

Emerging trends in ecommerce marketing essay



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This assignment comprises of an overview of the developing trends in eCommerce by describing what eCommerce is, a list of the types of eCommerce and lastly, we will focus on two types of eCommerce which are mobile commerce and Facebook commerce.

Electronic commerce (eCommerce) is one of the major influences in the globalization of business. As information technology advancements occurred, eCommerce has also been greatly used in the world trade using information technology. There have also been changes in the procedure of business transactions due to improvements in technology. Other factors influencing globalization include globalization of capital markets, reductions in trade barriers and the measure towards International Financial Reporting which has been quite useful to eCommerce companies (Hunter and Smith 2008).

Electronic commerce is the electronic exchange (delivery or transaction) of products, services, information, and payments over telecommunications networks. This leads to reduction of costs of transaction (Kalakota and Whinston, 1996) and provision of improved services to customers (Barney, 1991). According to literature review, companies are able to compete with each other competently and effectively in the national and global markets, through the development of the Internet (Schmid et al., 2001).

In 1979, an English man Michael Aldrich designed online shopping to facilitate trade between consumers and businesses, or even between two businesses. This online shopping was later recognized to be as Electronic Commerce (Tkacz, Ewaryst; Kapczynski, Adrian 2009). After that, in the late 1990s, there were quite vital and quick developments in eCommerce.

The process in eCommerce includes creating and sustaining online relationships. This is basically between an organization and its customers, suppliers, traders, strategic partners, regulators and other representatives that are associated to or who support the traditional methods of delivery. (Warkentin, et al., 2001)

Additional activities of ecommerce are:

Explanation of product information and promotion of products by manufacturers and retailers;

Search for different products and comparisons by consumers;

Interaction between seller and shippers or banks;

post-purchase customer support and;

Additional activities that are not directly related to the transaction itself.

Modes of E-commerce

Ecommerce can be described as the trade of purchasing and selling products or services through the medium of internet (Grandon & Pearson, 2004).

There are main types of electronic commerce. These are mentioned below:

The first category is business-to-business. This is category has been formed through developments in information technology that was previously used to communicate data amongst two businesses. Buyers and sellers, who are involved in this type of trade, receive several advantages. For example:

Reduced administrative costs

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Better flexibility of production which can guarantee delivery of parts “ just-in-time”

Improved quality of products as problems related to quality are decreased because of increase in collaboration between buyers and sellers.

Greater prospects for cooperating with suppliers and distributors

B2B is one the fastest developing sector of e-commerce and has the biggest value sector of the industry.

The second category is Business-to-Consumer (B2C) e-commerce. This type of ecommerce involves trade exchange between businesses and consumers directly, through online marketing and through distribution of goods and services through the internet. This category is particularly where customers use the mode of internet to purchase goods or services (Pavlou & Fygenson, 2006). B2C is basically a service extended by the already established retailers or marketers who sell to the customer through direct means. The concept of B2C ecommerce is that it can be effective and successful if it helps in reaching more customers, provide them good service and achieve more sales by actually spending less on it.

The third category is consumer-to-consumer (C2C) type of ecommerce, which is not exactly a very big sector of eCommerce. C2C is basically trade between individuals with other individuals, who want to either purchase or sell goods or services to each other. This type of trade has been happening since a long time, but through the advancements of the internet, a wide

range of markets have developed. Examples of consumer-to-consumer ecommerce sites include auction sites such as eBay and Amazon.

Trends in eCommerce

Mobile Commerce

Electronic commerce has had extremely big influences on the global business environment. But now more emphasis is on mobile computing and the wireless web, by the difference technologies and applications. According to Mueller-Veerse 1999, mobile commerce focuses on supporting business transactions through wireless devices. Transactions in mobile commerce usually involve customers, merchants, banks, mobile network operators and other entities. Mobile commerce is a multifaceted process, comprising of a series of tasks. This is similar to ecommerce. An extensive description of mobile commerce is that it involves a wide variety of collaborative business procedures that take place prior to and after actual sales dealings (Turban et al. 2002 and Adam et al. 1998). Due to this new trend, a number of issues particularly linked with mobile eCommerce have been coming up. Mobile commerce can be divided into three main categories after merging various market segments (Liebmann, 2000).

Trust is a factor that affects growth of mobile commerce. Mobile commerce would not grow at a massive scale in supply chain management, unless people start trusting the concept of mobile commerce (Siau & Shen, 2002). Thus users have to be guaranteed that mobile transactions are safe and that sharing of financial transactions over wireless devices is protected.

The legal issues that affect mobile commerce include issues of managing internet taxation, handling denouncement, maintaining of privacy and protection of intellectual property. These are all comparable to problems with ecommerce (Dietel, Dietel & Steinbuhler, 2001). However, there would be a need to keep extra servers for tasks such as security checking, storing information and carry out electronic payment for mobile devices. This is because at present, calculating resources are quite less (Thanh, 2000).

Social media (Facebook)

Facebook commerce, at present is in the initial testing phase. Retailers are keeping a trial use of f-commerce. Since, it is an effective form of trade, it is essential for retailers to add a sales channel to their social approach. The number of users and quantity of shared products has been increasing which shows that F-commerce will be quite beneficial for retailers (Reuter).

To add to this, even social shopping through Facebook is attractive and being acknowledged. F-commerce is catching people's attention and will keep increasing. Even though the concept started out quite slow than it was actually thought, but nowadays people are recognizing it and even making purchase or sale through social media pages quite comfortably.

Conclusion

There is still quite a lot of room for the internet market to grow as there is need for increase in innovation such as improvement of innovative relations with customers, suppliers, employees and competitors. This would help in the making of new models that would project success factors in ecommerce

corporations. Thus, entrepreneurs now have different options for developing their business because of the massive increase in popularity of the Internet.

