Marketing strategy for online SMEs

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Abstract

This paper illustrates how to set up a marketing strategy for SMEs which are performing online. Research of marketing strategies often relies on the application of marketing models and tools which are used for large companies and which are not applicable in small- and medium enterprises (SMEs) (Chaston & Mangles, 2002). Furthermore, the last twenty years have brought a revolution in the marketing area through the extremely rapid rise in the use of the internet and social media (Jelfs & Thomson, 2016). Therefore, this paper develops a new model which is useful for SMEs with online activities. The Web-Marketing Mix model (Constantinides, 2002) is used in combination with the STP model and a communication triangle. The STP model and communication triangle are adjusted for SMEs which perform online. The new combined model is tested through a single case study and the results are discussed in this paper. Data is collected by means of interviews, the tool Google Analytics and surveys. Because the research was tested through a single case study, results are not generalizable. Therefore, future research is necessary.
Preface

In order to achieve my master’s degree in Business Administration, I have to write a final master thesis. In the years of my bachelor’s degree program I came to the conclusion that marketing was the most interesting topic for me. After writing a literature review about neuromarketing for my bachelor thesis, I now wanted to write a master thesis for a company that has difficulties solving a specific problem. For lack of internships in our master study, the additional benefit of writing a master thesis for a company is acquiring practical experience.

Therefore, I want to thank Bullstore.nl for giving me the opportunity to write my master thesis for their company. I want to thank the owners, employees and customers of Bullstore for their cooperation and for their willingness to devote time to help me finish my thesis.

Furthermore, I want to thank my supervisors Drs. Patrick Bliek and Dr. Efthymios Constantinides. Their guidance and feedback helped me through finishing this master thesis. Last but not least I want to thank my girlfriend, family and friends for their support during this process.
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1. Introduction

In the last decade a lot has been written about marketing strategies. However, this research of marketing strategies often relies on the application of marketing models and tools which are used for large companies and which are not applicable for small- and medium enterprises (SMEs) (Chaston & Mangles, 2002) (Harrigan, Ramsey, & Ibbotson, 2011). SMEs differ from bigger organisations in a lot of ways. A particular area of difference lies in their marketing activities. Most of the time it is not possible for SMEs to carry out an effective marketing strategy which is prescribed in the literature (Harrigan et al., 2011). SMEs, which are considered the backbone of economic growth worldwide (Singh, Garg, & Deshmukh, 2008), have their own characteristics that differentiate them from bigger organisations, which might impact their marketing strategy (Carson, 1990) (Gilmore & Grant, 2001). SMEs tend to face certain challenges in marketing, because they are hindered by constraints such as a lack of marketing expertise, resources, business size, a poor cash flow (Gilmore, Carson, & Grant, 2001) (Doole, Grimes, & Demack, 2006) (Chaston & Baker, 1998). Moreover, they do not have the time to engage in marketing, because they are focused on the day-to-day aspects to survive (Robinson & Pearce, 1984). Therefore, it is necessary that marketing strategies need to be adapted to the specific limitations of SMEs.

Furthermore, the last twenty years have brought a revolution in the marketing area through the extremely rapid rise in the use of the internet and social media. This digital revolution has had the greatest impact on SMEs, because in theory even the smallest organisations can now reach global markets through the use of the internet (Jelfs & Thomson, 2016). This could be illustrated with the great rise of web shops in comparison with offline shops. Organisations which monitor the online market day by day like Thuiswinkel.org and Casengo expected the amount of online shops would be greater than the amount of physical shops by the end of 2015 (Van der Ploeg, 2015). For The Netherlands they expected approximately one hundred thousand entrepreneurs with their own web shops who sell their products and services online, against ninety-five thousand physical shops (Van der Ploeg, 2015). Yet, figures of the Dutch statistics bureau (CBS) in 2016 showed that there were still more physical shops than online shops. This however, gives a distorted picture because researchers in the online market like Thuiswinkel.org and Casengo count all the web shops, also owners who didn’t register their web shop at the Dutch Chamber of Commerce. The Dutch statistics bureau only include online shops which are registered in the Dutch Chamber of Commerce. Nevertheless, CBS also shows an increase in online shops. Furthermore, the CBS shows an increase of seventeen percent in sales volume of registered online shops in the first eleven months of 2015 in comparison with the same period in 2014. In the period from 2007 till 2016 the total amount of online shops went from 5,000 to more than 32,000 in the beginning of 2016. A contrary development occurred in the physical stores (CBS, 2016). One can conclude that nowadays the online area is becoming an important channel to offer products or services. As already mentioned, the sale channel is going from offline to online in a lot of markets. In the market for traveling and insurances for example the change from fewer offline to more online purchases has already happened. From 2003 to 2012 the percentage of internet purchases in the travel industry increased from 25 to 76 percent (Retailnews, 2013). In the do-it-yourself (DIY) market the change from fewer offline to more online purchases is now happening, physical shops are decreasing and online shops are increasing (CBS, 2016). According to Michel Schaeffer, marketing director at Bol.com, there is a gap in the online do-it-yourself market. He stated the following: “there are only a few companies which are performing well online. This is underestimated by existing DIY shops. In the past ten years, not a lot happened in the online area of the DIY market. And if these companies think it is not very important, it won’t take long before they are forcibly awakened” (Van der Ploeg, 2015). In the food industry companies are now starting with online concepts and in the future, with the growth of order platforms, delivery services and pick-up
points, it is possible the food market will also make a shift from offline to online (Rabobank, 2015). In the second quartile of 2015 the food industry already shows a growth of 34% in online purchases (Thuiswinkel.org, Thuiswinkel, 2015).

Differences in the relative size and timing of online sales across different industries can arise from multiple sources. Certain industries like dentistry for example are unsuited for online sales. Likewise, consumer goods that are typically consumed immediately after production or otherwise difficult to deliver with a delay (e.g., food at restaurants or gasoline) are also rarely sold online. However, due to new delivery services and pick-up points in the food industry the online sales of food is growing (Lieber & Syverson, 2010).

As a result of an assumed gap in the literature for marketing strategies for SMEs, the rise of online shops in comparison with physical shops and the change from fewer offline to more online markets, the interest in marketing strategies for SMEs which are performing online is growing. A marketing strategy indicates the value, in the form of products or services, which will be delivered to a certain kind of customers (Frambach & Nijssen, 2013). One of the most commonly used models to determine which kind of customers to approach is the STP model, which stands for Segmentation, Targeting and Positioning (Schultz, 2016). However, there are some concerns with respect to using the STP model. According to Don E. Schultz (2016) the STP model was created dozens of years ago with a different marketplace from today’s. Furthermore, it assumes that marketers are in control of the marketplace, which may have been true in the past, but with the digital revolution in the past twenty years it has all changed (Schultz, 2016). Therefore, the objective of this thesis is to set up a marketing strategy which is focused on the online area for SMEs. To acquire this goal, the following research question has been formulated:

**How could an SME, which is performing online, set up a marketing strategy?**

To answer this question, the following sub-questions are formulated:

- *What is a marketing strategy?*
- *Are there differences between an online and an offline marketing strategy?*
- *Are there differences between marketing strategies for SMEs and larger companies?*
- *Is it possible for an SME which is performing online to use a marketing strategy?*

The theoretical contribution of this thesis is to complement the literature with a marketing strategy which is suitable for SMEs which have online activities. It is scientifically relevant to describe the process of how an SME with activities online can create a marketing strategy to create purchases from visitors in order to increase their profits. Nowadays online SMEs are struggling with the fact which marketing strategy to follow and which tools to use. The practical contribution of this study is to be a useful guide for online SMEs to improve the marketing aspect of their company.
2. Theoretical framework

In the theoretical framework section the relevant concepts and definitions used during this thesis will be explained. First of all, the definitions of marketing and e-marketing are explained.

2.1 Marketing and digital marketing

The marketing concept has been described by different authors who all have a different definition of marketing. The American Marketing Association (AMA) first came up with a definition of marketing in 1935. Afterwards, one of the first authors who did research into the phenomenon marketing was Felton(1959). He defines marketing as “a corporate state of mind that insists on the integration and coordination of all of the marketing functions which, in turn, are melded with all the other corporate functions, for the basic objective of producing maximum long-range corporate profits” (Felton, 1959, p. 55).

Over the years other definitions of marketing emerged. Each ten years a definition is used here to see the change of the definition over time. Due to the fact that each ten years a lot of definitions have emerged, a definition is used which is cited by other researchers.

| (Felton, 1959)                  | “a corporate state of mind that insists on the integration and coordination of all of the marketing functions which, in turn, are melded with all the other corporate functions, for the basic objective of producing maximum long-range corporate profits” |
| (Kotler & Levy, 1969)          | “Marketing is seen as the task of finding and stimulating buyers for the firm’s output” |
| (Baker, 1976)                  | “Marketing is a process of exchange between individuals and/or organisations which is concluded to the mutual benefit and satisfaction of the parties” |
| (Houston, 1986, p. 85)         | “The marketing concept states that an entity achieves its own exchange determined goals most efficiently through a thorough understanding of potential exchange partners and their needs and wants, through a thorough understanding of the costs associated with satisfying those needs and wants, and then designing, producing, and offering products in light of this understanding” |
| (Kotler, 1997, p. 19)          | “The marketing concept holds that the key to achieving organizational goals consists of being more effective than competitors in integrating marketing activities toward determining and satisfying the needs and wants of target markets” |
| (Kennedy, 2006)                | “Marketing is promoting the sale of goods and/or services by ensuring that the right message(communication) is transmitted to the right people(market) via the right media(media)” |
| (Sindhu, 2011)                 | “Marketing is the performance of business activities that directs the flow of goods and services from producer to the customer. It is the activity that directs to satisfy the human needs through exchange process” |
| (AMA, 2013)                   | “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” |

Table 1: Overview of marketing definitions

The definition of the AMA was followed by other official definitions of marketing which were adopted by the AMA in 1935, 1948, 1960, 1985 (Gundlach, 2007), 2004 and 2007. In the past, the
AMA devoted great attention to revising the official definition of marketing (Varadarajan, 2009), therefore the definition of the AMA (2013) will be used during this research.

Because this research is focusing on the online area not only traditional marketing is important. There are several similar names for marketing in the online area, like digital marketing, internet marketing and electronic marketing. According to Chaffey (2016) e-marketing is sometimes considered to have a broader scope than internet- or digital marketing since it refers to digital media such as e-mail, web and wireless media, but also includes electronic customer relationship management systems. However, Chaffey also stated that the difference in these terms doesn’t matter, it is all about semantics (Chaffey, 2016).

As can be seen in figure 1, digital marketing is the most commonly used term nowadays and therefore used during this thesis. According to The Digital Marketing Institute(DMI) digital marketing is “the use of digital technologies to create an integrated, targeted and measurable communication which helps to acquire and retain customers while building deeper relationships with them” (Smith K. L., 2007).

