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“E-marketing strategy for introducing Peruvian products in selected European country”

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Declaration:

I hereby declare that I am the sole author of the thesis entitled “E-marketing strategy for introducing Peruvian products in selected European country”. I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

In Prague on September 5th, 2011

Signature

Adriana Tejada

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Introduction

The Business environment, nowadays, is strongly influenced by the development of new technology, notably after the advent of computers and the Internet's diffusion as part of the company's most effective managerial tools. For instance; by introducing Internet to their operations companies are modifying many of their traditional activities by changing the means for buying and selling their products and services, accessing new distribution channels and expanding their reach to new markets that would otherwise be difficult to approach.

The Internet has not only affected businesses internally but also externally in regards to consumers' behavioural patterns. This is highlighted through consumer purchasing habits where seeking out products, prices and availability online before buying has become a common step due to the increasing ability to easily compare them amongst a wide range of options and choose the most appealing to their interests. Consumers will also have access to different niche products that were not disposable before and save time in the purchasing process concerning physical transactions, delivery and access to information.

Nevertheless, not all is bright in the sights of new technology and some of its implications need to be considered. When entering the “click” word to the business model name, the environment to be faced demands that firms keep up to date with continuous innovation in their strategies and processes with the aim of achieving competitiveness. This is essential for any business that wants to succeed in a world where the ease of accessing to information diminishes customer loyalty, making compulsory the fast development of new communication technologies in order to retain them and survive the fiercer competition.

These are the reasons why few businesses can afford not to have an Internet site and why I have decided to elaborate in this document, the description of a new business model that implements Internet into its processes. This business model selected is known as ‘Online store’, whose origins can be seen in the e-business concept, most notably in the section that corresponds to e-commerce.

My aim is to describe how the Internet has affected the traditional business' processes by elaborating an e-Marketing Plan for an online shop that sells jewelry, made in Peru with

unique designs and high quality products, to the Belgian market. Additionally, the viability of the project will be analyzed in terms of environmental conditions and characteristics of the Belgian market plus the consumers' perception and degree of acceptance towards the business idea.

The documents concept is divided in two sections: Theoretical and Practical. In the first section, all the new concepts that come with the introduction of the Internet into the businesses processes will be explained for a better comprehension of the document. For instance, the terms e-commerce and e-business will clarify its differences and the online store concept will be introduced to the lector. Finally, the differences between e-marketing and conventional marketing will be delimited since the document is based on the creation of an e-marketing plan and is here where most of the differences between them become more obvious. The aim of this section is to give the lector a newer and broader knowledge about the innovative business trends instead of repeating once more the already seen and learned traditional concepts. The theoretical part uses mainly academic books on e-business, e-commerce and Internet marketing as well as some online sources for complementary information from business magazines or new business technologies articles.

On the second part, the E-marketing plan of the business idea is presented. For its elaboration, it will be shown firstly, the situational analysis that includes the macro and micro environment, PEST analysis and SWOT analysis respectively. Complementary information for a better study will come from Porter's five forces analysis and the market evaluation including segmentation, targeting and positioning. Furthermore, the e-marketing plan establishes its principal objectives and marketing mix strategies. Finally, a section dedicated to the site development and measures is exposed, as it is the e-marketing essential communication tool. For this section, sources such as books, online books from the website www.books.google.com and pragmatic examples from similar business projects were used as a guidance through the e-marketing plan designing. Additionally, I carried out my own research with the aim of giving the reader a closer look of the residents' attitudes in Belgium towards the business idea and gathered more information that could help to build and influence the decision on market segmentation and which strategies to implement.

PART 1: Theoretical Part

This section of the document aims to give an overview of the key concepts related to the “E” world, as well, to clarify some definitions and characteristics that could seem to be similar on the Internet “lingo” but present essential differences. For a better comprehension of the document, key terminology concepts will be defined and an introduction to this new business model will be developed along the following paragraphs.

1.1 Key terminology

Before starting with the analytical part is ideal to firstly describe some of the terminology that is used several times in the document, in order to avoid any confusion since some terms are quite similar but still present some crucial differences.

E-business – “defined as the use of electronic means to conduct an organization’s business internally and or externally¹” Broadly speaking, is all the electronically mediated information exchanges, both within an organization and with external stakeholders supporting the range of business processes².

E-commerce – is often confused with just the action of buying and selling using the Internet, nonetheless, the term goes beyond that. Electronic commerce involves all electronically mediated transactions between an organization and any third party it deals with³. In other words, e-commerce activities involve all the trading steps such as online marketing, online ordering, e-payment and online distribution in the case of digital goods. Accordingly to this definition, the lector can infer that E-commerce is a form of e-business but with a smaller scope, since it covers just external functions rather than internal and external as done by e-businesses.

E-marketing – also known as Internet Marketing, e-marketing or digital marketing, is another closely related term but still different from the ones mentioned above. By definition, e-marketing describes the management and execution of marketing using electronic media

¹ Jelassai Tawfik, Enders Albrecht: Strategies for e-business, Pearson Education Limited 2008, p. 4

² Chaffey Dave: E-business and e-commerce management, Pearson Education Limited 2009, p. 12

³ Chaffey Dave: E-business and e-commerce management, Pearson Education Limited 2009, p. 10

such as the web, e-mail, interactive TV and wireless media in conjunction with digital data about customers; characteristics and behavior⁴.

From all these definitions, I would like to clarify which is the concept used for developing the business idea presented on this document, being E-commerce the one that suits the most for its definition.

Furthermore, I would also like to define some of the mostly common terms in the “internet lingo” to enable the lector with a clearer understanding during the reading of the document. The following definitions were taken from Dave Chaffey’s book, “E-commerce and e-business management”:

- a) ***Social Networks*** : a site that facilitates peer-to-peer communication within a group or between individuals through providing facilities to develop user-generated content and to exchange messages and comments between different users.
- b) ***Blog***: personal online diary, journal or news source compiled by one person, an internal team or external guest authors.
- c) ***Rich media***: digital assets such as ads that are not static images, but provide animation, audio or interactivity as a game or form to be completed.
- d) ***World Wide Web***: many-to-many mediated communications model in which consumers can interact with the medium, firms can provide content to the medium and, in the most radical departure from traditional marketing environments, consumers can provide commercially oriented content to the medium⁵.

After giving a quick overview of the terminology is also important, before entering in the practical part analysis, to acknowledge how does these terms had influenced traditional businesses operations.

1.2 Impact of electronic communications on traditional business

Nowadays, every business has to be up to date with the constantly evolving technologies if they want to stay competitive in the industry. Innovation is the main driver when company’s attempt to achieve competitiveness, for instance, by the introduction of new technologies, new

⁴ Chaffey Dave: E-business and e-commerce management, Pearson Education Limited 2009, p. 16

⁵ Chaffey Dave, Mayer Richard: Internet Marketing, Pearson Education Limited 2000, p. 52

business models and new communication approaches. However, keeping up with all these changes reveals not only many opportunities but also some risks in security and loyalty matters.

Thereafter are some of the opportunities which many businesses are reviewing the benefits, costs and risks of implementing⁶:

- ✓ The growth in popularity of *social networks* such as Bebo, Facebook and MySpace, *virtual worlds*, and *blogs* created by many individuals and businesses;
- ✓ *rich media* such as online video and interactive applications into their websites;
- ✓ selection of *mobile commerce* services which exploit the usage of mobile phones and other portable wireless devices such as laptops around the world;
- ✓ using location-based tracking of goods and inventory as they are manufactured and transported.

1.3 Online store

Also called e-store, e-shop and online shop; this type of business is part of the eleven models that are facilitated by the web and that are classified according to their revenue models and value chain on marketplace positioning, from this point of view e-shop stands for the marketing of a company or shopping via web⁷.

In other words, e-shop means the elimination of the intermediaries when buying goods or services from a seller over the Internet and in real time. This business model also shows three different types within it, Business-to-Consumer Online Shopping, Business-to-Business Online Shopping and Consumer-to-Consumer Online Shopping according to who is the end purchaser.

Its main location is on the Internet in a connected group of pages on the World Wide Web regarded as a single entity, usually maintained by one person or organization and devoted to a single topic or closely related topics, which is called website⁸. Here is where the products are shown and explained, it simulates the buying experience in a traditional shop by displaying all the products in the best possible way and with adequate information to describe its features and benefits. Moreover, a shopping cart is displayed in order to keep all the products the

⁶ Chaffey Dave: E-business and e-commerce management, Pearson Education Limited 2009, p. 6

⁷ Chaffey Dave: E-business and e-commerce management, Pearson Education Limited 2009, p. 78

⁸ <http://dictionary.reference.com/browse/web+site>, visited on August 17th, 2011

consumer is willing to acquire while still being able to browse on the company's website. In the end of the process of searching for products, the consumer is able to see all the products chosen beforehand with a small summary of their prices, main characteristics and time of delivery. Afterwards, the corresponding agreement with the amount and terms of the purchase has to be done by the consumers for a posterior immediate purchase through the payment method selected by the company.

The delivery process can be either done by the company itself or by outsourcing the task to an external agency. This decision will depend in the principal objectives of the firm, their budget and strategies.

In accordance to most of the sources used for the document's analysis, the main common ideas were identified and will be reviewed in the following paragraphs of this section. First of all, is not enough by just having a user friendly and attractive website system, the customs and cultural background of the customers and the countries where the strategies are going to be addressed, need to be contemplated when designing the company's website.

For instance, privacy and transaction security are both very important issues in the electronic world becoming a higher priority in some countries where its citizens tend to avoid uncertainty. As well, is important to have into account that first time users are not familiarized with the system of the website; hence, the company needs to implement a "first time tour" in order to give detailed explanations of the services for the maximization of customers' satisfaction during their virtual visit. This last feature and the data stream of the hosting server of the e-shop are very important factors in the retaining customers strategy. When the information on the website takes a considerable amount of time to load its pages, making the browsing tedious and complicated, customers will not stand a chance and leave immediately to another website with high probabilities of not returning.

1.4 E-marketing versus Traditional Marketing

This part of the document is based on Dave Chaffey's book "Internet Marketing" (Chapter 2), because in my opinion, it underlines more accurately the differences between these two notions.

To begin with, it is said that the Internet is a revolutionary medium of communication that has changed how does businesses work. Nonetheless, it is also true that many established marketing models can be applied to the Internet since the main difference comes from the way in which interactions occur between the parties involved in the marketing process⁹.

Making reference to Dave Chaffey's book, these are the main differences found¹⁰:

- a) ***It is a “many-to-many” medium:*** in this context is similar to the traditional marketing by means of mass media techniques, nevertheless, this cannot be the predominant way of communication in the world wide web. For achieving success is necessary to enable the one-to-one communication methods, also known as relationship marketing or direct marketing, in which a long term relationship with each customer is built in order to better satisfy their individual needs. On the virtual world, this new paradigm finds ease on its implementation thanks to the interactive multimedia interface of the web and the capability of storing information on databases that allows the personalization of the services in a faster, reliable and effective way.
- b) ***Consumers can interact with the medium:*** consumers can control the message or easily request further information in the www leading to a higher involvement and a better recall of the message. For instance, if a consumer sees a banner advertisement that calls his attention, he is able to follow it up immediately instead of having to make a phone call or search for further information somewhere else like its needed on traditional media.
- c) ***Consumers can provide commercially oriented content to the medium:*** this feature is not possible with traditional marketing communications and brings up benefits and drawbacks along with it. When users post a message about the product offered on forums and communities it can either:
 - Create valuable assets from testimonials made by independent costumers,
 - reduce the need of call center lines to explain how to use a product when it has been explained beforehand on the website,
 - generate market research and feedback about customers' perception of products;or,

⁹ http://www.bus.umich.edu/FacultyResearch/ResearchCenters/centers/Yaffe/downloads/Complete_List_of_Working_Papers/aneemark.pdf, visited on August 17th, 2011.

¹⁰ Chaffey Dave, Mayer Richard: Internet Marketing, Pearson Education Limited 2000, p. 52

- in case of bad comments, the company still can take advantage of it by enforcing its motivation to listen the customer's needs, evoking a willingness to satisfy them.

As stated before, this information is just to create the basis for a better understanding of the business idea presented on the document and to give the lector the right state of mind before starting the analysis of the subsequent section.

PART 2: Practical Part

2.1 Analysis of the selected market - Belgium (Macro-micro environment) – SWOT / Porter's 5 forces.

To do an environmental scanning before defining the company's strategies is fundamental for any business when they are planning on entering new markets or start-up a business. By the analysis of the events and trends of the selected market, Belgium, the company will find the basis to plan the future actions that may be taken to effectively respond to them and avoid surprises that could be harmful for the company.

Thereafter, I present the PEST analysis section based on the research of secondary data aiming to identify the variables that can affect or/and influence the firm's strategy and performance.

2.1.1 PESTL analysis of Belgium

Stands for Political, Economical, Social, Technological and Legal and constitutes the framework of the macro-environmental forces that present significant opportunities and threats that directly affect the organization's strategy.

2.1.1.1 Political

To begin with, a general background of the main political situation in Belgium will be described followed by the underlining of the ones that in my opinion have an impact to the business. The main political characteristics were obtained from the U.S. Department of State webpage and are as follows:

Historically, Belgium is a Parliamentary democracy under a constitutional monarch (Albert II), who mostly has a symbolic and ceremonial role with limited prerogatives.

The elected ministers (15) and secretaries have no seat in parliament and together form the Council of Ministers that is chaired by the Prime Minister. The numerical division of this commission has to be equal between French and Dutch speakers according to the last revised constitution (1994).

On the Judicial part, the country has a Parliament that consists of a Senate (71 members) and a House of Representatives (150 directly elected members). The former deals with long-term issues and votes on an equal footing with the Chamber and the latter is the “political” body that votes on motions of confidence and budgets.

The electoral system and the number of seats for the House of Representatives are distributed among 11 linguistic districts (5 Flemish, 5 Walloon and 1 in the bilingual Brussels-Halle-Vivoorde), and it is proportionally allocated according the total population¹¹. For the Senate, 40 seats are directly elected, 21 are elected by the community parliaments and 10 are “co-opted” senators.

Since there are no “national” parties operating on both sides, the elections are also divided between Flemish and Walloons. In other words, the Dutch-speaking region chooses its representatives as the French-speaking one chooses theirs, creating again a clear division between regions and disputes for political power.

Therefore, Belgium’s political situation is complex because of the divergence within the cultural communities and its political and linguistic interests. The major parties in each Community belong to three main groups: the Liberals, the Christian Democrats and the Socialists¹². Also, there exists other parties known as: Green, Flemish Nationalists and Viaams Belang; who are focus on environmental, nationalist and linguistic aspects respectively. These relatively new parties have become the main actors of nowadays Belgium’s controversial political situation.

In addition to this divergence, Belgium’s current government serves as a caretaker after 5 years of failed attempts of establishing a regime that always end up with the minister’s cabinet resignation. As a result, the Parliamentary elections on June 13th, 2010 caused the Flemish Nationalist to become the largest party in Flanders and the Socialist Party, the largest party in Wallonia¹³. No need to say that these events enhance an even stronger conflict of interests among the regions.

¹¹ <http://www.state.gov/r/pa/ei/bgn/2874.htm>, visited on June 10th, 2011.

¹² http://www.nsd.uib.no/european_election_database/country/belgium/parties.html, visited on June 11th, 2011.

¹³ <http://electionresources.org/be/chamber.php?election=2010>, visited on June 11th, 2011.

Here is where I find what is relevant to the business' performance: Until today, there is still no official government in Belgium and this situation it's having a negative effect on the country's credit rating. According to S&P analysis, the country has been rate AA+, a lower score compared to its former AAA on credit standing. This whole situation leads to high uncertainty and questioning about the country's political future and further development among its residents, and harms its international image as an attractive market for investors.

Under these conditions the firm needs to take a closer look to the future political expectations and to the measures taken by similar businesses towards it. Is also recommended that the firm implements a scenario analysis where different possible future situations will be analyzed, resulting in the degree of impact in which the country will be affected. The final decision will depend on these results and the level of risk aversion of the entrepreneurs.

I would like to stress the connection between this force and the legal force since the establishment of new laws has its origins in the political environment. This is important because law is crucial in affecting Internet marketing factors, for instance, the government could establish laws related to ensuring privacy policies, taxation incentives or promoting the benefits of adopting Internet for consumers and business to improve country's economic prosperity¹⁴.

2.1.1.2 Economical

Generally speaking, Belgium's economy can be defined as modern, open, and private-enterprise-based. The country's advantageous location and its membership to the European Union (EU), the World Trade Organization (WTO) and the Organization for Economic Cooperation and Development (OECD), have influenced significantly in its economic situation.

Furthermore, the international financial crisis has affected many European economies from which Belgium has been harmed dramatically in the banking sector. By encouraging the creation of policies that will give dynamism to consumer spending to re-launch the economic

¹⁴ Chaffey Dave: E-business and e-commerce management, Pearson Education Limited 2009, p. 238

growth, European economists are trying to face the financial problems occurred and are also trying to re-establish the confidence in the business sector.

