting content. All of that and many more features that the Internet brings, is accepted well by some of the marketing managers because the effectiveness of the traditional media such as TV, radio, print or billboards is constantly decreasing as people do not pay such attention to them as they used to before.

Therefore, internet marketing is consistently developing to attract the people who are not influenced by traditional media anymore. It is evident from the research that 38 % of the companies did not encounter any barriers when they implemented it into the marketing structure. This shows that even the small players in the market can start to use the Internet and create competitive advantage towards those who will not use it. As far as investment on the online advertising is concerned, it now ranks third in the Czech Republic after TV and print. However, as 71 % of the enterprises gave their opinion that they will increase spending on internet marketing in five years time, which means that the hypothesis was proved, and the internet marketing will most probably draw level with TV and print or it can even exceed them as e.g. in the UK.

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8. APPENDICES

A) Textual version of the questionnaire

Hello,

I am currently studying the 5th year of Economics and Management at the Czech University of Life Sciences in Prague. As I am writing the diploma thesis on the topic "**Internet Marketing vs. Conventional Marketing**", I appeal to you to fill out a short questionnaire that will not take you more than 10 minutes. All information you state is valuable for my thesis so it will be treated as confidential, and published only in my diploma thesis.

The whole questionnaire is **ANONYMOUS**, which means that the names of the companies, persons or other information related to the particular company will **NOT** be published. Only the overall structure of marketing regarding companies as a whole, will be made public.

QUESTIONNAIRE

If not stated differently, only **ONE** answer is possible in every question.

(Note: to mark the answer, left-click on the little square placed on the right side of each question or
when relevant, write the number or requested answer into the little frame)

I) IDENTIFICATION DATA

1) What is the size of the company where you work in?

Micro: 0 - 9 employees   ☐

Small: 10 - 49 employees   ☐

Medium: 50 - 249 employees   ☐

Large: over 250 employees   ☐

Corporation ☐

2) What is the sphere of the company?

Banking, insurance and finance ☐

IT and computers ☐

Logistics and transportation ☐

Marketing & advertising, media and PR ☐

Legal services ☐

Sales of goods and commerce ☐

Services ☐

Building industry and real estates ☐

Manufacturing and industry ☐

Education and teaching ☐

Other (please specify below) … ☐

II) MARKETING STRUCTURE OF THE COMPANY

3) The main marketing goals of your company are to:
(Mark MAX. 2 answers that are the most characteristic for your company)

make more people visit the company web pages ☐

increase brand awareness ☐

increase sale of products, services ☐

create more prospective consumers ☐

make a buzz around the specific brand ☐

Other goals (please specify below): ☐

4) What is the ANNUAL investment in the marketing?

0 – 100 000 CZK ☐

100 001 – 500 000 CZK ☐

500 001 – 1000 000 CZK ☐

1000 001 – 5 000 000 CZK ☐

more than 5 000 001 CZK ☐

5) How much of that amount is devoted to internet marketing?

0 % ☐

0 – 10 % ☐

11 – 20 % ☐

21 - 50 % ☐

50 % and more ☐

6) What kind of advertising does the company use?
(Mark <u>MAX. 5 answers</u>)

TV advertising (TV adverts, programme sponsoring etc.) ☐

Audiovisual advertising (radio advertisement, theme gongs, songs etc. ☐

Printed advertising (newspaper adverts, leaflets, catalogues, stickers etc.) ☐

Internet advertising (banners, PPC, contextual advertising etc.) ☐

Promotional items (gifts, souvenirs etc.) ☐

Outdoor advertising (billboards, big boards, little frames etc.) ☐

Direct mail (delivering advertising letters to the certain consumers) ☐

Emailing (emailing of advertising materials to the certain consumers) ☐

POS advertising (in-store stands, tasting, little leaflets, promo actions etc.) ☐

Other (please specify below): ☐

7) What kind of advertising is, in your opinion, the <u>most effective for your company</u> in terms of return on investment?
(Please evaluate as at school, i.e.: *1 = most efficient, 5 = least efficient*)

	1	2	3	4	5
TV advertising (TV ads, programme sponsoring etc.)				☐	☐
Audiovisual advertising (radio advertisement, theme gongs, songs etc.)				☐	☐
Printed advertising (newspaper ads, leaflets, catalogues, stickers etc.)				☐	☐
Internet Advertising (banners, PPC, contextual advertising etc.)				☐	☐

Promotion articles (gifts, souvenirs etc.) ☐ ☐

Outdoor advertising (billboards, big boards, little frames etc.) ☐ ☐

Direct mail (delivering advertising letters to certain consumers) ☐ ☐

Emailing (emailing of advertising materials to the certain consumers) ☐ ☐

POS advertising (in-store stands, tasting, little leaflets, promo actions etc.) ☐ ☐

Other (please specify below):

!!! If your company does not use internet marketing, please go directly to question no. 10 !!!

