

Online Business as a Modern Approach to the Market

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Abstract— With the development of society informatization, the information and communication technologies that bring new opportunities in business are improving. Now the Internet is the most effective tool of the global communication of millions users worldwide, because it can work not only as a communication medium, but also as a marketing medium, providing a wide range of options and it is an important tool to improve the competitiveness of any economic subject in the market. Whereas people are increasingly seeking products and services on the Internet, so the participation in this kind of communication is becoming necessary for every successful company. Millions of people, who affect themselves socially, they are influencing others with whom they are sharing their interests and preferences, what is reflected in the on-line environment even more.

Index Terms— Online Business, Social Network, Affiliate Marketing, Dropshipping, Blog, Viral Marketing, Discount Portals, E-shop

1 INTRODUCTION

DOING business via the Internet (e-Business so-called electronic business) has happened expanding phenomenon in the business world, because online business has many dimensions and advantages nowadays. E-sales activities provide alternative channels in which companies are able to interact with their customers and enter new markets (Falk, Hagssten, 2015). There are many ways how to make money online on the Internet today, whether it is through affiliate marketing, e-shop operation, sale of own products and services, viral marketing, online training courses, and so on. Use of information technology and particularly the Internet, allows significantly to create an entirely new communication and commerce channels, high availability (for example, 24 hours), to exchange information and communication, and new methods of payment. Internet touched many areas, for instance in the field of education. Quality and efficiency of educational process is increasing via information and communication technologies (Stofko and Stofkova, 2014). Most of business processes have speeded up and simplified, thanks to e-business solutions significantly. Strong development of e-business even created new markets and business opportunities (e.g. Internet marketing), significantly changed the whole marketing concept in many companies, where the traditional shops, based on paper administration were replaced by the electronic form of business (e-invoicing, online banking, warehouse management, position searching via GPS, electronic reporting and others).

2 ONLINE BUSINESS MODELS

2.1 Affiliate Marketing

Affiliate marketing, often referred to as a commission system is becoming increasingly popular possibility of financial earnings. It is a form of online advertising that works based on a commission system, where retailers (e-shops) offer commission their partners (website, blogs). Whether it's a blog or website, partner leads to an affiliate e-commerce people who carried out the order. Seller respectively e-shop operator then pays the commission to website operator. As long as the entrepreneur wants to have a good partner, it is necessary to find a website or blog that will be devoted to the same subject, which is dedicated to its business. On the other hand, if the affiliate partner wants to make the most, he or she should find a retailer, whose business is concerned to the same subject, such as the content of his or her site.

Affiliate Marketing (from English - to associate) is a method of selling products and services using the other intermediary, where merchants offer for website operator respectively to affiliate partners the financial reward for bringing visitor, who performs some action (such as buying a product, service, registration, etc.) on the website of the seller. There is a problem in online markets, deception opportunities arise because in case of the geographic distances between sellers and buyers, their low level of familiarity with each other, and the limited number of interactions (Utz, Matzat, Snijders, 2009). There is a lack of studies discussing signaling and deception (Wang, Cavirusoglu, Deng, 2016).

Who wants to earn large amount of finance in the online world, it is necessary to get sooner or later to the affiliate marketing either as a vendor or a partner. Many retailers through the affiliate marketing have increased its sales by tens and even hundreds of percent. On the other hand, many partners (operators of websites or bloggers), are able to earn a very respectable. Unless the dealer wants to utilize the affiliate marketing, the dealer must use an affiliate system that allows him or her to use this kind of marketing and engage in it an affli-

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ate partners. The affiliate systems like PPC advertising enable to display an advertising space on the partner websites. Advertisement may appear in various formats from a banner ad to the hyperlinks. Payment method in the affiliate system is that there are no fees to the affiliate site for displaying an advertisement, as long as there is implementing the purchase through the advertising. Each advertising space, whether banner or link contains the ID of the partner (partner website ID), in which the advertisement appears. On the basis of this ID after completion of order, there is a website, which is identified through which the transaction was executed. Partner website - after completion of order, the remuneration is credited to the account of seller. The amount of remuneration depends on the internal agreement between the website partner and operator of the e-shop. Affiliate marketing is such a simple way of an online business, and as soon as it is well-set, both sides are profiting - seller (operator), but also a mediator. Within an affiliate marketing there is not a requirement to have own e-shop, but just to have an ordinary website or blog through which the entrepreneur can promote products, it is also possible for affiliate cooperation effectively use social networks or e-mail marketing.

