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MODIFICATION OF THE INTERNATIONAL MARKETING MIX IN THE E - ENVIRONMENT

МОДИФИКАЦИЈА МЕЂУНАРОДНОГ МАРКЕТИНГ МИКСА У ЕЛЕКТРОНСКОМ ОКРУЖЕЊУ

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Abstract: *The marketing mix is the fundament of a business strategy in order to achieve the marketing one of manager's aims – acquire new customers and new markets. The international marketing mix, however, is more than a mix of several elements (product, price, place and promotion). It is a very specific “mixture of ingredients” which has to be selected according to each business field. Therefore, to manage marketing components is a very complex and precise process. It requires all factors which influence the main elements of the marketing mix, to be analysed carefully. The results form an adequate and up-to-date marketing strategy. One major factor which influenced the international marketing mix is the emergence of e-business in the economic world. In order to measure the impact of e-business, the transformation of the marketing mix due to the new trends shall be analysed. The object of this*

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paper is to analyse the international marketing mix and to study the transformation of international marketing mix caused by the impact of e-business. The outcome of this analyses examines how the e-business gave its impact to the international marketing mix and the consequences of the modification caused by the e-business.

Keywords: *International marketing mix, E-environment, E-business, Marketing Strategy, New concepts.*

Резиме: *Маркетинг микс заузима значајно место у обради потенцијалне маркетинг стратегије како би се постигао један од циљева маркетинг менаџмента, а то је стицање нових купаца и нових тржишта. Међутим, међународни маркетинг микс се не састоји само од више елемената (производ, цена, дистрибуција и промоција). То је врло специфична “мешавина састојака” који треба да буду изабрани у складу са сваком области пословања. Према томе управљање маркетинг компонентама је веома сложен и прецизан процес. Анализирајући све факторе који утичу на основне елементе маркетинг микса, можемо формирати адекватну и ажурну маркетинг стратегију. Један од фактора који преузимају све већу улогу у формирању међународног маркетинг микса је све заступљеније електронско пословање у економском свету. Како би се одредило утицај електронског пословања, ми ћемо анализирати на који начин се трансформише маркетинг микс под утицајем нових трендова. Предмет студије је трансформација међународног маркетинг микса изазвана утицајем електронског пословања. Циљ овог рада је да испитамо како електронско пословање утиче на међународни маркетинг микс и које су последице ове модификације.*

Кључне речи: *Међународни маркетинг микс, електронско окружење, електронско пословање, маркетинг стратегија, нови концепти.*

1. INTRODUCTION

In the last few years, significant achievements in the science of technologies have changed the world. Lifestyle, communication and work have changed tremendously in order to reach any future aim. Thanks to scientific and technical progress, many sectors such as engineering and information technologies experience revolutionary flourish. As a result of this lots of inventions such as computers, mobile phones, printers, software products are common devises in today's world. These devises entered rapidly the business world and became an integral part of the way commercial activities, sales management and communication is being carried out.

Term ‘e-business’ dates back to the 70s before the Internet and the Web was invented. E-business was being used to establish special financial networks

with new hardware and software developments (Amor D., 2000, p.42). The first precise and specific definition of the term 'e-business' was given by the professionals of IBM. According to them E-business is the transformation of key processes using Internet technologies (Kraev L., Kraeva V., Emilova P., 2009, p.383).

Internet has led to a new direction of doing business and selling online. This new method to sell and buy through Internet became more and more popular among online users, who find it for a convenient and fast way to get the requested information or product/service. As a result, the term E-business is being used for the online commercial activities.

Online commercial activities go further than selling or buying products online (Salova S., 2011, p.11):

- Marketing, sales, promotions;
- Commercial transactions - offering, ordering, delivery policy, payment policy;
- Finance, accounting, insurance;
- Organization of transportation and supply;
- Administration of the business processes;

The E-business also creates new opportunities such as communication, visualization of products, tracking of user actions, making purchases through the online store and entering of new systems for managing relationships with customers (Varbanov R., 2007, p.16).

These developments in information and communication technology have changed marketing communications (Philip Kotler, Gary Armstrong, Veronica Wong, John Saunders, 2008, p.693). This contributes to transformation of the traditional marketing communication policy as it gives more opportunities for development in electronic environment.

