

Analysis of viral marketing campaign for ebay marketing essay



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Abstract

The reason for this assignment is to assess Internet and digital marketing which is playing a significant role in the world's economy particularly in the way of conducting business.

Firstly in this assignment some of important factors of Internet and Digital marketing have been discusses and then to get further knowledge the ebay case has been included with its introduction, history, mission, goals, strategies and recommendations on Viral marketing has been given with objective of driving new visitors to the website and converting them to subscribers. After having detailed analysis Viral Marketing video has been distributed for the company on social media network “ Youtube”.

The research finally suggests that Digital market or e-market is an important international organization systems where buyers and sellers exchange information each other about products offered and price.

1: Introduction of Internet and Digital Marketing:

Internet and Digital market today is playing a significant role in the world's economy particularly in the way of conducting business. Both digital and traditional markets have a basic function of assisting the buyer and seller conducting transaction through the exchange of products, information and payment. Moreover, the application of internet in commerce is predicted may reform the communication in the marketplace and lead to the perfect market, which has many sellers, buyers and substitutable goods and services as well as symmetric information.

For years, digital market has raised many issues, for instance whether digital market increases the level of competition in the market or whether digital market affects the price. Janssen and Moraga (2000, p. 2) argue that the internet will reduce the search cost for consumer and increase competition among sellers that will lead to higher level of welfare and lower price of commodity. Another researcher, Bakos (1998, p. 42) also claims that it is clearer that internet-based marketplaces will support better economic efficiency and maintain economic growth.

The digital market may also change the way of the business implementing the marketing strategy and managing its relationship with costumers. Song and Zahedi (2005, p. 222) state that the internet can be used as an alternative medium by business to perform product branding and conduct transaction and maintain the relationship with public. This may bring positive effects on lower cost of communication and transaction, improved communication with customers and vendors in the terms of speed and quality, as well as broader market scope (Song & Zahedi, 2005, p. 222).

1. 1 Key Success Factors in the Internet and Digital Market:

Digital market or e-market is an international organization systems where buyers and sellers exchange information each other about products offered and price (Bakos, 1991, p. 296). Varadarajan and Yadav (2002, p. 297), then, extended the electronic market definition as networked information systems enable buyers and sellers to exchange information, trade, and execute other activities related to the transaction made. The purpose of digital market is to attract large numbers of suppliers and buyers, which then become the member of that marketplace (Ferreira & Ferreira, 2004, p. 254).

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The role of internet in trading and commercial activities has become dominant over time. Figure 1 below shows how the percentage of internet users in the world had been increased in 1995-2000 (Chaffey 2002). The interactive between buyers and sellers has been transformed from physical to virtual form. Time and distances are no longer being the barriers or obstacles for buyers and sellers to make a transaction through the internet. It creates a borderless world that change the way of business today.

Many companies can achieve their best performance by using information technology or internet in their operations. According to Turban et al (2008), Boeing, for instance, can successfully develop their jet aircraft with its 3800 direct suppliers. In maintaining the relationship with its suppliers, Boeing develop ten multimedia rooms for the use of collaboration teams (Turban et al. 2008).

There are several reasons that might cause the failure companies that participate in the digital market. First, companies might not aware of the price structure in the digital market. Second, the high cost of customer relationship management reduces significantly the profit of companies. Third, companies fail to ensure the customers of the security and privacy of customer data, so that customers are reluctant to conduct transactions in the digital market.

2: Introduction of eBay:

Ebay is the first sort of company of its kind who was established in 1995 from Mr. Pierre Omidyar, which had the capacity of a kind to buy and sell online and safely. EBay started as a “ pet project” and eventually mastered

in electronic trading. After exponential growth in short period, it was a matter of time before the competition raised. “ The valuation increased from \$ 700, 000, 000 basic public investment to 24 billion U. S. dollars through ” eBay used its first mover advantage of a retreat to get into this emerging market, but competition has taken place with the firms of the same nature and facility i. e. Craigslist. org, Amazon. com and other auction sites like ubid. com. Additionally, all online retail businesses compete indirectly too.