The following table was obtained from the EuroMonitor website, in order to summarize the most important economic indicators that should be taken into account for business' future endeavors. See table number 1.

Table number 1: Demographic and economic indicators.

Demographic and economic indicators

	2007	2008	2009	2010	2011
Real GDP Growth (% growth)	2.9	1.0	-2.8	2.2	1.7
Inflation (% growth)	1.8	4.5	0.0	2.2	3.6
Population Aged 65+: January 1st ('000)	1,810.1	1,819.7	1,839.9	1,863.6	1,885.2
Population Density (persons per sq km)	349.6	352.3	355.0	357.6	359.9
GDP Measured at Purchasing Power Parity (international \$ million)	378,626.0	390,721.4	383,232.8	396,564.0	407,670.8
Consumer Expenditure (US\$ million)	226,281.1	253,739.2	239,137.5	235,750.4	235,438.4
Annual Gross Income (US\$ million)	336,558.1	379,022.4	355,613.2	350,583.7	349,858.6
Annual Disposable Income (US\$ million)	269,991.0	303,272.8	292,352.1	288,217.3	287,819.5

As shown, Real GDP growth had a significant increase for the year 2010 with 2.2% and remains positive with 1.7% during the current year. Besides, GDP Measured at Purchasing Power Parity also increment for the year 2011 with 407,670.8 million dollars. Such results contributed with Belgium's rating among the world's highest¹⁵, giving a positive image to worldwide entrepreneurs who are seeking for high-income markets.

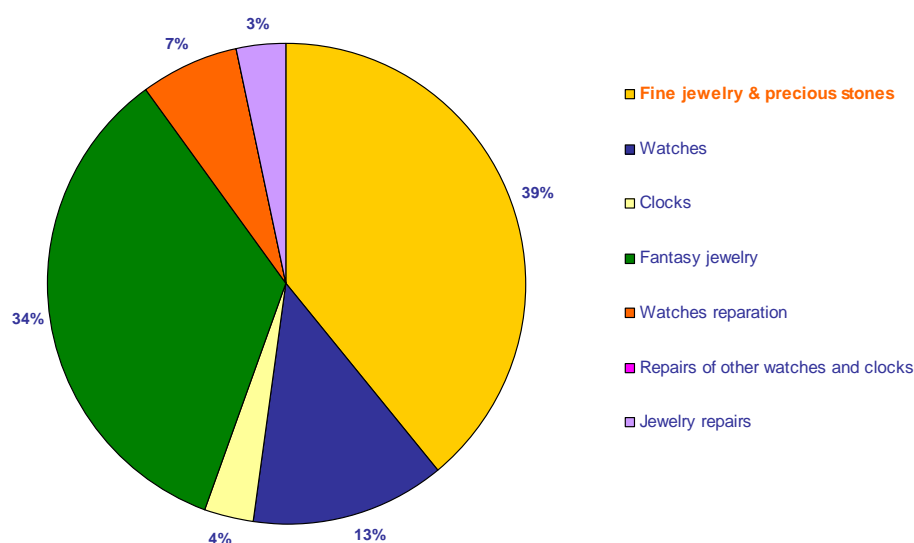
Since high GDP means that industry growth is good and that people are earning more; consequently there is more disposable income to spend. According to the table, for the year 2011 Belgians disposable income accounts for 287,819.5 million dollars available for spending and saving. How much is saved and how much is spent can be inferred from the consumer expenditure section, reaching 235,438.4 million dollars. Conclusively, Belgians have a sufficient amount of money to distribute among the different element of their consumption.

Is in this information where I find the relevant numbers for the e-store. With information gathered from the "Official webpage of the Federal Government", it was revealed that from

¹⁵ <http://www.state.gov/r/pa/ei/bgn/2874.htm>, vsited on June 10th, 2011.

the total expenditure mentioned in the previous paragraph, 14 467 euros is each Belgian average spending in Brussels. Under the same criteria, from this last number, 2 738 euros is the average spending per person in the capital designated to the field under the name of “Other goods and services”. Is in here where the amount of expenditure in jewelry is found and explained through the following graph¹⁶:

Figure number 1: Consumer Expenditure



This graph based on “Other goods and services” expenditure, shows that 39% of the total amount is designated to Fine Jewelry and precious stones, followed closely by fantasy jewelry with 34%. These high percentages indicate that there is demand and preference for this kind of items in Brussels.

To conclude with the economical analysis is necessary to mention trade and its implications for the business idea. First of all, despite the fact that Belgium main trading partners are part of the EU, it has ranked as the 14th-largest market for the export of U.S goods by November 2010¹⁷. This reflects the country’s openness to foreign businesses and products, connoting an opportunity for the e-shop since it aims to introduce foreign products in the Belgian market by emphasizing the Peruvian features of these products. Second of all, being part of the EU implies that Belgium is pro globalization, which refers to the move towards international trading in a single global market place and also blurring of social and cultural differences

¹⁶http://statbel.fgov.be/fr/modules/publications/statistiques/marche_du_travail_et_conditions_de_vie/budget_des_menages_2009.jsp, visited on June 10th, 2011.

¹⁷<http://www.state.gov/r/pa/ei/bgn/2874.htm>, visited on June 10th, 2011.

between countries¹⁸. This last statement confirms Belgium's openness to foreigners and suggests that there is a bigger opportunity for the company to achieve sales around the world.

2.1.1.3 Cultural and Social Environment

Belgium's cultural environment is very diverse. Starting by the fact that Belgium's society does not share one national identity because of its division in 3 different distinct regions:

- In the north, Flanders – primarily Dutch
- In the south, Wallonia – primarily French
- In the southeast, primarily German influenced.

In this first insight I found an important characteristic that needs to be taken into account for the company's strategies. By acknowledging these differences, its required the tailoring of a website according to each region's needs, language differences and cultural differences. However, since it will require further research and more expenses the website will just comply with the language requirement for each of the regions. The cultural and product needs factors will be taken into account as a whole, because the company's strategy is focused on Bruxelles-Capital Region, where the francophone population is higher and multiculturalism is more representative.

The country's population distribution can be described in numbers with the information obtained from the World Fact Book¹⁹:

- ✓ By July 2011, Belgians citizens reached an amount of 10,431,477 inhabitants (country comparison to the world 80), with a population growth rate of 0.071%.
- ✓ The majority of the population aged between 15 to 64 years old (66.1%), with almost an equal distribution between men and women (male 3,475,404 and female 3,416,060). The rest is divided in 15% for the ones aged between 0-14 and 18% for the ones elder than 65 years old.
- ✓ The major cities according to population density are Brussels-Capital (1.892 million) and Antwerp (961 000), with 97% of urbanization by 2010.

¹⁸ Chaffey Dave: E-business and e-commerce management, Pearson Education Limited 2009, p. 232

¹⁹ <https://www.cia.gov/library/publications/the-world-factbook/geos/be.html>, visited on June 9th, 2011.

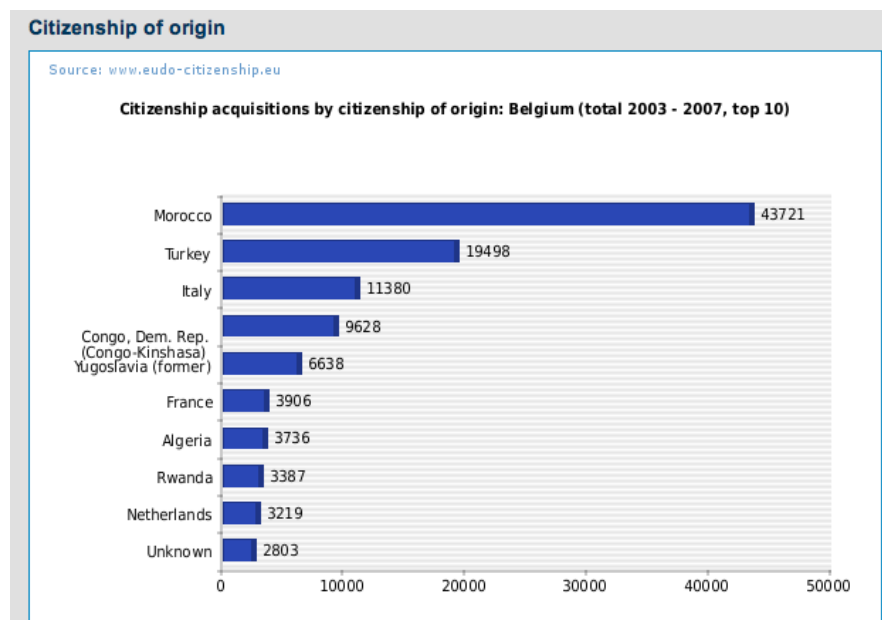
- ✓ The main religion is Roman Catholic 75%, and the rest (including protestant) account to 25%.
- ✓ Literacy in Belgium is defined by age 15 and over who can read and write, from which 99% of Belgians (men and women) are included.
- ✓ The city is truly international, about one-third of the city's one millions inhabitants are foreign nationals (from the EU 27 member states and many other countries around the world) that meet, mingle and do business²⁰.

To better understand the high degree of multiculturalism in the country and the cosmopolitan features of its capital that makes Belgians proud, it was carried out a research about the nationalities' distribution from which the following results were obtained:

Firstly, the ethnic groups associated with the country are divided in Flemish 58%, Walloon 31% and mixed or other 11% as mentioned before²¹.

This 11% gathers a vast number of different nationalities; throughout the following charts the influences of Italians, Spaniards, Portuguese, Greeks, Moroccans and Turks are represented. Also, new influences from Eastern Europe and Africa are shown. See figure number 2.

Figure number 2: Citizenship acquisitions by citizenship of origin - Belgium



(Source: <http://eudocitizenship.eu/stat/index.php?stype=1&coun=Belgium>, visited on June 24th, 2011)

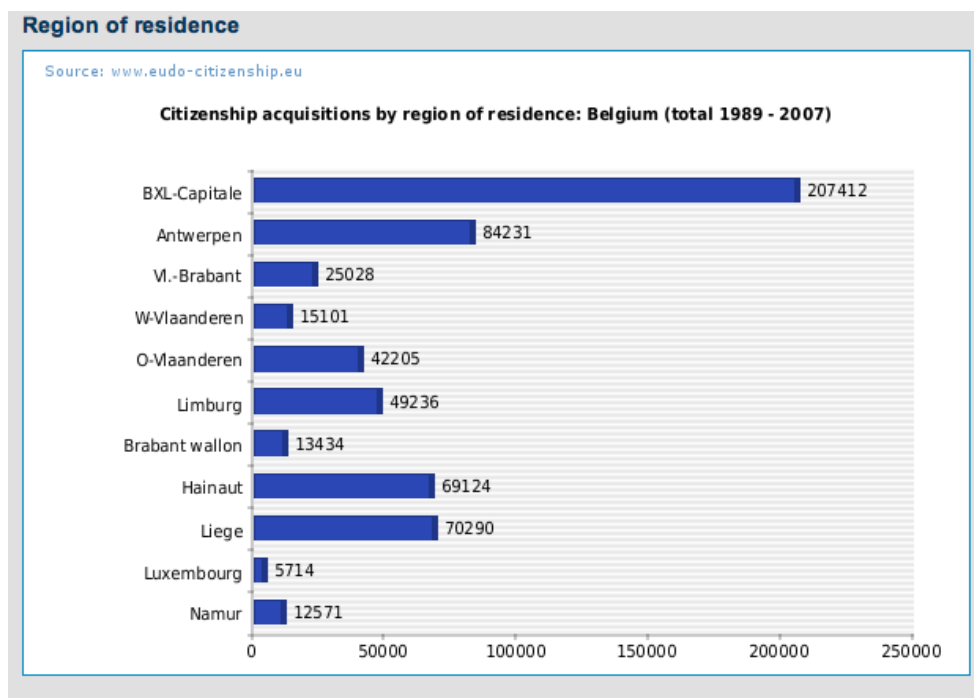
²⁰ <http://www.investinbrussels.com/en/index.cfm/6-reasons-to-invest/ideal-test-market/>, visited in June 14th, 2011

²¹ <http://www.state.gov/r/pa/ei/bgn/2874.htm>, visited on June 14th, 2011

Moroccans and Turks represent the higher number of foreigners in the country, while Frenchs and Dutchs a lower, but still significant number. Africans and Italians are also part of the cultural diversity, in addition to Algerians and unknown nationalities that spread even more the cultural diversity.

Furthermore, the concentration of all these nationalities within the geographical regions in Belgium is as follows:

Figure number 3: Citizenship acquisitions by region of residence – Belgium



(Source: <http://eudocitizenship.eu/stat/index.php?type=1&coun=Belgium>, visited on June 24th, 2011)

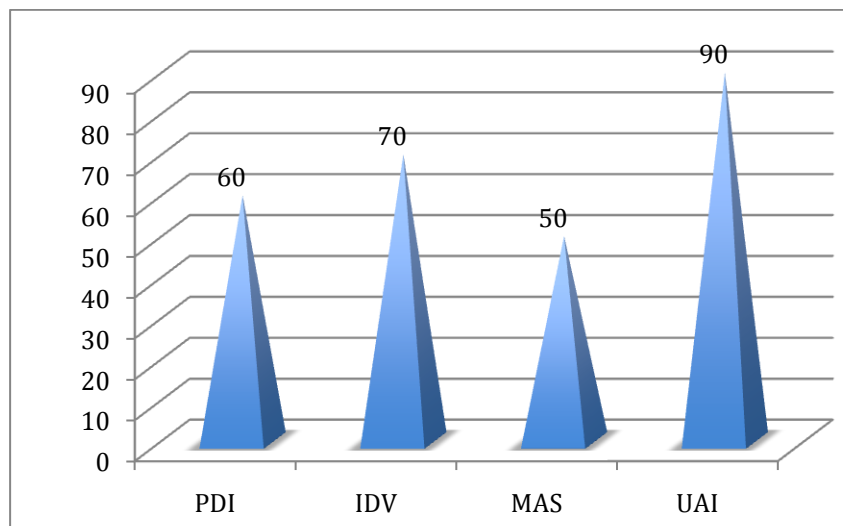
Brussels-Capital Region and Antwerp have the highest diversity conversely to Namur and Luxembourg who have the lower result in citizenship acquisition by region of residence.

Even if multiculturalism is a positive characteristic, it also can be very harmful when it is not learned and understood by the leaders who are in charge of dealing with it, especially for those working in international businesses. Internally, when having people from different cultures, their behavior and attitudes require specific measures according to each of them, which can make management to seem complicated. Externally, when planning on starting a business in international markets its compulsory to remember that what is good at home it is not necessarily good abroad and adaptation of the product or the communication strategies need to be implemented for achieving success in the new market of destination.

Geert Hofstede is worldwide known for its accurate study of cultures and for his most famous publication, “Cultural Dimensions”. His analysis functions as a guide to understand the differences between cultures by classifying them in 4 dimensions. Since cultural understanding is a key driver in international business management, I considered appropriate to use this tool for the Belgian culture analysis of Belgian.

Despite the great differences within regions in the country, there are some common factors that can be applicable to all of them as a whole by using the four cultural dimensions analysis of Geert Hofstede. See figure number 4.

Figure number 4: Belgium’s Four Cultural Dimensions of Geert Hofstede



(Source: Own design, based on the data of the website www.geert-hofstede.com, visited on June 9th, 2011)

Regarding Power Distance Index, Belgium’s score is higher than the average of the rest of European countries (40). Belgium’s less powerful members accept power relations that are more paternalistic and autocratic in comparison to other European countries but still not as much as in Latin American or Asian cultures. This dimension is not relevant for the analysis since e-businesses require very low if not existent hierarchies in its organizational structure.

Individualism’s score implies that the degree of integration of Belgian citizens into groups is not high. In words of Hoefstede, the ties between individuals are loose; everyone is expected to look after him/herself and his/her immediate family. That is why, family plays a central

role and it becomes the primary obligation on a person's live. Regarding this dimension, the author considers for the e-business and the design of the website: the valuation of the people's time, the respect of their privacy and the encouragement of the expression of their ideas.

Masculinity result of 50 points indicates that the distribution of roles between genders stays balanced. Belgian women are not expected to change their names when they marry and there are laws governing paternity as well as maternity leaves. In this context, quantity of live vs. quality of live maintains an even importance in the country's priorities. Values such as ambition, accumulation of wealth and material possessions goes along with value on relationships. Concerning these findings, I assume for the analysis that the ambition and wealth motivate them to spend money in accessories that could satisfy their social and esteem needs while the value in relationships inspire them in making gifts as a demonstration of affection. This last behavior will be explained in detail later in the customer analysis section.

For uncertainty avoidance index, Belgium shows its highest score, even in comparison to the European average. This number indicates that Belgian citizens have low level of uncertainty acceptance; thus, not readily take risk or face changes. In order to control and avoid this ambiguity, Belgian society is full of strict rules, laws and policies. Accordingly to this conclusion, e-businesses in Belgium must develop a trustworthy image of the company's website, with terms of use and privacy security policies that ensure the customers that there is no risk when giving personal information and making transactions with the company.

