

## **INTEGRATED MARKETING AND E-COMMERCE**

### **Abstract**

In the present article the research problem is to analyze how the e-commerce interacts with new marketing models, including integrated marketing. The aim is to find out possible ways of evaluation of interactive marketing integration in a company and effectiveness closed by it. The author concludes that it is important not to talk just about integrated marketing communication, but about integrated marketing, especially in small and medium sized enterprises. E-commerce stimulates practical value and economic effectiveness for marketing integration in a company.

**Key words: integrated marketing, interactivity, e-commerce, development, effectiveness.**

### **Introduction**

Over the past decade the business environment has become increasingly dynamic, reflecting the global trend of economic liberalization. There are many important changes caused by external circumstances in Latvia, the Baltic States as well as in Europe. We can observe changes in marketing theory and methods awoken by development of technologies, especially information and telecommunication technologies. Thanks to e-commerce there are possibilities for companies to use marketing for communication with customers. Nevertheless there is no unified point of view about meaning “integrated marketing” and “interactive marketing”. Also there are difficulties to analyze level of marketing integration in the organization as well as quality of interaction between organization and its customers.

There is lot of publications about integrated marketing communications worldwide, but lack of information about integrated marketing and definitions according to it.

The idea of integrated marketing is usually a campaign in which advertising, promotion and direct marketing all speak with the same voice and present the same image. This is a narrow view: it is more coordination than integration. The basis of integration of marketing is the customer relationship, not creative execution. [2].

Integration does not stop within marketing but applies to the whole company, with every employee’s contribution expressed as contribution to the customer relationship. Sales promotion becomes relationship-building [2].

Form the author point of view nowadays it is very important to integrate marketing in whole organization. It is easy to do if we talk about small or medium size enterprises. According to the statistics there are more than 99% SME’s in Latvia [3] , as well as in the Baltic States. Small or micro enterprise could not afford to use mass marketing for brand development (lack of financial resources) and it have to be very creative to reach popularity in local of global market. In this situation integrated marketing is very good solution.

According to the author point of view there are also a lot of positive to be small in the market. Small companies:

- Are more flexible and can easily react to changes in the market,
- They often are more efficient in resource allocation and utilization,
- The information flow inside of company is not so complicated, and so on.

Nevertheless, author has to acknowledge that the process of decision making very often in SME's depends only on general manager who often is owner of the company, but integration of marketing in a company - on knowledge and skills of one person.

The aim of research is to clarify these meanings and to show interaction between e-commerce and integrated marketing in organizations. Scientific task of the research is to define integrated marketing and recommend it for practical applying to the business.

The author employs well-established quantitative and qualitative methods of research: grouping, analysis, synthesis, etc.

## **Major research results**

Pearson in his researches had described that integration depends on relationship strategy what has three elements:

- Build the brand by building customer relationships;
- Manage customer contact to enhance the total brand experience;
- Generate return on investment from customer lifetime value.[2]

At the highest level, successful marketing planning is integrated marketing – the coordination of all marketing related activities through the firm to produce the synergy. Synergy means that the impact of the integrated marketing plan is greater than the effect of each function carried out independently.

There is a practical reason for integrating the functions in planning: they overlap. For example, everything an organization does send a message. [2].

For integration of marketing in whole organization company can use various tools, for example – E-commerce. As we know E-commerce covers matters arising from all relationships of commercial nature, whether contractual or not and consists of two parts – Electronic Data Interchange (EDI) and open e-commerce. Electronic Data Interchange means the electronic transfer from computer to computer of information using and agreed standard to structure of information. EDI is often used for business-to-business. Open e-commerce can be structured in two parts: mail and communication (like e-mail, chat, telephony etc.) and business-to-consumer relationships [4].