![Figure 1: Use of the terms digital marketing, internet marketing and emarketing](image)

According to Chaffey (2016) every company with online activities or customers who can be found online needs a marketing strategy. A marketing strategy indicates the value, in the form of products or services, which will be delivered to a certain kind of customers (Frambach & Nijssen, 2013). One of the most frequently used models to develop a marketing strategy is the 4P marketing mix framework (Constantinides E., 2002). However, there is a wide range of studies which stems from the need to find a new paradigm for operative marketing (Dominici, 2009) because the 4P marketing mix model is too much focused internally, the role of the Ps is drastically diminished, there is a lack of strategic elements in the model, there is a lack of customer orientation and it is also a poor choice in the case of virtual marketing (Constantinides E., 2002) (Möller, 2006). An alternative model, especially focused on the online area, is the Web-Marketing Mix (WMM) model by Dr. E. Constantinides. In the next paragraph the WMM model will be explained.
2.2 The Web-Marketing Mix (WMM) model

The Web-Marketing Mix model identifies critical online marketing elements and addresses strategic, operational and organisational issues. The model is appropriate for the web strategic and marketing planning. It identifies four online marketing factors: the Scope, the Site, the Synergy and the System (Constantinides E., 2002) In figure 2, one can find an overview of the 4S Web-Marketing Mix model.

In the Scope part, potential customers need to be analysed. However, the model does not explain how to find these potential customers. An addition to the WMM model could be the STP model. The STP model can be useful to choose the right segment(s). As already mentioned in the introduction, the STP model is one of the most commonly used models. Nowadays however, there are authors who criticize the STP model. According to Don E. Schultz (2016) there are a few issues in relation to the STP model. First, he mentions the date of creation of the STP model. It was developed in the 1950s, in a different marketplace than today, the internet did not exist, for example. Furthermore, it assumes that marketers have control of the marketplace. “If the manager gets the right segments,
picks the right targets and get there first, he or she will always win in the marketplace” (Schultz, 2016). According to Schultz (2016) that may have been true in the past, but with the digital revolution in the past twenty years it has all changed. Therefore, the next paragraph will introduce the STP model and at the end of the paragraph differences in using the STP model for big companies and SMEs and between online and offline companies will be mentioned.

2.3 The STP model

“The STP model is useful when creating marketing communications plans since it helps marketers to prioritise propositions and then develop and deliver personalised and relevant messages to engage with different audiences” (Hanlon, 2016)

On the basis of segmentation the attractiveness of different parts of the market can be measured. Afterwards a choice will be made to serve a certain kind of segment, the targeting part. How the company will position itself to the customers in comparison with the competitors is part of the positioning area (Frambach & Nijssen, 2013). In this section the STP-process will be explained in detail.

2.3.1 Segmentation

Market segmentation was first mentioned in the literature in 1956 by American professor of marketing Wendell R. Smith. His definition for segmentation: “Market segmentation consists of viewing heterogeneous market (one characterized by divergent demand) as a number of smaller homogeneous markets in response to differing product preferences among important market segments” (Smith W. R., 1956, p. 6).

Over the years a lot of definitions of segmentation have seen the light of day. An example of another definition of segmentation is a definition by Wedel & Kamakura “goods cannot be produced and sold without considering customer needs and recognizing the heterogeneity of those needs” (Wedel & Kamakura, 2000, p. 3)

Another definition which is cited a lot in the literature is the definition of Kotler: “Market segmentation involves dividing a market into distinct groups of buyers with different needs, characteristics or behaviours, who might require separate products or marketing mixes” (Kotler, Armstrong, Wong, & Saunders, 2009, p. 410)

According to Goyat the purpose of segmentation is the concentration of marketing energy and force on subdividing to gain a competitive advantage within the segment. Concentration of marketing energy is the essence of all marketing strategies and market segmentation is the conceptual tool to help in achieving this focus (Goyat, 2011).

Many articles say segmentation becomes necessary when variety between customers is present. (Goyat, 2011; Söderlund & Vilgon, 1999; Kotler et al. 2008) Research by Söderlund says that a variety may exist in terms of both purchasing behaviour and customer profitability (Söderlund & Vilgon, 1999)

To attract customers, a company has two basic choices. The first option is to treat the entire market as (potential) customers, this option is called undifferentiation. This corresponds to “full market coverage” in figure 4. The second option is to segment the market. Option two has more sub-options. The first sub-option is differentiation (multiple segments). In this option a firm identifies two or more
segments of customers in the market based on varied customer needs. The second sub-option is concentration (single segments). This means that the firm is focusing on one segment of potential customers. Finally, the last sub-option is atomization. This approach breaks down the market into individual customers. It is also called segment-of-one-marketing (Weinstein, 2004).

Earlier research showed four popular segmentation bases: geographic segmentation, demographic segmentation, psychographic segmentation and behavioural segmentation (Tkaczynski & Rundle-Thiele, 2009) (Sair & Shoaib, 2014) (Laroche & Bergeron, 2001). Geographic segmentation divides the customers on the basis of their location. The company can choose to operate in one or multiple countries for example, but they have to keep in mind the variations of customers in different areas or countries. Demographic segmentation divides the market into variables like age, gender, income, education and social class. According to Kotler and Keller (2012) this is a popular way of segmentation, because it is easy to measure and furthermore demographic variables are often associated with consumer needs and wants. Psychographic segmentation is a combination of psychology and demographics to better understand consumers. Consumers are divided into different groups on the basis of lifestyle, value and personal attributes. People in the same demographic group can have different lifestyles. Finally, behavioural segmentation results in groups of consumers who have the same attitude towards the product, based for example on the using rate of the product, like heavy, medium or light usage (Kotler & Keller, Marketing Management, 2012).

Research by Smith(1956), Dolnicar et al.(2005), Yankelovich (1964), Verhoef et al.(2002), van Raaij et al.(1994) and Dibb & Simkin(2008) mention advantages to start with segmentation (Smith W. R., 1956) (Dolnicar, Freitag, & Randle, 2005) (Verhoef, Spring, Hoekstra, & Leeflang, 2002) (van Raaij & Verhallen, 1994) (Yankelovich, 1964) (Dibb & Simkin, 2008). The biggest advantage which has been concluded from earlier research is that companies achieve better results if they start using segmentation(Verhoef et al., 2002). Another advantage mentioned is that a company can better meet the needs of customers through market segmentation. Furthermore, the resources could be focused better on the segments that are most profitable (Smith W. R., 1956).

Other advantages mentioned in the literature are that companies get more insight in their customers if they use market segmentation. Hereby, a more efficient and effective communication arises (van Raaij & Verhallen, 1994). On the other hand, there are also researchers mentioning some critical arguments against segmentation (Anderson & Simester, 2001) (Danna & Gandy, 2002) (Andrews & Currim, 2003). According to Danna & Gandy (2002) there are ethical concerns about segmentation. In order to start the segmentation a lot of information about the customers needs to be saved. This is seen as harmful towards society regarding the privacy of the customers. These ethical concerns won’t be part of this research. Despite the criticism, most scientists agree that segmenting markets is beneficial for companies.

2.3.2 Targeting
In the targeting part it’s important to decide which and how many segments should be targeted. This is possible by appraising the attractiveness of each segment and by considering the capability of the organization to serve the segment. Determining the strategic attractiveness of a market segment is a prerequisite for the successful deployment of global brand marketing programs (Hassan, Craft, & Kortam, 2003).

In the literature there is not one model of factors which are important for appraising the attractiveness of a segment. Different authors came up with different factors. One of the first researchers who came up with criteria for appraising the attractiveness of a segment was Kotler. According to Kotler(1984) there are four important criteria. The first one is measurability, so that the size and the potential growth of a segment could be measured. The second one is accessibility, this is the ability to serve the target segment. Furthermore, substantiality. Does the segment have a
sufficient size and is the segment profitable enough? Last but not least, actionability. This is the ability to serve the target segment with marketing tools (Kotler, 1984). Some authors presented some additions to the criteria of Kotler. Morritt (2007) has added the criteria durability, compatibility, homogeneity, competitiveness and defensibility (Morritt, 2007). Wedel & Kamakura (2000) added identifiability, stability and responsiveness (Wedel & Kamakura, 2000). The factors reachability, profitability, receptivity and sustainability are mentioned by Hassan et al. (2003). There is no general guideline to choose any of these factors, therefore table 2 shows a combination of factors mentioned in the literature.

<table>
<thead>
<tr>
<th>Factor:</th>
<th>Description:</th>
<th>Researcher:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurability</td>
<td>Size and potential growth could be measured.</td>
<td>Kotler, Morritt, Hassan et al.,</td>
</tr>
<tr>
<td>Accessibility / Reachability</td>
<td>The ability to serve the target segment.</td>
<td>Kotler, Morriss, Wedel &amp; Kamakura / Hassan et al.</td>
</tr>
<tr>
<td>Substantiality / Profitability</td>
<td>Does it have a sufficient size and is the segment profitable enough.</td>
<td>Kotler, Morriss, Wedel &amp; Kamakura / Hassan et al.</td>
</tr>
<tr>
<td>Actionability / Receptivity</td>
<td>The ability to serve the target segment with marketing tools.</td>
<td>Kotler / Hassan et al.</td>
</tr>
<tr>
<td>Defensibility</td>
<td>Could the segment be defended against competitors.</td>
<td>Morritt</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Over time substantiality of the segment.</td>
<td>Hassan et al.,</td>
</tr>
<tr>
<td>Competitiveness</td>
<td>The segment must be evaluated to ensure that your company has some unique product or service that will enable you to position your company to best serve the segment.</td>
<td>Morritt</td>
</tr>
<tr>
<td>Homogeneity</td>
<td>A good segment is different from other segments, but keeps similarity within the segment.</td>
<td>Morritt</td>
</tr>
<tr>
<td>Compatibility</td>
<td>Not serve segments at the same time who have different characteristics</td>
<td>Morritt</td>
</tr>
<tr>
<td>Identifiability</td>
<td>Are the customers identifiable to fit in the segment</td>
<td>Wedel &amp; Kamakura</td>
</tr>
<tr>
<td>Stability / Durability</td>
<td>Segments need to be stable in time to be part of a successful marketing strategy</td>
<td>Wedel &amp; Kamakura / Morritz</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>If the segment respond uniquely to marketing efforts targeted at them</td>
<td>Wedel &amp; Kamakura</td>
</tr>
</tbody>
</table>

Table 2: (Morritt, 2007) (Hassan, Craft, & kortam, 2003) (Wedel & Kamakura, 2000) (Kotler, Marketing Management, 1984)

Which factors to choose is market- and company specific. Larger organisations can value the defensibility factor, while SMEs are wise enough to not value this factor because of the lack of financial resources they have in comparison with large companies. Therefore, each company can choose the factors they consider important.

2.3.3 Positioning

After the segmentation and targeting phases follows positioning. After having identified the segments and having selected the most attractive ones, the customers within the targeted segments must be offered propositions which will match with their wants, needs, and buying behaviour (Dibb & Simkin, 2008).