2.2 Dropshipping

Dropshipping and affiliate marketing are very similar business models and ways how you can make money on the Internet, because it operates on a similar principle, but not quite the same, there are some differences between them. The main reason why these business models seem to be similar is that both use similar principle, and have common characteristics, there is no contact with the goods, to operate both of businesses do not need any storage or inventory, you do not have to worry about processing and sending orders (especially in affiliate marketing) and starting and operating a business is simple and inexpensive.

A significant difference between dropshipping and affiliate marketing is:

- **Dropshipping** is a business model where a trader arranges a sale of goods without personal contact, which means that the goods are sent to the customer directly from the warehouse without a stop at the seller. Wholesalers who use dropshipping are considered as classic wholesalers, but with the difference that they accept smaller orders as well and their direct transmission to the customer. Retailer purchases goods at the wholesale prices and the retail prices can be determined by yourself. It is necessary to have a store or catalog where people choose goods to buy.
- **Affiliate marketing** works on a similar principle, but not the same because in this case it is about brokering the sale. While entrepreneur is building your business and brand in dropshipping, affiliate marketing is focused on brokering trade and the customer is recommended to a different company and for realized sales there is a certain commission for company. Affiliate marketing does not need to have own e-shop, but just an ordinary website or blog is enough.

Both options are opportunities for Internet business, but the advantage of dropshipping is that the profit from the sale will

receive dealer immediately, while affiliate marketing must wait until the dealer pays him. Just choose which model is more advantageous for the entrepreneur to find suitable wholesale suppliers, or a suitable area for affiliate cooperation and you can start make a business.

2.3 Viral Marketing

Viral marketing, respectively the Internet version of word-of-mouth marketing, means any technique that encourages website visitors to move the message to others and to share continually. The most common first step of applying marketing in the internet environment is the creation of a company website. It is true that managing own web site is an important component influencing the success of the company on the Internet, but it is not far enough. Its creation represents only about 5% of what is necessary to achieve real presence, gaining positions in the search engines means another 5-10% of the total of the opportunities which the Internet offers.

Viral marketing is also the result of a successful blog publishing, because it is very popular especially for its simplicity and low cost ratio. Compared to traditional marketing approach that requires intensive training marketing campaign, it brought the ability to send something attractive through the Internet or e-mail.

For a viral administration are considered administrations with advertising content, which are interesting for those who came in the contact with them and they decided to spread further by own means.

Viral marketing can be described as the ability to get customers in such way that they can among themselves to provide information on a given product, service or website, this type of marketing applies effective offer, transmitted through the human chain to achieve maximum attention and minimize costs with the aim of increasing sales, expanding the business potential and building brand awareness.

2.4 Website

Website (web page, webpage, web) means the document with information that can be accessed using a web browser and they are stored in such way that they are accessible to multiple users who access them through the Internet. Internet technologies provide new marketing tools and tactics to help corporates attract, convert, and retain customers (Wang, Cavusoglu, Deng, 2016). They are presented to the visitor's aesthetic and legible way. Website can be created by several lines of plain text or it can be interlinked set of texts, images or other multimedia content. An important feature of the websites is that it can be intertwined (linked) due to the fact that each individual page has a unique address. Users can get to the website by entering directly the address into web browser or by searching from one of the search engines. Today websites are a key part of the promotion of enterprises and organizations and on the other hand, they are a huge source of information. Some websites may be available only to a limited number of visitors, for instance paid content sites or web pages within the private corporate network, such as an intranet.

To launch a website it is necessary to create a website using the web design, which is a set of activities, to create a design or web application because it includes design of the structure and appearance of websites, software assurance to manage the web sites and their content either by using an existing solution or by development according to their own requirements, next is ensuring the Internet domain and its address where the site will be operated.

Web Designer, so-called web graphics, which is focused on design and visual solution of appearance of web applications and sites. Web designer is also responsible for the logical structure of the web pages - i.e. their mutual entanglement. It significantly affects the optimization of websites for the user (user-friendliness) as for the search engines as well. Companies communicate information about product or service virtually via their website's design, content, and experience. In other words, online sellers choose what information to provide to consumers via an online storefront and online buyers interpret this information and make their purchase decisions (Mavlanova et al., 2015).

In connection with the business sector, there are two kinds of websites, we are talking about business and marketing websites. The role of the corporate website is to provide basic communication initiated by customers, it introduces the official company's webpages, which involves basic and general information about the company, offer its products or services, and their role is to develop customer relationships and ensuring publicity of company. The aim of the marketing sites is to motivate the consumer to purchase or have other marketing purposes. They are interactive communication which is initiated by the company, which is trying to get an attention and build positive relationships with the customers and the community, which include blogs, sub-pages on social networks and other sites, whose success and efficiency are based on creative approach and daily management.