According to Eurostat data, 42% of households in Latvia had internet access at 2006. The share of inhabitants that had ever used internet during the last 3 months was 49% in the beginning of 2006, while 38% of inhabitants used internet on a regular basis. At the beginning of 2005/2006 academic year, all higher educational establishments and colleges, 98.1% of professional education establishments and 99.9% of comprehensive schools had computers, while all higher educational establishments and colleges, 97.1% of professional education establishments and 93.4% of comprehensive schools had internet connection. Number of computers per 100 students was 5.4, while the number of internet connections amounted to 3.7 per 100 students.

In 2006, 40,2 % of households in Latvia had computers and 42% had access to internet at home. Main reasons for inaccessibility of internet were the following: equipment is too expensive, there is no wish to use internet, usage fee is too high, internet is available elsewhere, and there is no sufficient knowledge [5].

In the middle of 2005, only 6.2% of Latvia's inhabitants shopped online. At the same time, the number of credit cards in Latvia exceeded 1 million in 2005, and 15.6% of population used e-banking services. This points to the huge

potential for development of e-commerce, which remains unused because online payments are offered and made by relatively small number of Latvian companies – 3.8% of companies have purchased online, while only 3.3% received online payments. [3].

Currently e-shopping reaches 1% form whole sells turnover in Latvia and it is approximately 27.6 million Lats, but experts forecasts that the turnover in next three or four years will reach 5% of total sales volume. According to Ernst&Joung Global the topmost goods in e-commerce are flowers, presents and jewelries.

E-commerce could help to create interaction among company and its customers. One of e-commerce tools for this reason is Customer Relationship Management (CRM). By using e-commerce company can build customer relationship, can contact to customer and also work more effectively.

But logically there is a question - how to measure or evaluate integrated marketing?

For evaluation of integration level the author offers to name objective and subjective criteria. For example, integration of marketing in the company could be measure by such criteria as:

- Number of company hierarchy levels;
- direct/indirect influence of employee to development (production) of product (service);
- number of direct/indirect contacts with customer;
- Level of enlightening about products (services) and customers (their needs etc.).

Interactivity also can be measured by:

- Customer feedback (*subjective*);
- Dynamics of regular customers (here we can develop table with coefficients) (*objective*);
- Brand popularity in the market (increases slowly, simultaneously with growth of company size or spontaneous under specific internal or external circumstances), (*objective/subjective*);
- Data base size, it structure, etc.;
- Information flow in a company and other parameters.

The enterprise from the process of communication with customers expects maximum benefits. Therefore it is important to evaluate possible efficiency of communication, but it is also important to guarantee customer satisfaction what will affect the profitability and status of the company in the future.

The efficiency of information flow in e-business generally could be described by formula:

$$E_{ECM} = f(CS, SV, C_{CCA}) \rightarrow \max \quad (1)$$

Where:  $E_{ECM}$  – Efficiency of information flow in current e-comemrce model;

CS – Customer satisfaction,

SV – Sales volume to potential customers,

$C_{CCA}$  – Coefficient of communication channel activity.

A coefficient of communication channel activity depends on e-business model, dynamism of channel and specific characteristics of information. This coefficient could be outline as following function:

$$C_{CCA} = f(M_B, D, I_C) \quad (2)$$

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2. Steps to Competitiveness. Glossary [Electronic resource] / Canada's Business and Consumer Site - Read on 15 of August, 2006 – [http://strategis.ic.gc.ca/epic/internet/instco-levc.nsf/en/h\\_qw00037e.html](http://strategis.ic.gc.ca/epic/internet/instco-levc.nsf/en/h_qw00037e.html) [4]

Where:  $M_{Bc}$  – Business model of a company;

$D$  – Dynamism of communication channel;

$I_C$  – Special characteristics of information.

## Conclusions

In the course of the research the author concludes that integrated marketing interacts with e-commerce and integration of marketing would help a company to work more efficient. However, the field of research is very wide and this research were just insight in large amount of different questions what have to be solved in strategic development of small or medium size company. Therefore the author recommends continuing researches in this field with an aim to have scientific and practical results.

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