Aside of Hofstede's four dimensions analysis, it is important to mention that appearance matters to Belgians. For instance, it is very common to see them washing the pavement or steps in front of their houses, as cleanliness is part of the national pride. Personal appearance and the way their houses look like are enhancers of Belgians' self-satisfaction and of their willingness to make a good impression on others.

Here is where the e-business idea finds another positive characteristic of Belgians that could be perceived as a driver for jewelry consumption and use. On the top of that, Belgians are consumers with strong requirements that have led to the posterior association of Belgian with high quality for the country's production. Likewise, Belgians have made its way in the

fashion world through their inclusion in the top-ten fashion designs country list that competes with the already famous French, Italian and Japanese designers²².

2.1.1.4 Technological

Because of the electronic character of the business, the technological analysis will focus in three factors: the current technological conditions, the Internet and technological development.

To begin with the current aspects such as the technological conditions in Belgium, its infrastructure and telecommunications are summarized in the following chart from the globalEDGE portal:

Table number 2: Belgium's Technology conditions

Technology	
Telephones:	4.46 million (2008 est.)
Cellular Telephones:	11.82 million (2008 est.)
Internet Country Code:	.be
Internet Hosts:	4.47 million (2010 est.)
ISPs:	NA
Internet Users:	7.29 million (2008 est.)
Railways:	3,233 (2008 est.)
Highways:	152,256 (2006 est.)
Airports:	43 (2010 est.)

(Source: <http://globaledge.msu.edu/countries/belgium/statistics/>, visited on June 13th, 2011)

This chart and the findings in The Country Commercial Guide for Belgium – May 2011²³, allowed me to conclude that the country has a very well developed infrastructure that makes the country an excellent transit and distribution center in the region.

²² <http://pespmc1.vub.ac.be/BelgCul2.html>, visited on August 1st, 2011.

In The Country Commercial Guide there are some conclusions worthy to quote: It has the second most extensive canal network in Europe and it also benefits from modern road and rail networks. In addition to that, the national airport is located only 15 minutes from the center of Brussels and is the sixth busiest airport by cargo traffic in Europe, sending 660,000 tons of freight in 2008. For 91% of Belgian consumers, retail shops and department stores are accessible within a 10-mile radius of their homes.

Having such good infrastructure conditions in the country gives many advantages to businesses whose activities are associated with distribution to overseas. Therefore, since the company is only in charge of all the marketing activities and its scope is limited to a specific market niche, it represents a motivational factor to the company for engaging in distribution processes and expansion purposes of their market coverage to neighborhood countries in the future. Similarly, the 91% mentioned in the precedent paragraph is a sign of the ease that Belgium's residents have to access different types of shops, this represents a threat to the e-business idea since one of its main offered benefits to the customers is accessibility and the avoidance of long shopping trips.

Regarding the second factor, Belgium's Internet infrastructure development started early, allowing E-businesses to be freely accessible in the country. High level of broadband and cable access for high-speed Internet is readily available in Belgium²⁴.

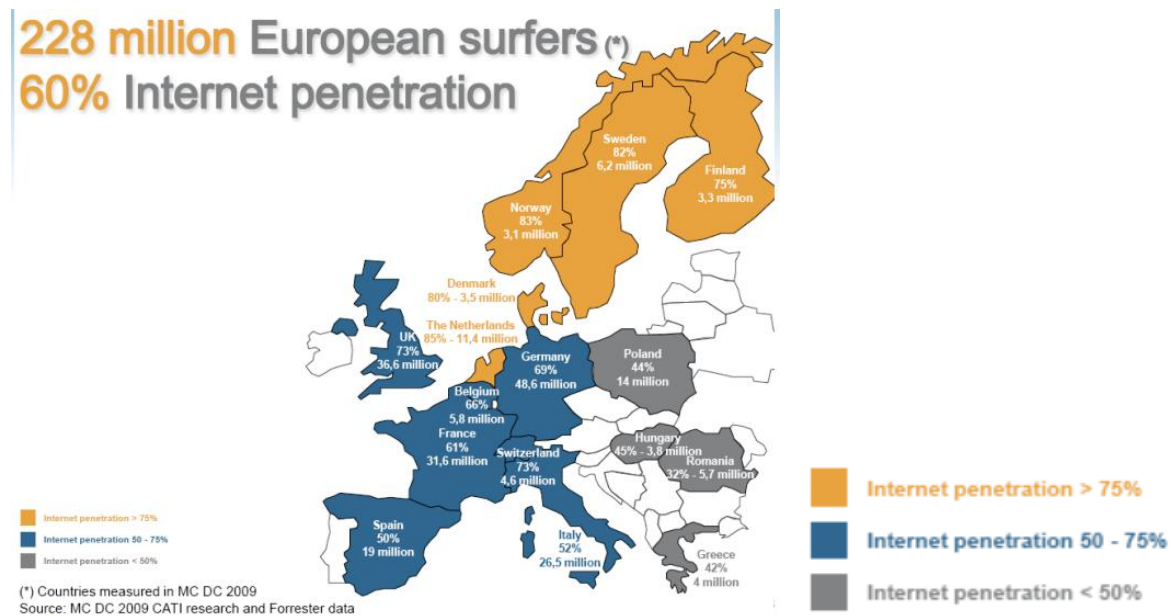
This situation ensures the e-business idea strategies concerning customer's retention. Further on the document, it will be explained in detail how does slow Internet connection and difficulty in accessing to the Internet can strongly harm e-stores' traffic when their users come across these inconveniences.

As well, the Internet penetration rate of Belgium serves as an indicator of the amount of Belgian residents having access to Internet services. The following figure shows this rate in comparison to Europe:

²³ http://www.buyusainfo.net/docs/x_2673119.pdf, visited on June 28th, 2011.

²⁴ http://www.buyusainfo.net/docs/x_2673119.pdf, visited on June 28th, 2011.

Figure number 5: Internet penetration rate of Belgium



(Source: <http://www.iabeurope.eu/media/43499/mcdc%20european%20overview.pdf>, visited on June 28th, 2011)

On the image is shown that there are 228 million European surfers that equals to 60% of Internet Penetration, from where the Nordic countries are the ones showing the highest penetration rate with a percentage greater than 75%. Belgium and other Western European countries maintain a penetration rate between 50% and 75%, precisely 66% for Belgium location the country a bit higher within the average.

Additionally to the country's Internet penetration rate there is also the Internet usage rate that needs to be considered in the technological analysis. The European Commission Report for 2009 conclude that 21% of Belgian Internet Users ordered goods and services over the Internet in 2008, far below the EU average of 32%²⁵.

An average penetration rate and a low Internet usage in Belgium can be demotivating for the business idea; nonetheless, these results are in comparison only with the other European countries making them look not as good as they do when taking a worldwide view. Moreover, the company is addressing its strategies to a specific market niche making these two factors

²⁵ http://www.buyusainfo.net/docs/x_2673119.pdf, visited on June 28th, 2011.

irrelevant when the scope of its operations is already delimited. On the contrary, they become relevant in case of future expansion plans within the country's regions.

Finally, Technological Development and its impact on the Internet were analyzed using the country's position towards R&D development.

In my opinion, is essential to understand the definition of R&D to facilitate the identification of the factors that could have an impact on the business idea. Thus, the definition given by the OECD is: "R&D refers to the creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications"²⁶

Additionally, from "The Key Data on Science, Technology and Innovation" document, I extracted the following insights relevant to Belgium's R&D²⁷:

1. Belgium's R&D intensity is well above the EU-27 (1.77% by 2007) with 1.90%, this achievement implies that the country's public budgets are financially well positioned to stimulate R&D intensity.
2. Innovation in the country can be divided in technological and non-technological. In the manufacturing sector, considered as technological, Belgium ranks as one of the highest innovation rates for enterprises with 48.2%. As for the non-technological, innovations in marketing and in organizations, are popular in the service sector in Belgium.

This last factor influences positively the business idea because Belgium's high intensity in R&D and Innovation is a very attractive feature of the market since it has increasingly become of great importance in the business world, especially in the marketing field which is the core area of the business idea.

²⁶ <http://titania.sourceoecd.org/vl=12398760/cl=11/nw=1/rpsv/factbook/07/01/01/index.htm>, visited on June 28th, 2011.

²⁷ http://www.belspo.be/belspo/home/publ/pub_ostc/BRISTI/Bristi_tome2_2010_en.pdf, visited on June 28th, 2011.

Moreover, by the use of R&D tools business are able to better fight competition and answer quickly to the environmental changes, especially important in e-business where competition is very high and events are constantly changing.

2.1.1.5 Legal and regulatory environment

A weak rate of entrepreneurial activity in Belgium (3.5%) is the result of the recent economic downturn and the uncertainty generated from the political friction of the country and the problematic factors that negatively affects the way of doing business in the country. Despite this situation, Belgium still reaches the position 25 out of 183 countries in “The ease of doing business”, according to the World Bank report these are the country’s outcome in this section:

Table number 3: Ease of doing business in Belgium

REGION	OECD	DOING BUSINESS 2011 RANK	DOING BUSINESS 2010 RANK	CHANGE IN RANK
INCOME CATEGORY	High income	25	22	↓ -3
POPULATION	10,788,760			
GNI PER CAPITA (US\$)	45,310.00			

TOPIC RANKINGS	DB 2011 Rank	DB 2010 Rank	Change in Rank
Starting a Business	31	30	↓ -1
Dealing with Construction Permits	41	44	↑ 3
Registering Property	177	169	↓ -8
Getting Credit	46	44	↓ -2
Protecting Investors	16	16	No change
Paying Taxes	70	69	↓ -1
Trading Across Borders	44	45	↑ 1
Enforcing Contracts	21	21	No change
Closing a Business	8	8	No change

(Source: <http://www.doingbusiness.org/data/exploreeconomies/belgium#starting-a-business>, visited and elaborated on June 13th, 2011)

The following figure comprises the country’s position in each of the aspects needed to fulfill when doing business in comparison to the results from the previous year, highlighting if there have been and improvement or not.

Most of the mentioned aspects are not relevant for the business idea because its electronic character allows the company to skip at least the first 3 on the table. Access is free and almost automatic on the Internet, as well, the registration procedure is made by other means that will be explain later in the marketing mix section of the document. In other words, small web businesses can be run without permits and with little government involvement in the country.

More in detail, starting a business in Belgium is resumed in the following chart extracted from the “Doing Business” portal²⁸:

Table number 4: Starting a business in Belgium

Indicator	Belgium	OECD
Procedures (number)	3	5,6
Time (days)	4	13,8
Cost (% of income percapita)	5,4	5,3
Paid-in Min. Capital (%i income per capita)	19,6	15,3

(Source: Own design, obtained from <http://www.doingbusiness.org/data/exploreeconomies/belgium#starting-a-business>, visited and elaborated on June 13th, 2011)

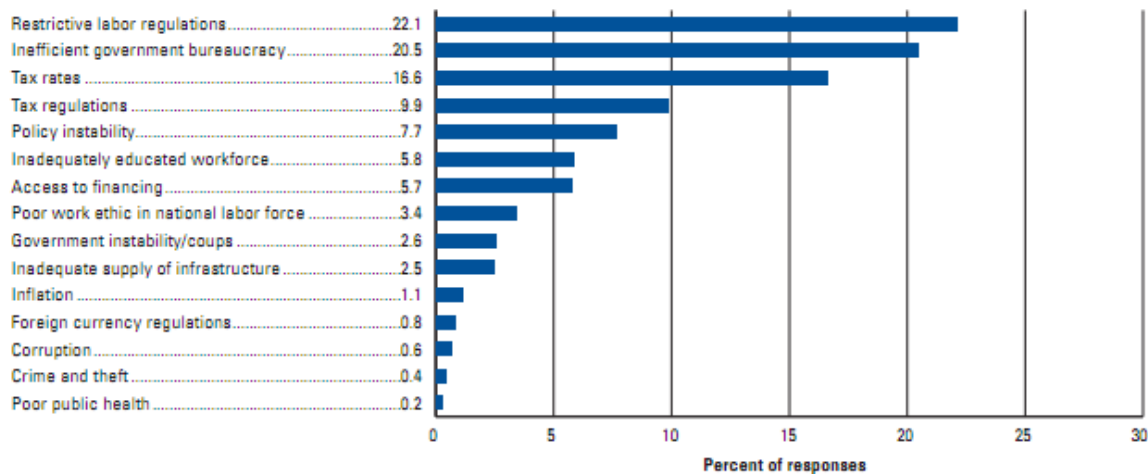
Here is explained each step within the “Starting Business” aspect shown in the previous table. It describes each procedure needed to fulfill for doing business in Belgium that account to 4 days in total. The speed of doing business and the small number of procedures required foster its attractiveness as the target country for the company and for any foreign investor who is looking for markets to enter to.

Complementary information to the preceding graphs is given through the following chart where is ranked by level of difficulty the different problems that entrepreneurs need to face when planning to start a business in Belgium.

²⁸ <http://www.doingbusiness.org/data/exploreeconomies/belgium#starting-a-business>, visited on June 13th, 2011.

Figure number 6: The most problematic factors for doing business in Belgium

The most problematic factors for doing business



Note: From a list of 15 factors, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

(Source: http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2010-11.pdf, visited on June 10th, 2011)

In my opinion, the two main factors that show a high percentage on the graph and could affect the company's performance are tax rates and tax regulation. Entrepreneurs need to take a closer look to the current situation in the country and search for incentives or tax exemptions to manage these two variables.

Therefore, Belgium's income and taxation system is divided as follows²⁹:

1. Taxes for self-employed people – is for business operated in an individual's own name which profits will be subject of personal income tax (50% deducted once a year)
2. Accounting obligations varies according the legal form of the business, the industry, its turnover and the number of employers.
3. Corporate tax in Belgium is 33.99% paid once a year after declaration.
4. VAT is the tax applied for the good and services provided by a business. The standard VAT rate is 21%, nevertheless, a rate of 12% and 6% are applicable to certain categories of goods and services.

²⁹ http://business.belgium.be/en/managing_your_business/taxation_and_accounting/taxes_for_self_employed_people/, visited on June 13th, 2011

As indicated, Belgium is a relatively high tax country; yet, it offers several tax incentives that brings some balance into the taxation system. For instance, it offers a Notional Interest deduction which is defined as: “all companies subject to Belgian tax and Belgian branches of non-tax resident companies are allowed to claim a notional interest deduction on tax reflection the economic cost of using capital³⁰” The business idea presented on the document have the required characteristics to apply for this type of incentive and lessen the tax amount to pay in the country.

For the specific case of an online store, there are three additional legal aspects that are unavoidable since they ensure two of the fundamental issues in e-commerce: privacy and trust. This legislation is related to the protection of customer’s personal data, goods and services that meet the quality and suitability standards and online contracts that are legally binding. To begin with, the Data Protection Act regulates how the customer’s personal information will be used and secured. The following table summarizes how is this policy regulated in Belgium:

Table number 5: Data Protection Act - Belgium

Summary of Data Protection in BELGIUM

Title of Data Protection Legislation	Law of December 8, 1992 on Privacy Protection in relation to the Processing of Personal Data as modified by the law of December 11, 1998 implementing Directive 95/46/EC - Unofficial English translation by K Buyens
Name of supervisory authority	Commission for the Protection of Privacy
General Powers of supervisory authority	Article 23 of the 1992 law establishes the Commission. The Commissions' key powers are outlined in articles 29,30 and 31.29(1). The Commission can give advice (Art 29) or recommendations (Art 30) either on its own initiative or upon the request of the Government or regional bodies on any matter relating to the application of the principles of privacy protection with regard to the processing of personal data. Without prejudice to any legal action and any different legal provision, the Commission shall investigate the signed and dated complaints that are submitted to it.
Who has standing to notify the supervisory authority of breaches?	The data subject (Art 13).
What are the penalties for data controllers if they breach the law?	Penalties are set out in Articles 37-43 of the 1998 law. They range from fines (Arts 37-39), publishing judgements after conviction in a newspaper (Art 40), confiscation of filing systems (unless they are computers), orders to erase data (Art 41).
Have any provisions been made for the processing of a national identification number or a general identifier, as per Article 8(7)?	Not in the data protection law, but in the Regulations of the National Register of Natural Persons (see Article 5).
Is it necessary to obtain consent before processing personal data, or are alternatives available even when obtaining consent would not be impracticable or inappropriate?	It is always necessary to obtain consent unless it is impracticable or inappropriate according to Article 20 of the Royal Decree of February 13 2001.
Does the Data Protection Legislation cover the deceased?	Article 2 of the law refers to every 'natural person' in order to exclude 'legal' persons from the field of application. No conclusion can be derived as to the application of the law regarding a dead 'natural person'.
Who is able to indirectly identify the data subject?	Anybody

(Source:<http://www.privereal.org/content/dp/belgium.php>, visited on August 10th, 2011)

³⁰ <http://www.investinbrussels.com/en/index.cfm/setting-up-for-business/tax-incentives/>, visited on June 13th, 2011.

Consumer Protection (Distance Selling) Regulations involves all the information that must be given to the customers before they place an order. This regulations included a confirmation of the purchase made by the customer and a “cooling off period” that will permit the cancelation of the purchase if they wish³¹.