In the literature many authors have different definitions for the term positioning. A few of them are mentioned below:

“Positioning strategy refers to the choice of target market segment which describes the customers a business will seek to serve and the choice of differential advantage which defines how it will compete with rivals in the segment” (Brooksbank, 1994).

“Positioning involves arranging for a product to occupy a clear, distinctive, and desirable place – relative to competitors’ positioning’s – in the minds of the targeted consumers or business customers” (Dibb & Simkin, 2008).
“The aim of positioning is to develop a differential advantage over rivals’ products as perceived by the customer” (Chaffey, Ellis-Chadwick, Mayer, & Johnston, 2009).

To conclude, positioning refers to the place the brand or product has in the mind of the customer. The product places an image in the mind of the customers, it’s positioned there. The position of a product or brand is dependent on different variables. A few common variables are price and quality for example, but this is market specific. In some markets for example the variable delivery time is very important (Kotler & Keller, Marketing Management, 2012).

Despite earlier criticism of the 4P marketing mix, it can be useful as part of the positioning part of the STP model. According to Dibb & Simkin (2008) a marketing mix needs to be designed. According to Bennett (1997) McCarthy is the founder of the marketing mix, often named as the 4Ps (product, price, place and promotion). He offered the marketing mix as a means of translating marketing planning into practice (Bennett, 1997). The promotion mix is one of the most powerful elements of the STP model, it decides the positioning of the product in the target market (Singh M. , 2012).

As already mentioned the 4Ps are product, price, place and promotion. Product stands for a physical product, this includes tangible and intangible products, or a service. Price is the amount the customer must pay to receive the offered product or service. Place is where goods and services are moved from manufacturer to consumer. Last but not least, promotion are the activities intended to supplement personal selling and advertising. Promotion helps the seller to induce consumers to buy the product or service (Singh M. , 2012). In this research the focus lies on the promotion aspect of the 4 P’s.

In the promotion part, different markets and therefore different companies are using an advertising and promotion mix pyramid. However, there are promotion tools mentioned in the literature but an advertising and promotion pyramid for SMEs in the online market is not present. In the literature an advertising and promotion pyramid from another market, the high-tech market, is present (Mohr, Sengupta, & Slater, 2010), research has to show if this pyramid is also appropriate for the online market.

The advertising and promotion pyramid also called communication triangle is shown in figure 5. It positions advertising and promotion tools based on two dimensions:
- Cost efficiency
- The degree of coverage, or reach, of the potential customers (Mohr, Sengupta, & Slater, 2010).

![Figure 5: (Mohr, Sengupta, & Slater, 2010)](image-url)
The costs per contact are low at the bottom and higher at the top. The coverage is broad at the bottom and is narrower at the top. The costs of these tools are high. Plus, the tools are not specifically meant for online use.

2.3.4 Differences STP between online/offline and small/big companies

Differences between SMEs and big companies in using the STP model are present, because of the different characteristics of an SME in comparison with a big company. SMEs have their own characteristics that differentiate them from bigger organisations from a marketing perspective (Carson, 1990) (Gilmore & Grant, 2001). SMEs tend to face certain challenges in marketing, because they are hindered by constraints such as a lack of marketing expertise, resources, business size, a poor cash flow (Gilmore, Carson, & Grant, 2001) (Doole, Grimes, & Demack, 2006) (Chaston & Baker, 1998) and they also do not have the time to engage in strategic marketing, because they are focused on the day-to-day aspects to survive (Robinson & Pearce, 1984).

As mentioned before, in the offline world there were four popular segmentation bases: geographic segmentation, demographic segmentation, psychographic segmentation and behavioural segmentation (Sair & Shoaib, 2014)

<table>
<thead>
<tr>
<th>Segmentation offline:</th>
<th>Variables:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Geographic segmentation</td>
<td>Country, State, City</td>
</tr>
<tr>
<td>2. Demographic segmentation</td>
<td>Age, Gender, Income</td>
</tr>
<tr>
<td>3. Psychographic segmentation</td>
<td>Lifestyle, Values, Personal Attributes</td>
</tr>
<tr>
<td>4. Behavioural segmentation</td>
<td>Same attitude towards product</td>
</tr>
</tbody>
</table>

*Table 3: (Sair & Shoaib, 2014)*

In the online world there are more segmentation options. It is still possible to make segments on the basis of geographic characteristics, demographic characteristics like age and gender, psychographic segmentation like the interests of customers and behavioural segmentation.

With behavioural segmentation customers with the same attitude towards the product can be placed in the same group. In the online area this contains the visiting time on a website for example. Segments can be divided in long, medium and small visiting time for example.

Other segmentation options are technology segmentation, device segmentation and channel segmentation. Technology segmentation shows what technology customers use, like which internet browser customers use. If you see that most people are visiting your website with Google Chrome, it is more important to get a useful design on Google Chrome instead of other web browsers.

Device segmentation shows how people are visiting your website or if customers are buying more by desktop or mobile. Do your customers visit by desktop, mobile device or a tablet? If the revenues by mobile are dramatically lower than the revenues by desktop, it can be better to improve your mobile website or to give some marketing dollars from the mobile part to the desktop part because these dollars are better used.

Channel segmentation shows from what kind of marketing tool or advertisement customers are coming to your website. Is the Facebook advertisement really worth its money or do they only click on it and leave the website fast? Do most of the people visit your website through Google Shopping or Google Adwords? For an overview see table 4.
## Segmentation online: Variables:

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<table>
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<tr>
<td>1. Geographic segmentation</td>
<td>Country, State, City</td>
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<td>2. Demographic segmentation</td>
<td>Age, Gender</td>
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<tr>
<td>3. Interest segmentation</td>
<td>Interest of customers, not only on your site, but also what they like beyond your website</td>
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<tr>
<td>4. Behavioural segmentation</td>
<td>New customer or returning visitor, how many pages they visit, how long they are on one page or the whole website</td>
</tr>
<tr>
<td>5. Technology segmentation</td>
<td>What web browser they use and even which internet provider they have</td>
</tr>
<tr>
<td>6. Device segmentation</td>
<td>If they are visiting your website by desktop, mobile or tablet and even what kind of mobile for example</td>
</tr>
<tr>
<td>7. Channel segmentation</td>
<td>From what kind of marketing tool visitors are coming to your website, through Google or Facebook for example</td>
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*Table 4: Online segmentation factors (measurable by Google Analytics)*

In the targeting phase companies can use the factors in table 2. For large companies it is easier to defend the segment against competitors than small or medium companies due to the lack of time, money and resources of SMEs (Gilmore, Carson, & Grant, 2001). Each company can choose their own factors they consider important.

The positioning aspect in the online area is more difficult. The difficulty lies in the fact how to put your product or service in the mind of the customer. Customers can’t touch, feel or see the product directly and they also want expert advice (de Wit, 2015). Therefore, there are differences in the buying reasons of people in the offline and online area. In the online area there are other buying factors important than in the offline area. Buying factors are factors why customers will buy your product. Reibstein (2000) defined ten important attributes when consumers shop online and find the product they are interested in. These attributes are: ease of ordering, product selection, product information, product prices, website navigation & looks, on-time delivery, product representation, level & quality of customer support, posted privacy policies and product shipping & handling (Reibstein, 1999). The importance of each factor can differ in different markets. Furthermore, questions arise if the promotion and advertising mix from the high tech market is also suitable for SMEs which are performing online or if this needs to be revised for this specific market.

To conclude, differences for SMEs and big companies are present, because of the different characteristics of both kinds of companies. The problem is that due to a lack of time, money and resources (Gilmore, Carson, & Grant, 2001) it is difficult for SMEs to use the STP model. The biggest difference for SMEs is the communication triangle they can use to attract the customers in comparison with large companies. SMEs do not have the amount of money large companies have, so they can’t use the same marketing tools as large companies (Chaston & Baker, 1998). Furthermore, the differences in the online and offline area are the segmentation bases, the buying factors which are important and the offline and online tools.

### 2.4 Combination WMM, STP and communication triangle

In this paragraph the model which will be used during this research will be presented. However, it still is not clear if the communication triangle needs to be adapted to the online market or if the same communication triangle can be used. Therefore, interviews with two online marketing agencies were done to get information of companies which are working in the online marketing environment on a daily basis.

In the interviews with both marketing agencies it became clear that there was no communication triangle like the used one in the high-tech market. However, both marketing agencies indicate there are two important aspects in the online marketing world, reach and conversion value of the different marketing tools. These two aspects can be illustrated in two different communication triangles. One triangle is focused on the amount of people that can be reached or, speaking in online terms, the
number of impressions the tool is able to generate, see figure 6. The other triangle is focused on the conversion value, see figure 7. The conversion value is the ratio of the amount of customers who make a purchase in comparison with the total amount of people who saw the advertisement or e-mail. According to one of the marketing agencies, MvH media, reach is a classical thought. “The more people you reach, the better it is. But especially in the online world, conversion value is really important because it makes no sense if you reach people who are not interested.” MvH media gave an example of the difference between the reach and conversion value triangles: “With an advertisement on a popular website like nu.nl for example, you reach a lot of people, but not everyone who sees the advertisement is a customer. From 10000 people who see it, maybe 50 will click on the advertisement and from that 50 maybe one will move on to purchase the product. When using e-mail marketing you will reach fewer people than with advertisements, so e-mail stands higher in the communication triangle for reach (the smaller the place in the triangle, the less reach). However, the amount of people who are interested is much higher and therefore the amount of people that will proceed to buy the product or service is higher. Therefore, the tool e-mail is positioned lower in the triangle of conversion value because their conversion value is higher.” A little side note is the fact that the mail addresses are received through your website, because then the interest in your products/service is high. If you send random mails it will be less attractive.

![Communication triangle of reach](image)

Figure 6: Communication triangle of reach → At the bottom the tool with the most potential reach, at the top the less reach (MvH Media, 2016)
For a better understanding of each tool, a brief explanation is given of the different tools in the communication triangles. Figure 7 will be followed, starting from the tools in the bottom to the top.

**E-mail marketing:**

E-mail marketing is one of the first online marketing tools used since the start of the internet. It consists out of e-mailing marketing messages to (potential) customers. In the online environment, e-mail marketing is one of the most effective ways to stay in touch with your customers. Furthermore, it is an cost-effective way to build relationships with customers (Groves, 2009).

You can get e-mail addresses from your customers who already bought your product or used your service. You can also buy them from companies who sell e-mail addresses. The downside of buying these e-mails instead of only using your own customers database is that not all of the bought e-mail addresses are potential customers.

There are two kinds of e-mail marketing, these are opt-in- and opt-out marketing. When consumers voluntarily signed in for your e-mails, it’s called opt-in e-mail marketing. With opt-out e-mail marketing the customer is automatically added to the mailing list and gets e-mails without their permission. Opt-out e-mail marketing can be seen as spam and is not recommended.

According to MvH media, the newsletter is an effective way of using e-mail marketing. Each day, week or month for example you can send a newsletter to your database with new products, deals or discount coupons. An easy way to send e-mails to your customers is by using Mailchimp. Especially for SMEs this is a free or low cost tool. If you have fewer than 2000 subscribers to your newsletter, you can send up to 12000 e-mails completely free in one month (Mailchimp, 2016).

