

An Internet Marketing Mix Analysis of an Emerging Company

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Bachelor Thesis
2011



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Tomas Bata University in Zlin
Faculty of Humanities
Department of English and American Studies
Academic Year: 2010/2011

**BACHELOR'S THESIS
ASSIGNMENT**
(PROJECT, ARTWORK, ARTISTIC PERFORMANCE)

Name and Surname: **Tetyana TEMNA**
Study Programme: **B 7310 Philology**
Field of Study: **English for Business Administration**

Thesis Topic: **An Internet Marketing Mix Analysis of an
Emerging Company**

Thesis Guidelines:

Outline the process of Internet marketing mix analysis.
Determine its component parts in detail.
**Apply the obtained theoretical data to the analysis of the Internet marketing
mix of a specific emerging company.**
Focus on the marketing mix strategy.
Draw a conclusion about further development of the company.

Thesis Extent:

Supplement Extent:

Form of Thesis Elaboration: printed/electronic

Bibliography:

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1 February 2011

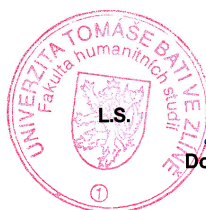
Thesis Due:

6 May 2011

Zlín, 1 February 2011



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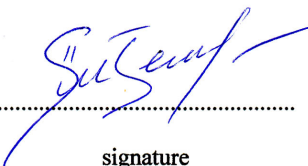
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ABSTRAKT

Bakalářská práce se zabývá analýzou internetového marketingového mixu vznikající společnosti v podmínkách současného stavu ekonomiky. Rozvoj internetu velmi ovlivnil pojem marketingu a tím více samotný marketingový mix. První část práce se zabývá teoretickým základem analýzy internetového marketingového mixu založené na klasickém marketingovém mixu s ohledem na velký vliv internetu. Druhá část se zabývá analýzou specifických částí internetového marketingového mixu a ostatních důležitých vlivů za účelem kontroly životaschopnosti a předpokládané výnosnosti vznikající společnosti. Celá analytická část může být použita jako základ pro obchodní plán společnosti.

Klíčová slova: Internetový marketing, Internetový marketingový mix, produkt, služba, cena, místo, propagace, komunita, značkování, vznikající společnost, sociální síť, International Couples.

ABSTRACT

The bachelor thesis deals with the Internet marketing mix analysis of an emerging company in the conditions of the present state of economy. The advance of the Internet has largely influenced the notion of marketing, even more so marketing mixes. Thus, the first part of the work considers the theoretical footing of the Internet marketing mix analysis based on the classical marketing mix and considering the great influence of the Internet. The second part deals with the analysis of the specific parts of the Internet marketing mix and other important influential forces in order to check the viability and prospective profitability of the emerging company. The whole analytical part can serve as a basis for the business plan of the company.

Keywords: Internet marketing, Internet marketing mix, product, service, price, place, promotion, community, branding, emerging company, social networking website, International Couples.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank all the people who have made this thesis possible. First, I would like to offer my gratitude to my supervisor, Ing. Michal Pilík, Ph.D., who has guided me throughout my thesis with his professional advice and valuable comments. In addition to that, I would particularly like to thank him for the time, spent on consultations.

I also owe a great deal to my boyfriend, a co-founder of the analyzed company, for the origination of the idea, useful comments, and moral support during the whole process of creating the thesis.

Special thanks should also be given to my teacher, Gregory Jason Bell, M.B.A., M.A., Ph.D.c, for essentially teaching me everything I know about the process of writing theses, as well as for his patience and precious time spent on giving invaluable advice throughout the process of writing my thesis.

Finally, I thank my friends and family for their encouragement and assistance.

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INTRODUCTION

The idea was utterly ingenious! Why then did we fail? Many budding entrepreneurs have asked themselves this question a short while after starting a seemingly promising business. So, where is the problem? “No matter how good your product and your service, the venture cannot succeed without effective marketing. And this begins with careful, systematic research” (SCORE, 7).

It is vitally important for an emerging company to undergo a thorough marketing analysis and be prepared for the realities of the market. If you have not done so yet, it is not the reason to give up – it is time to analyse. And one of the main objects of any marketing analysis is a marketing mix, aimed at influencing the customer demand, which is crucial for the profitability of the company.

The emerging company under consideration is an Internet social networking website International Couples. So, the focus is on such a modern and progressive kind of marketing as Internet marketing. The advance of the Internet has largely influenced marketing practices, introducing not only new strategies, opening new horizons, but also bringing in new kinds of products. Surely, it did not change marketing completely, but it advanced it to a new level. Consequently, the Internet marketing mix is also not the same as the marketing mix used to be. It is still based on the classical marketing mix, though largely modified by the influence of the Internet.

The main practical aim of the present thesis is to produce the Internet marketing mix of International Couples, which can serve as a basis for the business plan of the company. Nevertheless, the value of the thesis also lies in the initial proposal of the idea for the new company which is being analysed. At present, in the condition of an oversaturated economy, almost all parts of the market are occupied. It is difficult for a new company to find a niche which is still not covered with some company's offer. In spite of that fact, the thesis displays the proposal of a new niche marketing company and the analysis of its viability and profitability in the present conditions of the market.

I. THEORY

1 INTERNET MARKETING DEFINED

The present thesis considers the Internet marketing mix analysis of an emerging company. Therefore, in order to understand what the Internet marketing mix is and how to analyse it, separate parts of the term will be dealt with separately.

The basis of this term is the notion of marketing, particularly in this case Internet marketing. The next concept to be defined is the Internet marketing mix, based on the definition of a classical marketing mix and its parts, modified by the influence of the Internet. But marketing mixes do not exist in isolation. There are many influential factors, without the analysis of which a marketing mix cannot be developed. Therefore, these factors will be also considered. Only after that the Internet marketing mix analysis of an emerging company will be carried out in the analytical part of the present thesis.

So, the starting point is the notion of marketing. There are always two approaches to any term: its formal definition and its real manifestation. The latter of marketing is precisely presented in the book *Basic Marketing: A global-managerial approach* written by William D. Perreault, Jr. and E. Jerome McCarthy.

When it's time to roll out of bed in the morning, does your Sony alarm clock wake you with a buzzer – or by playing your favourite radio station? ... Will you slip into your Levi's jeans? Your shirt from Abercrombie and Fitch, and your Nikes, or does the day call for your Brooks Brothers interviewing suit? Will breakfast be Lender's Bagels with cream cheese or Kellogg's Frosted Flakes? ... After breakfast, will you head off to school or work in a Toyota Scion, on your Rollerblade inline skates, or on the bus that the city bought from General Motors? (2005, 2-3)

This is a brilliant beginning to any kind of work concerning marketing. Any reader would identify with the lines above, provided the trademarks are changed according to the parts of the world. No day of any person can be started “without bumping into marketing” (Perreault and McCarthy 2005, 3). Surely, the extent of bumping depends on the country, but all in all, marketing is everywhere. That is why it is very important to understand what marketing is.

The other approach is not less important. The definition usually uncovers many useful details. Of course, different authors in different books define marketing in many sorts of different ways. For example, Gary Armstrong and Philip Kotler in their book *Marketing: An introduction* give a simplified definition, describing marketing as “managing profitable customer relationships” (2005, 5). On the other hand, the basic American Marketing association definition of marketing offers a wider understanding of the notion:

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals. (Mohammed et al. 2004, 3)

The thesis deals in particular with the Internet marketing mix analysis, which is why it is necessary to specify this notion. Internet marketing can be defined as “the process of building and maintaining customer relationships through online activities to facilitate the exchange of ideas, products, and services that satisfy the goals of both parties” (Mohammed et al. 2004, 4). For the aims of the thesis, Internet marketing will be defined in a simpler way, as managing profitable customer relationships through online activities.

During the peak of the Internet age the notion of Internet marketing is being more and more used. Most companies necessarily have websites or use the Internet for advertising or selling. Some companies provide Internet services or even function entirely online. The present thesis will analyse the company functioning online and rendering online services.

To sum it all up, the introduction to the William D. Perreault, Jr. and E. Jerome McCarthy’s book together with the definitions listed above give an insight into the complexity and importance of marketing. All the results of marketing that surround people and lots of work behind them are the real manifestation of the notion of marketing, representing its complexity. In its turn, the influence of marketing on customers represents its importance for them. Importance for the companies, as the founder of Amazon.com Jeff Bezos said, is: “Customers come first. If you focus on what customers want and build a relationship, they will allow you to make money” (Armstrong and Kotler 2005, 4). Importance for the consumers lies in the money they have to pay for all the marketing activities that are behind the visible manifestations of marketing they face every day. In the case of advanced economies, which are many of the economies existing now, marketing costs 50% of the money spent by an ordinary consumer, and for some goods or services it can be even more. (Perreault and McCarthy 2005, 6)

At present, most successful companies are highly customer oriented. Marketing is about managing customer relationships. So, no matter if it is a question of marketing or Internet marketing, the important thing to remember is that good marketing is crucial for the success of any company.

1.1 Internet marketing process

Marketing and its importance defined, it is time to move on to the examination of the Internet marketing process. Naturally, due to the influence of the Internet, the Internet marketing process is different from the classical one. Internet offers more opportunities for marketing, so unlike the classical model, the Internet marketing process includes more stages. Some of them are possible only due to the existence of the Internet. A very good example of the Internet marketing process model, presented by Mohammed et al., consists of the following seven stages:

1. Framing the market opportunity
2. Formulating the marketing strategy
3. Designing the customer experience
4. Crafting the customer interface
5. Designing the marketing program
6. Leveraging customer information through technology
7. Evaluating the marketing program (2004, 8)

The first stage involves researching and evaluating the opportunities the market can offer to the business. In the second stage, the marketing strategy is being designed, for both offline and online marketing activities. The third stage is aimed at defining which customer experience is required by the target customers and subsequent designing of it. The fourth stage represents the shift from the marketplace to the marketspace and lies in solving the interface design problems. The result of the well-implemented first four stages is the fifth stage, occupied with designing marketing programs. The latter are based on marketing strategies and marketing plans, which will be defined later. The sixth stage is devoted to obtaining, analyzing, organizing, and utilizing the information about the target customers with the aid of technology. And the last stage evaluates the efforts of all previous stages. (Mohammed et al. 2004, 8-18)

The difference between the Internet marketing process and the classical one can be observed in stages four and six, the existence of which is caused by the advance in the Internet and technology.

These seven stages are closely interconnected and need to be implemented in the exact order. The reason is that each of them requires the implementation of the previous one, and the whole Internet marketing process will fail should one of them be missing.

1.2 A marketing plan and a marketing strategy

The present thesis calls for a deeper understanding of a particular stage of the Internet marketing process, namely formulating the marketing strategy. This notion, in its turn, requires the clarification of the term of a marketing plan, because marketing strategy lies in the basis of a marketing plan.

“A marketing plan is a written statement of a marketing strategy and the time-related details for carrying out the strategy” (Perreault and McCarthy 2005, 43). In other words, a marketing plan is the written variant of a marketing strategy plus a set of deadlines attached to each step to be taken in order to fulfil the strategy. The plan should include:

1. What marketing mix will be offered, to whom, and for how long?
2. What company resources will be needed at what rate?
3. What results are expected? (Perreault and McCarthy 2005, 43)

Next, it is necessary to look into what marketing strategy is. Again it should be emphasized that marketing is “managing profitable customer relationships” (Armstrong and Kotler 2005, 5). Therefore, marketing strategy should be consequently defined as “the marketing logic by which the company hopes to achieve these profitable relationships” (Armstrong and Kotler 2005, 53). But in practice, marketing strategies are much more complicated. They consist of many interconnected parts which form the marketing logic mentioned above. The broader definition, given by William M. Pride and O.C. Ferrell, gives a wider understanding of the notion and its component parts. “A marketing strategy is a plan of action for developing, distributing, promoting, and pricing products that meet the needs of specific customer” (Pride and Ferrell 1997, 11).