The Belgian regulation in charge of this matter is long and in both official languages of the country. For space reasons, I decided to make a small summary of what is regarded on this law with the information obtain from Belgium’s section in the European Commission’ webpage:

“In Belgium, the aim of consumer protection policy is to pursue and develop a consumer protection policy that protects consumers physically, economically and legally; to ensure that implemented legislation is applied correctly; to ensure that consumers are adequately informed; to establish rules to ensure healthy competition between traders, which will benefit consumers; to promote consumer small claims procedures. The main laws for which FPS Economy is responsible can be found on the website www.economie.fgov.be. They all make provision for penalties in the event of infringement”³²,

Lastly, a business that wants to sell online needs to follow the e-commerce legislation in order to ensure that contracts are legally binding, the company’s information that should be communicate to the customers and the guidelines for advertising and promotions. In the Belgium Country Report 2011 is mentioned the country’s measure about e-commerce regulation:

“...they lay down information and transparency requirements, with particular regard to consumers, while regulating advertisement on networks (including spamming), removing obstacles to the conclusion of contracts by electronic means, as well as determining the responsibilities and duties of intermediaries (site hosts, access providers, etc.). Both “eCommerce laws” transposed the EU Directive on certain legal aspects of Information Society services, in particular electronic commerce, in the Internal Market (the so-called

³¹ http://ec.europa.eu/consumers/overview/country_profile/BE_web_country_profile_en.pdf, visited on August 10th, 2010.

³² http://ec.europa.eu/consumers/overview/country_profile/BE_web_country_profile_en.pdf, visited on August 10th, 2011

“eCommerce Directive” - 2000/31/EC) into Belgian Law³³”

As stated, these 3 regulations are compulsory for the e-store, especially in Belgium where the level of uncertainty avoidance indicates that strong measures ensuring privacy and trust need to be carried out. In my opinion, this is the first step to be covered if the firm wants to at least create the probability of potential visits to the company's website.

Last but not least, regarding the legal structure of the business idea presented I considered to create it as a One-person private Limited Company. This kind of organization is suitable for SMEs or family business and presents the following requirements³⁴:

- Although the minimum amount of capital is still €18,550, the minimum amount of paid-up capital is €12,400
- Only a natural person can be a shareholder (that is, an individual, not a legal entity)

To conclude this section and considering the foreign nationality of the entrepreneurs willing to set up the business in the country is appropriately to say that Foreigners can start a business in Belgium with no prior government authorization or no restrictions in the transfer of capital to or out of the country. Besides, as the owners are non-EU nationals they will need to apply for a professional card at the Belgian embassy or consulate in their home country, or, if they are already in Belgium, at the municipality where they live.

After evaluating each of the 5 forces of the PESTL analysis, Belgium's environmental situation has both positive and negative influential insights for the elaboration of the company's strategies. Generally speaking, the analysis brings out a promising market where to invest and it has been identified the tools to offset the drawbacks and threats from possible changes in the environment.

The chart from The World Economic Forum and its last Global Competitive Report 2010-2011 will be used to resume the most important findings of the analysis:

³³ http://www.undocumentedmigrants.eu/londonmet/library/q65044_3.pdf, visited on August 10th, 2011

³⁴ <http://brussels.angloinfo.com/countries/belgium/>, visited in August 10th, 2011

Table number 6: Global Competitive Report Summary – Belgium

ASPECT	POSITION
World position	19
Macroeconomic environment	72
Technological readiness	13
Innovation	15
Infrastructure	21
Goods market efficiency	16
Labor market flexibility	91
Flexibility of wage determination	126
Pay and productivity	88
Labor market efficiency	43
Governement debt	128
Bureaucracy scores	19
Extent and effect of taxation	5

(Source: Own design, http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2010-11.pdf, visited and elaborated on June 18th, 2011)

This chart ranks Belgium in position 19 in comparison with other 139 European countries. This result stands for the Belgian market competitiveness and attractiveness for foreign investment that is reassured by taking a look to the country's different rankings along the table's aspects.

Furthermore, this table supports my opinion regarding the importance of the legal, technological and cultural variables for the business idea. Legal environment have compulsory regulations to be fulfilled before starting its operations, otherwise the company will indisputably fail. Technological development is crucial for the success and survival of the firm in the competitive electronic market and cultural differences and its main characteristics are substantial for the delimitation of the strategies and the designing of the main operational tool of the company, the website.

Political and Economical aspects are of less importance and are used for the conventional analysis of the country's stability situation and the regulation's continuity, as well as the purchasing power of the potential customers in the country.

2.1.2 SWOT Analysis

Once the macro analysis has been made and all the external forces that could affect the business had been identified, the next step is the micro analysis of the company. For this purposes the SWOT analysis tool, which stands for strengths, weaknesses, opportunities and threats, will be implemented.

When referring to strengths and weaknesses, the SWOT analysis evaluates the favorable and unfavorable internal factors of the business; while opportunities and threats, refers to the advantage and disadvantages obtained from external factors in the environment.

This analysis is essential for businesses as it analyses the current situation of the company and helps to the formulation of strategies by countering the threats and taking advantage of the opportunities. Thereafter, the SWOT analysis is as follows:

2.1.2.1 Strengths

- **Already established and good relations with suppliers** that will ensure the quality and delivery of the products offered on the website.
- **Cheap costs of production**, since the company will delegate the production and delivery of the products in hands of the suppliers, labor force and raw materials required will be eliminated from the company's expenses. Moreover, e-businesses have no physical store; hence, no expenses for renting/buying a local and sales people wages. Additionally, from the technological environmental force, e-business is freely accessible in Belgium, which also eliminates the high costs that obtaining permits and necessary paperwork entails.
- **Differentiation of the products** because of its uniqueness, high quality and reasonable price. This uniqueness is based on the home country's international fame as the location of the Inca's Empire and its skillful craftspeople for its production; similarly, affordable prices of silver and variety of precious stones (raw materials of production) are both inner characteristics of the country's natural resources.
- Fast and free access to the today's Internet most effective and popular communicational tool, **social networking**.

2.1.2.2 Weaknesses

- **Finding financing methods** to cover the company's expenses required to start a business in the country as a One-Person private Limited Company.
- **Localizing the company's target market and its influencers** (top bloggers, speakers, etc.) is not an easy task especially in the Internet world where the range of users is wide and disperse that probabilities of failing on targeting the desired market are high and addressing them also represents spending time and money on research.

- **Lack of experience in foreign markets**, especially in management of the delivery processes and in foreign country's regulations.
- The **delivery process** of the products will strongly rely on the delivery agency chosen and on the promptness and degree of commitment of the suppliers, yielding strong dependency towards them and high spending in developing trustworthy relationships with them.

2.1.2.3 Opportunities

- **Belgium's strategic geographical location** serves as a gateway to key markets and an enhancer for future expansion objectives.
- Brussels is an **ideal test market** because of its cost-efficiency and multi-cultural population that offers a representative sample of the potential buyers and competitors and that facilitates any market research carried out by the company and trustworthy results.
- The cosmopolitan nature of Belgium and the lack of nationalism of its citizens, as stated on the cultural environmental force, contribute to the creation of **high acceptance towards foreign products** in the country.
- Then Industry to which the company belongs to, is a **fast and constant growing market**.
- There is **no direct competition** for the products offered by the company. This gives the company an advantage over the big retailers that targets widespread segments of consumers.
- **Continuous growth of online shopping** in western European countries: "Consumers in 17 Western European countries bought \$96.2 billion online last year, and that will grow to \$166.7 billion by 2014, a 9.6% compound annual growth rate, according to data from Forrester Research"³⁵
- As stated in the economic section of the PESTL analysis, Belgium's real GDP and GDP measured in PPP had a significant growth in the last year bringing the country to rank among the world's highest. These economic indicators give a positive image of the **market's high-income and a greater consumer expenditure capacity**.

³⁵ <http://www.internetretailer.com/2009/03/27/online-shopping-is-growing-steadily-in-western-europe-forrester>, visited on June 17th, 2011.

- In the legal analysis of the country was mentioned that Belgium reaches the position 25 out of 183 countries in “**The ease of doing business**”. This outcome suggests that doing business in Belgium is easy and fast.

2.1.2.4 Threats

- Belgium is known as a **high tax country** and if its regulations are not studied properly it can be hard to afford for start-up companies.
- There exist high risks of being copied or imitated easily.
- During the second half of 2008, the Belgian economy entered a deep recession as a result of the international economic crisis. This whole situation led to **consumers’ “defensive behavior”**³⁶ resulting in a reduction of the demand.
- **Privacy and trust** issues, as stated in the cultural and legal section of the environmental analysis, require strong “Built in trust” strategies. In this context no mistakes are allowed, otherwise it can end up in costly amendments and damage reputation.
- As mentioned in the technological section, Belgium’s residents have **fast and easy access to different types of shops**, which diminishes one of the benefits offered by e-store regarding accessibility and comfort when buying through the Internet.

SWOT analysis should consider the degree of impact that each of the aspects will have on the business in comparison with the competition to be successful. Furthermore, matching or converting techniques should be used to link each of the sections in the analysis to facilitate the formulation of strategies. In other words, competitive advantage can be found by matching strengths to opportunities or by converting threats into opportunities and weaknesses into strengths.

By this means, the business idea will easily match the mentioned opportunities and strengths since, in my opinion; the most relevant of the opportunities mentioned is the continuous growth of the online shopping and as an e-store, the business starts with very good bases in its strengths to be able to take advantage of this growth.

³⁶http://www.deloitte.com/assets/DcomBelgium/Local%20Assets/Documents/EN/Deloitte_XmasBelgium_report_30112010.pdf, visited on June 30th, 2011

The threats and weaknesses and the way in which they affect and are controlled by the business are further explained in the following section, Porter's 5 forces. SWOT and PESTL analyses are both good for obtaining a general background of the company's external and internal situation; however, more research is needed in order to obtain a more accurate understanding and for a better decision-making.

2.1.3 Porter 's 5 forces

Porter's 5 forces tool happen to be another important step for the strategic planning. Its aim is to thoroughly complete the information obtained from both previous analysis by identifying the sources of power and enabling the company to use them against threats and weaknesses.

2.1.3.1 The Theart od entry of new competitors

HIGH

The online world presents many advantages for small to medium businesses regarding low investment costs. Nevertheless, this can also mean that similar businesses can easily enter the market and increase competition, leading to a fiercer war for lower prices that will end up lessening the company's profits.

Additionally, the company's raking position in "The ease of doing business report", the taxation incentives offered by the country and the amount of consumer expenditure makes Belgium an attractive market for investors that also fosters foreign investors to break into this market.

2.1.3.2 The intensity of competitive rivalry

MEDIUM

Consumers' broad access to information about product and prices using Internet has as a consequence the intensification of price competition. For some people, this will mean the growth of large firms at the expense of the smaller ones, since the formers can make use of economies of scale and consequently lower their prices³⁷.

On the one hand, by having and offering a differentiated product to a specific targeted market, no direct competition is found. On the other hand, a big number of indirect

³⁷ <http://www.economist.com/node/16478931>, visited on June 18th, 2011.

competitors exist, from which the company recognizes three as the more relevant according to different criteria for each of them:

- a) Inka Secret – works directly with artisans and at the same time carries out philanthropic actions by helping them to have a better quality of life with the products purchased from them. All items are shipped directly from Peru to” Europe, Asia, Africa and Oceania with a cost of US\$ 25.00. The time of delivery would be around 10-14 business days³⁸.
- b) Peru Inca Market – is a wholesaler from Lima-Peru that buys immediately from Peruvian handicraftsmen. All the products are shipped from Peru to the world via Serpost (a shipping company like FedEx)³⁹. This store can be found in EBAY, a consumer-to-consumer auction and shopping website that serves as a warrant for brand equity and consumer confidence in transaction security and seriousness of the business.
- c) Peruvian Connection – is a company that offers a wide range of Peruvian products: all kinds of clothing, jewelry, accessories and gifts. It owns a very well designed website with all information related to the products and a good selection of pictures and videos. Originally is an American based business oriented to the American market; however, the good performance of the company allowed them to establish a center in the UK and from there, access to European markets⁴⁰.

The competitors’ selection process followed different criteria. For instance, famous research portal “Google” drop as first result “Inka Secret” when typing the key words: Peru + Jewelry + Europe. When searching for similar products on the big retailers online stores, “Peru Inca Market” was found as a result of eBay auction website. Finally, by thinking of the core business idea and the company’s strategy, “Peruvian Connection” is considered to be the one that closely approaches it.

³⁸ http://inkasecrets.com/categoria_jewelry/anuncio_j_2.htm, visited on June 18th, 2011.

³⁹ <http://www.peruincamarket.com/>, visited on June 18th, 2011.

⁴⁰ <http://www.peruvianconnection.com/>, visited on June 18th, 2011.

2.1.3.3 The threat of substitute products or services

HIGH

Substitutes are considered to be all the alternatives options that the consumer can purchase instead of the industry's product. By this means, consumer's social and esteems needs –for instance welfare, ease of care, fashion and status – can be satisfied by any other beauty accessories sold by online and in-land fashion stores. Trendy stores whose differentiation strategy focus in uniqueness and sell accessories that complement one's outfit besides jewelry (clothes, bags, hats) are considered in this category.

This situation is enhanced by the ease of consumer's switching costs. An analysis including the differences within price, quality and attributes among the substitutes is necessary to determine the threatening degree that they represent to the company and its potential profitability and market's attractiveness.

2.1.3.4 The bargaining power of customers

LOW

The reasons why bargaining power of buyer is considered to be low lies on the fact that the targeted market is not price sensitive and that the purchases are meant to be in small volumes, which represents a small portion of the company's sales per buyer. A complementary reason to what was mentioned above is that the highly differentiated nature of the products offered reduces the buyer's switching behavior in a considerable amount, despite there are a wide range of choices and prices in the Internet that enhances this switching behavior.

However, having a low rate in this part does not mean that the factors involved within it wont be regarded. Lack of consumer's power also means less pressure for better quality products and customer services. When differentiation is the strategy chosen by a firm, both characteristics need to be contemplated, as they are part of the main features that define the company's product.

2.1.3.5 The bargaining power of suppliers

MEDIUM

The company's main suppliers are located in the central market of Peru because this is where the widest offer can be found at an affordable price. The majority of the best suppliers are concentrated in this market; thus, the company has a wide range of options that will be selected under the best offer regarding price and quality.

As the company relies on the suppliers' degree of commitment and promptness in the delivery process, it will select specific partners for whom the firm will represent a large portion of sales. Therefore; despite the wide range of suppliers, the company's need of commitment with just few of them and the creation of certain level of dependency diminishes the ease of changing from one to another.

After analyzing the 5 forces of Porter's model we can determine the intensity of competition and the attractiveness of the market. The obtained outcome can be condense as follows:

- ✓ High competition environment due to the high results obtained in the 3 forces related to competition or that can generate competition: Substitutes, rivalry and new entrants
- ✓ Low bargaining power of customers is a consequence of the differentiating approach of the company's products; nonetheless, it needs constant innovation to maintain this level because the Internet encourages commoditization, that is to say, products become less easy to differentiate.
- ✓ Medium bargaining power of suppliers represents an important aspect to be taken care of for the company's strategies. Suppliers are in charge of crucial procedures for the achievement of the company's objectives, such as prompt delivery and high quality products, which makes substantial the accurate selection of them and the development of techniques for creating trustworthy relationships with them

These results conclude with the analysis of the internal and external factors that influences the company's performance and formulation of strategies. Now, the analysis of the customer is required in order to be able to match its outcomes with the findings from the previous analyses and create a good base for designing the marketing mix strategies.

2.2 Customer Analysis

For this next stage is necessary to identify the customers to whom the strategies will be addressed to, what are their needs and preferences are questions the company must answer beforehand to establish the way in which the company's product will satisfy those needs. By analyzing the customers the company will determine the segmentation and find valuable information about their purchasing behavior and motivations which will lead to better target marketing and increase sales.

The first step is to classify the customer's characteristics within demographical, geographical, psychographic and behavioral variables; followed by the targeting and positioning strategies shaped by them.

2.2.1 Segmentation, Targeting and Positioning strategies.

This part of the marketing plan is important because is in here where the promotional strategies find its basis regarding which is the best way to approach the potential customers.

2.2.1.1 Segmentation

Finding common factors among customers for segmentation can be easily perceived at first sight; nevertheless, there also exist differences in lifestyles, culture and income that are not as easy to identify. This is why customer analysis makes use of 4 variables to classify customers among all those characteristics:

2.2.1.1.1 Geographic Segmentation

It refers to the physical location of the potential customers, for instance, the country where the customers reside in. For the business idea the selected location is Belgium; specifically in Brussels- Capital Region. For general knowledge regarding this segmentation is important to mention that Belgium had 10,839,905 inhabitants by 2010 and Brussels 954,460 inhabitants.⁴¹ The annual population growth is 0.08% (2010) and it has a density of 862.6 sq. ml.⁴²

Furthermore, the reasons to select this country can be found in the earlier explained PESTL analysis and will be shortly mentioned below:

⁴¹ <http://www.nationsencyclopedia.com/economies/Europe/Belgium.html>, visited on June 23rd, 2011.