**Search engine optimization (SEO):**

Search engine optimization is the optimization of a web site by improving internal and external factors like technology and content with the aim of increasing the amount of visitors to the website who are searching on relevant keywords (Blacquière, 2015). The goal is to appear high in the natural listings of a search engine like Google. Natural search result listings are the results which do not require a payment to the search engine provider (Davis, 2006). According to both marketing agencies MvH Media and Forresult it is really important to be visible on the first page of Google. This can be illustrated with a research done by Chitika, see figure 8. Only 8.5% of the people using Google scroll to other pages than the first page (Chitika, 2013). Therefore, SEO can
be an important tool, but to make it effective it is necessary to be on the first page of the search engine (MvH Media, 2016).

Figure 8: Percentage of Google Traffic by Results page

Search engine optimization and search engine advertising are confusing. SEO are the free links on google, SEA are the paid links (more information about SEA in the part below), see figure 9 for the difference.

Figure 9: SEO and SEA on Google
**Search engine advertising (SEA):**

Search engine advertising is a form of advertising on the internet where advertisers pay to appear next to organic search results on a search engine like Google (Abhishek & Hosanagar, 2007). Examples of SEA are Google Adwords and Google Shopping. Google Adwords is a tool which allows companies to advertise on Google. This advertisement tool is based on the use of search words. If you want to advertise for selling Ipads, you can make an advertisement with keywords. If people google on these words, they will find your advertisement. See figure 10 to see the results in google.

Google Adwords is a tool which allows companies to advertise on Google. This advertisement tool is based on the use of search words. If you want to advertise for selling Ipad, you can make an advertisement with keywords. If people google on these words, they will find your advertisement. See figure 10 to see the results in google.

**Figure 10: Advertisements in Google**

Google works with a cost per click system. You can set a maximum bid per click. The lower the bid, the lower you will be ranked in Google. However, if you have a high quality score of your advertisement you can be placed higher. But if competitors have the same quality score of the advertisement you have to pay more than your competitors to be placed higher in the search list.

When someone clicks on your advertisement, you have to pay your bid to Google. For very popular products, like an Ipad for example, it is still expensive to reach the top positions of Google. The advantage of Google Adwords is that you can set up your own limits. If you want to spend €20 a day, the advertisement will be taken offline for the day if you have already reached your limit.

Another feature of Google is Google Shopping. In The Netherlands this was introduced in 2011. The idea is the same as Google Adwords, but it has its own tab, see the black arrow in figure 11.

**Figure 11: Front page of Google with Google Shopping results**
When you click on the tab “Google Shopping” a list of products appears. If you click on the product you want, you get an overview of companies which sell these products, see figure 12. In this overview the different prices of the companies are compared, as well as the shipping costs if you buy one item of the product. Furthermore, reviews of other customers are shown, which gives you an impression of the different companies. Therefore, in Google Shopping it is possible to easily compare companies based on different factors such as price, shopping costs and reviews and make a specific choice for the company you like the most.

![Figure 12: Overview of Google Shopping page](image)

In Google Shopping you can also set up your own bid. The higher the bid, the better your ranking on the front page of Google, see the box in figure 11. The advantage of Google Shopping compared with Google Adwords is that SMEs with a low budget are always on the same page in the Google Shopping tab as companies with bigger budgets. In Google Adwords you disappear to page 2 or even more and not many customers will see your advertisement. Especially for companies who compete on price Google Shopping is a very useful and low cost marketing tool.

3\textsuperscript{rd} party websites:
A 3\textsuperscript{rd} party is someone who may be indirectly involved but is not a principal party to an arrangement. In The Netherlands the best known 3\textsuperscript{rd} party websites are Marktplaats.nl, Kieskeurig.nl and Beslist.nl. Research by marketing research company GfK shows Marktplaats.nl is on the 6\textsuperscript{th} place in the ranking of websites with the highest reach in The Netherlands. It has even more visitors than Nu.nl, the largest and most popular news website in The Netherlands (GfK, 2016).

Companies can offer their products on these 3\textsuperscript{rd} party websites and if a customer buys a product through the 3\textsuperscript{rd} party website a percentage of the sale will go to the 3\textsuperscript{rd} party website. This sales system is called cost per sale (CPS). Another option is the cost per click (CPC) method as used by Google, which results in costs if a customer clicks on your product on the 3\textsuperscript{rd} party website.

The advantage of a 3\textsuperscript{rd} party website is the brand awareness and therefore the amount of visitors who visit the 3\textsuperscript{rd} party website. Selling your products on a 3\textsuperscript{rd} party website increases the amount of people who see and hopefully buy your products.
Social media:
There are different platforms of social media. Of these, Facebook is one of the biggest. According to research Bureau Newcom, approximately 9.6 million people in The Netherlands have Facebook (Van der Veer, 2016). Worldwide there are more than 800 million Facebook users (Vermeulen, 2014). Facebook is an online marketing tool with multiple functions. The first function is that it can serve as service platform. Customers can ask questions about products or services on your companies’ Facebook domain. Furthermore, customers can give feedback or give recommendations for your company.

Another function of Facebook is to increase your brand awareness. Because of the many users of Facebook, it is arguable that your customers spend time on Facebook as well. Facebook is a low cost way to reach them. Furthermore, Facebook is an ideal platform to promote new products, to announce new events or to share videos with your customers. Research done by the Innsbruck University in Austria showed that Facebook has a positive effect on brand awareness (Hutter, Hautz, Dennhardt, & Füller, 2013). This is again a useful tool for SMEs because you can have a cost free Facebook page, but also advertise on Facebook with your own budget.

While Facebook is still growing, Twitter is a declining social media platform. In 2014 there were 3.3 million people in The Netherlands who were active on Twitter. This declined in 2015 to 2.8 million people and the expectation is that it will have declined to 2.6 million in 2016 (Oosterveer, 2016). According to Bulearca, Twitter can have many benefits for the business in terms of building a relation with customers, online branding opportunities and networking as irreparable and costly damages caused by the negative electronic word of mouth (Bulearca, 2010). Twitter could be useful to promote new products or give away discount codes.

LinkedIn is another social networking platform which allows people to connect and do business with other professionals by making relationships of your business network. Worldwide there are more than 200 million people who use LinkedIn (von Rosen, 2012). In The Netherlands there are 4.2 million people who use LinkedIn, this is an increase of 0.4 million since 2015. LinkedIn has many options. First of all, increase your brand awareness. If you contribute or share things in a positive way, you can develop a positive reputation. Another thing you can do is find other people or companies. You can increase your network, connect with (potential) customers, connect with (potential) suppliers or partners for example. LinkedIn is a free tool and you can choose yourself how much time you want to spend connecting to (new) customers or (new) suppliers. However, there are also payment options which are not obligatory. You can post sponsored content, send sponsored e-mails and place general banner ads (LinkedIn, 2016).

Advertisements and banners:
Banner advertisements consist of images displayed, most of the time at the top of web pages, and contain the message the advertiser wants to send to people on the internet (Drèze & Hussherr, 1999). The effectiveness of the banners is measurable by the percentage of the total number of ad exposures which led to a click on the banner, this is known as the click-through rate (Novak & Hoffman, 1997). Another name for banner advertisement is display advertising. In 2015 the online banner advertisement in Europe increased with 17,4% to €13.9 billion (Fennah, 2016). The search engine advertisement is still the most used advertising channel with €16.9 billion. These numbers show the popularity of both banners and search engine advertisements. However, according to MvH Media, the use of banners is not an effective tool for SMEs. It is a tool with high costs and a low conversion value. “Banners are more appropriate for bigger companies who want to increase their brand awareness” (MvH Media, 2016) Moreover, banner ads have been perceived by many customers as being annoying (Ghose & Yang, 2009).
Offline marketing:
The most important examples of offline marketing tools are advertising on television, radio, posters on billboards and flyers. AdEx benchmark research by IAB Europe shows since 2015 more money is spent in online advertising in comparison with television advertising in Europe. Online advertising increased with 12.1% to €36.2 billion in comparison with €33.2 billion in television advertising (IAB Europe, 2015). However, research done by Trafficbuilders (2010), an online marketing agency, shows that offline marketing is still often used in the online world. Approximately 66% of the companies use any form of offline marketing (Trafficbuilders, 2010). According to MvH media it is less useful for smaller companies to start with offline marketing because the costs are relatively high. For SMEs flyers and posters on billboards can be a cheap solution to start increasing their brand awareness (MvH Media, 2016).

Now that the communication triangle is clear, the model which will be used during this thesis can be shown.

Figure 13: Combination WMM, STP and communication triangles
3. Methodology

Different methods are used to find out how SMEs which are performing online could set up a marketing strategy. The theory which is used in the theoretical framework is collected from books and search engines like Jstor and Google Scholar. The following keywords were used to find the required theory: marketing strategy, online marketing strategy, segmentation, targeting, positioning, STP model, communication triangle, online marketing tools. Theory is used from 1956, because 1956 was the year in which the first article mentioning segmentation was published, till 2016.

In the theoretical framework the Web-Marketing Mix model of E. Constantinides is used as the main model in this research. The first part of the model, the Scope and in particular the potential customers part, is discussed in more detail. The WMM model does not show how to attract the potential customers, therefore the STP model with a communication triangle has been added to complement the WMM model. Furthermore, the STP model has been adjusted for SMEs which have activities online. The differences are mentioned in paragraph 2.3.4.

Preliminary research with two online marketing agencies has shown a change in the communication triangle, which is now suitable for SMEs which are performing online. The final model which will be used can be found in figure 14. Figure 14 is the same model as figure 13, however how to collect the data is added to figure 14. This model will be tested through a single case study, despite the fact that in a single case study conclusions are not generalizable. This single case is the Bullstore company. Bullstore is an SME which is performing online and has difficulties in developing a marketing strategy, finding the most attractive customers and how to attract them with which marketing tool.

The model is starting with the Scope part. In the Scope part, the first part is to find potential customers. The STP model and communication triangles are useful tools in this part. By means of interviews with the owners of Bullstore and by using the tool Google Analytics, the market will be divided into segments.

Google Analytics is a useful tool to track the performance of a given website (Mohr, Sengupta, & Slater, 2010). In November 2005, Google released Google Analytics and offered this service for free. Everyone with a Google account can use Google Analytics. To work with Google Analytics you need to insert a code in the HTML code of each page so the page can be analysed (Wang, 2007). Data which can be seen in Google Analytics is information for every action a visitor on the websites takes, showing how they navigate and how long they stay on the same web page for example (Mohr, Sengupta, & Slater, 2010). Furthermore, Google Analytics shows information about the age, gender, interests and a lot more options of customers. Google receives information about people in two ways. The first one is information people share themselves, for example a Google account where they indicate how old they are and where they live. The second one are assumptions of Google on the basis of your online behaviour. Google tracks websites you have visited, search queries you have made and advertisements you clicked on (Janssen, 2013). Google Analytics also have some downsides. First of all, the information can be incorrect. Take for example, a grandpa who has no Google accounts, but is only looking for video games for his grandchildren. The possibility is he can be added in the group of persons from 18 – 24, because this is the group that plays the most videogames (MvH Media, 2016). Furthermore, certain types of visitor data are not logged, such as information about the person visiting the site rather than just the computer visiting the site (Mohr, Sengupta, & Slater, 2010). In internet browsers there is also the possibility to hide yourself and use the privacy mode, subsequently Google Analytics cannot track what you are doing.