This definition is logically followed by the four tasks that have to be focused on:

1. Target market selection
2. Marketing mix development
3. Marketing environment analysis
4. Marketing management (Pride and Ferrell 1997, 18)

In conformity with the present thesis it is necessary to get deeper only into the second objective, namely marketing mix development. Nevertheless, figure 1 shows that the marketing mix is not isolated. Though the present thesis is focused on the Internet marketing mix analysis, it cannot be fulfilled without implementing the other parts of the planning process.

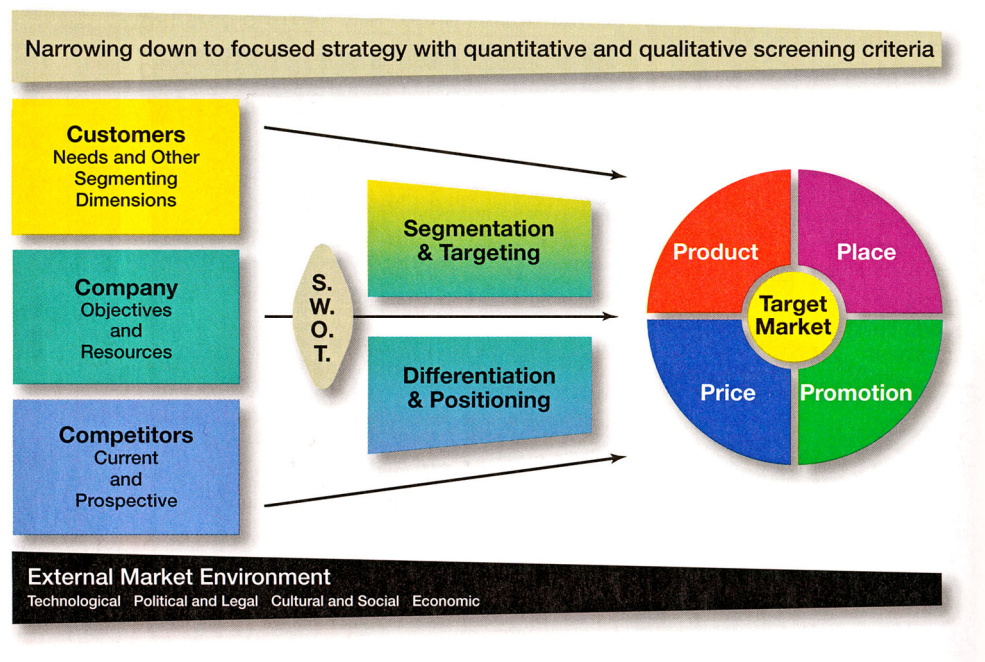


Figure 1. Overview of Marketing Strategy Planning Process
Source: Perreault and McCarthy 2005, 582.

As can be observed on figure 1, the first steps are defining the customers, the company and its competitors. Customers are defined by their needs and demands, which have an important influence on segmentation, targeting, differentiation and positioning, and consequently, on the marketing mix development. The same connections exist between a company or its competitors and the marketing mix.

The next step is analysing the marketing environment, both external and internal. The marketing environment will be discussed in detail in the next chapter. Then there are segmentation, targeting, differentiation and positioning, which will be also discussed in detail in the following chapters. And finally, the marketing mix analysis is the last culmination point of the analysis.

2 MARKETING ENVIRONMENT

No matter if the company is offline or online, the marketing environment is everywhere around and inside the company. So, it is very important to take it into account while making the analysis, because it can influence the company both in a positive and a negative way. The marketing environment can be viewed from three perspectives. These perspectives are: the ‘macro-environment’, the ‘micro-environment’ and the ‘internal environment’. (Marketing Teacher) Figure 2 shows in which ways different levels of environment can influence the company.

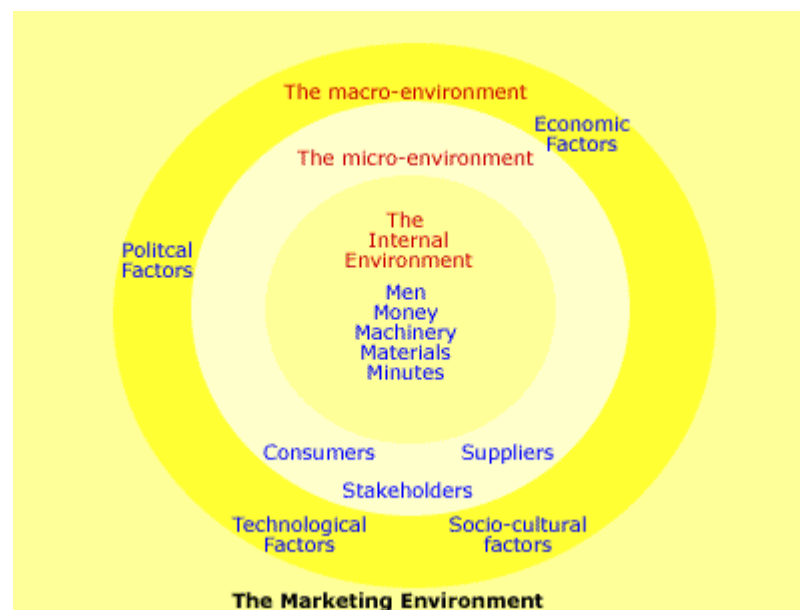


Figure 2. The Marketing Environment
Source: Marketing Teacher.

The macro-environment includes the influential factors which cannot be directly controlled by the company, though sometimes might be controlled. (Marketing Teacher) From figure 2 it can be seen that the macro-environment consists of political, economic, socio-cultural and technological factors, which are generally known as PEST factors.

The macro-environment and micro-environment are tightly interconnected in its influence on the company, but also greatly influencing each other. “The macroenvironment consists of the larger societal forces that affect the microenvironment – demographic, economic, natural, technological, political, and cultural forces” (Kotler and Armstrong 2006, 65). This definition confirms the fact of interrelationship and broadens the list of influential factors. Though these factors are not new ones, because the factors listed by Philip Kotler and Gary Armstrong are already included in the PEST factors. Demographic,

natural, and cultural forces are considered to be part of socio-cultural forces in the case of the PEST factors.

Next, there comes the micro-environment. It includes the influential factors which directly influence the company. (Marketing Teacher) Again, from figure 2 it can be seen that the micro-environment consists of consumers, stakeholders, and suppliers. They are “the actors close to the company” (Kotler and Armstrong 2006, 65). And finally, the internal environment consists of men, money, machinery, materials, and minutes. They are usually called ‘Five Ms’. (Marketing Teacher)

All three levels of environment should be analysed in order to define their influence on the marketing mix. There exist many ways of analysis, but the most popular among the marketers are PEST analysis, SWOT analysis and Porter’s Five Forces analysis. Taking into account the aims of the present thesis, only the first two will be discussed and applied. The reason for not using the Porter’s Five Forces analysis is that the present thesis will be concerned with an emerging company, and this kind of analysis is more suitable for already existing companies.

2.1 PEST analysis

As mentioned, the macro-environment consists of PEST factors. These factors are: political, economic, socio-cultural and technological. On the basis of these factors a PEST analysis can be made. It analyses the four factors encoded into the abbreviation, namely their possible positive and negative influences on the company.

The importance of this analysis lies in the consequent readiness of the company to react to the possible negative influences, together with the possibility to make the best use of the positive influences.

2.2 SWOT analysis

The micro-environment and the internal environment can be analysed with the help of the SWOT analysis. This abbreviation stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses represent internal influential factors, while opportunities and threats represent external influential factors. (Marketing Teacher)

While carrying out the analysis it is important not only to describe its component parts, but also to focus on interconnections between them. It means that it is not enough only to describe the strengths and weaknesses, it is important to present a way how these weaknesses can be transformed into strengths. The same is with the threats and

opportunities. And also it is necessary to analyse how strengths can be blended with opportunities in order to take full advantage of the company's situation. This kind of interaction is shown on figure 3.

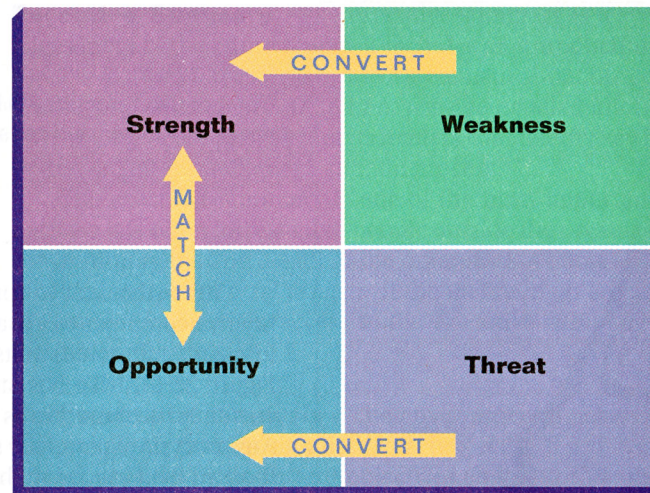


Figure 3. The Four-Cell SWOT Matrix

Source: Pride and Ferrell 1997, 536.

For the purposes of the analysis to be performed in the second part of the present thesis, the four components are understood in the following way:

Strengths Competitive advantages or distinctive competencies giving the firm an advantage in its target market. **Weaknesses** Any limitations a firm might face in marketing strategy development or implementation. **Opportunities** Favorable environmental conditions that could bring the firm rewards if acted upon properly. **Threats** Conditions or barriers that may prevent the firm from reaching its objectives. (Pride and Ferrell 1997, 535)

Further, according to figure 1, after analysing the marketing environment of the company, it is necessary to continue with segmentation, targeting, differentiation, and positioning.

3 CUSTOMER-CENTERED MARKETING STRATEGY

As mentioned, in order to be successful, the company has to build profitable relationships with its customers. Thus, the company has to be oriented on customers, on satisfying customers better than competitors. But this requires a deep understanding of their needs and wants. This approach is called customer-centered marketing strategy. (Armstrong and Kotler 2005, 53)

Some companies try to be all customer-centered, thinking that it is the most profitable strategy. But in most cases it is not. It is impossible, or at least very difficult and mostly unprofitable to be focused on all customers and fully satisfy all of them. Though, there exist such strategies, but in real life only a few companies succeed in them. For the most part, if a company has some kind of product or service, it is usually demanded only by some part of the market. Thus, it is logical to focus on this part and serve them the best the company can. Companies have to distinctly identify the part of the market they are going to focus on, research the needs and wants of the people in this part and make strategies of satisfying their needs and wants in the best way. (Armstrong and Kotler 2005, 53)

According to Gary Armstrong and Philip Kotler's division, this process involves:

- Market segmentation
- Target marketing
- Market positioning (2005, 53)

But according to William D. Perreault, Jr. this process involves one more distinctive part – differentiation. (2005, 50) Further analysis of these individual parts proves helpful.

3.1 Market segmentation

The company is going to launch some product or service. The question about satisfying everybody has already been solved above. Hence, the next question is which part of the market the company will satisfy. And finally it is important to decide how it will serve this part of the market best, i.e. by choosing which marketing strategy. The first step towards answering these questions is market segmentation. It helps to divide the whole market into smaller parts – market segments, consisting of consumers with similar needs, wants, background, etc. Hence, it becomes easier to choose some and serve them.

The division into market segments can be based on a huge number of different variables. For example, major segmentation variables proposed by Philip Kotler and Gary Armstrong are enclosed in appendix P I. Of course, it is not an exhaustive list of variables.

Every new product or service usually requires a different set of variables to segment the market. So, in certain cases new variables need to be introduced.