2.4 Blog

Creating a blog designed to support the company's business is a flexible tool to gain potential customers as well as to strengthen the relationship with the existing customers.

A blog is a simple web page that acts as an online diary, containing added regularly posts on issues and information that its creator wants to share with other Internet users.

Blog it may be internal or external, whereby the internal blog is intended to share information between internal company employees, and external blog enables to communicate between the company and environment. It may be placed on the corporate website or on any of the public blog portals. Part of a well-managed blog should be the opportunity of readers to respond to public posts through the comments that appear directly below the post. This feature is not just an one-way form of communication. During the creation of the blog it is necessary to consider what the focus is best suited to your company or product that we want to promote.

2.5 Social Network

Currently in the field of communication in business also social networks are quite popular. It is not only a place where people can share information with its social environment, but also a place that has great popularity due to become the right choice for marketing activities.

The Social Network is an Internet system that allows Internet users in their indoor environment build and maintain online contacts with your friends or relatives. On the social network each user creates own profile (page with personal information), which connects the profiles of other users of this network and in such way allows to share, publish and make available information and any other contents of an entire group of people that are members of its social network.

Whether it is a paid advertisement, maintaining relationships with the community and creating awareness through the pages, it is good to know that the current large amount of social networks there are the largest and most utilized and where it is the most effectively to invest efforts. According to the survey agency AIM in Slovakia, 49% of visitors to community sites check Facebook daily. Then 31% of visitors use to spend their time on Pokec and 21% prefer Youtube. Even 22% of Internet visitors connect to social networks several times a day. Users who visit social networking sites several times a day, use to spent an average of 3,54 hours per day.

The website wearesocial.com in its published report DIGITAL IN 2016 deals with the social media use based on monthly active users worldwide. Figure 1 shows the number of users in millions and type of social media in which they are interested.

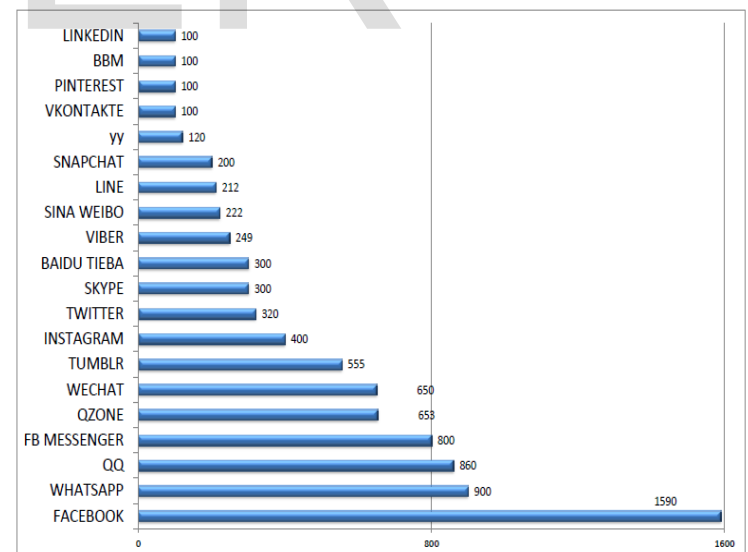


Figure 1: Active users by platform in millions

Source: Adopted from wearesocial.com, 28 January 2016

Except paid advertising, Facebook provides three ways how to promote a company or brand: profiles, pages and groups. These three functions of social media provide a variety marketing opportunities:

- **Profile** - The user profile is a tool that differs social

networks from other media platforms, because it helps to build relationships between users, who appreciate the same values, or have similar interests, common relations. This opens up new possibilities for companies to get customers in such jurisdiction, to which the traditional advertising or marketing is not enough.

- **Page** - represents the profile of the company or organization. It offers updates, information or data on the topic and users can post comments and communicate with each other. Facebook pages are more transparent and have greater marketing potential as the groups because they are viewed in profile of every fan. They are public and can be linked to external sites outside of Facebook. Another advantage is that, thanks to another application they allow external promotion and can be added to your favorite sites.

- **Groups** - the basic functions are exactly the same as in case of the pages and profiles, users can conduct discussions or post updates.

Each of these options of entrepreneurship promotion offered by social network, has its advantages and disadvantages. Before the company opens an account on the social network it should consider that which social network is the best of its type of business and the benefits which may in the future get the most out.