After the segmentation part follows the targeting part. An interview with the owners has to make clear which factors, mentioned in table 2, they find important. If the segment which will be targeted is clear, a survey will conclude what buying factors customers in this segment find important and by which marketing tool they were attracted to the company, this is part of the positioning aspect. To
make the survey representative a large enough sample size needs to be used. Since the number of customers in the chosen segment is not known, a formula with an infinite population is chosen to calculate the sample size. The following formula is used:

\[ n \geq \frac{z^2 \cdot p(1 - p)}{F^2} \]

- \( n \) = the amount of respondents required
- \( Z \) = the standard deviation of a confidence interval in %. This is 1.96 with a confidence interval of 95%
- \( p \) = the chance of a given answer (50%)
- \( F \) = chance of error, here 10% is used

When filling in the formula, the total amount of 96 respondents is needed to get a representative answer. The target for the survey is to collect answers from 96 people. If the population of the segment is dramatically lower, fewer respondents will be accepted. The interviews and the survey will be sent to all the customers in the chosen segment, hoping to get answers from 96 or more people.

Afterwards a SWOT analysis will be executed to find the strengths, weaknesses, opportunities and threats of the other aspects of the Scope and the Site aspects of the model. A SWOT analysis is chosen because it is a well-known model and quickly provides useful information. In consultation with Bullstore and due to a lack of time the Synergy and System aspects are not included.
4. Results

In this chapter the model in figure 14 is tested by a single case study named Bullstore. This chapter starts with an introduction of Bullstore.

4.1 Bullstore.nl

Bullstore is an online shop with a focus on the Do-It-Yourself market (DIY). Bullstore was founded by two brothers, Arjon and Perry Severijnen. An interview was held with Arjon and Perry to clarify what Bullstore is and what their problems are. According to Arjon Severijnen “Bullstore.nl has a focus on the Do-it-yourself market. We sell products like paint, adhesives, sealants and tools. The products we sell are well-known brands and quality products, so no cheap brands of inferior quality. We currently have five employees and we sell products through three websites, one focused on the Dutch/Belgian market, one aimed at the German market and one focusing on the UK market. The Dutch/Belgian market is our main market.”

In the same interview they indicate they encounter some problems. One of their biggest problems is setting up a marketing strategy. They don’t know how to reach the right segment. “We do not focus on one specific segment, but anyone who has internet. We don’t know which segment to target and how to target them. We have a small budget and competitors like Bol.com can reach more people because of a higher amount of money they can use for marketing activities. Arjon Severijnen: “We want to know how to find the right segment in the online area, how to target them and how to reach them with what kind of marketing tools and all of it without a big marketing budget. Furthermore, we want to know if there are other possibilities to increase our profitability” (Severijnen, 2016). The other owner, Perry Severijnen, indicates Bullstore can distinguish from other competitors on factors like low prices, good customer services and positive reviews from other customers, but the main problem is to be visible with their name and products on the computer screen of people. To find solutions for their problems, the model in figure 14 will be tested.

4.2 Scope: Potential customers

The first part of the analysis is the Scope. As can be seen in figure 14, the first aspect of the scope is the potential customer aspect. The STP model and the communication triangles, which are focused on SMEs which perform online, are useful tools for this part. Data will be collected by means of interviews and Google Analytics.

In the interview the different segmentation factors, which are already mentioned in chapter 2.3, were discussed and explained to the owners. Furthermore, the different possibilities in Google Analytics were explained.

4.2.1 Segmentation

The owners of Bullstore have their own ideas of which segment can be profitable. In the interview Arjon indicates: “We believe our target group are mainly men, because men do more jobs in and around the house than women do. Therefore, with regard to gender we want to focus mainly on men.” Perry adds: “Furthermore, we think age is also an important factor. We believe that couples who have just bought a new house are suitable for us, so upward of an age of 25. We think men will keep doing jobs in and around the house till the age of 55, after that age we think fewer people are moving to another house or start a construction at their own house. Therefore we think men between 25 and 55 are our main target.” As already mentioned, they focus mainly on the Dutch/Belgian market so their main segment according to themselves should be men between 25 and 55 who are Dutch-speaking.

In Google Analytics information is tracked from the first of September till the first of December. In this section the different segmentation factors are shown. The first factor is the category age and gender. Images of the tracked information can be found in the Appendix.
As you can see in figure 19 in the Appendix, 24% of the visitors are between the ages of 35 and 44. However, the group of people between 25 and 34 and the group of 45 till 54 are also above 20%. With 16% the group of people who have an age of 55-64 is also a big group. Based on these results one can say that the group of people between 25 and 64 is a good segment to target. This corresponds mostly with the thoughts of the owners of Bullstore.

In figure 20, gender is tracked. 60.9% of the customers of Bullstore is male and 39.1% is female. As already mentioned by the owners of Bullstore, men are more important to target than women.

The second segmentation factor is geographic segmentation. Bullstore had 68,376 visitors from The Netherlands between 1 September and 1 December 2016. As can be seen in table 9, the Dutch and Belgian market is their main market.

The next segmentation factor is based on interests from visitors. This is a factor which is not very popular, because it is hard for Google to divide people into segments based on interests (Janssen, 2013). MvH Media confirms that it is almost impossible to use the segmentation factor interests. An alternative is to use 3rd party websites or forums where people come together with interests in your products (MvH Media, 2016). In figure 21 one can find the interests Google Analytics shows. In the ideal scenario you target Do-It-Yourself-persons.

The fourth segmentation factor is behavioural segmentation. Is the customer new or is he/she a returning visitor? According to MvH Media, it is easy to target returning visitors with remarketing. If people leave the website and surf to other websites, advertisements of Bullstore pop up in banners on the other website. Furthermore, returning visitors who left behind their mail address can be targeted by e-mail. As one can see in figure 22, only 26% of the visitors is a returning visitor. However, it also shows that the total amount of money received from returning visitors is almost 59% of the total revenues.

Another segmentation factor is technology segmentation. What web browsers are visitors using for example? Every website looks different in different browsers. Your website could be perfectly optimized for Google Chrome, but maybe the website could look different or messy in Internet Explorer. As can be seen in figure 23, almost 46% of the visitors is browsing on the internet with Chrome. If you compare the percentages of Bullstore with the percentages of all people in The Netherlands using a browser (figure 24) there are a few differences. It is remarkable that the use of Internet Explorer at Bullstore.nl is 10% whereas Internet Explorer is used by 15% of people in The Netherlands. The same goes for the browser Firefox. Approximately 15% of the people in The Netherlands use Firefox as their browser however, only 8.8% of the visitors of Bullstore use Firefox. However, this can be a coincidence so no conclusions can be drawn from it. According to MvH media segmentation on the basis of different browsers which are used is not a good way of segmentation. It can be a useful tool to check if the website is working well in each browser, therefore for Bullstore it is wise to check the browsers Firefox and Internet Explorer to see if the site is working well.

Device segmentation is also a segmentation factor. Are visitors surfing on websites by computer, mobile phone or tablet? Is a separate mobile website or a responsive website, a website which adapts to the device the visitor is using, necessary? This segmentation part gives further insight in who to target. Figure 25 shows 50% of the visitors are visiting Bullstore by computer. However, the amount of money earned from this group is almost 75%. The amount of mobile visitors is 32% but they only provide 14% of the earnings. This shows that desktop visitors are the most interesting visitors for Bullstore.

The last segmentation factor is channel segmentation. From what kind of marketing tool do visitors come to your website, through Google or Facebook for example. Paid Search (SEA) is the most frequently used marketing tool with almost 80%, followed by organic search (SEO) with 12%. Direct
search, which means visitors directly surfing to the website without a search engine for example, is used by 3% of the visitors. After that display advertisement and links through referral sites are both used by almost 3%. The referral visitors are split in 95% visitors from 3rd party websites and 5% visitors from e-mail marketing. A small percentage has visited the website by Social Media. The results can be found in figure 26 in the Appendix.

According to MvH media the first page of Google and e-mail are the most important marketing channels. The data shows that the number of visitors from Google is high, but the number of visitors from e-mail (120 out of the 94,676 visitors) is way too low, therefore MvH media advises to start using e-mail marketing more frequently. MvH Media had only one side note: “the gap between paid search and organic search is too big, therefore the focus needs to be more on increasing the organic search visitors. If the number of organic customers grow, you are less dependent on Google, you never know if they increase the prices of advertising or change their paid marketing tools.”

Conclusion:
Based on the analysis of the segmentation factors, we can now define what interesting segments for Bullstore would look like. One has to keep in mind that these segments are based on the information of casual visitors in three months. To get a better insight, Bullstore needs to keep track of their visitors for a longer period.

Interesting segments:
- Men
- Age between 25 and 64
- Dutch-speaking
- Interests in do-it-yourself products
- Returning visitors
- People using a desktop
- People who are using Google or can be reached by e-mail

According to MvH Media, it is a risk to make segments based on which device or tool visitors use to visit a website. “A lot of people are first scanning the internet on a mobile device or a tablet, after making a choice they search the website by computer and finish with a payment. Therefore, these segmentation factors can give a distorted picture”.

The segment characteristics can be divided into two interesting segments. The first segment consists of men in the age of 25-64 who are Dutch-speaking and with interests in do-it-yourself products. The second segment can be returning visitors. However, these segments are not mutually exclusive, because a returning visitor could also be a man in the age of 25-64 who is Dutch-speaking. Anyway this is not a problem, because the segments will be targeted with different tools.

In the next paragraph the targeting factors mentioned in section 2.3.2 will be treated. Which targeting factors are important for Bullstore according to the owners of Bullstore and according to the marketing agency MvH Media? The most effective segments to target will be analysed. In addition, it will be investigated if changes to the above segments should be made in order to define a good and effective marketing strategy for Bullstore.

4.2.2 Targeting
In the interview with the owners of Bullstore the targeting factors mentioned in chapter 2.3.2 were discussed. They indicate that they only want to target one or more segments if the segments have a sufficient size and are profitable enough. Furthermore, they find it important the segment can be reached with low cost marketing tools. “If we only can reach our segment with television commercials it is not worth it, because we can’t invest the money needed for a television
commercial” (Severijnen, 2016). Last but not least, they want it measurable. “We do not only want to think if a segment is profitable, we want to measure it” (Severijnen, 2016). Therefore, the factors measurability, profitability and actionability are important for the owners of Bullstore. Factors like defensibility are desired, but with the small amount of money they know it is impossible to defend a segment against big competitors.