⁴² <http://www.state.gov/r/pa/ei/bgn/2874.htm#people>, visited on June 23rd, 2011.

- The country's location is in the heart of Europe which represents an advantage to the company for the shipping of products and future expansion of the market.
- Belgium is known as the capital of Europe and Brussels, the capital, is also considered the capital of the European Union, the headquarters of the North Atlantic Treaty Organization (NATO) and the Western European Union (WEU). Giving the lector a glimpse of country's importance within the EU.
- The multiculturalism of the country means that by entering the Belgian market, the company is also reaching a wide range of other nationalities that can help the company's strategies of worth of mouth.

2.2.1.1.2 Demographic Segmentation

In this section are included characteristics such as gender, age, occupation, income and language. Demographics in Belgium regarding age structure has its higher concentration of 66.1% for people among 15 to 64 years old⁴³ and a distribution of 1.02 male(s)/female⁴⁴; in other words, male 3,475,404/female 3,416,060⁴⁵. I just mention this range because this is the where is the highest proportion and includes the company's segmented market.

Regarding the country's income findings, the *Human Development Report 2010* establishes that Belgium enjoys a high standard of living and a high per capita income. The country ranked 18 amongst 169 other countries under high development and quality of life level. A GDP (PPP) per capita of \$ 36,100 by 2010 and a distribution of family income that scores 28, by means of inequalities' low level⁴⁶, are some of the reasons why the country reached its position on the ranking.

Moreover, the following chart evidences how does 50% of the GDP per capita is concentrated in Brussels, the area to where company focuses.

⁴³ <https://www.cia.gov/library/publications/the-world-factbook/geos/be.html>, visited on June 25th, 2011.

⁴⁴ <https://www.cia.gov/library/publications/the-world-factbook/geos/be.html>, visited on June 25th, 2011.

⁴⁵ <https://www.cia.gov/library/publications/the-world-factbook/geos/be.html>, visited on June 25th, 2011.

⁴⁶ <https://www.cia.gov/library/publications/the-world-factbook/geos/be.html>, visited on June 25th, 2011.

Table number 7: GDP (PPP) per capita per region - Belgium

Rank	NUTS region	2006 GDP (PPP) per capita in Euros	% of the average GDP of EU27 in 2006
1	Brussels	55,100	233.3
2	Flemish Region	27,900	118.0
3	Walloon Region	20,100	85.1

(Source: <http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/09/23&format=HTML&aged=0&language=EN&guiLanguage=en>, visited on June 25th, 2011)

In addition, income distribution in Belgium shows extremes of wealth and poverty, poor account to 8%, the rich to 35% and the middle class to 55%. Again, the company's strategies will be oriented to this last portion of the population.

The economic indicators related to disposable income and consumer expenditure previously shown in the macro environmental part of this document supports that due to the high income of most of its population, Belgian citizens can assign a great part of it, after having covered the primary needs, in entertainment and secondary needs.

Finally, the country's literacy according to the CIA World Fact Book is defined as age 15 and over who can read and write (total population 99%), which ensures the level of education of the population and its familiarization with the Internet and its tools.

2.2.1.1.3 Psychographic Segmentation

It includes values, activities, interests and opinions in order to determine what affects the customers' purchasing behavior. From the cultural environment described on the PESTL analysis I have selected the insights with higher potential to influence the market segmentation process.

Firstly, Belgium has received the influence of many different cultures developing values such as tolerance and flexibility towards foreigners. Additionally, its controversial political situation led the citizens to reduce their nationalistic pride to the minimum and to nurture modesty and openness to external influences. By saying this, I attempt to exemplify the beneficial of these findings considering its international nature of the company and its products.

Another important aspect is their love for “good life” as already mentioned in the Cultural Dimensions analysis. This statement is reassured by the *Human Development Report 2010* where Belgium ranked in the 18th position among 169 other countries.

2.2.1.1.4 Behavioural Segmentation

It involves benefit sought, usage rate, brand loyalty, user status, attitude towards the product and occasions.

Regarding the benefits sought, aside of the good quality and reasonable price that the products must have to be competitive, is important to specify what are the benefits that the consumers are looking for when buying online.

To fulfill this section two sources were needed. First, the information obtained in the earlier explained Hofstede’s analysis. Second, the online survey results that are developed later, in the Marketing Research section of this document. The outcome of matching both sources gives many interesting aspects to be used in the e-store website design, they are:

- ✓ Valuation of the people’s time
- ✓ Respect for their privacy
- ✓ Encouragement of the expression of their ideas.
- ✓ Satisfaction of their social and esteem needs
- ✓ Trustworthy image of the company and security in transactions

Concerning user status, the information gotten on the survey functions as an indicator of the probability of usage of online shops. Since the business idea belongs to this type of company, I consider appropriate to use this indicator for the analysis, the results are shown later in the Market Research section.

Brand loyalty in Belgian consumers has been affected after the economic crisis that seized the European continent. According to the Vlerick Leuven Gent- Management School report on Belgian Consumer Behavior, if consumer confidence undergoes an economic crunch the average Belgian will consume less today and will be less loyal to a particular brand since they will search for cheaper alternatives. Fortunately, an examination of buying behavior that was made but the Management School showed that over 75% of Belgians have not changed their

choice of brand.⁴⁷ However 10% admit that they are now buying familiar and trusted brands in less expensive supermarkets or shops⁴⁸.

Since the business idea presented on this document is new for the potential consumers, the author includes them all in the first-time-user category. After the promotional strategies had been implemented the company can proceed to re-allocate them within the other categories.

Regarding the customer's attitude towards the products, the results from the online survey where is asked their impressions about the business idea are taken to fulfill this category. To see these results go to the Market Research section of this document.

Finally, the occasion for purchasing is analyzed through the Deloitte's News Release (November 30th, 2011) regarding Belgians gift shopping attitude. The two charts exhibited below rank both the types of gifts that a Belgian would like to receive and that would most likely buy.

Table number 8: Gift shopping attitude - Belgium

Gift Shopping

What types of presents would you most like to receive?

Belgium Top 10 (2009 position between brackets)	2010
1. (1.) Gift vouchers	48%
2. (2.) Cash	41%
3. (4.) Clothes / shoes	38%
4. (3.) Books	35%
5. (6.) Cosmetics / perfumes	33%
6. (7.) Jewelry / watch	29%
7. (-) Technology	28%
8. (8.) Travel	27%
9. (-) Movies (DVD, Blu-ray)	23%
10. (5) Music (CD, MP3)	23%

What types of presents do you think you are going to buy?

Belgium Top 10 (2009 position between brackets)	2010
1. (1.) Gift vouchers	51%
2. (2.) Books	31%
3. (4.) Cosmetics / perfumes	29%
4. (5.) Clothes / shoes	24%
5. (9.) Cash	23%
6. (8.) Food/Drink	20%
7. (10.) Jewelry / watch	19%
8. (3.) Music (CD, MP3)	19%
9. (-) Movies (DVD, Blu-ray)	18%
10. (-) Don't know	15%

(Source: http://www.deloitte.com/assets/DcomBelgium/Local%20Assets/Documents/EN/Deloitte_XmasBelgium_report_30112010.pdf, visited on August 1st, 2011)

This information was obtained from the Deloitte's survey, with a sample size of 1,025 Belgian residents who aged 18 years and older. The relevant information for the company is jewelry's ranking in the 6th and 7th positions as the expected gift to receive or to buy by Belgians.

⁴⁷ http://www.vlerick.com/en/media/news/research_insights/11711-VLK.html, visited on 1st August, 2011.

⁴⁸ http://www.vlerick.com/en/media/news/research_insights/11711-VLK.html, visited on 1st August, 2011.

Another significant finding from Deloitte's report regarding gift shopping is indicated in the next chart where is revealed how often do Belgians use Internet to get inspired for gift shopping. These results draw an opportunity to the company since a high percentage of people doing this embody the amount of potential customers that could be retained if the right strategy is implemented making them buy the products online.

Figure number 7: How often do Belgians use Internet to get inspired for gift shopping?



(Source: http://www.deloitte.com/assets/DcomBelgium/Local%20Assets/Documents/EN/Deloitte_XmasBelgium_report_30112010.pdf, visited on August 1st, 2011)

As a result of going through the 4 variables of segmentation is time to consolidate the findings and precisely define the customers to whom the company will address its strategies. Having into account the results from the segmentation and the online survey results, I decided to define two groups within the markets to segment:

- 1) Primary target – women between 18 to 40 years old that reside in Brussels and earn middle to high income and are interested in fashion.
- 2) Secondary target – men between 20 to 40 years old that are looking for advices when making a gift. Also living in Brussels.

2.2.1.2 Targeting Strategy

The next step is to define the targeting strategy by matching the characteristics of the segmented market and the attributes of the company's product, with the aim of achieving the

highest satisfaction. When doing this, the strategy that suits the most is the differentiation strategy in which customers are not price sensitive and have specific needs that can only be satisfied with the uniqueness feature offered by the company's product. In my opinion, Fashion brands need to differentiate their products because in this Industry most of the competitors offer physically similar products making necessary to create an image of uniqueness for achieving successful competition.

2.2.1.3 Positioning

In the final step, named Positioning, is described how the company will define its uniqueness. In other words positioning establishes, "how marketers want a brand to be perceived by consumers in comparison to other competitor's brand"⁴⁹.

Hereafter, the positioning strategy designed will cover four main aspects: product quality, service quality, price and fulfillment time that is represented by the following equation⁵⁰:

$$\text{Customer value (Brand perception): } \frac{\text{Product quality} \times \text{Service quality}}{\text{Price} \times \text{Fulfillment}}$$

The equation suggests that the increase in product and service quality can be matched by decreases in time and price. Therefore, the positioning strategy for both targeted markets is:

- **Product quality:** besides the uniqueness of the designs and the high quality of the raw materials, product quality will be enhanced by providing "online product customization" which is explain afterwards in the marketing mix section.
- **Service quality:** it can be found in many aspects offered by the e-store, for instance: customer's guidance during the shopping experience, especially to the secondary target market. Also, fast personalized answers to any inquiry or request made by the customer's regarding customization or delivery of the products.
- **Price:** offering affordable prices for high quality products.
- **Fulfillment time:** the website design will allow to make purchases and transactions in a short time, for instance, by offering a demonstration of the functionality of the website to first users in order to ease the navigation through the e-store.

⁴⁹ Hana Machkova, Petr Kral, Marketa Lhotakova: International Marketing, University of Economics, Prague 2010, p.95 .

⁵⁰ Chaffey Dave: E-business and e-commerce management, Pearson Education Limited 2009, p. 302

In comparison to the competitors the e-store is offering a customization of the product and personalized guidance through customer service tools. Additionally, even if customers are in charge of shipment costs, the final price of the product is still lower than the average in the continent for products with a comparable high quality. Lastly, a webpage that is not slow and that can be browsed easily is one of the common flaws many e-stores have and that the company is aware of.

In my opinion, the most important features for the business idea's positioning is to ensure the customer's awareness of the uniqueness and quality of the products, plus the creation of a highly satisfactory experience when using the company's services.

Now, the Market Research will be described in order to complement the information presented on this section and to corroborate some of the findings already mentioned.

2.3 Market Research: Qualitative Research

2.3.1 Information Requirements

The aim of the market research intends to find out which is the rate of usage of online shopping. Likewise, the identification of the most visited sites and the most used online tools are part of the findings the survey is looking for. Furthermore, the business idea is presented to the customers in order to determine their perception and interest towards it; also, their preferences regarding the product itself.

The market segmentation section gives what are the characteristics that the interviewees, also known as the consumers, should have in common. These are described in the primary and secondary market statements mentioned at the end of this section.

Having clarified the aim of the research and its information requirements, its time to decide which research tool is the most appropriate for achieving them.

2.3.2 Research Methodology

The methodology chosen among the quantitative research tools is called "Online Survey". The reasons behind this decision can be resumed in three words: good, cheap and fast.

Since marketing research is a crucial part for the marketing strategy definition, it needs to be done with a representative number of interviewees, obtained in a proper time frame and with a good selection of questions to accomplish the survey's goals.

The number of responses considered making a representative sample accounted to 150, which was launched on July 17th, 2011, and closed on August 7th, 2011.

The mentioned survey was made using Software specialized on doing online surveys free of charge. The interviewees were reached through private e-mail addresses from personal databases and social networking contacts facilities, which allows the company to avoid the costs of hiring a research agency or buying expensive databases.

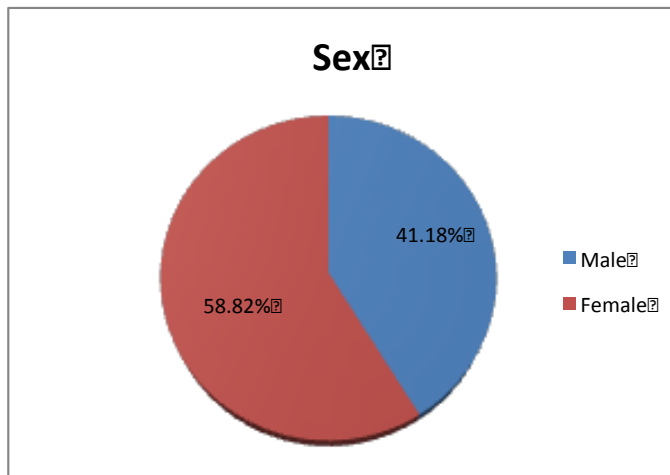
Regarding the survey's contents, questions related to preferences (e.g. online shopping pros and cons), behavior (frequency and ease to buy online) and factual information (age and gender) were used for its creation. The stated questions present different forms:

- ✓ Categorical questions – are the type of questions where the basic factual information is obtained in an exclusive way since the respondent has to belong to only one of the categories.
- ✓ Liker-scale questions – are the questions used when trying to determine the feelings in a grading scale of acceptance towards something. According to the survey objectives these questions are related to the customers position after acknowledging the business idea, as well as their behavior concerning online shopping attractiveness.
- ✓ Multiple choice questions – are the ones that give the respondent the ability to chose among many options and more than once for an specific subject. This category of question was mainly used on the survey to orient the author on determining the range of products to be offered and their added value.

2.3.3 Research Results

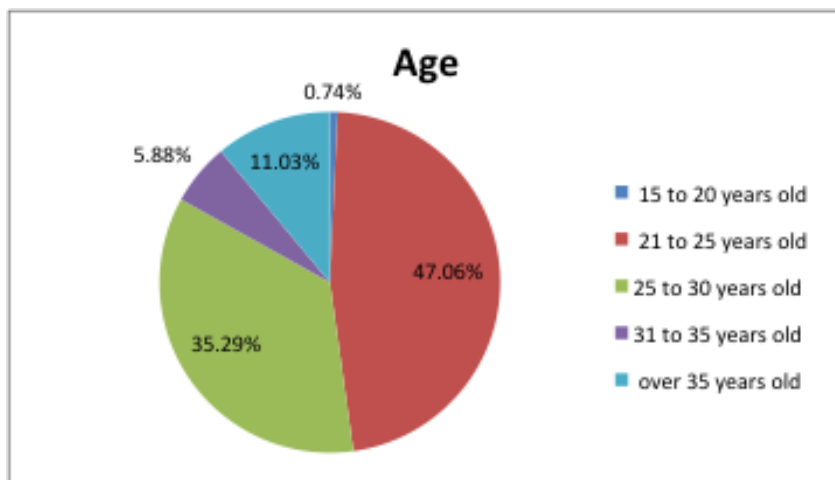
Hereafter is shown the detailed explanation of each of the questions made in the survey with their respective results and analysis.

Question 1: Sex



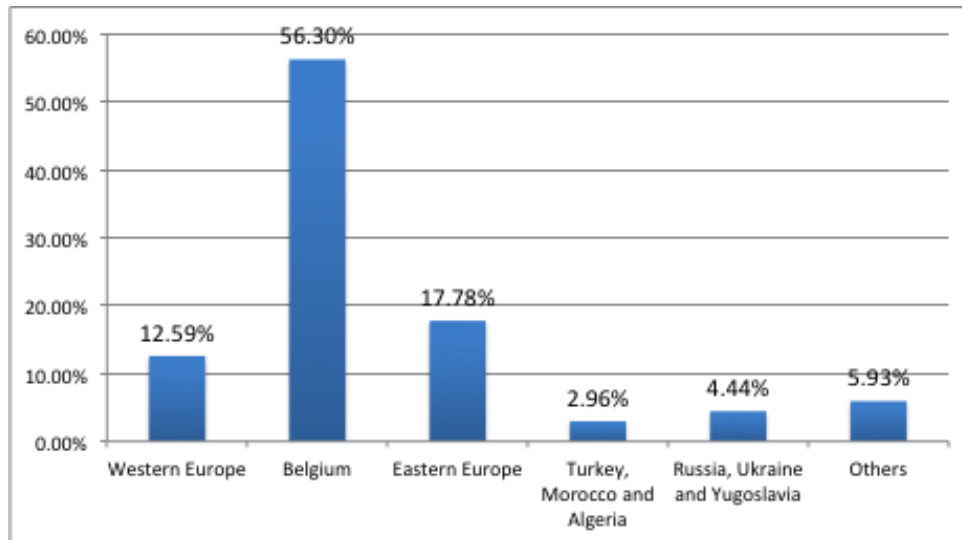
The distribution of sex among the respondents was almost even. This allowed me to assume that the upcoming results can be used for both targeted markets.