The business reaches a new level in its development thanks to the internet. The new trends in that field will give significant impact on the international marketing mix and transform every element of it into a form which will be adequate for the interactive business world. This will let companies build the appropriate basis to be equal competitors in doing international business.

2. MODIFICATION OF THE INTERNATIONAL MARKETING MIX INFLUENCED BY THE E-BUSINESS

The examination of the marketing mix modification, influenced by the e-business, will let us see the transformation of the marketing mix elements according to the innovations in the business world.

2.1. E-marketing mix

The e-marketing mix is being developed by the influence of electronical technologies. The new model called 'e-marketing mix' adapts to the trends occurred by the appearance of internet. The innovations and the Internet, indubitably contribute to the development of the product, placement, pricing and promotional policies with the possibility of future upgrading.

As a part of the overall conception of the e-business, the e-marketing mix and the elements of the electronical marketing mix (e-product, e-price, e-placement and e-promotion) take a significant place in the future development of the marketing concepts focused on the online Consumers.

In the last few years, we can notice how the development of communication and information technology caused a lot of transformations and changes in the marketing tools. This affected all four elements of the marketing mix such as individually components and also as integrated marketing system for management of the marketing mix elements in the electronic environment.

2.2. Changes in product policy

The product is one of the most important elements of the e-marketing mix. It is a combination of goods and services that the company offers to its target market (Terpstra V., Sarati R., 2002, p.90).

But to develop a winning international strategy important decisions related to product, product range and product line using appropriate brands, packaging and servicing have to be taken. This includes a detailed analysing of (Damyanov A., Iliev D., 2005, p.260):

- the product lifecycle,
- the e-product strategies,
- trademark in e-business,
- packaging and labelling,
- warranties and service.

The e-product mix requires its products and services to be suitable for online sales. However, for an accurate planning of the product policy, the company is required to answer to the following questions:

- Who are the consumers?
- Where and how will be realized the product?
- What will be the competitive response?
- What is the market acquiring of the product?
- What will be the product lifecycle?

The e-product mix incorporates e-products and services; complexity, verification and their personification; customer service; product life cycle; product assortment and quality. By applying well-constructed product policy for trade in an electronic environment, the company will provide more opportunities to the consumers such as:

- learning about the benefits of online product or service,
- searching a product category or brand in the internet,
- searching by specific characteristics of products and services,
- conducting testing through a demo or trial (temporary) regimes,
- personalisation and individualization of the product,
- electronically services supporting the e-products.

By creating a value in the electronic environment, the company will improve the value chain with lots of features and services. These were not possible without the innovations in electronical systems and information technology. The new possibilities offer the company to get closer to the potential buyers and satisfy their needs in fast and sufficient way (Daniels J., Radebaugh L., Sullivan D., p. 447).

2.3. Changes in pricing policy

The pricing is one of the main problems of the marketing managers. The key strategic tool is to create value for customers. Companies must take the right pricing decisions when it comes to creating the international marketing mix (Armstrong G., Kotler F., 2013, p. 350).

New technologies and internet change the pricing policy of the companies. The price mix in the electronic environment includes mobile and competitive price; differentiated but non-discriminatory price and non-traditional pricing models. Pricing in the electronical environment excludes a number of expenses, which contributes to lower the product/service prices offered online. Many costs such as rental of a physical shop, transaction costs and salaries of employees are reduced in the online stores.

Internet allows the consumers to buy and acquire the necessary goods at the best price by one click on the website. Because of the transparency of the online market, e-sellers need to be more aware of price comparisons by consumers among different web shops.

There are websites providing information about where is the most advantageous price for a product or service. They are able to apply two models for alternative pricing such as:

- Differentiation: Price tiers show give a lower unit price as the desired quantity increases, depending on the status of the buyer and availability of products.
- Auctions, which can be organized in various forms such as declaring initial cost and limited validity in the time. The betting for a product is consistently, clearly and freely. It continues until only one buyer is able to buy the product.

Applying e-pricing can give the opportunity of rewarding loyal customers. Loyal customers are rewarded with discounts, free items or special promotional offers. This will motivate not only the loyal customers but also potential new buyers.