In the above part of segmentation, two interesting segments came forward. The first one: men with an age between 25 and 64 who are Dutch-speaking and have interests in do-it-yourself products. According to CBS (2016) there are 8,417,135 men in The Netherlands on the first of January of 2016. The amount of men with an age of 25 till 64 is 4,615,886. Furthermore, in the Dutch-speaking part of Belgium there are approximately three million men with an age between 25 and 64. The last part are people who have interests in do-it-yourself products. However, this is too hard to measure. Therefore, the first segment which will be targeted will be men in the age of 25 to 64 who are Dutch-speaking.

The second segment consists of the returning visitors. As can be seen in figure 22 in the Appendix, the most earnings come from returning visitors. This shows the returning visitors is a profitable segment. There is also a lot of data available so it can be measured. Furthermore, they can easily be reached with marketing tools. This will be explained in detail in the positioning part. The second segment which will be targeted will be returning visitors.

4.2.3 Positioning

In the positioning part it is important to put your product or company in the mind of the customers. The different buying factors which are mentioned in paragraph 2.3.4 are submitted to customers of Bullstore. They had to indicate for each buying factor the degree of importance. The possibilities were: unimportant, not very important, fairly important or very important.

![Importance of Buying Factors](image)

In total there were 160 respondents, where 102 respondents fit in the segment men between 25-64 who are Dutch-speaking. At first sight, all buying factors look important. To give a better insight in the most important buying factors, points are given to each answer: unimportant(1), not very important(2), fairly important(3) and very important(4). The higher the amount of points, the more important the buying factor is.
1. Product prices: 612 points
2. Product information: 599 points
3. Product selection: 591 points
4. Level & quality of customer support: 566 points
5. On-time delivery: 560 points
6. Ease of ordering: 559 points
7. Product representation: 556 points
8. Website navigation & looks: 553 points
9. Product shipping & handling: 548 points
10. Posted privacy policy: 525 points

The top 3 most important buying factors according to all the customers of Bullstore are product prices (price/quality has to be good), product information (clear and full product information) and product selection (easy to find). If you delete the people not fitting the segment of men between 25 and 64 who are Dutch-speaking, the same three buying factors can be found as the most important. If Bullstore wants to distinguish themselves from competitors, they must ensure they offer qualitatively good products for a low price. Google Shopping can be an ideal marketing tool to show this, because this tool compares the prices of different companies selling the same product (MvH Media, 2016). Other options to promote low priced products are by banners or by e-mail. Furthermore, product information must be clear and up to date. To ensure this, product titles and images of the products must be right. Likewise, products must be easy to find. A good working search filter is necessary to find the product a customer needs really quickly. If it is possible to filter customers can find their product faster and do not leave the website because it takes too much time to find their product.

In the positioning part it is also important to attract the segment with the right marketing tools. In figure 26 in the Appendix one can already see how many visitors visited the site by which marketing tool. A survey was sent to visitors who ended up buying something and became customers in order to see if the data corresponds with the data of Google Analytics. The 160 respondents were asked information about which marketing tool they used in order to come in contact with Bullstore for the first time. Each tool was explained briefly and images were shown to better understand the tools. Furthermore, general information like gender and age was asked to see which kind of tools are necessary to attract people in the chosen segment. Figure 16 shows all the respondents, these are all customers. Table 5 is focused on the segment men, age between 25 and 64 and Dutch-speaking.

<table>
<thead>
<tr>
<th>Marketing tools:</th>
<th>Men between 25 and 64 who came in contact with Bullstore through which tool</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEO</td>
<td>67,0%</td>
</tr>
<tr>
<td>SEA</td>
<td>22,7%</td>
</tr>
<tr>
<td>3rd party websites</td>
<td>3,4%</td>
</tr>
<tr>
<td>E-mail</td>
<td>3,4%</td>
</tr>
<tr>
<td>Advertisements/banners (Not on Google)</td>
<td>2,3%</td>
</tr>
<tr>
<td>Offline marketing</td>
<td>1,1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100,0%</strong></td>
</tr>
</tbody>
</table>

*Table 5: Segment of men, age 25 to 64 and Dutch-speaking*
The results of the chosen segment are for the most part consistent with the results of all the customers. If you compare the results with the results from Google Analytics in figure 26, it is striking people do not know the difference between SEO and SEA. However, it is clear they use Google.

To conclude, the segment of men who are Dutch-speaking with an age of 25 to 64 can reached best by both paid and free services of Google. In Google Shopping and Google Adwords there is the possibility to target this specific segment. There is also the possibility to change the bid for this segment and make the bid a bit higher to be even more visible.

The segment of returning visitors can be reached through the use of remarketing. According to MvH media, the purpose of remarketing is to trigger visitors who left the website to come back. This is possible due to advertisements on other websites they are visiting. Another option is trying to receive mail addresses from customers and send them weekly or monthly newsletters.

The first part of the Scope analysis, the STP and communication triangle parts, is executed. The next part of the Scope analysis consists of a market analysis, internal analysis and the strategic role of web activities.

### 4.3 Scope (continued)
In this paragraph the remaining elements of the Scope part will be discussed and afterwards analysed. As already mentioned in figure 14, it will be analysed by means of the SWOT analysis. As already mentioned in the theoretical framework, the Scope consists of the following points:

- Potential customers
- Market analysis
- Internal analysis
- Strategic role of web activities

In the interview with the owners of Bullstore it came forward that their objective is to enhance their profitability. They want to raise the revenues by promoting company products and launching new
promotional activities in order to attract new and existing customers. Furthermore, they want to decrease their costs by means of a more efficient use of their marketing budget. To execute this they need to know their main visitors and customers. Potential site visitors are people who are interested in do-it-yourself products. In the part about the STP model, two customer segments came forward:

- Men in the age of 25-64 who are Dutch-speaking.
- Returning visitors.

These segments mentioned above are their potential customers. As already mentioned they are not mutually exclusive, but that is not a problem because they are reached by different tools.

According to data of the Dutch statistics bureau (CBS) in 2016 the total amount of revenues in the do-it-yourself market in The Netherlands is 3548 million euros. According to the data of Bullstore they had approximately €650,000 of revenues in the year 2016, and because Bullstore is a web shop these revenues are completely from online sales. The revenues of Bullstore are 0.017% of the total market. However, the total market is both the online and offline market. The total market online sales are only 2.6% of the total sales (AMRO, 2016). If the focus is completely on the online market, Bullstore has a market share of 0.7%. These data show Bullstore is a small player in the DIY market.

The competitive analysis of Bullstore has shown a lot of competitors. Bullstore knows their competitors best, so in a brainstorm session the most important competitors became clear. The group with the biggest market share is formed by the DIY markets, in Dutch they are called “bouwmarkten”. These are big shops with all kinds of do it yourself products. The company Intergamma for example consists of subsidiaries Gamma and Karwei. They have a market share of 41.3% (Neerman, Pauline; 2016). Other companies are Praxis and Formido who together have a market share of 28% (Qumedia, 2016). Other competitors are large companies like bol.com, who are completely focusing on the online part, and toolstation.nl, who are focusing on both the offline and online area. Smaller competitors are kleuro.nl, werkenmetmerken.nl, handig.nl, verfwebwinkel.nl and another group of small websites. In the interview with Arjon, we came to the conclusion that the names mentioned above are the most important competitors. In the table below a competitive analysis is made based on the following aspects (aspects are based on popular products and are therefore a sample of the complete assortment):

- Assortment: ++ → huge assortment, +/- → medium assortment, -- → small assortment
- Price: ++ → Low prices, +/- → medium prices, -- → high prices
- Delivery time: ++ → Next day arrival, +/- → 1-3 days, -- → longer than 3 days
- Service: ++ → 9+ grade of reviews +/- → grade between 7-9, -- → grade lower than 7
- Brand awareness: ++ → high brand awareness, +/- → medium brand awareness, -- → low brand awareness
- SEO ranking: ++ → Top 5 in ranking, +/- → between place 5-10, -- → lower than place 10

<table>
<thead>
<tr>
<th></th>
<th>Assortment</th>
<th>Price</th>
<th>Delivery time</th>
<th>Service</th>
<th>Brand awareness</th>
<th>SEO ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gamma/Karwei</td>
<td>++</td>
<td>--</td>
<td>+/-</td>
<td>+/-</td>
<td>++</td>
<td>++</td>
</tr>
<tr>
<td>Praxis/Formido</td>
<td>++</td>
<td>--</td>
<td>+/-</td>
<td>--</td>
<td>++</td>
<td>++</td>
</tr>
<tr>
<td>Bol.com</td>
<td>++</td>
<td>--</td>
<td>++</td>
<td>+/-</td>
<td>++</td>
<td>++</td>
</tr>
<tr>
<td>Toolstation.nl</td>
<td>++</td>
<td>+/-</td>
<td>+/-</td>
<td>++</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>Kleuro.nl</td>
<td>+/-</td>
<td>++</td>
<td>+/-</td>
<td>++</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Handig.nl</td>
<td>+/-</td>
<td>++</td>
<td>--</td>
<td>+/-</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Werkenmetmerken.nl</td>
<td>+/-</td>
<td>+/-</td>
<td>+/-</td>
<td>++</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Verfwebwinkel.nl</td>
<td>+/-</td>
<td>++</td>
<td>+/-</td>
<td>++</td>
<td>--</td>
<td>+/-</td>
</tr>
<tr>
<td><strong>Bullstore</strong></td>
<td><strong>++</strong></td>
<td><strong>++</strong></td>
<td><strong>+/--</strong></td>
<td><strong>++</strong></td>
<td><strong>--</strong></td>
<td><strong>+/--</strong></td>
</tr>
</tbody>
</table>

*Table 6: Competitive analysis*
As can be seen, Bullstore can improve on different aspects, but especially the brand awareness aspect. The analysis of the scope part is concluded with the strategic role of the web activities. According to E. Constantinides (2002) the strategic role describes the task assigned to the online activity. Examples of strategic roles are transactional, informational, educational, service oriented, promotional and relational. In the case of Bullstore this is in the first place transactional. Their main purpose is selling products. Another role is informational, informing site visitors about the products they sell. Furthermore, promotional is another role. The website helps promoting the products.

**SWOT analysis Scope:**

**Strengths:**
Bullstore targets people who are interested in do-it-yourself products. Because of a partnership with a logistic company, they can pack and send their products for a low price to customers in The Netherlands, but also to other countries. Furthermore, they can handle an “ordered before 23:30, delivered tomorrow” policy for products in stock. According to the website of Bullstore, they focus on high quality products from the top brands in the do-it-yourself market for the lowest price. A sample has shown that they indeed have the lowest price for most of their products. Another strength of Bullstore is the great score of reviews of customers. Customers give Bullstore a 9.2 grade, which leads to customers who are returning to Bullstore if they need more products.