Question 2: Age



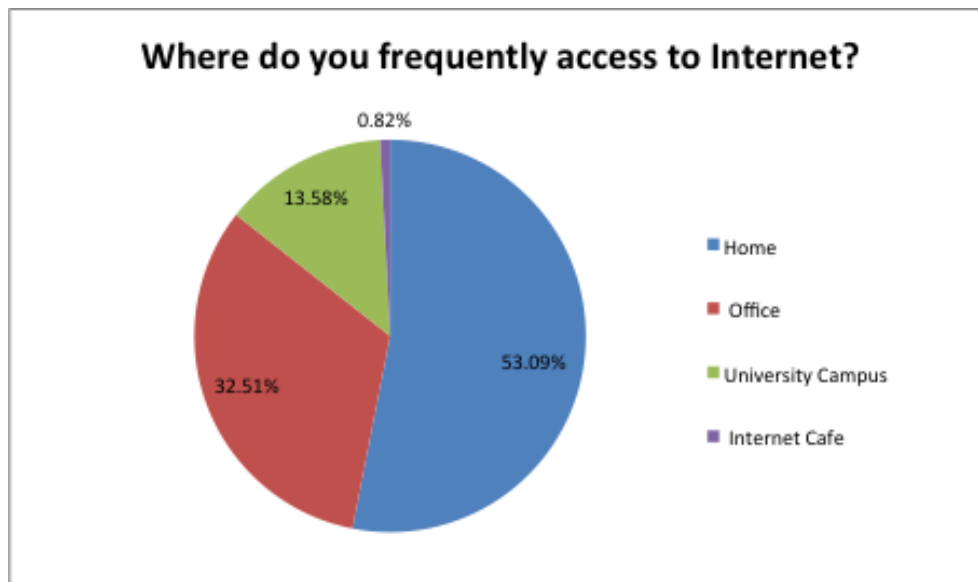
The age structure of the respondents is classified among 5 different ranges where the biggest is concentrated between 21 to 25 years old and followed by 25 to 30. These results again corroborates that most of the respondents are part of the targeted market.

Question 3: Where are you from?



For convenience purposes I decided to group the different nationalities of the respondents among the categories shown in the graph. Belgium has the higher score with more than half of the percentage of the respondents. The other half is distributed among different nationalities from all around the world that stands for the country multiculturalism stated in the PEST analysis.

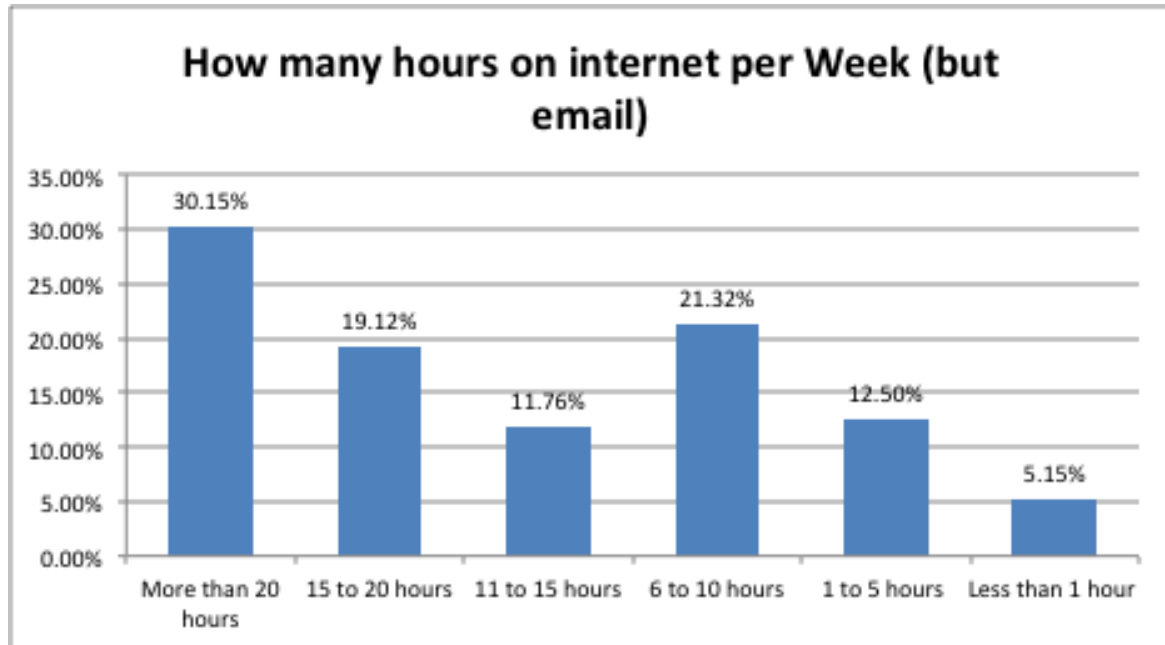
Question 4: Where do you frequently access to Internet? (Multiple choice)



This question demonstrates the level of access to the Internet, suggesting that people in Belgium consumers have access to it mostly everywhere and anytime. This rises up the probability of the e-store to generate traffic. Also, most of the respondents add mobile phones

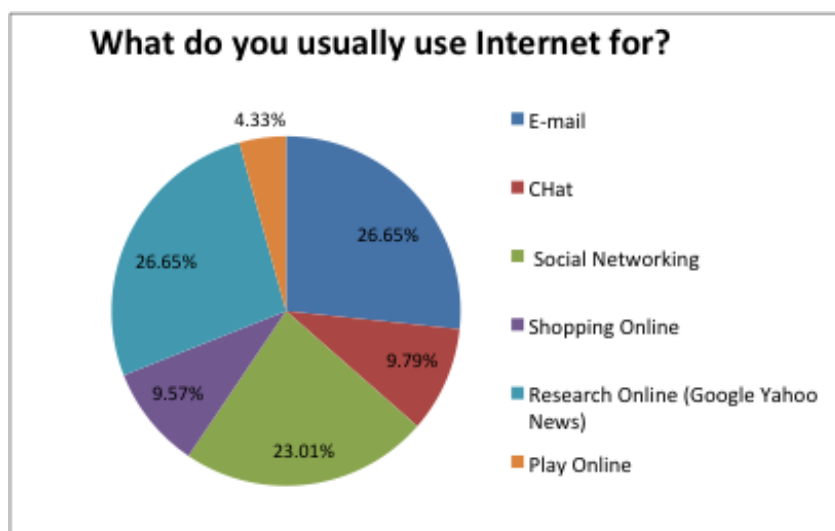
as means for connecting to the Internet, which represents a motivator for promotion strategies using these devices in the future.

Question 5: How many hours do you spend on the Internet? (Per week)



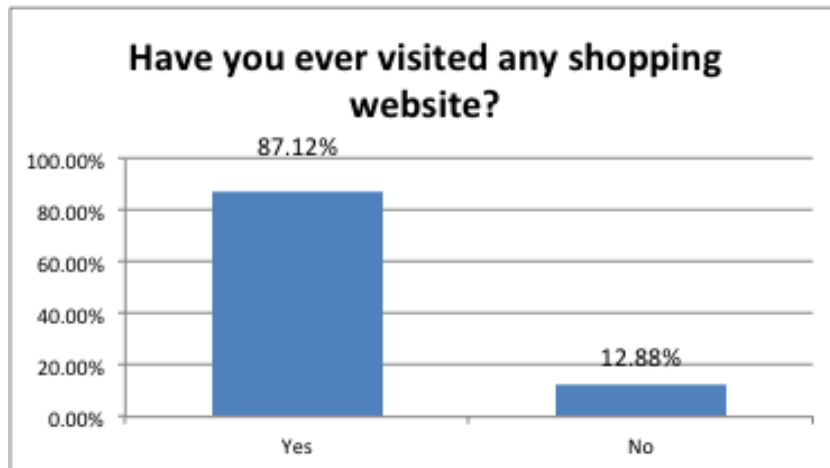
This question is complementary to the previous one because it reinforces the connectivity level of the respondents. Interviewees' higher score is concentrated in "more than 20 hours" connected. This percentage is not very high in comparison with the other options; nevertheless, spending between 6 to 20 hours online is still favorable for the company's traffic and is likely to improve because of the Internet's current tendency to grow.

Question 5: What do you usually use Internet for? (Multiple choice)



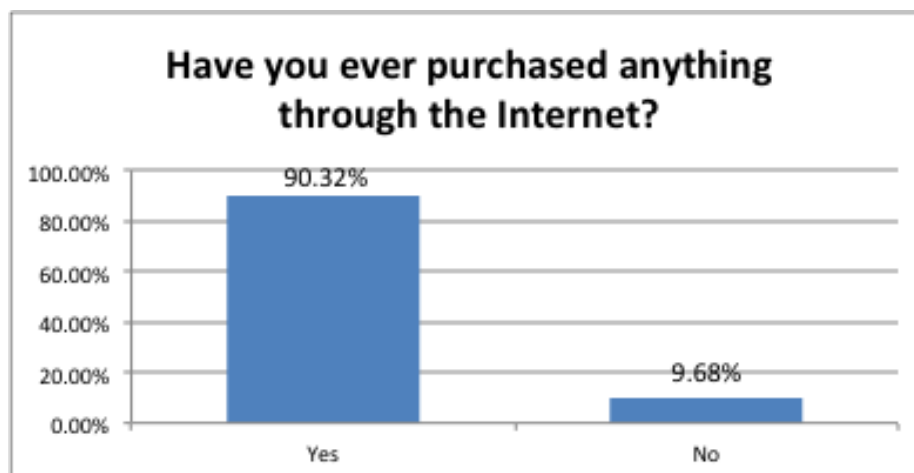
The purpose of this question is to find the channels of communication of the promotion strategies. According to the higher scores obtained, the e-store should concentrate its promotional actions on e-mail, research engines and social networking.

Question 6:



Evidently, this question aimed to find out the familiarization of the respondents with the “online shop” concept. Furthermore, it was requested to specify the name of the online shops visited in case the answer was yes. Amazon and E-bay were the two names that appeared the most.

Question 7: Have you ever purchased anything through the Internet?



Complementary to the previous question, respondents have not only visited an online shop but also realized a purchase online. This high percentage is positive for the e-store as it represents the willingness to buy online and to be comfortable with this new system. This last statement

stands by the fact that in many countries where the use of Internet for shopping is not common, is hard to break this first barrier of getting them to trust it, to like it and finally to use it.

Question 8: Why do you choose to buy online?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Because of the price and quality of the product offered online	31%	36%	29%	2%	2%
Because of after sales service	1%	14%	42%	29%	15%
Because of the ease to compare prices and quality of the products	37%	44%	15%	2%	1%
Because of the wider variety of products found in online shops	42%	36%	20%	1%	1%
Because of the comfort of buying at home	40%	35%	17%	6%	1%

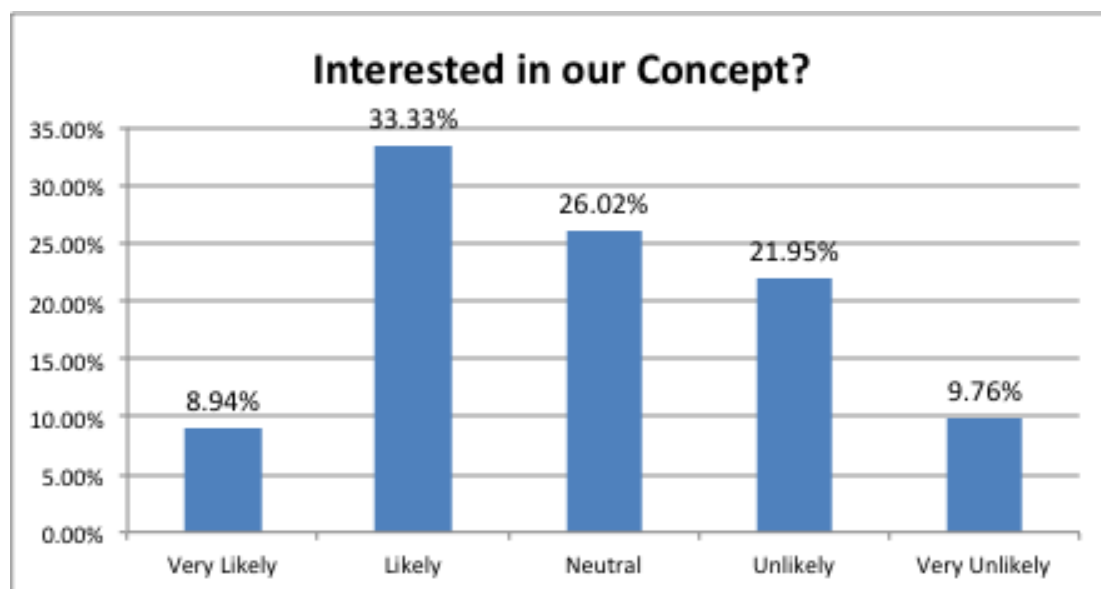
The answers on this table serve as a proof of all the advantages that make people prefer the Internet to make purchases over traditional shops. That is to say, people prefer online shopping because of the ease to compare prices and product quality, because of the wider variety that can be found on online shops and because of the comfort of buying from home. The quality and price of the product is mostly an inherent characteristic the product needs to have in order to be purchased. Lastly, after sales service has a neutral influence according to the respondents.

Question 9: Which is the importance you give to these factors when buying online?

	Very Important	Important	Neutral	Unimportant	Very unimportant
Transaction security	81%	16%	3%	0%	0%
Short delivery period	31%	51%	15%	2%	0%
Sufficient information and explanation about the products	49%	40%	10%	2%	0%
Very well designed and friendly user website	23%	52%	20%	4%	1%

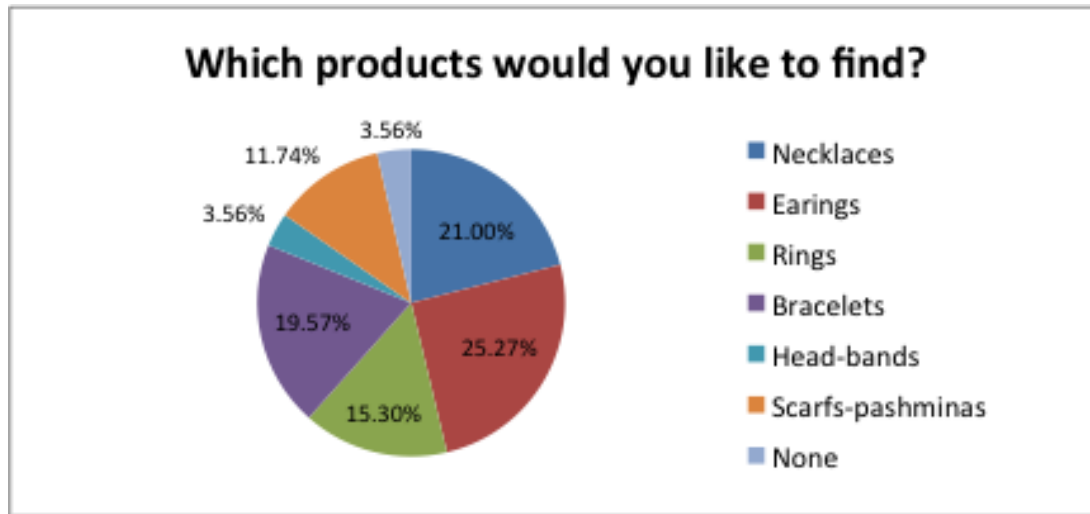
Again, this question verifies what have been stated until now along the document. Therefore, the lector is able to see that transaction security is highly important for method of payment purposes. Regarding the website itself, its necessary to implement a very well designed and friendly user site in which the products will be precisely explained. Additionally, short delivery period is also important but still not as much as the points mentioned right before, this gives the e-store optimism in dealing with the difficulties brought when managing delivery process. All in all, if all this features are covered correctly, the e-store is likely to success.

Question 10: In this question the business idea was introduced for the first time to the interviewees, next, it was asked if they would be interested on it.