III) INTERNET MARKETING

8) What kind of internet marketing is the company currently using or considering using?
(Select <u>MAX. 5 answers</u> and mark the answer in a proper column)

	using now	considering
Banners	☐	☐
Newsletters (information bulletin)	☐	☐
Sponsored links in search engines	☐	☐
Contextual advertising (key words adverts, page context adverts)	☐	☐
PPC (pay-per-click = payment only when the consumer clicks on an advert)	☐	☐
SEO (search engine optimalization)	☐	☐
Affiliate marketing (% reward for the business partners for sale of goods or services)		☐
Emailing (emails with promotional materials)		☐
Other type (please specify below):		☐

10) What do you consider the main advantages of internet marketing as opposed to conventional marketing for your company?
(Mark <u>MAX. 2 items</u>)

more efficient consumer targeting ☐

better advertising monitoring ☐

greater advertising efficiency ☐

flexible pricing and price adjustment of the products ☐

cheaper than conventional marketing ☐

makes the consumer visit the company web directly ☐

consumer feedback ☐

Other ☐

no advantage ☐

11) Does the company plan to invest more funds in internet marketing in the near future (within 5 years) than at the present time?

Yes, expenditure on marketing is going to increase ☐

No, expenditure on marketing is going to decrease ☐

Expenditure will stay relatively same as now ☐

Our company does not use internet marketing ☐

I do not know ☐

12) What were/are the main obstacles for your company in the initial investment in internet marketing?
(Mark <u>MAX. 2 items</u>)

insufficient funds set aside for marketing itself ☐

insufficient ability of the company in this field ☐

insufficient ability of the marketing agency in this field ☐

insufficient tools for the measurement of the advertising efficiency ☐

problems with persuading top managers about the suitability ☐
of internet as an advertising medium

limited reach of advertising on the internet ☐

feelings that internet marketing is not suitable ☐

for a company that does not sell online

no obstacles have emerged ☐

IV) CONSUMERS

13) Who do you think your consumers are?

individuals (individual shoppers) ☐

households (groups of consumers) ☐

state-owned companies ☐

private companies ☐

other companies (please specify below): ☐

14) How do the consumers MOST FREQUENTLY learn about your company?

Internet ☐

TV advert ☐

Newspaper advert ☐

Fair trade, exhibition ☐

In-store stands ☐

Relatives, friends, business references ☐

Otherwise (please specify): ☐

15 a) Do you think that in 5 years time the number of consumers buying your products/services on the Internet will rise?

yes ☐

no ☐

I do not know ☐

b) If YES, will it be the reason for your company to increase the budget for internet marketing?

yes ☐

no ☐

I do not know ☐

V) MARKETING STRATEGY

16) Which marketing strategy does the company use to gain new customers?

Low cost strategy (the company achieves higher profits by cutting costs) ☐

High cost strategy (the company achieves higher profits by investing) ☐

Differentiation (better product or service than competitors) ☐

Specialization (focus on certain market segment, ☐

addressing specific group of consumers)

None of the above ☐

17) Does the company cooperate with an external marketing agency on the creation of the marketing strategy and advertising?

Yes, every marketing strategy is created by the agency ☐

Yes, but only certain projects are created by the agency ☐

No, company does not cooperate with a marketing agency ☐

No, but the company is thinking about possible cooperation ☐

18) How do you evaluate the efficiency of marketing campaigns?

ROI (= return on investment, ratio of price for advertising ☐

and yield from the consumer)

CTR (= click-through-rate, ratio of clicks on adverts towards ☐

the number of total views)

CPT (= cost per thousand, price for 1 000 views of the advert) ☐

Conversion rate (ratio of those who finish the requested action, ☐

e.g. purchase of the product, to all visitors)

 Not evaluating the efficiency of marketing campaigns ☐

 Other way (please specify below): ☐