The online auction market, has proved to be one of a kind in service. Any client of Ebay who has a Direct Debit facility with him/her, which is a symbol that enables any person to register and start buying or selling. It is noticed that eBay seller meets many e-commerce of functions, such as choosing a suitable product, creating an auction site, setting an initial price a product with an image, communication with bidders , payments to accept and comply. That particular correspondence describes the procedure to use Ebay basics of e-commerce marketing to learn.

Ebay is one of a kind in the internet trading system hundreds of million registered users in 2008 (eBay 2008). EBay has attracted millions of unique visitors in the past year, they are practically even with Amazon. com is one of the good one.

2. 1 Mission eBay

EBay described their goal to be the one of a kind in the new world of commerce, created by being trustworthy. Right now EBay has three important business at the current moment.

1. The eBay Marketplace. The sole purpose of eBay business to mention world class online marketplace to make eBay's SEC notes from few progress reasons for these cases for which eBay attempts to manage functions, safety, convenience and reliability

2. The PayPal (about 25% of net revenues in 2007). The goal is to “ create the new international standard for online payments. The company was acquired in 2003.

3. Skype Internet telephony (about 5% of net revenues in 2007)

The EBay in 2005 went through downfall of the valuation of the company too high, but more recently it has started the service for MySpace users.

Advertising and other net income represents only 4% of total net income during 2007-2008.

2. 2 eBay Objectives and Strategy

The overall objectives eBay is the gross volume and net income from eBay Marketplace increase. More detailed objectives are defined in order to achieve these goals, with strategies that focus on:

1. Procurement – increasing the number of new registered users on the eBay Marketplace.

2. Activation – increase the number of buyers or sellers on the eBay Marketplace, and registered users that active bidders.

3. Activity – increase volume and transactions value by active user on eBay Marketplace performed. eBay has over a hundred million active users at the end of 2009. An active user is defined as any individual who bought regular bid on or in last 12 month period item listed from person.

eBay market growth is also driven by the definition of approaches to performance in these areas to improve.

1: First, category growth was achieved by increasing the number and size of the categories in the market, for example: Antiques, Art, Books and Business & Industrial.

2: Second, formats for interaction. The traditional auction format listings, but now is the refinement of the “ Buy-It-Now” fixed price format to include. Another format is the “ Dutch Auction” format, where a seller can sell multiple identical items to the highest bidders. eBay Stores sellers develop a wider range of products together to allow their products to put in a more traditional retail formats. eBay says they continue to create new opportunities to investigate such acquisition in 2004 of mobile. de in Germany and Marktplaats. nl in the Netherlands, as well as our investment in Craigslist, the US-based classified ad format. Another acquisition, Rent. com, which runs online housing and apartment rental category. In 2007, eBay acquired StubHub is an online ticket market and relationship Shopping. com possession.

3: Finally, the market growth achieved through the delivery of specific sites localized for different geographical areas as follows: You can see there is still

potential for greater localization, for example in parts of Scandinavia, Eastern Europe and Asia.

2.3 eBay e-Marketing Proposition

The eBay enables their sellers to list items at auction or fixed-price basis gives buyers the chance to bid for and purchase items. At the end of 2007 over 532, 000 online storefronts made by users in locations around the world.

Especially for frequent traders software tools are provided. Today, more than sixty percent of the entries were facilitated by software, the value of automation instead of regular trading.

For eBay the most significant risk factor is fraud. It has been reported that that about 1 in 10, 000 trade in the UK was fraud. 0. 0001% is a small percentage, but scaling it to the number of transactions, it is a noteworthy volume.

EBay has developed ' Trust & Safety Program which is especially important customers as online services, tend to fraud, insurance.

EBay is a summary of key messages to its position defined as follows:

Buyer:

- Selection

- Worth

- Suitability

- Fun

Seller:

- Right to use to global markets

- Chance to raise sales

- Effective marketing

The vendor's statement described slightly differently in 2007:

- Access to global markets

- Cost-effective marketing and distribution

- Large copper base access

- Good success rate

2. 4 The eBay Business Model

When eBay first launched, the site immediately a popular channel for auctioning collectibles, but quickly segued into other markets, like cars, business, consumer electronics and industrial equipment, where average selling price (ASP) is higher.