3.2 Target marketing

When the market is divided into segments, the company can choose which segment or segments can be satisfied with their chosen product or service. Or vice versa, which product or service can satisfy the chosen segment or segments of the market. The former case is more frequent. This process is called “target market selection” (Mohammed et al. 2004, 92) or “target marketing” (Kotler and Armstrong 2006, 209). However, this process is not only limited to choosing, but also “involves evaluating each market segment’s attractiveness” (Kotler and Armstrong 2006, 47).

So, the company can choose one or more segments. According to how broadly or narrowly the company is going to target, there exist different marketing strategies, as shown on figure 4.

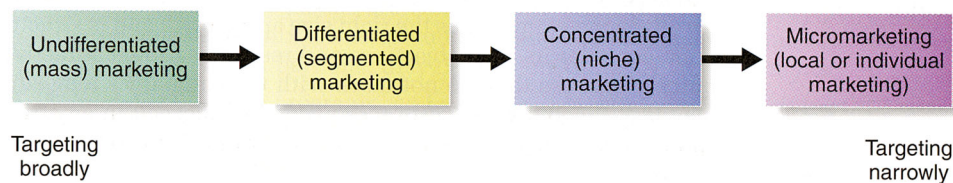


Figure 4. Target marketing strategies

Source: Kotler and Armstrong 2006, 210.

The company can either cover the whole market with one offer – mass marketing, or target several market segments with separate offers for each – segmented marketing, or concentrate on a large part of one or a few segments – niche marketing, or satisfy only specific individuals and local customer groups – micromarketing. (Kotler and Armstrong 2006, 210-212)

It may seem that mass marketing must be the most profitable because it is so broadly targeted. Nonetheless, niche marketing can be much more profitable, since it can satisfy the target segment’s needs and wants better, thus creating better customer value and consequently generating more profit and loyalty. In its turn, segmented marketing can also be not the best choice. The reason is higher costs of promotion and production, because there are several market segments to be served in different ways. (Kotler and Armstrong 2006, 211) In the case of micromarketing, it definitely also has its advantages and

disadvantages. Thus, in practice it is impossible to say what the best strategy is in general. The choice of the strategy depends on the product or service itself, resources available for its production and promotion, and many other factors that can influence the business.

3.3 Market positioning

When the target market segment or segments are chosen, the next step is market positioning. It deals with the position inside the chosen market segment to be occupied. More precisely “market positioning is arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers” (Armstrong and Kotler 2005, 50). There are three steps in the positioning process:

1. Identifying possible competitive advantages
2. Choosing the right advantages
3. Selecting a general positioning strategy (Kotler and Armstrong 2006, 218)

When the product or service is advantageously positioned, the last thing to do, but not the least important, is to retain the advantages in the customers’ heads.

3.4 Differentiation

Gary Armstrong and Philip Kotler do not distinguish differentiation as a separate step. But according to William D. Perreault, Jr. and E. Jerome McCarthy differentiation is a separate crucially important step in positioning a product or service. The reason is that it is not enough just to meet the needs of target customers. It is necessary to meet these needs better than competitors, in order to get a competitive advantage. Differentiation means making a difference. It means implanting into the customers’ heads that one product is definitely different from another company’s product. (Perreault and McCarthy 2005, 50)

In addition, “differentiation means that the marketing mix is distinct from and better than what is available from a competitor” (Perreault and McCarthy 2005, 50). This definition adds to the aforesaid, that it is very important to implant not only the difference factor, but also the superiority factor into the target customers’ heads.

Finally, after discussing all the steps that precede and have an important influence on the marketing mix in the marketing strategy planning process, the last definition leads up to the main topic of the present thesis.

4 INTERNET MARKETING MIX DEVELOPMENT

The main aim of any business is to be successful and profitable. The key component of success is building profitable customer relationships. The company already knows who the target customers are and what they want. Now they have to decide how they will satisfy these customers. And this is not limited to the choice of a suitable product or service. They need to develop a marketing mix. In the present case it is the Internet marketing mix, so the components will be a bit different. Nevertheless, the classical components remain as the basis for the Internet marketing mix.

According to Gary Armstrong and Philip Kotler the marketing mix includes four groups of variables known as the Four Ps. They are: product, price, place, and promotion. It is important to remember that customers are not part of the marketing mix. They are in the centre, thus being the focus of the marketing efforts. (Perreault and McCarthy 2005, 38)

Every group of variables of the Four Ps includes a number of sub variables relevant to the group. Figure 5 shows some of these sub variables included in the Four Ps.

Product	Place	Promotion	Price
Physical good Service Features Benefits Quality level Accessories Installation Instructions Warranty Product lines Packaging Branding	Objectives Channel type Market exposure Kinds of middlemen Kinds and locations of stores How to handle transporting and storing Service levels Recruiting middlemen Managing channels	Objectives Promotion blend Salespeople Kind Number Selection Training Motivation Advertising Targets Kinds of ads Media type Copy thrust Prepared by whom Sales promotion Publicity	Objectives Flexibility Level over product life cycle Geographic terms Discounts Allowances

Figure 5. Strategy Decision Areas Organized by the Four Ps
 Source: Perreault and McCarthy 2005, 39.

As mentioned, the Internet marketing mix also includes these traditional Four Ps. In addition, Mohammed A. Rafi et al. propose adding two more elements: community and branding. Community is a completely new element inspired by the advance of the Internet, while branding was part of product in the traditional Four Ps. Consequently, the Internet marketing mix will consist of: product, price, place, promotion, community, and branding.

4.1 The 2Is

As stated many times, the Internet has had a great influence on marketing as a whole. But the best this influence can be observed on the marketing mix. In order to explain the influences two new concepts should be introduced. They are individualization and interactivity, further referred to as 2Is. “Individualization refers to a firm’s ability to target each consumer with personalized messages and programs. Interactivity signals the shift from broadcast forms of marketing to dialogue or conversational marketing” (Mohammed et al. 2004, 197).

The effects of the 2Is on the elements of the Internet marketing mix are very important and require being taken into consideration while making the analysis. The problem is that these effects are so numerous. That is why, for the purposes of saving place, it was decided to present them on the figures enclosed in appendix P II – P VII.

4.2 Product

Internet has already become an integral part of marketing activities of most companies. More and more companies nowadays function completely online, some combine online and offline activities, and finally, less and less companies use just the offline activities. This proves the importance of Internet-based products and services research.

First, it is necessary to define what a product is. The product should not be understood only as a physical object. It can be a physical good, a service, or both. The product area deals with developing a suitable physical good, service, or both, in order to satisfy the target customers in the best way. (Perreault and McCarthy 2005, 38)

Next, it is necessary to define the difference between offline and online products and services. In the book *Internet marketing: Building advantage in a networked economy* Mohammed A. Rafi et al. divide products into four general categories: digitized goods, services, retail or distribution services, and product augmentation. Digitized goods are the products which deliver the core benefits directly on the Internet. Services are the ones which also perform the core service benefits online. Retail and distribution services are used to sell or distribute products that are delivered offline. And finally, product augmentation offers extra Internet services in order to augment the basic product. (Mohammed et al. 2004, 241-242)

Since the analytical part of the present thesis deals with a company providing services, it is important to understand what services are, as opposed to the physical goods. Services

are “activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything” (Armstrong and Kotler 2005, 7).

It should also be noted that any product consists of different value levels, which it renders to customers. The division of these value levels is the same for both a physical good and a service, both online and offline. But the value proposition inside every level will be different for a physical good and a service in every separate case. Figure 6 shows the general structure of the value proposition levels for both of them. According to Mohammed A. Rafi et al. there are three levels: core benefit, basic product, and augmented product. (2004, 239)

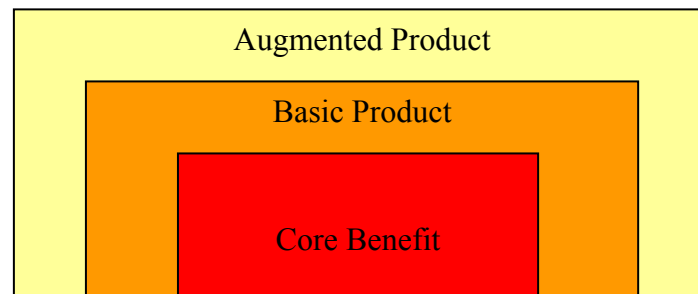


Figure 6. Product value proposition levels

The core benefit of a product is always intangible, as distinct from the product itself in the case of a physical good. In the case of a service, both are intangible. As the name reflects it, it is the benefit which lies at the core of the product and which makes this product valuable for target customers. It is the initial reason why customers decide to buy the proposed product or service. The next level is the product itself, called the basic product. This is an object or a service itself, which the customers are buying.

And the last level is the augmented product. Augmented means that the basic product value is extended, supplemented by additional values offered to target customers. “Augmenting a product allows a firm to further differentiate its offering from those of its competitors and establish a compelling basis of comparison for prospective buyers” (Mohammed et al. 2004, 239). So, augmenting brings competitive advantages. But augmentation cannot be done without the fulfilment of the steps described in the previous chapters: marketing environment analysis, market segmentation, target marketing, market positioning, and differentiation.

4.3 Price

Price means “the amount of money customers have to pay to obtain the product” (Kotler and Armstrong 2006, 50). Of course, here product is again understood as a physical good, or a service, or both of them.

Price depends on different factors. It should be chosen taking into account the prices of the competition in the target market. But primarily, the price is counted on the basis of the whole marketing mix cost. Only afterwards it is adjusted to the prices of the competition. (Perreault and McCarthy 2005, 40)

The choice of price is as important, as any part of the marketing mix. The reason is that if the price fails to satisfy the customers’ expectations, the whole marketing mix will fail. The same is with the other parts of the marketing mix. They are closely interconnected and must be planned thoroughly in order not to fail.

4.4 Place

A popular English proverb says, “a spoon is dear when lunch time is near”, suggesting that everything is good at the right time and place. When it is in the wrong place or at the wrong time – there is no use of it. The same is with the place area. The product should be available for the target market segment in the convenient for the customers time and the accessible place.

Place is connected with the channels of distribution. They can be short or long, either running through a series of firms or directly from a producer to a final user or a consumer. In case of an online service the channel is direct. (Perreault and McCarthy 2005, 39)

In case of any Internet-based products and services the Internet is at the same time a new form of commerce and a distribution channel. Customers now have a possibility either to use the Internet as a direct channel, or use it in combination with other, offline channels. (Mohammed et al. 2004, 14)

4.5 Promotion

One definition of promotion claims that it means informing the target market segment or segments about the company and its products. (Mohammed et al. 2004, 14) But promotion is not just about informing. It has a wider and a more important role. For a successful marketing mix promotion must “communicate the merits of the product and persuade target customers to buy it” (Kotler and Armstrong 2006, 50).

The emergence of the Internet has revolutionized the way promotion is done. It allowed the companies “not only to target its advertisements and to personalize its communications but also to engage in nearly constant two-way dialogue with its customers” (Mohammed et al. 2004, 339).

Though the Internet gave new possibilities to the companies, the basic principles and steps of marketing communication remained the same: awareness, exploration, expansion, commitment, dissolution. These steps are achieved by different kinds of levers: mass offline, personal offline, mass online, personal online. Mass offline marketing levers include: television, radio, outdoor advertising (billboards), public relations, newspapers, magazines, yellow pages, brochures, newsletters, and point-of-purchase displays. Personal offline marketing levers include: sales force, telemarketing, direct mail, and customer service. Mass online marketing levers include: websites, banners, interstitials, rich media, search engines, classifieds and listings, and sponsorships. And finally, personal online marketing levers include: personalized websites, dynamic ad placement, e-mail marketing, interactive television, wireless devices, and customer service. (Mohammed et al. 2004, 340, 347-360) Specific kinds of these levers will be dealt with in the analytical part of the present thesis.

4.6 Community

Community is a new part of the marketing mix, having emerged with the arrival of the Internet marketing. Though it is new, it is very important and very helpful in analysing the Internet marketing mix.