**Weaknesses:**
One of the weaknesses of Bullstore is not having a physical shop in comparison with competitors like Gamma and toolstation.nl for example. Customers cannot touch, feel and test the product before buying it and according to De Wit (2015) some customers need this. Another weakness is the low amount of stock Bullstore has, because of this the delivery time of competitors is faster. Furthermore, Bullstore’s brand awareness is very low, compared to other competitors in the market. Finally, the SEO position of Bullstore in Google is also low compared to their competitors. Especially general terms like “verf kopen”, “doe-het-zelf producten kopen” etc are scoring low compared with some competitors. Bullstore scores better if the search term consists of the product name like “Cetabever schuttingbeits kopen” or “Hermadix douglas olie”. The SEO rankings of some general terms and product terms are shown in table 7. Due to a huge assortment, a random sample of search terms is chosen. One has to keep in mind the rankings can differ in other browsers or at other times.

<table>
<thead>
<tr>
<th>Term</th>
<th>Gamma/Kar wei</th>
<th>Praxis/For mido</th>
<th>Bol.com</th>
<th>Toolstatio n.nl</th>
<th>Klero n.nl</th>
<th>Handig .nl</th>
<th>Werkmetmerk en.nl</th>
<th>Verfwebwink el.nl</th>
<th>Bullstor e.nl</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verf kopen</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>1</td>
<td>&gt;5</td>
</tr>
<tr>
<td>Doe-het-zelf producten kopen</td>
<td>1</td>
<td>3</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
</tr>
<tr>
<td>Klusspulle n</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>2</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
</tr>
<tr>
<td>Lijm kopen</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
</tr>
<tr>
<td>Cetabeve r schuttingbeits kopen</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>1</td>
</tr>
<tr>
<td>Hermadix douglas olie</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>&gt;5</td>
<td>&gt;5</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

*Table 7: SEO position (page number in Google)*

**Opportunities:**
First of all, Bullstore has a small market share so there is in any case room for growth. According to the Dutch Bureau of Statistics the housing market has grown with 20.5% compared to 2015. This leads to more people setting in a new house who will want to make small adjustment to the house.
Therefore, there are more people who need do-it-yourself products, which leads to an increase in the sale of products. The expectation is the growth will continue in 2017 (CBS, 2016).

Secondly, it is a possibility to open a physical shop or a showroom in the future. This gives customers the possibility to see and feel the product before the purchase. It also gives a boost in trust for the customer, knowing a company is real.

Furthermore, the low SEO rankings in Google can be improved. To get this done the content on the website can be optimized, link building can be extended, images and videos need to be named and all the information on the website needs to be relevant.

Last but not least, the brand awareness needs to be improved. According to the owners of Bullstore it is a dream to be the best known online do-it-yourself shop. “If people need DIY products nowadays they think about Gamma or Praxis. In the future we want people to think about Bullstore”. To increase their brand awareness, Bullstore needs to advertise with multiple marketing tools. They can use marketing tools mentioned in the communication triangle in figure 6 and 7.

**Threats:**

One of the main threats of Bullstore is the focus on the lowest price. There is a possibility that in the future another person is starting the same kind of company with lower costs and can therefore offer a lower price. The threat of new entrants in the market is great, because of the low start-up costs. As already mentioned in the segmentation part of this thesis, Bullstore is not focusing on one or a few segments. They focus on everybody, also people who are not interested. They noticed a lot of women were only visitors of their website, while men were also customers. There is a possibility that costs will be too high in the future, therefore they have to focus on specific segments.

Another threat is the dependence on Google. Figure 26 shows that 90% of the customers (78% from advertising on Google and 12% from SEO) is coming from Google. If Google changes its policy or increases the prices of their advertisements, this may be disadvantageous for Bullstore. Therefore, they have to use different kind of marketing tools. This also helps to increase their brand awareness.

**4.4 Site analysis:**

A way of analysing a website is to use the main building blocks of Web experience and their sub-categories defined by Constantinides (2004). The main building blocks and their sub-categories are described in the theoretical framework. In the analysis a SWOT analysis will be used to analyse the building blocks.

1. **Functionality factors:**
   - **Usability:**
     - **Strengths:** The site seems clear, information can be found quickly and they have an extensive search filter. The ordering and payment process is simple and they have a lot of payment possibilities. They also offer payment possibilities often used in Germany and Belgium only. Further, it is not necessary to make an account, but it facilitates a next order. Furthermore, the site speed is good.
     - PageSpeed Insights of Google shows the performance of a website. The Page Speed score has a value between 0 and 100 points. The higher the score the better, and with a score of 85 or higher indicates that the page is performing well. Bullstore has a score of 82 when visiting the site by desktop. This is the highest score compared with their competitors. This also shows a lack of online knowledge of the big DIY shops Gamma and Praxis.
Last but not least, the website is available in three different languages. Next to the Dutch version, there is an English and a German website.

Weaknesses: A good point is having a website in three languages, however, on the German website most of the text is translated by an automatic computer. This leads to many language errors and therefore customers who speak German will leave the website. Furthermore, the site findability is low. If customers will search on words like Bullstore they will find the website, but their brand awareness is really low so only a few people will search on words like Bullstore.

Opportunities and threats: An opportunity for Bullstore is to increase the amount of customers from Germany by translating the website correctly. Furthermore, they can add one more payment option which is called AfterPay. People receive a product and pay later. Six percent of the purchases in the first six months of 2015 was made by AfterPay (GFK, 2016). If Bullstore will not use these opportunities, they can become threats. They will miss out customers, who will go to competitors.

- Interactivity:
  Strengths: The customer service is good. As already mentioned customers give Bullstore a 9.2 grade, this grade is based on almost 1900 reviews. Furthermore, interaction with company personnel is alright. Customers can contact Bullstore by phone or by mail and receive a quick response. Also the after service is great. If there are problems with products customers can send the products back to Bullstore, on the costs of Bullstore.

Weaknesses: A weak point has to do with the paint assortment. Competitors have the option for customers to create their own paint colour. Bullstore does not have a mixing machine and therefore cannot offer this service. Furthermore, Bullstore has no chat service. Research by eDigitalResearch shows the easier it is for a customer to contact the company, the more satisfied they are. The customer satisfaction after using live chat was the highest, see figure 17 (eDigitalResearch, 2015). Furthermore, Bullstore is on social media but does not use it.

![Overall satisfaction wave on wave](image)

*Figure 17: Customer satisfaction after using different services*
Opportunities and threats: An opportunity for Bullstore is to start implementing a chat service and to make more use of social media. A future threat can be negative reviews of customers on social media and because Bullstore does not use social media they can’t reply to refute these negative reviews.

2. Psychological factors:
   - Trust

Strengths: Bullstore has clear privacy and return policies. Furthermore, most of the reviews from customers about Bullstore are positive. The average grade is a 9.2. They also have multiple payment possibilities, which increases the trust of customers.

Weaknesses: Bullstore has no quality mark, which is called “keurmerk” in The Netherlands. If a company is affiliated with a quality mark, the trust of customers increases because companies with quality marks have to follow specific rules. Some examples of rules are the possibility to pay 50% of the price beforehand and the other 50% afterwards.

Opportunities and threats: To increase the trust of visitors of the website, Bullstore could introduce the payment option Afterpay. Furthermore, they could affiliate with a quality mark. A threat could be the fact there is no frequently asked questions (FAQ) page, which will lead to more questions by phone and mail if the amount of customers increases.

3. Content factors:
   - Aesthetics

Strengths: The site has a clear and attractive design. It emanates professionalism. The colour red is used in the logo of Bullstore which corresponds with the red header. The product categories and the rest of the site are blue, which is the favourite colour of men (Hallock, 2003). The colours are well chosen, because their main segment consists of men.

Weaknesses: A weakness of Bullstore is the name. The name Bullstore has no similarities with do-it-yourself products. Furthermore, the main page is a bit crowded. A lot of images from brands are shown, which gives a chaotic feeling. However, most of the time people are searching for products on Google and therefore land on product pages and not the main page.

Opportunities and threats: An opportunity can be to delete the main page images in the middle of the page and write relevant information there, to make the main page more clear. A treat can be the slow increase of their brand, because it has nothing to do with the market they are in. They can think about a new name, however they can lose the clients who already know their brand.

   - Marketing mix

Strengths: The quality of the information provided about the firms products, selling conditions and the terms of delivery are clear. Product pages show images and sometimes videos of the product. The fulfilment of an order is alright. The delivery time is not a strength. The attached track and trace code to follow the product is an advantage, however. Furthermore, Bullstore offers different payment options which is a positive point for customers.

Weaknesses: One of the weaknesses is the price. They offer the lowest price which seems a good aspect, but although most online consumers insist that the low price is their major motive to buy products online, facts do not confirm this (Constantinides, 2004). Factors found by Constantinides (2004) in the literature suggest that price level, the online promotional actions or discounts and the price transparency have influence. Bullstore has few promotional actions and does not give away many coupons. Furthermore, the promotion of their products and brand is limited. Last but not least, Bullstore does not offer flexible delivery times.
Opportunities and threats: An opportunity for Bullstore is to test with an increase of the price, but give away more discount. It can be a great test to see if the price itself or the discount is the incentive to buy products. A threat could be the dependence on Google, because Google is their main marketing tool. If Google changes their prices extremely it would be catastrophic for Bullstore.

Conversion funnel:
The conversion funnel is a useful tool to follow the path of visitors on the website. “Conversion funnels are the paths taken by your visitors, measured from their original click through to your website (referral) all the way to when they complete the checkout process”. Another name is the AIDA model, see figure 23 (Purhonen, 2012). This model follows 4 steps:
1. Attention → Get attention of people
2. Interest → Attract interest
3. Desire → Create desire
4. Action → People buying the product/service

The goal of Bullstore is to inform people about their products which will have to lead to selling products to customers. Their main goal is selling products.
The first step is to get attention of people. In the online world this is the hardest part. A study by Lagrosen (2005) found that the possibility of potential customers to visit a company’s website when browsing on the internet is low. Bullstore has few links on other websites, does not use many banners and therefore the chance of being found unintentionally is small. Bullstore get customers from search results and therefore need to increase their SEO position to get direct attention of customers searching on products they offer. Visitors need to click on their link and not the link of competitors.
The second step is to attract the interest of visitors. In a split second visitors need to be attracted by the page they have landed. Most of the times this is the page of the product they are looking for. They need to quickly find information about price, delivery time and delivery costs for example. If they want to find other instruments, categories need to be clear. Bullstore has clear places for price, delivery time and in the footer customers can quickly find information about delivery costs.
The third step is to create desire. Bullstore creates desire with product images, sometimes even videos about the product and a detailed product information. Visitors can also find reviews of other customers about the product. The last step is the shopping cart and payment page. The shopping cart is clear. Price, delivery costs and delivery time are mentioned one more time. On the payment page customers need to fill in a lot of information, but this is necessary for the shipment. There is no obligation to create an account.

Landing page:

Bullstore does not have a specific landing page, they use their main page and product pages as landing page. Most of the time this will be product pages, because people are searching for a specific product.