EBay marketplace has pioneer and internationalized programmed online auction. An online marketplace facilitates easy control for both buyers and sellers in making an item for sale at the list within minutes of registration. And offer auctions are free, but sellers are charged transaction fees for the right to sell their goods on eBay. There are two types of transaction:

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When an item on eBay refundable insertion was charged based on the seller's opening bid on the item. Once the auction is completed, a final value paid. This fee usually ranging from 1.25 percent to 5 percent of the final selling price.

eBay upsells its listing fees increased auction features, including highlighted or bold listings, featured status, and other ways for retailers the visibility of their items to collect. Once the auction is completed, the eBay buyer and seller via email. Completion of the transaction, the seller and the buyer, and eBay collects its final value fee, regardless of the payment and shipping.

3. Viral marketing

The buzzwords viral marketing and viral advertising refer to marketing techniques that use existing social networks increases in brand awareness to produce or other marketing objectives (such as product sales) through self-care behaviors to achieve replicating viral processes, analogous to the spread of pathological and computer viruses. It can be word-of-mouth delivered or enhanced by the network effects of the Internet. Viral promotions may take the form of video clips videos, interactive Flash games, advergames; eBooks note software, photos, or even text messages.

The goal of marketers interested in creating successful viral marketing programs, individuals with high Social Networking Potential (SNP) and viral messages that appeal to this segment of the population and a high probability of being taken by another participant creating identification.

The term “viral marketing” is also used to refer to pejoratively stealth

marketing the unscrupulous use of astroturfing on-line combined with below
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market advertising in malls seem spontaneous word of mouth enthusiasm to create.

3. 1 Recommendations on new promotional strategies:

1. Broadcast advertising – TV, radio and the Internet
2. Public Service Advertising – Advertising for Social Causes
3. Celebrity Advertising
4. SMS Advertising

3. 1. 1 Broadcast advertising – TV, radio and the Internet

Broadcast advertising is a popular advertising medium that has several branches such as television, radio or the Internet. Television ads have been very popular ever since they were introduced. The cost of television advertisements often depends on the duration of the advertisement, time of broadcast (prime time / peak time), and of course the popularity of the TV channel that the ad will be aired. The radio may have lost its charm because of the new age media, but radio is still the choice of a small-scale advertisers. The radio jingles advertising the popular media and had a major impact on the audience, which is evident in the fact that many people still remember and enjoy the popular radio jingles.

3. 1. 2 Public Service Advertising – Advertising for Social Causes

Public service advertising is a technique that uses advertising as an effective medium of communication to contribute socially relevant messages on important issues and social welfare causes such as AIDS, energy, political

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integrity, deforestation, illiteracy, poverty and so on. David Ogilvy who is considered one of the pioneers of advertising and marketing concepts to be reported are encouraged to advertise in area used for a social cause. Ogilvy once said, “ Advertising justifies its existence when used in the public interest -. It is too strong a tool to use solely for commercial purposes. Today, public service advertising has increasingly used in a non-commercial fashion in various countries around the world for various social causes to promote. In the U. S., radio and television stations, allocated on the basis of a fixed amount of public service ads aired by the channel.

3. 1. 3 Celebrity Advertising

Although the public is smarter and smarter and become the modern consumer gets immune to the exaggerated claims made in a majority of ads, there’s a part of advertisers bank on celebrities and their popularity in the marketing of their products. Using celebrities for advertising involves signing up celebrities for advertising campaigns, which include all forms of advertising in television ads or even print advertisements.

3. 1. 4 SMS Advertising

SMS (Short Message Service) text messages have taken Europe by storm and broke in the U. S. The addition of a text-back number is busy as a www address later yesterday. Used as part of your companies ‘ how to contact us’ these can be very effective. It can be a (rented) keyword on a short-code or your own system on a standard number (like Mojio Messenger) are not . The advantage of SMS messages is people can respond where they are, right now, stuck in traffic, sitting on the subway. The use of SMS messages can

also be a good way to get a viral (word-of-mouth) campaign to get off the ground your own database of prospects see Viral marketing contacts.