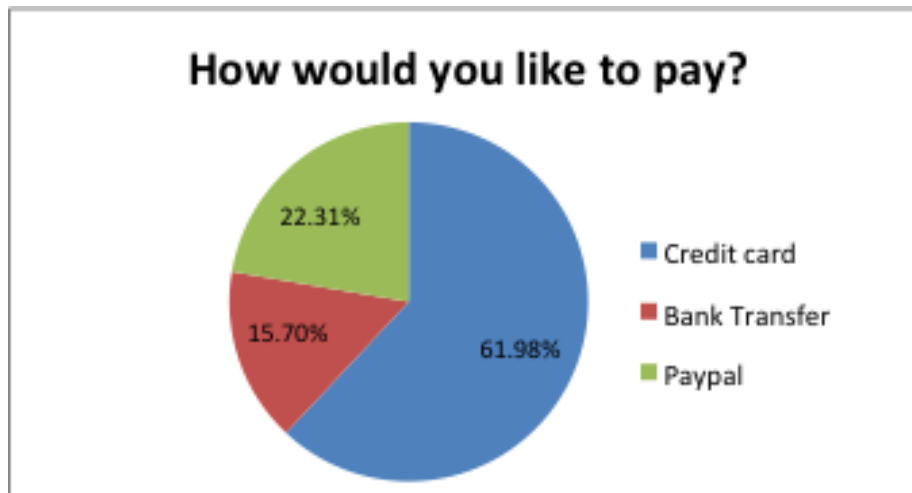
About 43% of the respondents answered they would very likely and likely be interested on the business idea. On the contrary, about 32% would very unlikely and unlikely be interested. Even if the difference between them is just of 10%, the result is still promising for the e-store's success; besides, the 26% that answered neutral have still the potential to be part of the company's customers.

Question 11: Which products would you like to find? (Multiple choice)



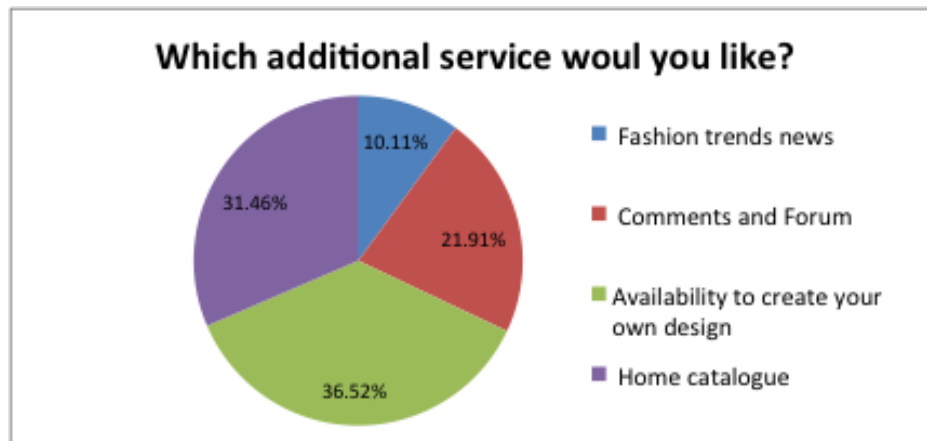
This question was made with the aim to determine the range of products to be offered by the company. The higher scores were for necklaces, earrings, bracelets and rings.

Question 12: How would you like to do your payment?



Question number 12 suggest which should be the method of payment used on the e-store according to the respondents' preferences, being credit card the one with the higher score.

Question 13: Which additional service would you like to be offered?



The last question of the survey entails which should be the additional services to be offered by the e-store, in order to built competitive advantage and increase customer's satisfaction. The availability to create an own design and home catalogue are the most valued by the respondents, which goes along with the positioning strategies mentioned before. Besides, the high score in "comments and forum" confirms what was stated in the cultural analysis of the country about their need of expression.

Taking everything into account, the findings obtained on the survey do accomplish its aims. That is to say, the survey provides information regarding Internet Connectivity and Usage, which fulfill the company's concerns about the webpage generation of traffic and the ease of access of the customers. As well, well-known research engines tools and existent online shops for promotion strategies purposes are established and a first approach to the customer's impressions towards the business idea and their preferences are obtained and used to give shape to the e-store's competitive advantage.

2.4 Marketing Strategies

2.4.1 Objectives

The marketing objectives of the company are divided in five goals that take into account the SMART framework for its formulation; that is to say, they are specific, measurable, attainable, relevant and time oriented.

- ✓ To achieve at least the number of sales that will be sufficient to cover the total costs incurred by the company. This number is given by the Break-even point calculation.

- ✓ To make the company's brand name known and positively perceived by the targeted market by the first semester of its operations, which will be evaluated through Market Research tools.
- ✓ Build relationship with users as evidenced by returns visits to the website and the growth of membership's creation to the site that can be analyzed through "web analytics software" and HTTP cookies.
- ✓ To increase "Worth of mouth" impact, measured by using the "Worth of Mouth Metrics Terminology Framework"⁵¹
- ✓ To transform the current "duty" based relationship with the suppliers to a partnership by the end of the first year of operations.

Is important to clarify that these objectives are mainly oriented to brand-awareness accomplishments because they influence just the activities within the marketing plan and still need to be matched and compared with the general objectives of the company's business plan. Furthermore, numbers haven't been specified yet because I believe that as a start-up company it should first find out the bases it starts with and from there determine the growth of the different variables mentioned. This implies that the company's objectives should be updated and adjusted according to the company's performance after the period of evaluation and when considered necessary.

2.4.2 Marketing Mix

Once the objectives have been defined is time to design the marketing mix strategies to meet them. These strategies are grouped together in the marketing mix of the company, also known as the 4P's analysis.

Traditionally, marketing mix has developed similar strategies for products purchased over the counter; however, in the Internet domain the way to sell products and services has experienced many changes. On this regard, organizations have to transform and/or adapt their traditional marketing strategies into online designed strategies resulting in the creation of an e-marketing plan.

⁵¹ <http://womma.org/membercenter/terminologyframework.php>, visited August 10th, 2011

There have been many attempts in how to merge these two concepts in one single theory that fusions traditional marketing mix and the Internet. According to the article “Principles of E-Marketing” by Otilia Otlacan, “e-marketing mix highlight the traditional marketing mix notion by mediating each of its element with the impacts that the Internet have on their strategy design, specifically in how to build strong relationships with the customers and how to maximize customer service⁵²”

Additionally on the article, Otilia Otlacan explains the e-marketing mix with the following formula: 2P + 2C + 3C, which stands for Personalization, Privacy + Customer Service, Community + Site, Security, Sales Promotion.

- **Personalization:** by means of identifying a certain customer in order to start building a relationship that will allow the company to gather information for offering more customized products. This characteristic can be applied to any element of the marketing mix. For achieving this purpose, the online shop will make use of HTTP cookies in which an origin website send state information to a user’s browser to return the state information to the origin site⁵³. This information will help for later authentication and identification of the customer that comes to the website after the first time. The system will record the user’s preferences, shopping cart storage or anything that it has been recorded during the user’s browsing on the website.
- **Privacy:** understood as one of the biggest concerns for online businesses due to the difficulty of gaining customer’s trust and willingness to share personal information. Thus, it is compulsory that the e-store meet with all the regulations and laws regarding usage of people’s personal information existent in the country and that are explained in the legal section of this document. Specifically, in Article 8 of the Charter of Fundamental Rights of the European Union is expressly stated that every company needs to respect personal data obtained through business activities. Under these conditions, the company’s webpage will display its privacy policy stating which information will be gathered, how it will be used and how it will be kept safe
- **Customer Service:** is connected to the personalization variable that aims to build a strong relationship with the customers. The e-store will cover this characteristic by implementing a Service and Support area on the website in which a phone number and an e-mail address will be given in order to receive questions, complains and suggestions about the company’s products and services.

⁵² [http://ezinearticles.com/?e-Marketing-Strategy:-7-Dimensions-to-Consider-\(the-e-Marketing-Mix\)&id=21976](http://ezinearticles.com/?e-Marketing-Strategy:-7-Dimensions-to-Consider-(the-e-Marketing-Mix)&id=21976), visited on August 3rd, 2011

⁵³ Adam Barth: HTTP State Management Mechanism, University of California Berkeley, USA 2011, p.5

- **Community:** being part of the Internet already creates a community of members interacting independently or influenced by the marketer. Nevertheless, it is necessary for e-stores to create their own communities where people with the same interests are reunited in order to create a feeling of belonging and strengthening the relationship with them. Then, on the e-store's website will be offered a FAQ's list section, blogs and forums for the expression of their ideas. Another useful tool would be the company's fan page (social media) in which customers can also communicate and exchange information.
- **Site:** this stands for the digital location of the company, accessible 24/7 and encompassing the website from which the customer obtains information about the company, products, prices and promotions. Evidently, the e-store's digital location is its website which is accessible from any computer, laptop or mobile phone with access to the Internet. Also, refers to online location that includes any other website where the e-store will place its link for access. For instance, the e-store will place them in Google as it represents the most visited search engine tool.
- **Security:** as stated many times before, this variable is essential for every online business and can only be achieved by implementing safety safeguards and communicating them to the customers. These safeguards include transaction and data security, the former is explained on the e-Price strategy whereas the latter had being explained in the legal analysis.
- **Sales Promotion:** this section is explained below in the e-promotion strategies, influenced by the latest technologies and applications.

2.4.2.1 E-Product strategy

Firstly is necessary to describe the product according to the following dimensions: core, services, symbolic values and image. All of them are relevant because of their impact on the customer's perception that could turn out to be positive or negative. In order to earn a positive impression from the customers, the findings from the market research and customer analysis were used for the product strategy development.

The core refers to the main physical or technical characteristics of the product. For the business idea presented, the product could be described as: High quality jewelry made of either silver, gold or white gold with or without precious stones in the form of necklaces, bracelets, rings and earrings in exclusive designs inspired on the Inca's Empire culture.

Regarding packaging and services since the purchase is made online and a delivery process is necessary, packaging has to meet the requirements for safe shipment. Additionally, a suggestive design of the package that contains the pieces of jewelry will be created together with additional information about the product qualities and benefits in both official languages in the country.

Last but no least, symbolic values and projected image is where the company will focus its efforts the most. By stressing the concepts of uniqueness, quality and Inca's Empire in their promotional strategies, the brand name and the logo need to fulfill these criteria in order to achieve product awareness related to those concepts. Furthermore, for deciding the product strategy and having into account that the company's products offer uniqueness based on the influence of the Inca's Empire jewelry designs and related drawings to their culture, they won't be modified when entering the Belgian market.

The different alternatives for global market entry are⁵⁴:

- **Dual Expansion:** neither change when entering the new market.
- **Product Extension, Communication Adaptation:** product remains the same, communication changes according to the market of entry.
- **Product Adaptation, Communication Extension:** product is modified but communication stays equal.
- **Dual adaptation:** product and communication are modified.

From those, the e-store will implement the Product extension and Communication Adaptation Strategy because the product won't change but due to cultural differences the communication will do. The Communication Adaptation strategy is described in the e-Promotion strategy according to the findings from the cultural analysis of the country.

Regarding Product Life Cycle, the e-store is situated in the Introduction phase because it is a start-up company launching its products and services for the first time. This indicates that the

⁵⁴ Warren J. Keegan, Bodo B. Schlegelmilch. Global Marketing Management A European Perspective. Pearson Education Limited, 2001, p. 385

company will need to foster its communication strategies in order to create awareness of the product's features and benefits.

All what have been mentioned before talks about the product itself; however, when the shop has its location on the Internet the immediate tangibility of the products disappears creating a deficiency for the company. To fight this drawback the company's website will display clear, factual and sufficient information about the products offered, enhancing its features and benefits. As well, products will be shown in good quality pictures with the possibility to see them from different angles and to zoom them in and out creating a "better perception" of the products.

If considered not enough, there would be a customer service number or e-mail where they can find out more information about the products of their interest with an almost immediate answer, as mentioned before on the customer service description.

Concerning the product line strategy, customers will have the option to buy products separately or in sets of 3 elements (earrings, necklace, bracelet and /or ring) according to their preferences.

In general, product strategy aims for differentiation and its biggest tool for achieving it is the given possibility to the customers to create a design according to their preferences. That is to say, the buyer will be able to choose within a wide variety of materials (silver, gold, white gold, dark silver) and stones (color and type), as well as the length and size, matching them together until the desired design appears. At the very end of the process an image of the final product will be displayed and will wait for confirmation before the purchase is completed.

2.4.2.2 E-Price Strategy

Normally, pricing is always difficult and must take into account many considerations such as the costs incurred in the production; the price consumers are willing to pay and the price settled by the competition. In the online world, pricing is not far from this reality, even if many costs that offline shops involve are eliminated.

Moreover, Internet makes pricing very competitive as the customer have access to a great amount of information that allows him to search for the best deal by comparing prices and products. This inner characteristic of the online world has two implications for the pricing strategy formulation: first, it makes it difficult to implement differential pricing strategies

because customers can easily find out if there is price discrimination and object to it. Second, Internet makes differentiation of the products more difficult and therefore there is a tendency for commoditization, where product selection becomes more dependent on price than on differentiating features, benefits and value-added services⁵⁵.

Having said that, is time to describe the most commonly used strategies from offline pricing that are particularly well suited for online pricing strategies⁵⁶:

- ***Penetration Marketing***, the practice of charging a low price for a new product for the purpose of gaining market share.
- ***Market skimming pricing***, introduces new products at a high price that will only attract that innovators and early adopters.
- ***Price leadership***, the lowest-priced product entry in a particular category.
- ***Promotional Pricing***, to encourage a first purchase or repeat business and to close a sale.
- ***Segmented Pricing***, adjust prices according to customer, location or by product.
- ***Negotiation***, bargaining over price.
- ***Dynamic Pricing***, Internet users receive up-to-date price information on demand from product databases. This information may change with time and with use.

For the e-store business' case and taking into account the Internet implications, the pricing strategy to implement will be Promotional Strategy. The reasons why have its origins on creating demand as a start up company in order to encourage first purchases and gain customer's awareness.

I would like to clarify the fact that choosing this strategy is only for the beginning of the company's operations. Regarding to what the company have stood for along the document which is a price/quality relationship, the customer's perception that a relatively high price is a sign of good quality, is what will remain after the first objective have been reached.

⁵⁵ Chaffey Dave: E-business and e-commerce management, Pearson Education Limited 2009, p. 459

⁵⁶ Strauss Judy, Frost Raymond: "E-marketing" 2nd edition, Prentice Hall Inc, New Jersey 2001, p. 165

Complementary, the lower expenses in raw materials and labor costs from the manufacturers in Peru that entails cheaper prices in comparison with the prices from competitors within the European Market, will allow the company to “play” in the field of lower price promotions.

Additionally, it is not only the aim to attract customers but to retain them; therefore, the company’s pricing strategy has a strong orientation in rewarding loyal customers to ensure that they will come back to the company’s website for a stronger reason than a cheaper price. As mentioned before, Internet allows to track visitors making it easy to recognize the ones that have come to the site repeatedly times and to those will be offered special discounts, gifts or additional services. For instance, a home catalogue will be sent to the ones who have either visited the webpage frequently as a bonus for their visits, or that have subscribed for the newsfeed of the company and has expressed their interest.

Lastly, is important to mention the method of payment selected by the company for its transactions over the website. The method selected is credit/debit card payment, where the security of the payment has to be demonstrated beforehand by means of ensuring the potential customers of the risk-free conditions of the transaction procedure.

The method of payment can be described in 3 steps:

1. The billing information will be submitted from the customer’s computer.
2. The information will be taken by the company’s server and sent to its merchant account at a processing bank.
3. Bank will notify the owner of the account of the status of the transactions.

Having mentioned this, I suggest that every e-business should utilize the latest security methods and be fully compliant with major credit card providers’ security initiatives. Consequently, the e-store’s payment method will be certified with a PCI Level 1 service provider. This acronym stands for Payment Card Industry and Data Security Standard (DSS) and is the result of Visa and MasterCard efforts to protect their cardholders’ data and intentions to bring up the highest information security standards for the service providers.

Just by having compliant all the security requirements you can ensure your customers’ trust before they will do an online payment at the company’s website.

2.4.2.3 E-Promotion Strategy

This is the element on the marketing mix that involves the communication with customers and other stakeholders to inform them about the product and the organization⁵⁷. How customers will be informed changes with the new variety of communication tools that the Internet adds to the already existent in the traditional promotional mix. The online equivalents are summarized in the following chart⁵⁸:

Table number 9: The main elements of the promotional mix

The main elements of the promotional mix	
Communication Tools	Online Implementation
Advertising	Interactive display adds, pay per click search advertising, commercials, website
Selling	Virtual Sales staff, site merchandising, chat and affiliate marketing
Sales Promotion	Incentives such as coupons, rewards, online loyalty schemes
Public Relations	Online editorial, blogs, feeds, e-newsletters, newsletters, social networks, links and viral campaigns
Sponsorship	sponsoring an online event, site or service
Direct mail	opt-in-e-mail using e-newsletters and e-blasts (stand alone emails)
Exhibitions	virtual exhibitions and whitepaper distribution
Merchandising	Promotional ad serving on retail sites, personalized recommendations and e-alerts
Packaging	virtual tours, real packaging is displayed online
Word of mouth	viral, affiliate marketing, e-mail a friend, links

Before starting with the e-promotional mix, the first step is to have a recognizable domain name. For achieving this goal is necessary to register the name under the European system, in this specific case with “.be” as for a Belgian domain. Information and registration is done through the following website <http://www.europeregistry.com/domains/domains-be.htm>

Being part of this domain presents the following characteristics:

⁵⁷ Chaffey Dave: E-business and e-commerce management, Pearson Education Limited 2009, p. 462

⁵⁸ Chaffey Dave: E-business and e-commerce management, Pearson Education Limited 2009, p. 462

Table number 10: Domain characteristics

At a Glance

Price	€49 /yr
Requirements	None
Languages	Dutch, French, German
Population	10,511,382
Registered Domains	665,772

Included With Domain

- No setup fees
- FREE Parking
- FREE DNS Hosting
- FREE Web Redirection
- Unlimited technical support

Data estimates current at time of publication

(Source: <http://www.europeregistry.com/domains/domains-be.htm>, visited on August 2nd, 2011)

As shown on the charts above, being part of this domain is not costly and it covers the 3 languages requirement as part of the cultural differences of the country.