In e-commerce payments are being done convenient online. Examples are by credit card or PayPal (online payment platform). However, online payments are vulnerable for fraud and online attacks by computer hackers.

The new technologies and the Internet give a significant impact on the mobility and competitiveness of price. They contribute for the introduction of non-traditional pricing models in an electronic environment where the users seek and receive information about prices, avoiding taxes in cross-border transactions and reduce the intermediaries in the commercial activities. New forms of creating value appear in the electronic environment such as adding value through services based on information and comparisons.

2.4. Changes in the distribution policy

The introduction of internet in the business world has given its impact on the distribution policy as well. New distribution channels are being developed to minimize physical barriers and restrictions.

Technological developments in communication are causing a change in the existing distribution practices for the design of the e-channels, the multichannel distribution and distribution databases. New direct electronic distribution channels and intermediary channels are being formed which are made of specialized electronic intermediaries.

Now, the change in the technologies cause that there are three basic models of distribution – e-distribution, electronically distributing of information and physical distribution of products through traditional channels or a combination of these models. The combination of several channels becomes a

process, leading to form an effective system of distribution channels to build a policy focused to increase the efficiency in the distribution process.

The electronic marketing channels are a new opportunity for the products to reach the potential customers. They are getting more and more used in the practice. By the electronic futures, Internet provides access to products for making request, purchase and online transactions.

Developing systems for database management are very useful for the optimal performance of business processes in the web. They represent a set of data structured in a way that allows easy and fast definitions, alteration, retrieval, renovation and maintenance. These databases are used to support internal operations of organizations. Their main task is to be the link between customer and seller. Additionally, they are used to store administrative information or information collected in web pages. The utilization of this set for systematic data on the Internet implies the development of a well-organized web shop. This includes ensured online ordering, performing payment transactions, on-time delivery and quality service.

Many companies are using systematic databases for optimizing their websites and web shops, making it more convenient for customers to buy online products and services. Databases track the shopping process of the customer and collects information about their behaviour as well as the products they buy. Additionally, stock availability and order tracking are being controlled in databases. These systems build a properly organized network for online shopping and penetration of Internet among business activities. The advantages of using electronic channels are:

- Reaching a larger number of users without geographical limitations;
- Achieving better segmentation of the market; high speed of information exchange;
- Communication with users at a lower cost compared to traditional channels;
- Implementation of a continuous exchange of information due to lack of time constraints;
- Lower barriers for starting.

There are also a number of disadvantages in terms of accessibility problems for many consumers; security problems of the participants; problems in communication and difficulties in the payments. Electronic distribution channels can be defined in two types of distribution:

- single-channel which can be used only in very narrow product specialization,

- multichannel - when the company uses more than one distribution channels. It is often used among the companies trying to be reachable by multiple target groups.

Examples of using multichannel distribution can be observed more and more among the businesses. Traditional retailers are adapting their business strategy and more often offer their products online as well as in their physical stores.

2.5. Changes in promotion policy

The promotion includes all methods of communication used by the marketing manager to provide information about a particular product or service. The scope of the communication mix includes mobile and integrated promotions; sustainable promotions and promotion of e-channels. The communication policy in e-marketing emphasizes the individualized message to the user who can choose the information which he needs to get, when and in which intensity.

Most companies have a web page or website with the aim to inform their visitors or make it possible to sell online via the website. Additionally advertising banners can be placed on other websites to direct visitors to the company's website. This is a common form of e-promotion. Banner ads should be placed on pages that are frequently visited by potential customers. This will increase the chance to promote among a wide audience of users.

By the information technologies, the people increasingly use the opportunity to discuss a purchased product, to express their opinion or recommendations. This kind of behaviour to distribute product information via the Internet is obvious informal communication between customers or people social engaged to create movement and dynamic among the other users. Therefore, the communication opportunities offered by the Internet play an essential role in maintaining the public relations of the company.

One of these opportunities is direct e-mail which can be send to the e-mail addresses of customers who have purchased a product once. These e-mails are electronic flyers which include information about the newest promotions. The customers receive a proposal to the customer to subscribe that he or she would like to get the most advantageous offers by mail and new messages about upcoming products or services.

