

DISTRIBUTION AND INTERNET

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1 Distribution on the Internet

Distribution, simply put, is the way products, goods or services, are delivered to customers. Trading over the Internet often completely changes the meaning and method of distribution. Internet allows us to mediate transfer of goods and services from production or storage facilities to a place of consumption quickly and easily. Customers can buy goods anytime, anywhere from anywhere. Internet may in this case act as a distribution channel or as a place of purchase.

- Internet as a distribution channel

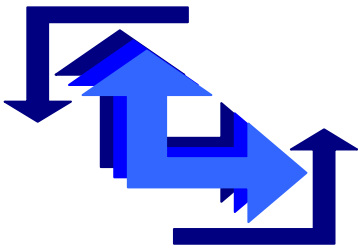
Here, the internet is used for direct delivery of products. This regards products in electronic (digitalised) form. The most common are different kinds of software, information (news, sports, media, books, newspapers, magazines, etc.), entertainment (videos, music, pictures, but also erotica and pornography). Such distribution has advantages but also disadvantages. Blažková [1] and Stuchlík [6] describe its advantages and disadvantages in their books in detail.

Advantages include: very short delivery time, undemanding transport, lower storage and transportation costs.

Disadvantages may include: absence of personal contact, the need for technological equipment, the need to adapt products to the required digital form and size.

- Internet as a place of purchase

Online distribution is limited to intangible products only. However, most vendors sell tangible products. Here, the Internet acts as place of purchase and physical delivery will take place by other means. In most cases, products are delivered by mail or a courier service (e.g. UPS). In this context Blažková [1] states that, “We are talking about the integration of distribution channels (channel integration), i.e. a company uses traditional means – its own shops, distribution intermediaries, as well as the Internet.” Tangible products, such as dry goods, food, books, music (CD/DVD discs), pharmaceuticals, electronics, furniture, etc. can also be bought online.



The following are main advantages of online shopping: continuity – an e-shop is open 24 hours a day and 7 days a week, goods tend to be cheaper comparing to brick-and-mortar shops, we can shop from anywhere (connected at home or in a cybercafé, etc.). Because we are connected with the world, we also have access to foreign e-shops, it's much more comfortable with up-to-date information and without being coerced by seller.

Disadvantages may include: longer delivery time, mistrust to paying in advance, lacking physical contact with the product.

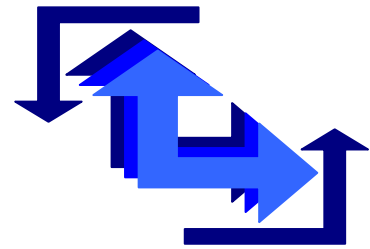
2 Online selling

At present, Internet sales through online shops forms an inseparable part of large but also medium and small businesses. We can find a myriad of online stores that advertise and offer their products on the Internet. Internet shop, or e-shop, is created using web presentations, which allow us to display these electronic shops. This type of trading has become hip and trendy. It had been created, developed and is still developing hand-in hand with the development of information and telecommunication technologies. At present, many companies would not go without this type of trading. They would not be able to spread information and news about products they offer quickly and inexpensively. And as Suchánek [7] argues, they also would not be able to communicate with customers and purchasers.

In his latest book, which also deals with sale via the Internet, Suchánek [8] lists various benefits of this trading:

- Electronic commerce accelerates the circulation of documents required for ordering. Internet is faster than snail mail.
- It also allows to send required documents and to pay using internet banking, which can shortens arrangement time from weeks to few minutes.
- Employees do not need to re-record data, which reduces costs of their work, but also recording and archiving is becoming clearer.
- Another option is to link production lines with ordering of the material, i.e. JUST IN TIME delivery, reducing costs of unnecessary storage.
- Very easy and inexpensive access to world markets.
- Companies can more effectively implement their products to market, adapt to market and increase their competitiveness.

Suchánek [8, p. 26] in his book, *Podnikání a obchodování na internetu* (Business and commerce on the Internet) further defines e-commerce to be “trade, in which communication between its participants takes place entirely or partly by means of



computer networks, their accessories and telecommunications (electronic information and communication technologies).”