After having a domain, the e-promotion strategies need to be formulated. According to “The main elements of the promotional mix” chart, the following strategies were formulated by combining and selecting the ones that will allow to achieve the company’s objectives and goes along with the customer’s characteristics:

2.4.2.3.1 Advertising and Direct Marketing

Advertising can be defined using Kotler’s definition as follows: “*Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services through mass media such as newspapers, magazines, television or radio by an identified sponsor*”.

Conversely, Direct Marketing is defined as the practice of delivering promotional messages directly to potential customers on an individual basis as opposed to through a mass medium⁵⁹.

Evidently, the main difference of both concepts is the extent of their scope. Advertisement attracts a mass audience whereas direct marketing addresses the target market directly with the aim of receiving immediate feedback. Nonetheless, both contribute to the generation of customer’s awareness about the e-store and its products.

On the one hand Advertisement includes media and non-media forms (newspapers, magazines, television, radio, internet, outdoor media and cinema); on the other, Direct

⁵⁹ http://www.investorwords.com/1447/direct_marketing.html, visited on August 23rd, 2011

Marketing includes direct mail, telemarketing, website, online advertisement, direct response and teleshopping.

Because of the nature of the business idea presented on the document, both will be analyzed together based on the fact that Internet is the main channel of communication. By this means, the Internet has a mass media scope as in advertisement but, in my opinion, even if the extent of its reach is vast it should be address its strategies directly to a specific market as in direct marketing.

Therefore, from the broad range of options for advertisement and direct e-mail shown in “The main elements of promotional mix” chart, the following have been selected and merged regarding the e-store’s objectives and survey’s findings:

1. ***Pay-Per-Click Advertising:*** this kind of advertisement is the quickest way to generate traffic to your website. There are many search engines on the Internet in which the company could open an account. Google is the one chosen by the e-sore, not only for its worldwide popularity but also for the benefits it offer for its promotional services.

First of all, the company has free will to create the ads that will appear on the webpage and to choose the keywords for finding the e-store’s location on the Internet. By doing this, the company is addressing the audience that is already interested on it’s products since the ad will appear once the customer had written one of the keywords on the search engine tool.

Second of all, the company can decide how much it wants to spend on this type of promotion and set up a minimum budget for it that will be only paid once promotional results have been obtained. Simply put, the company will be charged once the ad has been clicked and not when the ad has been displayed.

2. ***Commercials:*** on the Internet world, creating and uploading commercials for your company can be free of charge when utilizing tools such as YouTube as the communication channel and Animoto.com for producing a professional video with the minimum effort and a high quality result. Afterwards, social media tools will spread the word and give access to the video.

3. **Direct mail:** according to the results obtained from the surveys, home catalogue as an extra service was highly supported. Therefore, catalogues will be sent to the people who are either repetitive visitors and have made purchases, as a form of reward; or the ones who have subscribed to the webpage and have requested specifically for this service through the contact information section.
4. **Website:** as an online shop the main website is the central means of communication of the company's history, products and services offered and where the purchases become effective. The image and name of the company is presented and everything related to it that could help to build brand awareness and posterior loyalty.

2.4.2.3.2 Personal Selling

Is understood as a face-to-face communication where a seller and a customer interact by sending complex messages about the company's products and receiving immediate feedback. Clearly, personal selling is non-existent in an online shop; nevertheless, I consider that not only the website works as a bonus for the company's in-land promotional activities, but also the in-land promotional activities can be a bonus for the website. By this means personal selling will be implemented in seldom-specific cases, also known as Offline Advertisement in the Internet world. As considered a complementary promotional tool, it hasn't been included on the "Main elements of the promotional mix" chart.

As mentioned, this kind of advertisement will be limited to specific situations such as fairs, festivals and street markets. In Brussels is very common and highly popular to assist to this kind of events and to offer everyone the opportunity to set up a stand for sales. For instance, "Bruxelles Les Bains", "Colour café" and Sunday Street Markets are just three of the many options where the company will make some offline advertisement giving the tangibility feature to its products and providing information about the company and its webpage to the attendees.

2.4.2.3.3 Sales Promotion

This kind of promotion is described as the incentives the company uses with the aim of generate immediate sales. Loyalty programs, samples and free trials, discounts, coupons and

bonuses, premiums and gifts, prize promotions, and point of purchase media are the main techniques.

For an online shop all the techniques are not possible to be implemented; however, there are couple of them that are crucial for the company's objectives of building relationships with the customers:

1. **Loyalty Programs:** this promotional tool is essential for the online shop objectives regarding the increase of repeat shoppers objective. Through this mechanism enduring relationships are built with the costumers that will enhance their frequency of visit and purchase. By this means, the company will offer subscription programs which will allow the consumers to receive catalogues direct to their homes and receive e-mails about the new products on the store or special offers.
2. **Gift Coupons:** this type of gift is very common among Belgians as established on the customer analysis; therefore, the company will implement a gift coupon service in which the buyer will have the availability to give away this coupon to a specific person who will exchange it for something accorded to his/her preference. To give it an extra value, the gift coupon will be sent to the end-user with an appealing and eye-catching invitation via e-mail with the aim of increasing satisfaction.

2.4.2.3.4 Public Relations

PR is a communication method that aims to create a positive image of the company by communicating major information about the company itself and anything related to its activities to the target audience. The tools included on it are publicity and media relations; yet, for an online business it is called Web Public Relations.

WPR is an excellent tool for branding the company's name especially when Social Media sites are the location where to implement them. The business idea presented on this document will create a fan page for the company in which updates about new inventory and sales will be posted. This will help to develop a closer relationship with the customers by interacting with them and getting to know their opinions, suggestions, questions and preferences.

After the main promotional tools have been explained is important to mention that the four of them meet the company's word of mouth objective. When implementing all these communicational strategies and generating the customer's awareness and loyalty, the company is also creating the communication of these satisfied customers to other people about their experience with the company's product and services. This is a very strong and useful tool because it has a high degree of credibility because it comes as a recommendation from someone they already trust.

Sponsorship, Exhibitions and Merchandising were not included on the strategies because, in my opinion, they are more useful for bigger companies rather than for smaller where the promotion activities need to be more specific and focused to the targeted market. Packaging as in virtual tours and its appearance sample is part of the product description section.

2.4.2.4 E-Place

Here is where the biggest difference with the traditional marketing mix takes place. The main challenge for the e-store in the distribution strategy is to ensure that the product will be delivered to the consumer within a reasonable time. This is why e-store managers need to pay special attention in how to design their strategies regarding distribution channels, logistics and supply chain management.

First of all we need to describe which are the options that the company will have for the delivery of its products. From the Global E-commerce Delivery Report 2011 the more relevant where selected and they are as follows⁶⁰:

- **Downloading:** used for digital media products (software, images, music and movies)
- **In-store picks up:** once the order has been made online, the buyer will receive a notification when the product has arrived to the store and is ready to be picked up.
- **Printing out:** this method is used when what have been bought are tickets, codes or coupons. These prints would need to be exchanged and verified that it is used at the right time and place for the specific mean.
- **Will Call (COBO):** stands for In Care Of Box Office where you can buy the products in advance and picking them up right at the event prior to the show.

⁶⁰ http://www.ystats.com/uploads/report_abstracts/809.pdf?PHPSESSID=799a96820f3b4cdf6385442e3b2c9679, visited on August 9th, 2011

- **Drop shipping:** an arrangement whereby an e-tailer, who does not hold inventories, processes orders and requests a manufacturer to ship products directly to the end customers.⁶¹
- **Shipping:** the product is delivered to the buyer's address or the third party of the supply chain.

To justify the delivery processes selected by the e-store is important to remark that as a small business with little experience in International Markets and limited budget, the company will need to focus firstly in the product positioning and branding, in order to create awareness for the company and its products. From this point of view, the e-store will leave the delivery process in charge of the manufacturers as stated on the description of Drop-shipping.

What have been mentioned goes along with the company's logistics, as it is the set of functions and associate with the flow of goods, information and payments between suppliers and consumers⁶². To complement this definition is not only enough by describing the delivery process but explaining the e-shopping procedure.

Accordingly, online shops usually make use of shopping cart software to make the shopping procedure efficient. This software allows the consumer to accumulate all the items he/she would like to purchase during his browsing on the e-store and to adjust the quantities as desired.

Afterwards, payment is the next step that could be done directly or through the customer's already opened account if its not the first time a purchase was made on the company's website. Once payment is fulfilled, an e-mail confirmation will be sent certifying the payment and showing a summary of the purchased items and prices finishing in this way with the purchasing process and lead to the delivery procedure explained above.

I would like to stress the fact that since the main concern on the e-place strategy is to ensure that the product will be delivered to the consumer within a reasonable time, I think that the most effective way to manage it is by developing strong relations with the manufacturers

⁶¹ <http://www.palgrave-journals.com/jors/journal/v61/n11/full/jors2009139a.html>, visited on August 9th, 2011

⁶² <http://www.directessays.com/viewpaper/101122.html>, visited on August 9th,2011

where commitment and trust is created on behalf of the company's reputation and consumer satisfaction.

On this context, the company will implement the following actions in order to build strong relationship with the key suppliers:

- ✓ High rate of direct communication with them to gain knowledge about how they work and be able to assist them where considered needed. For instance, by placing orders in good time, being clear about deadlines, payment and exports regulations.
- ✓ Show interest in them and their activities in order to develop a relation not only based in business but in respect to each other and responsibility.
- ✓ For legal reasons, a contract will be signed to ensure that the requirements will be fulfilled and that the terms of the company and suppliers have been accepted and understood.

Once the strategies had been established, the company has to also determine the methods by which their performance will be evaluated and controlled for further adjustments or redesign in order to better accomplish the company's objectives.

These evaluation and control methods are called Action Plans that are specific tactics for selected strategies. Action plans will be planned in advanced in order to organize the specific modifications in pricing and marketing communications that will influence the product packaging and the site design according to important national celebrations such as Christmas, New Year, Easter and the "National Fete".

3.5 The Site

A whole section is dedicated to the site because of its importance as the location where the company's main activities takes place. By this means the following paragraphs will complement what have already been said about the site, focusing on its performance and maintenance.

There are four areas that are useful to describe the website under this context, it involves the scope of the project, the site development, site promotion and site maintenance.

- ✓ **Project scope:** answers to the question how big of an Internet commitment does the firm want to make?⁶³ The idea presented is a small business targeting a specific niche; consequently, its exposure doesn't need to be too big, yet it needs to be interactive and with extensive content for attracting and retaining its users.

- ✓ **Site development:** here the company decides whether the firm will build its website in-house or outsource. The e-store will outsource its web design because it can take advantage from the specialized agencies' expertise; also, it can benefit from the low cost and high quality of agencies existent in Peru. The firm will hire "Diseno Web Peru" agency, for its Internet Shop Design services that costs 350 dollars and includes⁶⁴:
 - Product catalogue
 - Shopping cart
 - System for online payment
 - Advertising on Internet
 - Dynamic publication of news and articles
 - Flash animations
 - One year support (actualizations)
 - Support in programming – Shopping cart improvement
 - Good quality images and video.

- ✓ **Site Promotion:** this section is oriented on all the tactics implemented by the company in order to attract users to the site, entice them to stay for a while, and bring them back regularly. The following activities will be implemented on behalf of the site's promotion⁶⁵:
 - Selection of a search engine tool, in the company's case will be Google.
 - Use metatags⁶⁶ and keywords in HTML tags to help search engine spiders find the site.

⁶³ Strauss Judy, Frost Raymond: "E-marketing" 2nd edition, Prentice Hall Inc, New Jersey 2001, p. 346

⁶⁴ <http://www.disenowebperu.co.pe/costopaginasweb.html>, visited on August 13th, 2011.

⁶⁵ Strauss Judy, Frost Raymond: "E-marketing" 2nd edition, Prentice Hall Inc, New Jersey 2001, p. 347-348

⁶⁶ Meta tags provide information such as what program was used to create the page, a description of the page, and keywords that are relevant to the page. Many search engines use the information stored in meta tags when they index Web pages - Definition obtained from <http://www.techterms.com/>

- Get the site listed in all appropriate directories (e.g. list of online shops in Belgium)
 - Ask complementary Web Sites to link to your site, such as Elle fashion magazine webpage.
 - Include the company's website address in all offline promotional material and in the company's e-mail signature.
- ✓ **Site Maintenance:** is often expensive since it is estimated that website should change on average every 75 days and sometimes needs to change daily.⁶⁷ There are three different areas that need maintenance: content maintenance, technology maintenance and web site maintenance. For the content, personal of the company are in charge of developing the adequate and up-to-date information of the website. Regarding technology maintenance, it needs to be planned in advance especially if the company is planning on expanding and will require more languages. Finally the web site maintenance will be done by the agency that built the company's website as specified before under the specifications demanded by the e-store in the content and technology aspects.

When these aspects of the site had been covered the company is ready to start its operations and to react according to the changes of the unpredictable Internet world.

⁶⁷ Strauss Judy, Frost Raymond: "E-marketing" 2nd edition, Prentice Hall Inc, New Jersey 2001, p. 349

Conclusions

The Internet has revolutionized the people's conventional way of living. By this means, there have been significant changes in the way they communicate, the way they learn and the way they shop. The speed in which today's tasks are done have become immediate with the Internet's appearance; for instance, paying bills and shopping don't need to be done outside the home anymore. By this means, thanks to the Internet, activities can be done at anytime and anywhere; changing people's behavioural patterns that substantially affect businesses processes and strategies.

This thesis aims to clarify how does business models have changed with the implementation of the Internet by introducing one of its newest e-business models, an "online store" and its following e-marketing plan concepts. Similarly, the thesis also aims to elaborate a project where this e-business model is used to introduce Peruvian products (jewellery) to the Belgian market and evaluate its viability.

During my research important insights related to these objectives were revealed. Regarding the main differences between traditional marketing and e-marketing, the theoretical part of the document brought about that the e-marketing plan involves all the variables necessary for creating a marketing plan with the aggregation of the "e" form to the variables that conforms it. The "e" form is understood as the electronic modifications that the Internet's implementation brings up to the company's processes.

On the practical part, the e-marketing plan is developed aiming to give real form to the differences among traditional and "e" marketing plans and simultaneously evaluate the viability of the project. Regarding the first concern, the section oriented to e-marketing mix is where the differences become more obvious. In order to represent this last statement is only needed to realize the inclusion of a new marketing mix formula that includes concepts never needed before for conventional marketing plans. This new formula added to the traditional "4 P's", the analysis of Personalization, Privacy, Service, Community, Site, Security and Sales Promotion; as complementary variables to transform it into an e-marketing mix.

Regarding the viability concern, an analysis of the macro environment was detailed by using PEST analysis of the country. Complementary, an internal analysis of the e-store is also

carried out by implementing the SWOT analysis; likewise, the evaluation of the competitiveness and attractiveness of the Industry it belongs was carried out by utilizing Porter's five forces analysis.

Similarly, it was carried out a customer analysis and the formulation of its segmentation, targeting and positioning strategies; plus, the realisation of an online survey regarding these customers' online shopping habitudes and attitudes towards the project. With the gathering of all this data I could delimitate the bases for the elaboration of the marketing mix strategies to approach them.

Consequently, I was able to formulate suitable marketing mix strategies according to these findings and to resolve that the e- marketing plan objectives should focus on the creation of brand-awareness, as the company and its products are coming into the Belgian market for the very first time.

Finally, a description of the site's development and maintenance is described as it represents the main channel through which the company will carry out its processes and strategies. In this way, it is established the importance of having development and maintenance tactics for the website, as it will ensure the efficient communication and performance of the e-store.

Generally speaking, based on the environmental conditions and then growth trend of the Internet's usage and its influence in people's live and businesses' competitiveness I can suggest that starting a business with the "e" form adaptation offers many possibilities for success. Although there exist many regulations to be complied and cultural differences to be aware of, Belgium is a country whose openness to the international and interest in fashion and people's appearance also gives promising conditions to the e-store's development.

In my opinion, when finding favourable conditions for the company, the success of its operations relies on the effectiveness of its strategies. If they are communicated accurately to the targeted market and the following awareness and relationship with them is strongly built, there should be no problem for the firm to success in its endeavour. In other words, there exist right conditions in both the country and in its potential customers to succeed. It will all depend on the effectiveness of the e-store's promotional strategies to create consciousness about the e-store and profit from the generation of word of mouth effects.

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