Community is understood as “a set of interwoven relationships built upon shared interests that satisfies those needs of its members that are not attainable individually” (Mohammed et al. 2004, 14). The most important part of the definition is *interwoven relationships*. Mohammed et al. wonderfully explained why it is so.

A room can be full of couples involved in intense, committed relationships. But if the couples do not speak to one another and share interests and experiences, true community does not form. ... In true communities, relationships between individuals need to be expansive and interwoven. True community, then, satisfies members' needs that are otherwise unattainable individually. (2004, 393)

So it is important to form communities in order to satisfy the customers' needs, because communities hold a big potential for companies in building profitable customer

relationships. Also the Internet enables marketers to speed up this process and build successful communities.

4.7 Branding

In the case of the Internet marketing mix, branding is marked up as a separate element, instead of considering it part of the product area. Branding is very important for any product. But for making business online it is even more important, because customers cannot touch or try the products and thus are highly influenced by the brand.

In its essence, branding is choosing “a name, term, symbol, or design – or a combination of these – to identify a product” (Perreault and McCarthy 2005, 255). The success of the whole Internet marketing mix depends on this choice. But there are also other reasons why branding should be placed high emphasis on when developing the Internet marketing mix:

- It is easier for the customers to find products of a certain brand
- The image of the company can be improved
- Sometimes the brand is the only way how a company can be different from its competitors (Perreault and McCarthy 2005, 255)

As a result, these and other reasons place branding on a separate special place in the Internet marketing mix.

4.8 Conclusion to the theoretical part

The Internet marketing mix is an inseparable part of the Internet marketing strategy. It is also tightly interconnected with the other parts of the strategy. Consequently, the Internet marketing mix cannot be developed without the analysis of such important influential factors as the company itself, customers, competition, and environment. These factors, considered together with the Internet marketing mix, can provide a winning mix for the analyzed company.

II. ANALYSIS

5 COMPANY

Company description is the starting point for the marketing mix analysis. As far as the company under consideration is functioning completely online and rendering online services, the analysis will consider the Internet marketing mix.

The company under study is the International Couples social networking website. It is an emerging company. Therefore, the Internet marketing mix analysis will be performed in order to evaluate the company's viability and profitability.

5.1 Origin of the idea

Observation proves that mostly *great success comes from a small idea* based on life experience. So in order to be successful, first of all, a good idea is required. The new business must either propose something cheaper and better than its competitors, or something completely new.

The International Couples company, hereafter referred to as IC, is a social networking website for international couples, as the name reflects. The new service to be introduced is really something new. The idea of this project originated a year ago and came out of the real needs that appeared in the life of one international couple. Later analysis showed that their needs reflected those of countless other people worldwide.

The *small idea* from which *a great success* should come was the following. The couple under consideration was an international couple. During the development of their relationship there emerged lots of problems (of any imaginable kind, e.g. documents, language, culture, food, etc.), as well as funny and awkward situations. Consequently, there arose a strong need for communication with the people who have the same needs and wants: with those, who are in the same situation, can understand, give advice and laugh together at funny moments which are not likely to appear in the life of intranational couples. So, after the need arose an Internet search was made for any kind of information about other international couples. The results were poor. There existed only one amateur website with a list of international couples. Some couples had their addresses written there, but in general the website was not convenient for usage, not pleasant looking and far from a social networking website. So, here the *small idea* appeared. The idea to make a social networking website for international couples, where they can register, find each other, communicate and help in situations which 'usual' couples can never even imagine.

5.2 Industry description

The industry of social network services, as indicated in the technology glossary on the Maine State Library Web page, “focuses on building online communities of people who share interests and/or activities, or who are interested in exploring the interests and activities of others” (Maine State Library).

The ideas to put social communities online appeared a short while after the emergence of the Internet. First social networks put online the communities already existing in real life. But soon social networks started forming these communities online by connecting people separated in space.

The early development period of social network services can be observed in the case study of Webdunia (CMMI Level 3 certified, leading software development, portal and localization company based in India):

Early social networking websites started in the form of generalized online communities such as The WELL (1985), Theglobe.com (1994), Geocities (1994) and Tripod (1995). These early communities focused on bringing people together to interact with each other through chat rooms, and share personal information and ideas around any topics via personal homepage publishing tools which were a precursor to the blogging phenomenon. (Webdunia)

The following years saw the emergence of three most popular social networking websites: Friendster in 2002, MySpace in 2003, and Bebo in 2005. Exactly at that time social networking websites became the mainstream for the users from all over the world. But in 2004 a serious danger and a big competitor for the three of them emerged. It was Facebook, at that time being Harvard-only. (Boyd 2007) Since then social network services industry began to flourish.

It is difficult to estimate the number of social networking websites today. The reason is that different sources give different numbers, most sources are unreliable, and finally, some social networking websites are already defunct. But, approximately, it can be said that there are hundreds of functioning social networking websites now. And what is the most important for the present analysis – no one of them is for such a social community as international couples.

5.3 Company philosophy, goals and objectives

Love usually joins couples. Patience and understanding help international couples stay together and grow their love. IC joins these couples, gives them the opportunity of mutual

support, understanding one another's needs, sharing their views, opinions and dreams. By joining them IC creates a new global community. The community which has already made a big developmental step but still lacks awareness, just because there is lack of communication between these couples. Now they will have an opportunity to communicate and grow this new community together.

5.3.1 Motto

Difference is our advantage.

i.e. The world is divided into different countries...We are different...But we join the world!

5.3.2 Goals

- Join all international couples in the world in one networking community.
- Make an easy to use and understand, useful website in order to satisfy the needs and demands of such a specific category of people as international couples.
- Have a successful company which will become the leader in a particular segment of the global market.

5.3.3 Objectives

- Completely satisfy the needs of international couples in finding other couples and communicating with them.
- Supply the users with all necessary information and support in the sphere of international couples' relationships.
- Achieve the level of at least six hundred unique visitors per day during the first one or maximum two years.
- Reach not only a high level of usage but also profitability during the first two years.

5.4 Founders

At the first stage of the founding of the IC company there will be three founders: Tetyana Temna, Tomáš Klein, Michal Matuš. The reason of a small number of staff is limited starting resources and sufficiency of experience of the three founders to support the company during at least the first year.

5.5 Legal form of ownership

The chosen form of ownership for the company is Limited Partnership. This legal form of enterprise suits the founders the most, because it corresponds with the share of the starting capital investment of each founder and also with the share of work done by them.

The Czech Commercial code defines Limited Partnership as “an entity in which one or more partners are liable for the partnership’s obligations up to the amount of the unpaid parts of their contributions as recorded in the Commercial Register (“limited partners” ...), and one or more partners are liable for the partnership’s obligations (debts) with their entire property (“general partners” ...)” (Vlastina.cz, 57).

General partners will be Tetyana Temna and Tomáš Klein. The limited partner will be Michal Matuš. According to the partnership agreement the profit will be distributed in the following way: limited partner – 20%, residual 70% will be distributed equally between the general partners.

5.6 Staff experience

Staff experience is also one of the influential factors on the success of the company. Even the best idea ever can be spoilt with the lack of experience and incorrect implementation. Initially, the staff of the company will consist only of the founders, certainly with the prospect of enlargement at the end of the first two years after reaching the necessary for it level of profitability.

Tetyana Temna – a linguist, a translator, and a teacher (five years of teaching and translating working practice). Now studying in TBU Faculty of Humanities, specialisation – English for Management. These background skills and experience will be very useful in starting and managing the company. As for social networking websites, language and communication are crucial. Also for any company, management skills are important.

Tomáš Klein – a skilled web designer with six years of working experience. This year finishing his Master degree in TBU Faculty of Multimedia Communications, specialisation – Graphic Design. The part of planning and creation of the graphical and functional part of the website will be his responsibility.

Michal Matuš – an ingenious programmer with five years of working experience. He has graduated from TBU Faculty of Applied Informatics, specialisation – Software Engineering. Practical realisation, functioning and control of the website will be his responsibility.

6 CUSTOMERS

The IC company chose to have a customer-oriented marketing strategy, i.e. to orient on customers' needs and wants and satisfy them in the best way. As mentioned in the theoretical part of the present thesis, for this purpose it is necessary to implement market segmentation, target marketing, market positioning, and differentiation.

6.1 Market segmentation and target market selection

The target market for IC is the couples, in which one person has a partner from the country different from his/her own. The conventional name for such couples is international couples. Owing to their placing in the market segmentation, presented in table 1, they have distinct from 'usual' couples background, needs, wants, etc.

One of the most important reasons for this target market selection is the fact, that the particular market segment, IC is going to cover, is quite a large segment and will be increasing with the process of globalisation. This is an important future development and expansion prospect with no need of entering new market segments.

So, the target group is all international couples with distinct needs and demands. The latter are: demand for communication with the people who are in the same situation, who can understand and give advice in situations which cannot appear in the life of intranational couples; a strong need for finding other similar couples, not only online, but also in real life, in order to solve specific problems and receive peculiar support.

Finally, as the result of the analysis of the abovementioned needs and wants together with the target market segment's background, the detailed description of the chosen target segment was made. It is based on some of the major segmentation variables presented in the enclosed appendix P I. Not all of the variables were used, due to being not relative or useful for the description of this specific market segment. Moreover, some new variables were added for the needs of description of this specific market segment.

The results of the analysis are recorded as the profile of the target customer group, presented in table 1. For the convenience of practical usage the key distinctive features are highlighted in italics.

Table 1. The profile of the IC target customer group (target market segment)

Criteria	Description
Geographic segmentation:	
<i>Country</i>	<i>One person from the couple must live in the home country of his/her partner or any other country different from his/her own home country</i>
Demographic segmentation:	
<i>Age</i>	From 18 (legal age in many countries) to $\approx 45 - 75$ (depends on the maximum age of computer/Internet literate people in each country)
<i>Gender</i>	Both male and female
<i>Status</i>	<i>Not single</i>
<i>Income level</i>	People earning enough to allow Internet connection and travelling (precise number of income varies from country to country)
<i>Education</i>	Knowledge of how to use a computer and the Internet; knowledge of the English language (eventually French/German/Russian)
Behavioral segmentation:	
<i>Readiness</i>	<i>Unaware of the service existence and being unconsciously in need of it</i>
Psychographic segmentation:	
<i>Nationality attitude</i>	<i>People living with a partner of a different nationality</i>
Cultural aspect:	
<i>Culture and mentality</i>	<i>Partners in the couple are from different cultures, have different mentality, views and values</i>

6.2 Target marketing strategy

The target marketing strategy is based on the chosen market segment. In the case under consideration the chosen target market segment, described above, is the most attractive for the company. The reason of attractiveness lies in the full understanding by the company of this market segment's needs and consequent capability for satisfying these exact needs. Moreover, the chosen segment is not yet occupied.

So, as a result of concentrating on one market segment, the chosen target marketing strategy is *concentrated (niche) marketing*. Within this market-coverage strategy IC will go after a large share of one segment, also called a niche.

Linden Brown and Malcolm H. B. McDonald claim that “niche positioning may be an end in itself, or it may be a means to establish a wedge in a larger market” (1994, 258). The latter case is applicable to IC due to the process of globalisation. But in order to keep its position and develop IC has to pay much attention to differentiation as a key distinguishing factor for an online company.

6.3 Positioning

The position of the IC service is quite clear, because it occupies a vacant place in the market of social network services. So, the doubtless competitive advantage is that there exists many social networking websites focused on different segments of the market, but none of them is for international couples, the category of people different from all the others and consequently having completely different needs and demands. The main strength following from this is the unique orientation and great demand among the perspective users for such a service.

The other competitive advantage to be stamped in the target customers' mind is the effect of unawareness. IC has an opportunity to surprise the chosen market segment by offering a service that the target customers need, even without yet realizing this need.

6.4 Differentiation

The company makes a difference right in its motto. It claims that: *Difference is our advantage*. This is the message the company brings to its customers in order to implant into their heads that this service is different from the others.