To sum up, electronic business is also termed as e-business and electronic commerce is known as e-commerce.

In the past, companies were creating web-sites to promote their products and present themselves. Of course, this is the case today as well. Many businesses use these sites for this purpose but also for electronic commerce and the search for new business partners. The most general division of electronic commerce is as follows: B2C (Business to Consumer) and B2B (Business to Business).

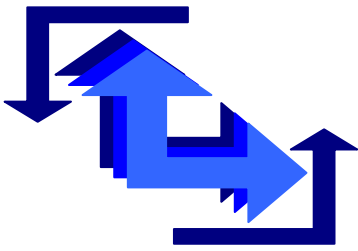
B2C

The abbreviated name of the Business to Consumer expresses the relationship between enterprises (businesses) and customers (end users). It is thus retail sales via the Internet. Development of this business is related to continuous improvement and advancement in technology, and also to distribution of Internet connection among people. In his book, Chromý [2] describes the course of such commerce as follows: Customers are viewing web pages of an online store (e-shop) of some company. They can view a product on photos or videos and learn about its parameters and price. The good thing is that customers are not pushed by anyone and they have the opportunity to compare products with competition. When customers decide for a product, they place it in the cart. Just as in brick-and-mortar shop, they can take goods out of the cart and put them back. Then they find their way to cash register without a cashier and chose method of payment and delivery. After registering data required for the delivery they can check their invoice once again and authorise its accuracy via an e-mail that they entered. After this procedure, physical delivery follows.

B2B

Abbreviated term Business to Business is a relationship between two companies (producers). It is a trade aimed for further business. Authors Chromý [2] and Suchánek [7] expressed similar positions in their books that we merged together as follows. Relationships between these entities are carried out automatically during trading. These data are exchanged via electronic technologies. This can be understood as transfer of information via e-mail or at best via a web interface.

The difference between B2B and B2C trading is in that the sellers know their customers in advance. Usually, they are purchasing companies, which have predetermined terms and conditions. As an example, we could use electronic market



that designed for registered users only and such users can order the delivery of spare parts, components, and the like.

Another type of business relationship is C2B (Consumer to Business) and C2C (Consumer to Consumer).

3 Subject, aim and methodology of the research

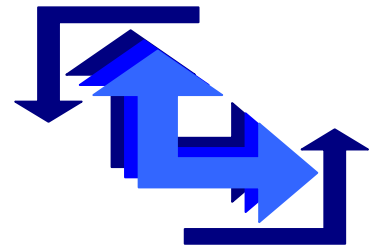
During 2010, a survey concerning operation e-shops (virtual e-shops) operating on the Slovak market was carried out by authors of the paper and their colleagues. Operators of Slovak e-shops in different regions, but also operators of various foreign e-shops, who have chosen to operate on the chosen market were approached. Basic information about the research together with a reference link to the electronic questionnaire were sent via e-mail. The total number of approached e-shops engaged in selling various kinds goods was 1 222.

The main objective of the survey was to identify and analyze various information concerning the operation of e-shops. The research was aimed at collecting data about e-shops, concerning the target group of their customers as well as important information about their "current" normal operation. Among other objectives was to find ways to ensure the shop in terms of transport and storage. The research was carried out via an online questionnaire which allowed quick and easy data collection. Processing of the collected data was performed automatically using the above mentioned specialized domain or Microsoft Excel. The survey was cumulative. The target group was limited to e-shop operators operating on the Slovak market. The total number of respondents who were willing to complete the questionnaire was 89 and none were excluded. The participation of the approached 1 200 sellers is surprisingly low.

Hypothesis has been established within which it was expected that most e-shops operators prefer to have their own storage facilities in combination with their own expedition.