4. SWOT Analysis

To better assess eBay Viral marketing recommendation is a SWOT analysis performed for the variables that affect them and their position in the online market identification.

Strengths:

The eBay brand recognition is important because it has a strong brand image. eBay product line is extensive as product line offers everything. It appeals to different demographic groups and may provide for multiple revenue streams. The company has a clear vision, “ the world’s largest online person-to-person trading community “.

eBay has a strong sense of community among online users, and among his own employees. The three most important keys to success is eBay’s “ community, society, the community has a strong sense of culture exists as eBay hire people who have the same culture of the company. They encourage teamwork and expects his employees to open, honest and respect among their employees always welcome to feedbacks, appreciate others comments and open to their opinions change their executive management team described the culture of eBay as “ open” and “ low risk”, which encouraged people to different views to agree. eBay is not just restricted to selling or buying goods, on eBay people can communicate with similar interests, talk, share information through chat rooms, bulletin boards and email services in place by company. The “ Feedback Forum” has a self-

regulatory mechanism honest behaviour to encourage and develop a durable sense of community for eBay. Their business model needs little overhead.

Weaknesses:

One of eBay's weaknesses mentioned in the problem is the limited control over the fraud and problems that may arise as a result of daily transactions on eBay. It is extremely hard every single item sold through eBay and thought it was not easy to determine whether certain products are counterfeit check. False issues, fake sales, and stolen products through the eBay site can really weaken the company's standing, trust and honesty.

One another weakness of eBay is their technical problems and service disruptions. Even with increased spending on technology, eBay still periodic system outages and technical challenges experienced. This Internet volume breakage under eBay's reputation, brand, productivity and reliability. And their business model is easily replicable and can lead to strong competition

Opportunities:

The growth of the internet and international market access is a huge opportunity for eBay. They can try to expand their international demographic, expanding its market to countries overseas, especially those whose economies are rapidly growing. Another area of opportunity for eBay is in their member sales department. eBay's profits are generated by receiving a percentage of the sale price of products, which gives an opportunity to produce more revenue through the sale of higher priced products. To accomplish this, the company could provide an incentive that will attract eBay users to list expensive goods. Currently, eBay charges a \$0.

25 fee for listing products. eBay could offer free product listing for goods over a certain amount, only collecting the percentage sale fee. This free product listing incentive may help attract users to list more and possibly expensive goods.

eBay should take advantage of the increase of internet usage by expanding its marketplace around the world. There are still opportunities in current markets potential consumers that have not discovered the benefits of online auctions. Acquisition of other online auction sites is another opportunity available to the eBay depending upon their strong financial position.

Threats

eBay must continually monitor its external environment to protect themselves from competition such as Amazon. com and Yahoo. com. The success of eBay over the years could attract others to enter the online trading market. Amazon offers many of the same services that eBay offers that allow people to purchase an array of goods from one site. Amazon is able to offer similar products to eBay, also at low prices

Conclusion & Summary:

It is understood that eBay's strategy of providing a safe trading place on the internet, the eBay community has flourished, by not only providing an efficient medium for people to buy or sell items directly from or to a large member of people, it's a forum where buyers and sellers, develop reputations and in some cases, it can change people's lives.

After research it has been noticed that the electronic market is a new form of marketplace, which use the internet as its communication infrastructure.

Internet is argued to be the communication infrastructure mainly because it creates new marketplace architecture.

It is concluded that overall, suppliers and buyers should use internet as a tool to make transaction because internet will support to reduce searching costs for consumers and advertising costs for suppliers. Companies prefer to improve their customer relationship management because they want to create customers loyalty and to increase corporations' profitability.

Furthermore, ethical issue, such as security, trust, and privacy can influence consumer to be reluctant to make transactions in the digital market.

The potential impact of the electronic market to individual customers is not significant because the price in the electronic market is unlikely to decline and it is difficult to build trust in customer perception. In contrast, the electronic market provides benefits to organizations because it supports companies to increase their profit and maintain relationship with their customers. The electronic market also makes market more competitive because of the heterogeneous of customers and the decline of searching costs. The growth of the electronic market affects the government to enact law related to it, since the electronic markets bring more risks than in the physical market.

Viral Video Link:

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