All international couples feel that they are different. Unfortunately, in some cases, this difference causes problems to them. But IC claims that this difference is their advantage. IC service is different, the customers are different, but together they can take advantage of this fact.

7 COMPETITORS

All major general social networking websites can be considered the IC's potential indirect competitors. Some of them cover the whole market of social networking services by targeting many market segments with separate offers, having chosen the segmented marketing strategy. Among them there are the leaders of social networking websites: Facebook, MySpace, Bebo, Friendster, etc. E.g., according to the *Facebook Review* made by TopTenReviews, Facebook is "a cultural phenomenon stretching across the globe" (TopTenReviews). So the indirect competitor, chosen for comparison, is Facebook, selected by *2011 Social Networking Websites Review Comparisons* as an "undisputable leader amongst social networking sites" (TopTenReviews).

In its turn IC concentrates on a large part of one segment – international couples, having chosen the niche marketing strategy. There are no direct competitors, because there is no social networking website for such a niche segment of the market as international couples. Nevertheless, the following two websites can be partly considered the IC's direct competitors. They are International Couples' Homepage and Couplezz.

International Couples' Homepage is not a social networking website but some primitive analogue of it. It has a list of about a thousand couples. Some of them have addresses written there, but most of them even do not have an e-mail. There is no clear search system and the navigation inside the website is complicated. Moreover, during the analysis of IC the International Couples' Homepage website ceased its functioning. Nevertheless, it is being analysed as an example of a possible competitor and it is also used in the promotion analysis part of the present thesis.

The last one is a social networking website called Couplezz. It is the most direct competitor. The Couplezz website appeared in 2010 when the idea of IC already existed for half a year. It was an unpleasant surprise. Firstly, it called the whole idea of IC into question. The orientation was very similar. But, as the analysis went on, it was cleared up that IC has a potential to compete with such a competitor. Though Couplezz has a similar idea, but it targets at a slightly different, wider segment of the market. It concentrates on all couples, whereas IC concentrates only on international couples. So, IC has a narrower target marketing strategy, thus having a possibility of satisfying the needs and wants of the target market segment in a better way.

So the list of the analysed competitors is the following:

- Facebook – <http://www.facebook.com/>
- International Couples' Homepage (in the analysis referred to as IC Homepage) – <http://members.fortunecity.com/canzian/Couples.html/>
- Couplezz – <http://www.couplezz.com/>

For the purposes of the analysis a small research was made. A number of respondents, familiarized with the topic, were asked to fill in the table evaluating IC and its three competitors. The results of the research are represented in table 2.

The first column of the table states the key competitive factors. In the column labeled IC it is described how IC will look like for the customers. Then it is defined whether this factor will be a strength or a weakness for IC. Then each major competitor is analyzed according to the same factors. The final column evaluates the importance of each competitive factor to the customer, from 1, representing critical, to 5, representing not very important. (Yancey)

Table 2. IC's Competition Analysis

Factor	IC	Strength	Weakness	Facebook	IC Homepage	Couplezz	Importance to customers
Service	Satisfies the unique needs of international couples	+		Widely oriented, 'unlimited' services	Does not satisfy all the main needs of the targeted group	Satisfies the general needs of all couples	1
Price	No fee	+		No fee	No fee	Fee after 100 000 users	1
Quality	Middle Q	+	–	High Q	Low Q	Middle Q	2
Company Reputation	New, not yet known/used	+	–	Good reputation, widely-known	Old, not much known/used	New to the market	3
Location	Internet	+		Internet	Internet	Internet	4
Image	Fresh, modern	+		Strict	Amateur	Modern, complex	2
Reliability	Middle	+	–	High	Low	Middle	1
Advertising	Small scale	+	–	Large scale	Mouth-to-mouth	Small scale	4

Finally, a conclusion can be drawn, that the main competitive advantages of the company are: service satisfaction of the unique needs of a specific niche segment – international couples; no fee.

Possible competitive disadvantages are: the reputation of a new, not yet known/used service and small scale advertising. The former disadvantage can be turned into advantage with the help of the competitor. I.e. the competitor Couplezz will serve as a basis of familiarizing people with the new service for couples in general and getting them interested. But this service does not satisfy some of the specific needs of such a specific segment as international couples. These specific needs and services provided for them are discussed in the service part of the thesis. So, then IC can build a competitive advantage by presenting a service that will satisfy the needs of a narrower customer segment in a better way than its main competitor. The latter disadvantage is not such a serious obstacle for IC, because Couplezz also does not have large scale advertising. Nevertheless, it is quite successful in getting new users. So, the IC can also use their user potential.

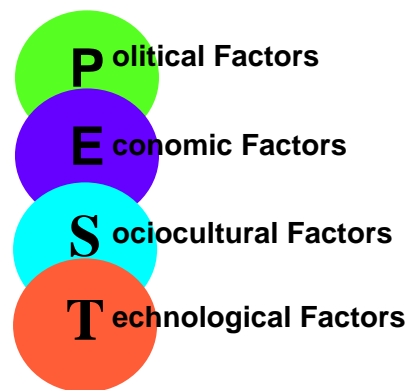
The last thing to be mentioned is the main competitive barrier the company has to overcome. It is the likelihood to one of its direct competitors, namely Couplezz. In this case the source of the competitive advantage lies in the positioning strategy. The main strength following from this is the unique orientation and great demand among the perspective users for such a service and the ability of IC to satisfy this demand.

8 MARKETING ENVIRONMENT ANALYSIS

The last step before starting the analysis of the Internet marketing mix of the company is evaluating the company's environment. The marketing environment offers IC overwhelming opportunities, but at the same time can cause some challenges, which the company is determined to face up to successfully.

8.1 PEST analysis

The analysis of the marketing environment of IC is done step by step. First, the macro-environment of IC is analysed with the help of the PEST analysis. Figure 7 reminds of its structure according to which the following analysis is made.



www.marketingteacher.com

Figure 7. Pest Analysis
Source: Marketing Teacher.

8.1.1 Political factors

Political environment, in general, is very stable due to the fact that the company and the service are international, world-wide, and function only online. No precise political factor will have serious influence on them. I.e. if some tax policy, employment laws or environmental regulations change in one country, it will only influence a small part of the business and will not damage it on the whole.

The only factors which can influence the business are:

- If some countries, due to some political reasons, forbid the use of the website and block the connection to it, there will be a decrease in existing and new users.
- If some countries close the borders or impose laws restricting the movement of

people outside and inside the country, this can result in lessening the number of new potential couples being formed, consequently there will be less new users.

But for now the world arena for the most part looks quite clear and proceeds in international cooperation and globalization. So, for the start, there are no political factors preventing starting the business or presenting any obstacle in the near future.

8.1.2 Economic factors

Changes in economies of different countries can have only an insignificant influence on the business. Nevertheless, the state of the world economy is important for the business.

On the whole, the influential economic factors can be:

- The global economic crisis
- Worsening of the economic situation in specific countries
- Changes in hosting conditions

In the case of a global economic crisis customers have less money, therefore the number of internet users is decreasing. Also people invest less money, including advertising, which is to be the main source of income for IC. Consequently, the profit of IC will decrease. But for now it appears that the world is on the way out of the crisis and that there is no threat for IC. Nevertheless, the analysis cannot rely on what seems to be, it requires logical reasoning, so the question of the global economic crisis requires closer examination.

One year ago the global economic crisis was the issue of the day. But today the economists hope that the situation is going to improve, though much of the consequences are still felt today. In the present state of affairs there are two courses of events: either the world economy will completely collapse and most of the businesses will fail, no matter the business field, or the world economy will start gradually improving. The latter situation is the desired and expected one by the whole world. Thus, if to believe in the better future, the company has no economic threats for its existence. Also it has been proven in the history that after a crisis there comes a recovery.

Worsening of the economic situation in specific countries has a similar effect like the global economic crisis, but on a smaller scale. Thus, it presents a smaller danger for the company as a whole. Still a lot of users all over the world are online and new ones are coming, still people travel and new international couples are being formed.

Finally, changes in hosting conditions present just a minor influence. The hosting provider the company chose is Active24, which proved to be a reliable one over many

years. So it looks improbable for the time being and the near future that there will be any changes in hosting conditions which can be a serious obstacle for the company.

8.1.3 Socio-cultural factors

Social and cultural influences vary from country to country. Cultural *differences* are not considered as potentially negative by IC. On the contrary, they are perceived as the main *advantage* of the customers and for the company. The more differences the users have, the more discussion, communication and support they will need, the more often they will visit the website. So the advantages of the socio-cultural differences are:

- The more people from different countries with different socio-cultural background come to the website, the better it will develop.
- The more differences they bring up, the more questions will be solved, the more people will be satisfied, the more successful the business will be.

The only obstacle can be the language. Target customers are people from all over the world, potentially speaking all possible world languages. So, from the very beginning it is planned to launch the network in the English language. The reason is that it is considered to be one of the languages of international communication and generally considered the one most frequently used. It is expected that most of the couples, as far as they are international, know English. For the cases of the couples not knowing English, during the first two years it is also planned to launch French, German and Russian versions of the website. Practice of similar networks shows that such a set of languages is enough for the startup and development of the network.

8.1.4 Technological factors

Technology is the most influential factor for this kind of business. The only kind of technology that is necessary for the business is Internet. At present Internet is at the peak of its development and is wide spread in many parts of the world. Of course, it has been taken into account that not all parts of our planet are covered with the Internet network, but just not yet. One after another new countries are joining the Internet network, so new users are coming. This is a positive prospect for the future development of the company.

All in all, this is considered to be enough for the startup and development of the business at early stages.

8.2 SWOT analysis

SWOT analysis deals with the micro-environment and the internal environment of the company. Figure 8 represents the key internal and external factors being analyzed. Proper analysis of the existing strengths and weaknesses together with the possible opportunities and threats is crucial for the success of IC. After the analysis there is a proposal of the ways how the negative factors can be transformed into positive, namely how the weaknesses can be transformed into strengths and threats into opportunities.

<p style="text-align: center;">Strengths:</p> <ul style="list-style-type: none"> - A unique target market segment of the IC social networking website - A great demand among the perspective users for such a service - The target market segment is quite large - Pricing strategy – no fee 	<p style="text-align: center;">Weaknesses:</p> <ul style="list-style-type: none"> - Lack of financing for advertising - Differentiation is difficult for IC because most of the basic features and applications are available on other social networking websites - Lack of brand promotion
<p style="text-align: center;">Opportunities:</p> <ul style="list-style-type: none"> - Internet is a developing market - Social networking is flourishing - International couples, the particular market segment IC is going to cover, will be increasing with the process of globalisation 	<p style="text-align: center;">Threats:</p> <ul style="list-style-type: none"> - The biggest threat is competition, especially its direct competitor Couplezz, focused on a similar segment of the market - New competitors can also try to invade this segment of the market - Changes in hosting conditions

Figure 8. SWOT analysis of IC

The weakness of the lack of financing for advertising is examined in the Promotion part of the Internet marketing mix analysis. Differentiation is supposed to be taken

advantage of by introducing specific features aimed at the specific segment of international couples. These features are discussed in the Service part of the Internet marketing mix analysis. Lack of brand promotion can be a problem, compared to the indirect competitors having strong brand recognition, e.g. Facebook, MySpace, Bebo, etc. But in comparison with its direct competitor, Couplezz, which also does not have a strong brand promotion, the situation does not look so bad. This weakness is addressed in the Promotion part.

The threat of existing and future competition is planned to be overcome by improving the existing social networking services and adding new ones to attract new users and to retain the old ones. Again these services are discussed in the Service part of the Internet marketing mix analysis. And finally, changes in hosting conditions represent a minor threat, which can be solved in the shortest possible time.