4 Results and discussion

First, it is necessary to provide few statistical data of the given research. Research titled "Operation of E-shops in the Slovak Republic" was conducted online via the dedicated domain designed to create online questionnaires, which was online 168 hours. Respondents - e-shop owners - were contacted directly by e-mail message



with basic information on this research, as well as a redirecting link to the online questionnaire. Due to collecting valuable data the research sample was apportioned among different categories of e-shops. Because of the relevance and importance of output data, it was possible, from the point of view of protection, to complete the questionnaire from one IP address of a particular computer only. The following facts have been found based on the completed questionnaires:

Sales target group

Focusing on a specific sales target group is an important indicator. The most frequent type of sale to the general public among the approached e-shops is B2C with 57.3%. The second most common type of sale is B2C sale as well as B2B - that is, sale to firms. Both types of sale are carried out by 38.2% e-shops. The sale oriented at companies only is carried out by only 3.37% of the participating e-shops and one e-shop does not use neither B2B nor B2C type of sale, but it sells to a different unspecified target group.

Table 2 Sales target group

Answer	Number	%
B2C - sale to the general public	51	57.3
B2B- sale to companies	3	3.37
Both types of sale	34	38.2
None of the above	1	1.12

Source: [our own data]

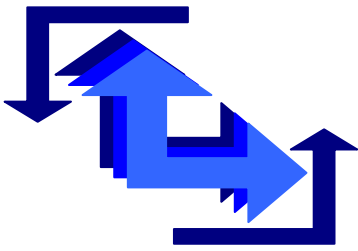
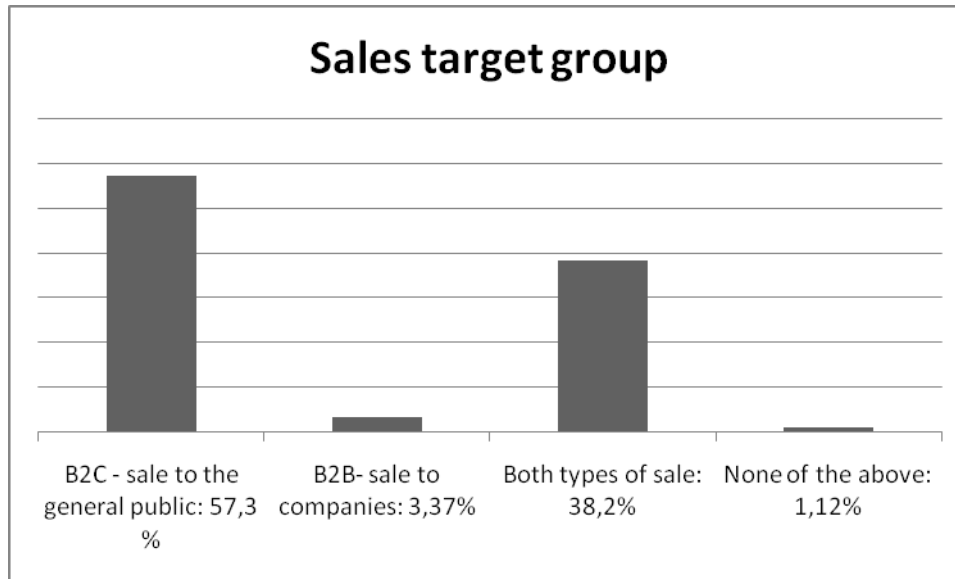


Fig. 1 Sales target group



Source: [our own data]

Provision of logistic services

Another important aspect of e-shops is a method of dispatching and storage. Despite the electronic nature of business that does not require physical spaces 43.82% of e-shops have their own storage facilities. This is mostly related to the large number of e-shops supporting sales in brick-and-mortar shops. 33.71% of sellers use their own storage facilities and an external despatch service. 11.24% of e-shops use external storage facilities and external despatch services, 10.11% of e-shops use external storage facilities and use their own despatch services. One e-shop (1.12%) involved in the sale of electronic books said that no logistics is required for this type of sale.

We expected that most e-shops operators would prefer to have their own storage facilities in combination with their own expedition. The survey results confirmed our hypothesis. As seen from Table 2, almost 44% of respondents use the first of the alternatives i.e. their own storage facilities in combination with their own despatch services.