These newsletters are being send to hundreds of respondents, hoping that most of them get interested. The problem is that the success of attracting customers by this method is minimal as most of the time only a small

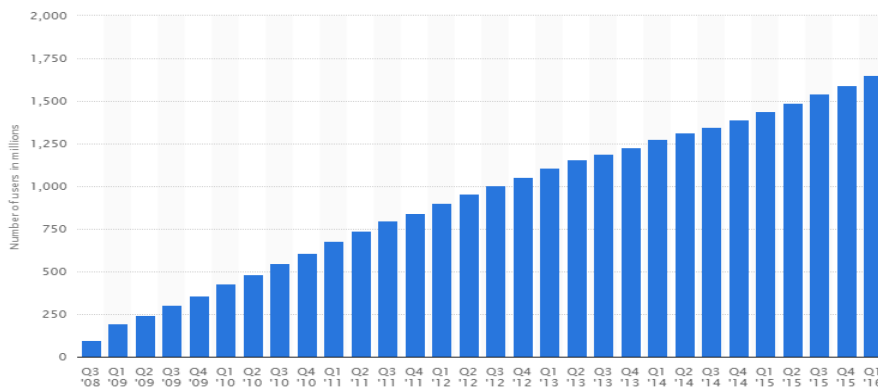
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percentage of them are interested. Since, not every customer is pleased with receiving newsletters from different web shops all the time. Sometimes direct e-mails are being send to people who haven't purchased jet. However, companies trade e-mail addresses in order to mass send unsolicited messages with advertising content. These kind of direct e-mails are known as SPAM and are highly unwanted by online users.

Another way to interact with the customers is the use of Social Media. This allows companies to communicate directly with their customers and potential customers, and collect useful data from their social media profiles. The social network sites like Facebook, Twitter, Instagram and Google Plus are popular tools in the electronic environment.

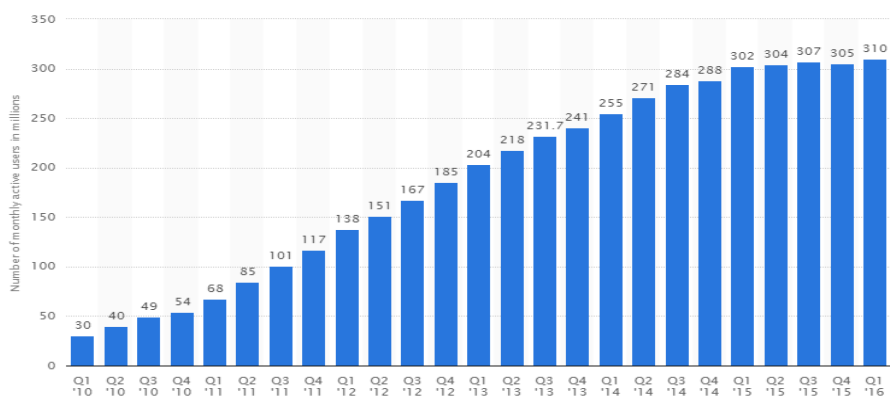
Many people are most of their time online on smartphones, tablets and similar devices, which have easy access to social network applications like Twitter and Facebook. In this way companies can receive many useful information about their followers in these social media. Facebook gained great popularity among Internet users. According to statistics for the first quarter of 2016, it reached 1,654 million daily users (Figure 1). On the other hand, Twitter also marks an increase in the number of users as it reached 300 million people for the first quarter of 2016, with potential for further growth (Figure 2).

Figure 1. Number of active Facebook users in the world, on a quarterly basis from 2008 to 2016 expressed in millions people.



Source: <http://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide>

Figure 2. Number of active Twitter users in the world, on a quarterly basis from 2010 to 2016 expressed in million people.



Source: <http://www.statista.com/statistics/282087/number-of-monthly-active-twitter-users>

The benefit of using social networks is that companies can update information with customers in real time and unlimited. The business world is very competitive and if a company wants to survive, it must apply the activity of their target market. If the target markets include users of social media, the strong presence of the company is essential. The renovation of information, regularly checking and replying to messages from followers, allows to the users to feel closer to the company which is important point in building trust with the customers and potential customers.