The landing page should have headlines. On each page of Bullstore there is a header. This header shows general information like the logo, free shipping above €50 and general information about making an account, the shopping cart and the payment page. This is the same on each page. Below that each page has a different heading with the title of the product. The second headline indicates what kind of page it is. This is present at Bullstore. Further, it is important to find the trustworthiness of a site. When landing on a product page with a long product description, one has to scroll down to see the reviews of other customers. Furthermore, information about shipments, shipping costs, privacy policies and information about the company can be found in the footer. This is not present above the fold, which is a negative aspect.

The call-to-action buttons are above the fold and they are huge and clear. They stand out. Each landing page shows pictures of the product and sometimes videos of the products and links to matching products. Last but not least, information about social media or phone numbers or mail addresses to contact Bullstore are not directly shown. You have to scroll down to the footer and click on “contact formulier”. This is somewhat time-consuming.

The table below shows the bounce rate of visitors landing on a page. The first page with the “/” is the homepage. 6.8% of the people land on the homepage, which has a bounce rate of 39.55%. This is good, because the data of Google Analytics shows that the average in the home and garden segment is 51%.

<table>
<thead>
<tr>
<th>Bestemmingspagina</th>
<th>Sessies</th>
<th>% nieuwe sessies</th>
<th>Nieuwe gebrukers</th>
<th>Bouncepercentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. /</td>
<td>24.281</td>
<td>56.65%</td>
<td>13.754</td>
<td>39.55%</td>
</tr>
<tr>
<td>2. /hermadix-douglas-olie-naturel-2-5-liter</td>
<td>5.355</td>
<td>65.45%</td>
<td>3.505</td>
<td>66.20%</td>
</tr>
<tr>
<td>3. /alabastine-garagevloer-coating-3-5-liter</td>
<td>5.031</td>
<td>73.66%</td>
<td>3.706</td>
<td>80.16%</td>
</tr>
<tr>
<td>4. /bison-rubber-seal-2-5-liter</td>
<td>4.813</td>
<td>75.30%</td>
<td>3.624</td>
<td>77.08%</td>
</tr>
</tbody>
</table>

Table 8: Bounce rates Bullstore
More than 90% of the people land on product pages, which have higher bounce rates. An opportunity to decrease these bounce rates can be to show more relevant information directly. An example can be to put the list with reviews in the header, so people can immediately see how many people are enthusiastic about Bullstore. Another option is to place the delivery costs on each product page, therefore it is always directly clear what customers need to pay.

5. Conclusion & Discussion

The conclusion of this study contains an overview of the sub-questions and main research question which have been answered. The goal of this study was to complement the literature with a new model for SMEs which perform online and want to set up a marketing strategy. Most of the time it is not possible for SMEs to carry out an effective marketing strategy which is prescribed in the literature (Harrigan et al., 2011), because SMEs have their own characteristics that differentiate them from bigger organisations, which might impact their marketing strategy (Carson, 1990) (Gilmore & Grant, 2001).

Furthermore, the last twenty years have brought a revolution in the marketing area through the extremely rapid rise in the use of the internet and social media (Jelfs & Thomson, 2016). As a result of an assumed gap in the literature for marketing strategies for SMEs, the rise of online shops in comparison with physical shops and the change from fewer offline to more online markets, the interest in marketing strategies for SMEs which are performing online is growing. Therefore the main research question was:

*How could an SME, which is performing online, set up a marketing strategy?*

To be able to answer this question, the following sub-questions were formulated:

- *What is a marketing strategy?*
- *Are there differences between an online and an offline marketing strategy?*
- *Are there differences between marketing strategies for SMEs and larger companies?*
- *Is it possible for an SME which is performing online to use a marketing strategy?*

In the theoretical framework is explained what a marketing strategy is and which model could be useful for setting up a marketing strategy for SMEs with online activities. The Web-Marketing Mix (WMM) model of E. Constantinides (2002) presented itself as a useful model in the online world. In the first part of the WMM model the potential customers are analysed, however the WMM model is not clear in how to analyse the potential customers and how to attract them. Therefore, an addition has been made to the WMM model. One of the most commonly used models to determine which kind of customers to approach is the STP model, which stands for Segmentation, Targeting and Positioning (Schultz, 2016). Nowadays however, there are some concerns with respect to using the STP model. Therefore, differences are analysed between marketing strategies for online and offline use, and between marketing strategies for SMEs and larger companies.

The first difference between a marketing strategy for online and offline use is the segmentation criteria. There are more criteria in the online world than in the offline world. An example is the criterion device segmentation, which is a useful criterion in the online world. On the other hand, it is useless in the offline world. Another difference is the importance of the buying factors, which are different in the online and offline world. Last but not least, the communication triangle in the offline world is different from the one in the online world. An example of online marketing tools is presented in the communication triangle in figure 6 and 7.

The differences for SMEs and big companies are the different characteristics of both kinds of companies. The problem is that due to a lack of time, money and resources (Gilmore, Carson, & Grant, 2001) it is difficult for SMEs to use the STP model. The biggest difference for SMEs in
comparison with large companies is the communication triangle they can use to attract customers. SMEs do not have the amount of money large companies have, so they can’t spend the same amount of money larger companies can (Chaston & Baker, 1998). Therefore, they need to use the new communication triangle in figure 7.

The combination of the WMM model, the STP model and the communication triangles is presented in figure 14. This new model is tested with a single case study, the Bullstore company. Various steps in the model were followed, starting with the STP model and communication triangles. After the analysis two interesting segments came forward. The first segment was men with an age between 25 and 64 who are Dutch-speaking. The second segment was returning visitors. The best marketing tools were found to target the segments by using a survey. Furthermore, the analysis of the Scope and Site indicate several opportunities and threats for Bullstore.

To conclude, an SME which is performing online could set up a marketing strategy by following the steps of the new model mentioned in figure 14. The model starts with the Scope analysis where the first part is to find potential customers. The adjusted STP model and communication triangle are useful tools in this part. With the use of interviews and the tool Google Analytics, these steps can be executed. Afterwards, the other aspects of the Scope part can be analysed, followed by the Site analysis.

The application of the new model at an online SME has succeeded. There are some critical points to be mentioned, however. One has to keep in mind that using this model will not result in a complete marketing strategy. Financial data like how much money to spend on each tool is not included in this model. Moreover, the model is tested through a single case study therefore, generalizability is not possible. Furthermore, the results of the case are dependent on other factors like, for example, cost structure of the company. Furthermore, this study has not taken into account the other marketing mix factors like price, place and product. Also the offline area has got no part in this study. It can be interesting for future research to develop a new model for companies which perform offline as well as online. Last but not least, the data used is from a short period of time and originating from visitors who could have visited the website by accident. The model can be used in the future if more data are available.

6. References


CBS. (2016). *Bevolking; geslacht, leeftijd en burgerlijke staat, 1 januari*. CBS.


7. Appendix

Figure 19: Visitors based on their age, tracked from the 1st of September till the 1st of December

Figure 20: Visitors based on gender
<table>
<thead>
<tr>
<th>Country</th>
<th>Visitors</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>68,376</td>
<td>72.22%</td>
</tr>
<tr>
<td>Belgium</td>
<td>9,358</td>
<td>9.88%</td>
</tr>
<tr>
<td>Germany</td>
<td>8,525</td>
<td>9.00%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4,275</td>
<td>4.52%</td>
</tr>
<tr>
<td>Russia</td>
<td>944</td>
<td>1.00%</td>
</tr>
<tr>
<td>Austria</td>
<td>913</td>
<td>0.96%</td>
</tr>
<tr>
<td>United States</td>
<td>863</td>
<td>0.91%</td>
</tr>
<tr>
<td>Spain</td>
<td>263</td>
<td>0.28%</td>
</tr>
<tr>
<td>(not set)</td>
<td>227</td>
<td>0.24%</td>
</tr>
<tr>
<td>France</td>
<td>117</td>
<td>0.12%</td>
</tr>
</tbody>
</table>

Table 9: Visitors based on location

4.00% | Home Decor Enthusiasts
3.70% | Technophiles
3.31% | Shoppers/Shopaholics
3.25% | Movie Lovers
3.14% | TV Lovers
3.02% | Travel Buffs
2.91% | Shutterbugs
2.89% | News Junkies
2.68% | Outdoor Enthusiasts
2.52% | Do-It-Yourselfers

Figure 21: Visitors based on interests
Figure 22: New or returning visitor

<table>
<thead>
<tr>
<th>Visitor Type</th>
<th>Sessions</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Visitor</td>
<td>69,895</td>
<td>(73,83%)</td>
</tr>
<tr>
<td>Returning Visitor</td>
<td>24,781</td>
<td>(26,17%)</td>
</tr>
</tbody>
</table>

Figure 23: Visitors based on the browser they use

<table>
<thead>
<tr>
<th>Browser</th>
<th>Sessions</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chrome</td>
<td>43,420</td>
<td>(48,86%)</td>
</tr>
<tr>
<td>Safari</td>
<td>28,021</td>
<td>(30,60%)</td>
</tr>
<tr>
<td>Internet Explorer</td>
<td>9,890</td>
<td>(10,45%)</td>
</tr>
<tr>
<td>Firefox</td>
<td>8,329</td>
<td>(8,80%)</td>
</tr>
<tr>
<td>Edge</td>
<td>2,991</td>
<td>(3,16%)</td>
</tr>
<tr>
<td>Android Browser</td>
<td>1,208</td>
<td>(1,28%)</td>
</tr>
<tr>
<td>Opera</td>
<td>401</td>
<td>(0,42%)</td>
</tr>
<tr>
<td>Yabrowser</td>
<td>106</td>
<td>(0,11%)</td>
</tr>
<tr>
<td>(not set)</td>
<td>88</td>
<td>(0,09%)</td>
</tr>
<tr>
<td>Safari (in-app)</td>
<td>77</td>
<td>(0,08%)</td>
</tr>
</tbody>
</table>

Figure 24: Browser usage of people in The Netherlands
Figure 25: Visitors based on device

<table>
<thead>
<tr>
<th>Device</th>
<th>Visitors</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>desktop</td>
<td>48.107</td>
<td>(50.81%)</td>
</tr>
<tr>
<td>mobile</td>
<td>30.360</td>
<td>(32.07%)</td>
</tr>
<tr>
<td>tablet</td>
<td>16.209</td>
<td>(17.12%)</td>
</tr>
</tbody>
</table>

Figure 26: Visitors based through which channel they visited Bullstore

<table>
<thead>
<tr>
<th>Channel</th>
<th>Visitors</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid Search</td>
<td>74.285</td>
<td>(78.46%)</td>
</tr>
<tr>
<td>Organic Search</td>
<td>11.414</td>
<td>(12.06%)</td>
</tr>
<tr>
<td>Direct</td>
<td>3.474</td>
<td>(3.67%)</td>
</tr>
<tr>
<td>Display</td>
<td>2.679</td>
<td>(2.83%)</td>
</tr>
<tr>
<td>Referral</td>
<td>2.516</td>
<td>(2.66%)</td>
</tr>
<tr>
<td>Social</td>
<td>308</td>
<td>(0.33%)</td>
</tr>
</tbody>
</table>