The successful presentation of the company on the Social Networks implies:

- determining the direct needs of the business to achieve the objective,
- analysis of permanent clients,
- finance to create unique design and graphics of the pages,
- administrator for updating the webpage,
- multimedia content (videos, pictures) - company presentation,
- criteria of safety website,
- involvement of the clients in product development.

The advantages of social networks in the presentation of the company are those that they are providing updated information about the company and through the search via browser, these information are provided new customers. They contain information not just about prospective new customers, but also information about competitors. There are some negatives relating to the e-business, for example great expense of some solutions that do not correspond to their real contribution. Customers' decisions to purchase and return a product are based on their level of expectations about the product's performance and the uncertainty surrounding these expectations. Uncertainty arises because customers do have incomplete information about the product when purchasing online (Wood, 2001), so their expectations are imperfectly informed (Golder et al., 2012). Both customers' level of expectations about product performance and the attached uncertainty together determine customers' expected product utility (Rust et al., 1999). Customers decide to purchase a product if the expected utility is greater than the utility of not buying it (McFadden, 1974). The level of expectations affects customers' purchase probability positively, whereas uncertainty reduces the purchase

probability because customers are generally risk averse (Rust et al. 1999).

2.5 Discounted Portals

One of the latest trends to promote products and increase the marketability of business output is participation in discounted portals. This marketing tool is based on the advantages of collective buying, where the most important thing is to advertise an offer, which is very interesting for the customer because of a discount on a product or service.

On discounted portal, the offer is activated as soon as there are a sufficient number of customers. The advantage is low cost, made up exclusively of commission income, which is paid for each coupon to operator of the discounted portal, which publishes the offer and guarantees a minimum number of customers in case of activation discounts.

In practice, this means that if the sufficient number of customers does not react to cover costs and achieve the desired profit, the company will not pay any fee for its publication. Another advantage is the measurability of effectiveness because the number of customers, who are interested, is easily counted. The company itself draws up the conditions when the discount will be provided to customers, this means that it determines the discount rate, the minimum number of discounted coupons needed to activate the discounts and the total number of coupons that can be purchased.

3 SUCCESSFUL E-SHOPING

The Internet is a basic shopping channel that grows constantly both in number of users and turnover. For example, the number of Spanish shoppers among Internet users increases from 27,3% in 2006 to 60,6% in 2013 (Peláez, Peregrina, Miguel, 2016). The new trend in buying products through the Internet is becoming common. Customer's behaviour is based on their preferences because all options bring positive or negative aspects (Rypakova, Moravcikova, Krizanova, 2015). There is not accurate statistics of the number and expiry e-commerce shops there, but at professional conferences, held in the business sector in Slovakia estimate that more than 50% of e-shops do not survive their first year of operation. There are many other electronic forms of business operating with zero economic gains and trying to survive only by inertia. What is the reason for these negative statistics? For the most part poor or even absolutely no preparation strategy (business plan) before the commencement of business on the Internet. The business pays the plans are largely estimates only. Nevertheless, every entrepreneur should at the start of business to develop at least rough financial plan - an estimate of how the finances could develop, and to consider the income and expenses associated with the operation of e-shop for individual months. At the heart of the business throughout its existence should be the first customer who is on the demand side of the market. It is also necessary to understand that if products are interesting enough: price, quality, design, different from the competition, which is a major condition to ensure sustainable competitive advantages to which it is already possible to build the right marketing and sales.

4 CONCLUSION

While some of the web pages of company are created on the Internet, other activities on the Internet environment expire. Their aim is to commend attention and motivate customers to search on their own the official webpage in future and start communication with the company. To make a website effective to present the company's offer it has just a few seconds to make impression to potential customer. That is the average time it takes to get a customer either lose or can persuade and turn him or her to the real customer. Site must inspire confidence in the customer because unprofessional created website is easy to detect. From a professional created website exudes authority, making a trust. Layout should reflect the overall image, design and elegance of the company. The business over the internet means for the customer some kind of anonymity and if he or she is interested in portfolio of products, it does not mean that the transaction will be effected. Companies can provide guarantees to ensure security of personal data that could be provided by another company as well, which is specialized. Presentation of company via Internet is not easy, but changing product that reflects the resources and time invested in it for a long term. In case the company does not have enough experience, it is good to outsource this kind of work to the professionals. However, it does not mean that everything what is expensive is good as well and that is why it is necessary to focus on references of companies.

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