9 INTERNET MARKETING MIX ANALYSIS

The Internet marketing mix analysis represents an outline of the IC marketing strategy that is consistent with its niche. I.e. the blending of the four strategic elements of a basic marketing mix plus two more elements originated with the advance of the Internet marketing. Naturally, these six elements are planned in a way to satisfy the needs and preferences of the IC's specific niche and reach the IC goals and objectives.

9.1 Service (Product)

The product the company is going to offer to its target customers is actually a service. Moreover, the company functions completely online. So, this kind of product can be defined as a service, which "performs core service benefit online" (2004, 242), according to Mohammed's et al. classification of the Internet product types.

In the real world the distinction between the service and the standard physical product lies in the service's properties: intangibility, simultaneity, and heterogeneity. Unfortunately, these properties can often cause problems associated with offline service delivery and production. But the Internet helps to overcome some of these problems together with enhancing the company's product offerings. (Mohammed et al. 2004, 243)

Mohammed et al. point out the advantages the Internet can bring by claiming that "the Internet can help make intangible services or experiences seem more tangible through virtual tours, video clips, and other advanced technologies" (2004, 243). In the case of IC the Internet helps make intangible services more tangible by bringing together the couples with similar problems and questions, asking those who have solved their problems to share their experience, discuss, and advise, thus making it a tangible experience.

The property of simultaneity, in the case of a traditional service, requires from the seller and the buyer to be simultaneously in the same place and at the same time, which is often a problem. The Internet renders its services twenty-four hours a day, seven days a week and is not limited to any simultaneity. And the last property to be considered is heterogeneity. In real world there has always been a problem to provide services on a mass level because there are so many personal requirements of the customers to these services. In case of the Internet services this obstacle is removed, so that scalable personalization becomes possible. And what is even better, for both the customers and the company there will be benefits. The customers can specify their preferences, take part in the production of the service, and feel that final services meet their needs better. And the company reduces

its costs by saving the money it could have spent on identifying the customers' preferences. (Mohammed et al. 2004, 243-244)

Consequently, the Internet is giving IC many advantages and opportunities for a successful development. This development, of course, will proceed well only on condition of full understanding what the company is offering to its target customers. It should be clearly defined what the core benefit, the basic product, and the augmented product are, because they create customer value. On the basis of figure 6, presented in the theoretical part of the present thesis, the analysis of the levels of IC's service was made. The results are presented below on figure 9.

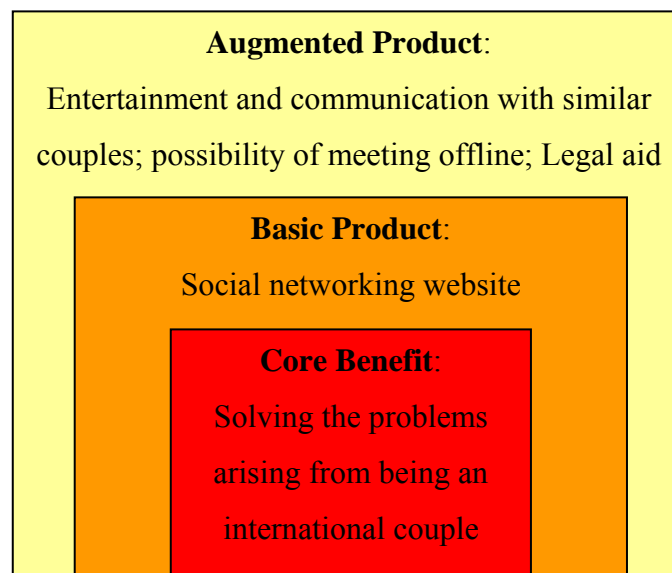


Figure 9. Service value proposition levels of IC

From figure 9 it can be seen that the core benefit, the target customers are seeking for, is solving the problems arising from being an international couple. This is very different from the core benefit proposed by such social networking websites as Facebook, MySpace and even Couplezz. Their core benefit coincides with the augmented product of IC: communication and entertainment. Thus, that is another difference and a competitive advantage for the IC niche marketing strategy.

The next step of the service analysis is its features. The IC website offers the following features standard to social networking websites:

- User Profile
- Privacy control

- A section for comments by friends
- A chat room
- A private conversations section
- Space for sharing photos and videos

Customer service will also include the standard features of social networking websites:

- Technical support service
- Customer feedback service

In order to satisfy the specific needs and wants of its target segment IC offers the following additional features:

- Mutual help-desk
- Story-teller
- Professional advice

Other specific features are aimed at arousing the customers' interest in the service. What is more, these features extend the social networking experience into the real world. Naturally, this means another competitive advantage for the company. These specific features include:

- Position finder of international couples – arouses the target customers' interest in the IC's service
- A map of the precise location of the couple – extends the social networking experience into the real world

The detailed explanation of the abovementioned features and the way, how the following features are connected with the specific needs and wants of the target customers, are represented in table 3. The features, which are not standard to most social networking websites and which are included or designed specially for the target customers of IC, are highlighted in italics. In its essence, table 3 represents the IC Service strategy. I.e. how IC is going to satisfy its target customer in the best way and to gain a competitive advantage over its competitors by presenting some distinct features.

Table 3. Target customer needs and corresponding IC service features

Customer needs	Corresponding features
Self expression	Users can create their own Profile
	Users can upload pictures of themselves
	Customer feedback service
Communication	Users can be 'friends' with other users
	A section for comments by friends, a chat room, a private conversations section, etc.
Entertainment	Space for sharing photos and videos
	<i>Story-teller</i> – unusual and funny short stories published by the users
Safety	Privacy control – allows the users to choose who can view their profile or contact them
Support	<i>Mutual help-desk</i> – the analogue of FAQ in between the users
	Technical customer support service
	<i>Story-teller</i> – unusual, helpful, and sometimes edifying short stories published by the users
	<i>Professional advice</i> – during the first two years it is planned to equip the website with a professionals' support, which will give advice, tell about possibilities, etc.
Meeting in the real world	<i>Position finder of international couples</i> – shows the couple's location on the world map, this map will be available for all registered and non-registered users and, therefore, the location will be limited to the name of the city, by easy navigation couples will have the opportunity to see if there are any similar international couples near them
	<i>A map of the precise location of the couple (address)</i> – with the help of this map couples will be able to find other couples in their neighbourhood and meet with them, this feature will be only for the registered users

9.2 Price

Internet pricing is quite different from the offline one, especially in the case of services both offered and rendered online. The type of pricing to be used by IC is not yet part of any classification described in marketing books, though it is already being used for many years. The point is that there will be no price for the IC service. But the main purpose of any business is making money, so it is necessary to define in which way this goal will be achieved. Further explanation clears up the Pricing strategy employed by IC.

Pricing of the IC service should be more precisely called Service fee proposal. It has been decided, that there will be no fee charged for the service - it will be free of charge. The reason is that most of the IC's competitors do not charge any fee for the usage of their services. It would have been a disadvantage, in customers' opinion, to have a fee for the service they do not know yet, whereas other well known social networking websites do not have any. So, the customers will be given a possibility to use the IC service free of charge. In such a way IC will attract more users.

The main economic goal underlying the whole project will be to monetise the website by generating revenues from advertising. Consequently, the real service that is going to make money for the business, and that lies at the heart of the Pricing strategy, is rendering web space for advertisements. There are two ways how to do it: either look for advertisers without assistance, or use the services of middlemen, e.g. such as an ad serving application Google AdSense.

If the company had chosen to look for advertisers without assistance, it would have been necessary to define a new target group of customers who would like to post their advertisements on the website. But IC chose using the services of a middleman, namely Google AdSense. Thus, most of the work concerning finding the proper advertisers will be the responsibility of the middleman. Another advantage of Google AdSense is that it makes the advertisements, posted on the website, more targeted than it can be achieved by doing it without assistance.

In order to start using the services of Google AdSense, the company has to fulfill one important requirement. It has to increase the number of its loyal community members, thus increasing the number of unique visitors to the website. The number of unique visitors means how many unique IP addresses or unique web browsers (presented by unique cookies) reached the website during the specific time. The IC programmer's experience

shows that it is necessary to have at least about six hundred unique visitors per day in order to start earning money on advertising.

The basis of earning money on advertising lies in being paid money for displaying advertising on the company's website. In case of Google AdSense there are several options of earning revenues: earnings according to performance, or earnings according to Google Analytics reports. Earnings according to performance include: earnings by specific day or date range; earnings by page, domain, or ad unit; clicks, CTR, and CPM. Earnings according to Google Analytics reports include: earnings by user visits; earnings by user location, browser type, and referring source; traffic by AdSense impressions, clicks, and revenue. So there is a wide range of choice and many possibilities for IC. (Google AdSense)

All in all, the Pricing strategy of IC consists in using the services of an ad serving application which will form the main profit of the company. This will be possible only after the IC website achieves at least the level of six hundred unique visitors per day. So, at the beginning the company will focus on attracting new users and will not earn any revenues till it reaches the appointed level of unique visitors.

9.3 Place

The Place strategy of IC can be seen from two different prospects. On the one hand, it is the media through which the service will be rendered. The service will operate online, so the media is the Internet. Thus, anyone, who has Internet connection, will have the access to the IC service. Modern technologies offer IC endless possibilities of where and how people can connect to the service. People can use personal computers, laptops, mobile phones, tablets, etc. They can use the IC service at home, at work, outdoors, etc. So the service is conveniently available online anywhere and anytime.

On the other hand, the Place strategy can be understood as choosing the domain name. The company will function all over the world. So, the *.com* domain name has been chosen, because it is used for international websites. Consequently, the address of the company website is www.international-couples.com.

9.4 Promotion

As far as IC is an online service and its potential customers must be online, primary advertisements will be placed on the Internet. IC chose to employ mass online and personal

online marketing communications for its Promotion strategy. Due to the lack of financing large scale promotional campaigns are not possible. Nevertheless, the low cost kinds of promotion, targeted at the niche market segment, will be put into practice. Thus, the Promotional strategy to be employed by IC will be a mixture of direct e-mail, search engines, viral marketing, and guerrilla marketing.

The initial kind of promotion will be the direct e-mail. Direct e-mail is the mixture of direct mail and e-mail marketing, including the features of both of them. It is sending e-mails with advertisements or any other information about the company to the company's target customers, based on some data the company has about these specific customers. IC will use the International Couples Homepage list of international couples, which it has managed to copy before the website disappeared, in order to inform them about the new service. This will not contradict the intellectual property rights of this website, since the information published on their website was free for any external usage. There were approximately a thousand of couples, so, this will be a good start-up basis.

The next step will be search engines. But again, due to the lack of financing the company will not buy rankings and keywords on search engines. Instead, the programmer will make optimization of the IC website for major search engines, so that the website will be chosen to the top positions. Taking into consideration the fact that the way how the websites must be coded, in order to be chosen by search engines, is constantly changing, the programmer will carry out such optimizations on a regular basis.

Further, the company will use viral and guerrilla marketing. The reasons of such a choice lie in the definitions of these kinds of marketing strategies. "An extreme form of word-of-mouth adoption is viral marketing, which can be described as the buzz that develops when a product or offering suddenly takes off because of user-to-user recommendation" (Mohammed et al. 2004, 362). So the speed of customers being informed, the quickness of adoption, and the level of trust are the main advantages of this strategy. Then, guerrilla marketing is "achieving conventional goals, such as profits and joy, with unconventional methods, such as investing energy instead of money" (Levinson). The clear reason here is little investment. So, IC is planning viral and guerrilla campaigns in the form of creative video clips on YouTube and other social media networks. It will spread the information about the company all over the world, quickly and free of charge. This will be a low-pressure, not irritating advertising, just for the purpose of making people curious and interested.

Finally, after the IC company starts earning money from the website, it is planned to introduce a new kind of promotion. It will be the use of such a personal online marketing lever as personalized websites, which will allow the users “to personalize the website themselves” (Mohammed et al. 2004, 358). This will bring some novelty to the image of the website, retain the existing customers, and attract the new ones.