The communication technologies and their continuous development affects the elements of communication policy by advertising, sales, public relations and personal selling. The change, which we notice by integrating Internet technology is related to e-mobility, sustainability, integration and interactivity for the future connection with the customers.

This results into transformation and Pull strategy based on innovations in the multimedia and interactive communications. Examples are mass advertising, referrals to other web pages, managing customer relationships and sales promotions, with the aim of getting the customer's attention and moving them to buy products and services.

2.6. From e-marketing mix to S.A.V.E. marketing mix

The e-marketing mix is becoming an important part of the marketing strategy. By applying e-marketing mix, Internet and Social media become significant components, which are necessary when forming the future marketing strategy. For marketing managers it is essential that their current marketing

concepts are optimized and up to date to the new technologies which take major place in the business processes nowadays.

The proper analyses of individual marketing mix elements and their transformation by the Internet, will let us optimize the marketing mix. The e-marketing mix offers more possibilities and can reach target markets and customers more effectively. Implementation of Internet and Social media in the marketing activities results into the development of new models. Quick responses from the customer needs and their satisfaction bring input to configure and adapt the marketing models. This is the reason why marketers are changing their principles and plans to create a new model of marketing mix - S.A.V.E. marketing mix.

This new model of the marketing mix is developed because of the widespread use of the Internet, which request marketing managers to reconsider the 4P model. Because of the antiquity of the traditional 4P model, they decided to renew the marketing mix. Eduardo Conrado, marketing director of Motorola and author of the research Harvard Business Review came up with the solution to optimize the traditional marketing mix and make it useful in today's business environment. According to his 5-year study, the traditional marketing mix restrict marketers, which requires optimization and updating of traditional marketing mix.

The S.A.V.E. model will replace the 4 P's with expectations to become the new trend among marketers worldwide.

The focus of the new model aims on Solution, Access, Value and Education. The elements of the new marketing mix are directed to Solution Instead Product, Access instead of Place, Value instead of Price and Education instead of Promotion (Table 1).

Table 1. E-marketing mix to S.A.V.E. marketing mix

International marketing mix	E-marketing mix	S.A.V.E. marketing mix
Product	E-products and E-services	Focus of the Solution, Instead of the Product
Place	E-channels for distribution	Focus of the Access, instead of the Place
Price	Non-traditional pricing methods	Focus of the Value, Instead of the Price

Promotion	E-promotion tools	Focus of the Education, instead of the Promotio

Source: prepared by the authors

The examination of the decision, access, value and education guides the way of transforming the international marketing mix from e-marketing mix into S.A.V.E. marketing mix. This presents the impact of new technologies for doing business and its influence on the marketing mix elements.

3. CONCLUSION

The technological development which we notice in the last years has resulted into revolutionary changes in the information technologies. The integration of various information systems for the business processes has contributed for rapid and efficient customer service, optimizing of the marketing operations and better communication with both - customers and business partners.

The entry of the new technologies and Internet in business processes has changed the traditional thinking of marketers and their strategic concepts. They optimized the marketing mix elements to new level based on the Internet penetration and electronical environment. This transformation of the e-marketing mix has resulted into the new vision called e-marketing mix (e-price, e-place, e-promotion, e-product). Despite this optimization, the companies should focus on those factors that are more important for the disposal of e-marketing mix and business activities online.

Because of the Internet penetration and growing number of the online users, companies have to focus on elements necessary for successful online trade. This has led to a new upgraded model of the e-marketing mix specialized for the online activities of the companies - S.A.V.E. marketing mix. Therefore, the focus of the marketing managers has to be aimed for acting in e-environment. Hence, their strategic thinking has to be concentrated to the Solution instead of the Product, Access instead Place, Value instead of Price and Education instead of Promotion.

These changes in the marketing strategy are necessary because the nature of the online environment and the importance of well-informed potential customers for the product quality, solution for their needs and problems, easy access and timely delivery when making an online purchase. All these changes in the community and companies in technological aspect, contribute

a significant impact on each element of the marketing mix and its modification to new model according to the trends in the marketing concepts through the marketers worldwide. Applying the upgraded and optimized models of the marketing mix will result into being an equal competitor of doing business on national and international level.

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