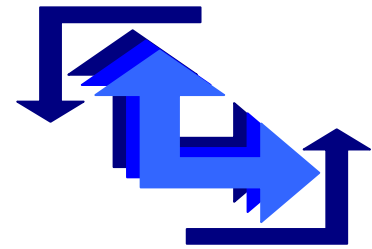
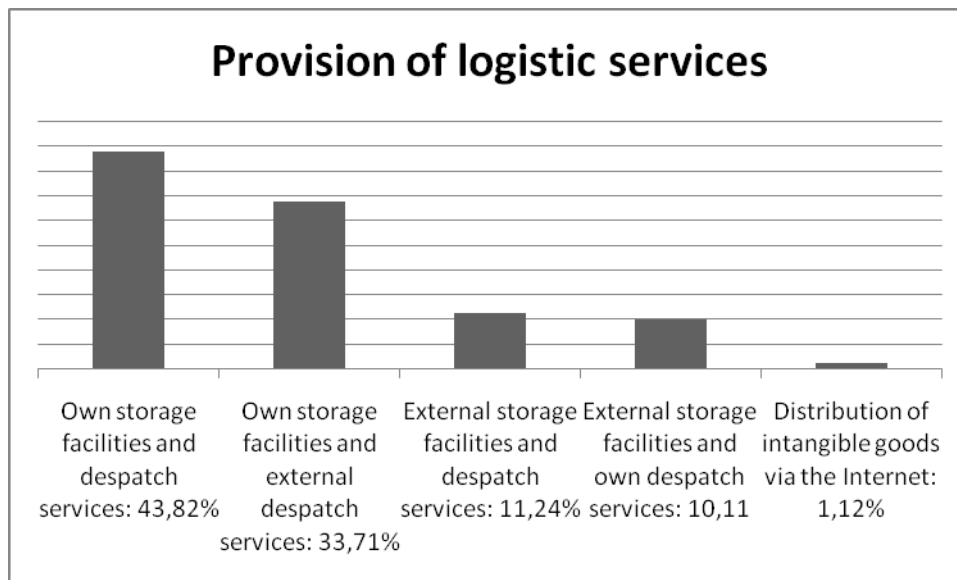


Table 2 Provision of logistic services

Answer	Number	%
Own storage facilities and despatch services	39	43.82
Own storage facilities and external despatch services	30	33.71
External storage facilities and despatch services	10	11.24
External storage facilities and own despatch services	9	10.11
Distribution of intangible goods via the Internet	1	1.12

Source: [our own data]

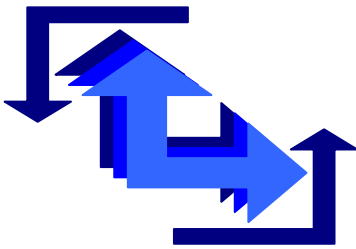
Fig. 2 Provision of logistic services



Source: [our own data]

The customer must always find a wide selection of products and enough information related to them. The majority of traders take this into account and this is ultimately reflected in the supply of most established and profitable e-shops. The speed of orders processing, multiple payment and distribution options, fast dispatching, online consignment tracking etc. are also being monitored. Regular product range updates and subsequent supply, price list and information updates are necessary. To be one step ahead of the competition in every aspect in the current highly competitive environment is undoubtedly a substantial competitive advantage.

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References

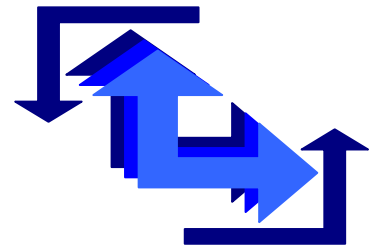
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Resume

Trading over the Internet completely changes the meaning and method of distribution. The Internet allows us to mediate transfer of goods and services from production or storage facilities to a place of consumption quickly and easily. Customers can buy goods anytime, and from anywhere. The aim of this paper was to describe the possibilities that Internet, as a modern medium offers to companies within their trade as well as possibilities it offers within the distribution of their goods or services. Subsequently, based on the conducted survey, the aim was to explain the issue of trade and distribution in terms of operators of e-shops operating on the selected Internet market.

Key words

Distribution, internet, B2B, B2C



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