9.5 Community

As has been proven in the theoretical part of the present thesis, it is very important to build a successful community. According to Mohammed et al. a community has to have ten characteristics in order to become successful. These characteristics are divided into four categories: people criteria, process criteria, culture criteria, and technology criteria. (2004, 393) These categories include the following criteria.

- People criteria are: membership is a conscious choice – just buying once or subscribing does not mean that the visitor becomes a loyal member; member base has achieved critical mass and sustainability – achieving and retaining a constant sufficiently large number of loyal members; members feel a great sense of trust – developing the relationships on the basis of a great trust from the members.
- Process criteria are: members achieve benefits in scale – communities satisfy their needs better through increased numbers of participants, the more members invest themselves, the more benefits they receive; roles are not hierarchical or imposed – different roles are often taken voluntarily and based upon the level of commitment of the members; effective facilitation and site structure keep community activities on track – organization and content of the website are well controlled.
- Culture criteria are: a spirit of participation and feedback is clearly cultivated – participation, openness, and feedback of all members are encouraged; a sense of affiliation is achieved through ownership of equity in the community – there are two kinds of equity-creating vehicles, incentive-based and organic, but the latter is better because it does not stimulate unwanted behaviour and participation becomes a reward itself.
- Technology criteria are: efficiency in interaction is maximized – communication tools depend on the types of communities, but whatever the tools, communication increases efficiency; the community is easily navigable – navigation around the

website should be clear and easy, in order not to discourage new members from joining. (Mohammed et al. 2004, 393-398)

But before making an effort to provide the community with the aforementioned characteristics, it is necessary to define the stage in which the community is at the time of its analysis. There exist three stages of community development: nascent level, formative level, and mature level. (Mohammed et al. 2004, 420)

IC falls into the first level. This stage is characterized by a small number of both core members and general participants, the process of communication is not clearly defined, discussion topics are not much segmented, the founders are the core members, they have a lot of energy but not yet enough experience in this kind of business, mostly basic technological features are used for communication. (Mohammed et al. 2004, 421)

The IC Community strategy is based on the goal to get on the higher level. To put it more precisely, IC plans to move on to the formative level during the first year. I.e. the most important is to increase the number of general participants, then build the brand, add more options for communication, and consequently gain more experience. In the long run, there is a goal to achieve the mature level during the following two or three years.

9.6 Branding

And the last, but not the least important, is choosing the Branding strategy. A brand is "a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers" (American Marketing Association). Consequently, the Branding strategy is choosing all or some of the aforementioned features.

IC chose the brand name International Couples supported by a symbol. Together they form the logo of the company. It can be observed on figure 10. During the creation of the logo it was taken into consideration that "the best logos are those that are recognizable and meaningful and produce positive feelings" (Mohammed et al. 2004, 490). So, the company considered the background underlying the sense of the symbol, the associations it may arise, and the connectivity with the target market segment.

The symbol was inspired by the shape and mythology of Celtic knots, which were very important in the history. This kind of conventionalized Celtic knot, without the beginning and without the ending, represents a firm connection between the courses of life of two people tied together by love.



Figure 10. IC logo

Also the symbol resembles the symbol of the World AIDS Day. An example of such a symbol is represented on figure 11. It was not done intentionally. But after it was revealed, it was decided that the symbol will remain. The reason was that the World AIDS Day is aimed at rising awareness of the AIDS problems and trying to help people with AIDS, whereas the International Couples company raises the awareness of the problems of international couples and tries to help them. So, the association between the sign and the idea of help proves to be very useful for the symbol of IC.



Figure 11. World AIDS Day logo
Source: World AIDS Day media centre.

And finally, the brand name attached to the logo reflects the chosen target market segment and the internationality of the service.

9.7 IC marketing strategy planning process

The overall IC marketing strategy planning process is based on the Internet marketing mix analysis together with the other influential factors examined above. The overall picture of the IC marketing strategy planning process can be observed on figure 12. It was inspired and constructed based on figure 1, represented in the theoretical part of the present thesis.

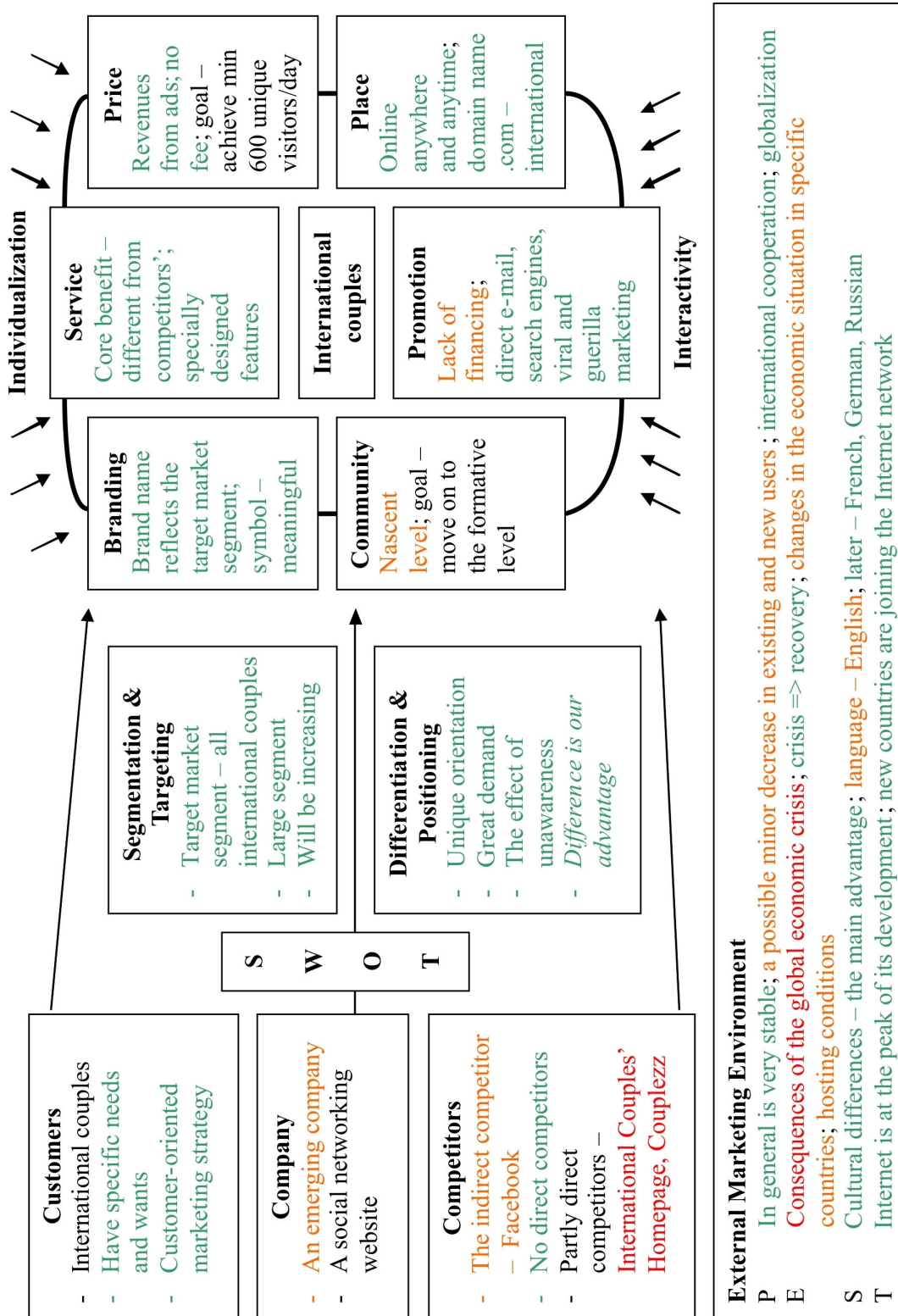


Figure 12. IC marketing strategy planning process

It can be seen that the negative factors are highlighted in red, those questionable or possibly representing a minor danger are highlighted in orange, and finally the positive factors are highlighted in green. This was done for the purpose of accomplishing the evaluation of the company's viability and possible profitability.

It can be clearly seen that the green factors prevail. It should be taken into consideration that the ways of overcoming the red factors and the transformation of the yellow factors into green ones are dealt with in the respective chapters of the analytical part of the thesis. Consequently, it can be concluded that the company is viable and can be profitable in the long run under the stipulation that it makes all possible efforts to fulfil its goals and objectives, especially:

- Make an easy to use and understand and useful website in order to satisfy the needs and demands of such a specific category of people as international couples in the best way;
- Achieve the level of at least six hundred unique visitors per day during the first one or maximum two years.

CONCLUSION

“There are three kinds of companies: those who make things happen, those who watch things happen, and those who wonder what’s happened” (Kotler 1999, 3).

In the present state of economy, only the first kind of companies is capable of surviving. The second kind goes bankrupt after several months, or maximum years. And the third kind is already in the past.

The IC company belongs to the first kind. The co-founders of the company found the niche segment in the market, not yet occupied by any other company, defined the specific needs of the target market segment, and proposed the means of satisfying those needs. All of that was done through the most modern and prospective media – the Internet. So, IC really makes the things happen.

Many people want to make business, but do not know how to start. IC analysis shows that the first steps are clear and easy in theory, but, of course, time-consuming and tedious in practice. But this is not the reason to be afraid. These first steps are:

1. A good idea
2. Thorough marketing analysis
3. Proposal of the strategy

The analytical part shows that it is important to accomplish these first steps as soon as possible and to start the implementation of the strategy without any delay. Because if to wait, somebody can have the same idea and occupy the vacant place on the market, as it has happened to IC with Couplezz. But even then, it is not the time to give up, but time to think of how to turn this obstacle into an opportunity. That was exactly what IC did.

Together, the theoretical and analytical parts of the present thesis form a useful guidance for the emerging companies planning to make money on attracting Internet advertising. Also it can serve as a good inspiration for any new Internet based company.

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LIST OF ABBREVIATIONS

Four Ps	Product, Price, Place, Promotion
2Is	Individualization and interactivity
IC	International Couples
CMMI	Capability Maturity Model Integration
TBU	Tomas Bata University
FAQ	Frequently asked questions
CTR	Click through ratio
CPM	Cost per million
AIDS	Acquired Immune Deficiency Syndrome

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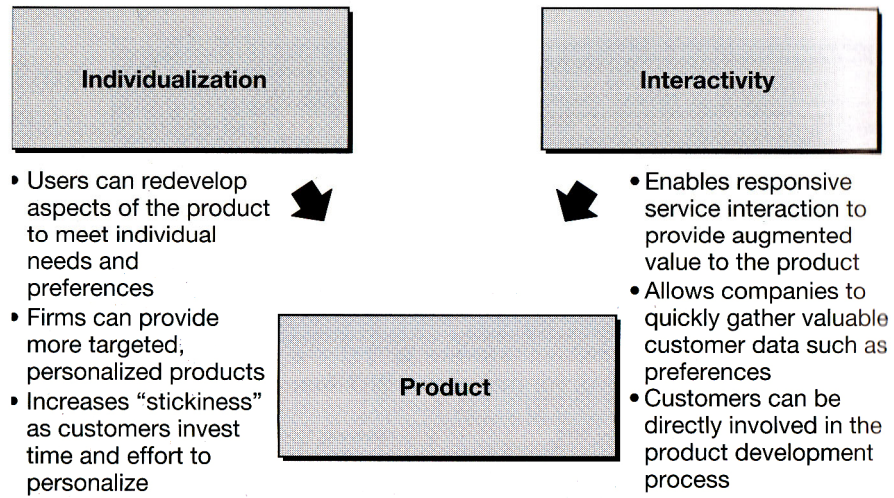
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APPENDIX P I: MAJOR SEGMENTATION VARIABLES FOR CONSUMER MARKETS

Geographic	
World region or country	North America, Western Europe, Middle East, Pacific Rim, China, India, Canada, Mexico
Country region	Pacific, Mountain, West North Central, West South Central, East North Central, East South Central, South Atlantic, Middle Atlantic, New England
City or metro size	Under 5,000; 5,000–20,000; 20,000–50,000; 50,000–100,000; 100,000–250,000; 250,000–500,000; 500,000–1,000,000; 1,000,000–4,000,000; over 4,000,000
Density	Urban, suburban, rural
Climate	Northern, southern
Demographic	
Age	Under 6, 6–11, 12–19, 20–34, 35–49, 50–64, 65+
Gender	Male, female
Family size	1–2, 3–4, 5+
Family life-cycle	Young, single; young, married, no children; young, married with children; older, married with children; older, married, no children under 18; older, single; other
Income	Under \$10,000; \$10,000–\$20,000; \$20,000–\$30,000; \$30,000–\$50,000; \$50,000–\$100,000; \$100,000 and over
Occupation	Professional and technical; managers, officials, and proprietors; clerical; sales; craftspeople; supervisors; operatives; farmers; retired; students; homemakers; unemployed
Education	Grade school or less; some high school; high school graduate; some college; college graduate
Religion	Catholic, Protestant, Jewish, Muslim, Hindu, other
Race	Asian, Hispanic, black, white
Generation	Baby boomer, Generation X, Generation Y
Nationality	North American, South American, British, French, German, Italian, Japanese
Psychographic	
Social class	Lower lowers, upper lowers, working class, middle class, upper middles, lower uppers, upper uppers
Lifestyle	Achievers, strivers, survivors
Personality	Compulsive, gregarious, authoritarian, ambitious
Behavioral	
Occasions	Regular occasion; special occasion
Benefits	Quality, service, economy, convenience, speed
User status	Nonuser, ex-user, potential user, first-time user, regular user
User rates	Light user, medium user, heavy user
Loyalty status	None, medium, strong, absolute
Readiness stage	Unaware, aware, informed, interested, desirous, intending to buy
Attitude toward product	Enthusiastic, positive, indifferent, negative, hostile

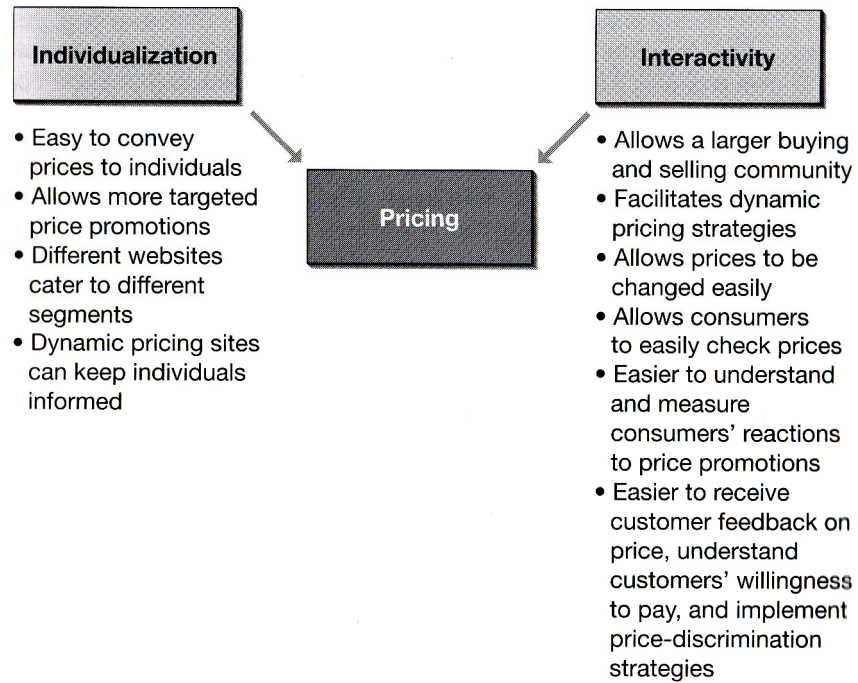
Source: Kotler and Armstrong 2006, 196.

APPENDIX P II: THE EFFECTS OF THE 2IS ON PRODUCT



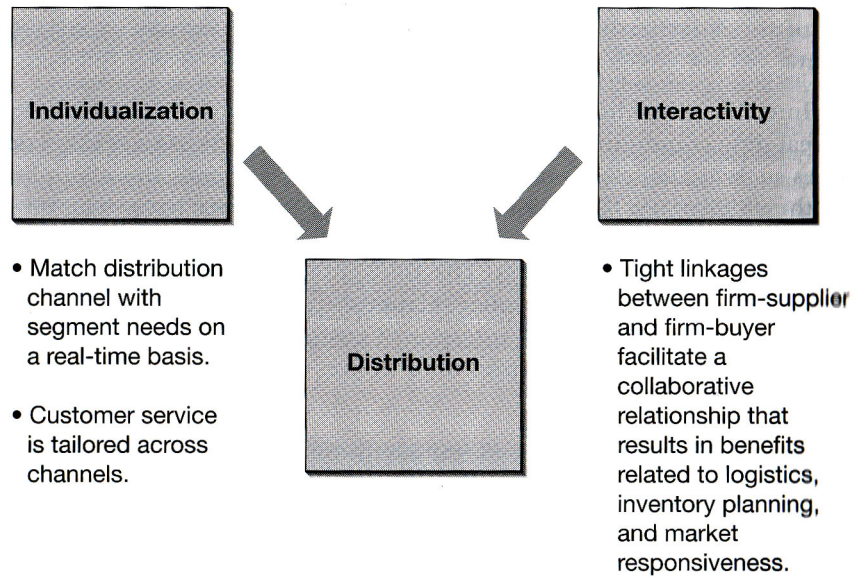
Source: Mohammed et al. 2004, 250.

APPENDIX P III: THE EFFECTS OF THE 2IS ON PRICING



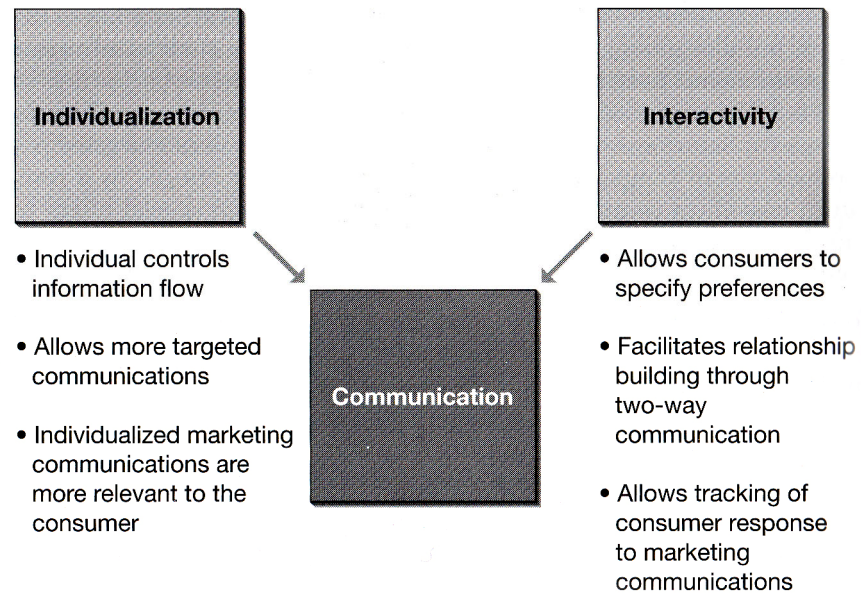
Source: Mohammed et al. 2004, 276.

APPENDIX P IV: THE 2IS AND DISTRIBUTION



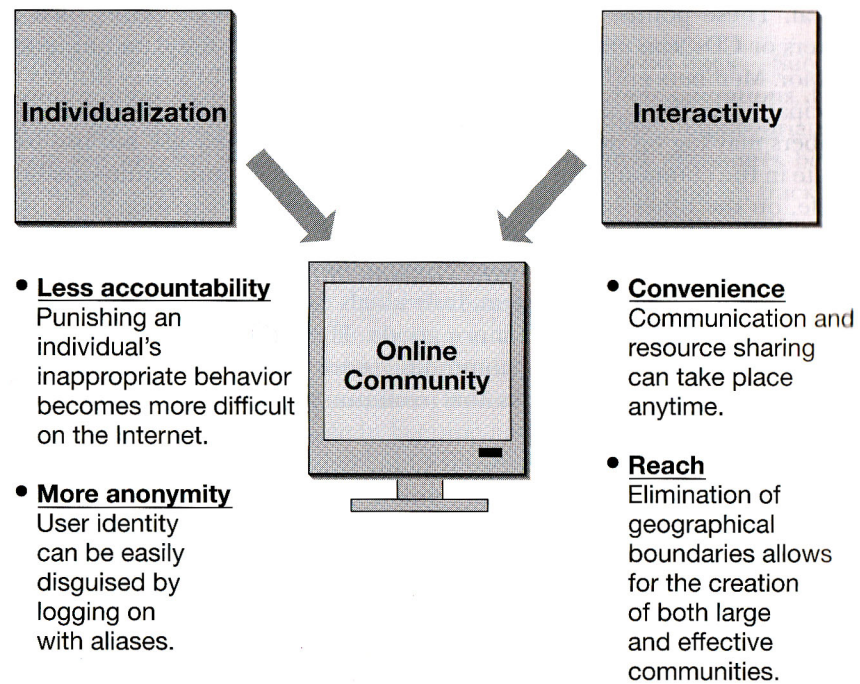
Source: Mohammed et al. 2004, 450.

APPENDIX P V: THE EFFECTS OF THE 2IS ON COMMUNICATION



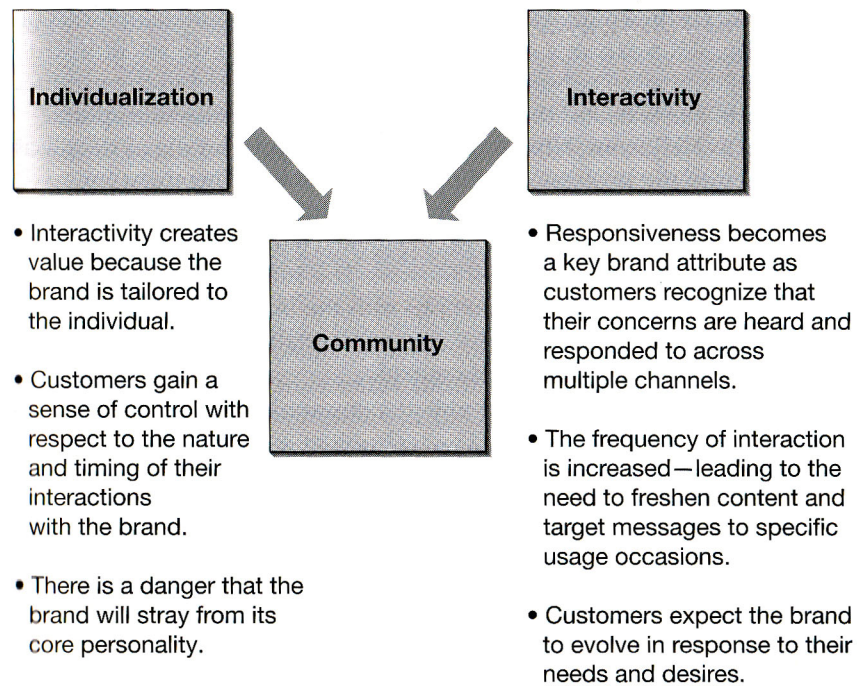
Source: Mohammed et al. 2004, 344.

APPENDIX P VI: HOW THE 2IS AFFECT ONLINE COMMUNITY



Source: Mohammed et al. 2004, 398.

APPENDIX P VII: THE 2IS AND BRANDING



Source: Mohammed et al. 2004, 493.