Part Two: Develop an e Commerce business plan for (Fast cars Ltd)

Introduction

To compete in the ecommerce market, the business should recognize the success factors that would be pertinent in that market. There has to be formulation of factors which combines the technologies, objectives, approaches, procedures, and structure of the business so that value is created for customers. In this section, we develop an ecommerce business plan that uses the techniques of ecommerce. This plan is Fast cars Ltd website.

Company Summary

Fast cars Ltd is a small firm operating in Oman. It will be selling cars for the market and purchasing cars from internal and external market as well. Fast cars will be founded in the beginning of 2014 by Saed and his family. Oman is a peaceful state strategically located in the south eastern corner of the Arabian Peninsula. It overlooks the Arabian Sea, the Gulf of Oman and the Hormuz Strait. The people of Oman are regarded as some of the most friendly and hospitable in the Middle East. Oman is ranked 25th out of 140 countries on the Global Peace Index 2008- which indicates peace, prosperity and economic progress (Global Peace Index, 2008). Since the 1970's, Oman has a stable government and open economic system which is why Oman is ranked 3rd out of 17 countries in the Middle East/ North Africa region and

internationally it is 43rd, with a score of 67, in the Index of Economic Freedom 2009. Oman does not have any personal income tax and has a low corporate tax. Labour regulations are comparatively flexible and encourage growth of productivity. It even has low no salary cost of employing a worker. In a study comprising of 157 countries, Oman's overall scores are higher than the world and regional averages (The Heritage Foundation & Wall Street Journal, 2009). Oman is ranked 57 out of 181 economies in the 'Ease of Doing Business' rankings 2009 by the World Bank (World Bank). In Addition, the government of Oman is inclined towards their economic growth and working towards economic diversification.

Business Model

The country Oman does have demands for a wide variety of quality used cars. Our vision is to sell used cars of best quality at competitive prices, be it our showroom or through our website that utilises ecommerce. Our main point of success would be through customer's happy experience of purchasing from our unique offerings of cars, that too after dealing with our brilliant team. Customers' needs would be of utmost importance when developing a purchasing environment. Once satisfied by our professional service, customers would come for repeat purchases due to their delightful past experience and would even refer our firm to their friends and family. We also aim to improve our working relations with our auctioneers and local dealers so that it could lead to savings for our customers. Our positive forecast of gross margin is higher than the industry average. Thus, a depiction of our business is as follows:

1. 100% customer satisfaction, calculated through surveys, repetition of customers and referrals.
2. To accomplish and exceed the average profit margin within the first two-years.
3. Consumer confidence for selling of cars
- 4- Buying of cars
- 5-Sustaining employees
- 6-Create a quality and truthful environment
- 7-Deliver order of customer
- 8-Inventory Management
- 9-New plan developments
- 10-Customer service
- 11- Keep up good relations with customers

Figure

We believe it is essential to keep quality cars at a lower cost and generating returns through increase in sale of cars. Our cars would be sold with a limited warranty of three months. The factor of job satisfaction makes a big impact on employees and owners, thus we aim to promote job satisfaction and even good compensation to all our employees. Bonuses and commissions would

be given when employees show hard work and good performance. Owners would also be given a profit in a just manner.

Target Market Analysis

Our showroom would be located in the city Muscat, which is the capital of Oman. This would facilitate in offering exclusive car buying experience for customers in Oman and Middle East. Cars would be of great quality, with competitive prices. Cars could be bought at the showroom or even through our website. Through use of website, the most suitable car can be selected, whether customer is at home or at work. Since customers might want to pay online, we will maintain our website's security. We will keep up our promise of delivery of car to the customers and deliver an ordered car at the specified address within few hours of ordering.

Our target market will comprise of four categories: students, retired people, families and singles.

The first category students include high school and college/university students. Students require a cost-effective and safe car. They keep price in consideration but also go for style and looks. They are at the stage where they buy cars more often, that could be every two to three years. Since they are not fully educated, they could even make rash decisions if they like a car, even paying more for a cheaper car.

The second category retired people require a practical car. Quality and features take priority over price, but would want something to be used for

years. This category desires a well-equipped car of good quality, should be comfortable and be reasonably priced.

The third category families require safe and practical cars. Most will even keep price as priority due to constrained budgets. They want a car for their kids, to do their grocery and other tasks, go for long trips and need a car that lasts for years. Families look around and get information on cars and then select a particular model.

The fourth category singles can be deemed similar to students in terms of a desire for stylish cars. However, they could be educated and working, with the means of buying a more expensive better quality car.

The Relationship with the Customers

The success of our website depends on good customer satisfaction of those using our website. This is also linked to relationship with quality of ecommerce system such as trust, support, quality of content and use (Han and Noh, 1999, Jones & Kayworth, 1999). Some also lay emphasis on evaluating the level of use and how satisfied users and customers are in interacting with ecommerce systems.

It is a quite a significant step to provide support to the customer during all stages of a deal, that is pre, during and after sale (Young and Benamati, 2000). This is because after visiting our website for the first time, it is a matter of concern for us if our customers visit our website again or not.

The assistance and services provided to customers can be of different types. These include: applicable facilities for searching, site intelligence (the degree

to which the e-commerce system remembers frequent users and helps them in attaining objectives), currency converters, calculators, account maintenance, tracking order/shipment status, FAQs, feedback, payment alternatives, etc. (Kardaras and Karakostas, 1999; Schubert and Selz, 2001). Customer satisfaction is achieved when all phases are satisfying. This would include the experience of the multipart phase of pre-sale including search for information on products and services. It also includes experience throughout the transaction process and after-sale phase. The ability of the ecommerce system to help and support users in all these phases is also important. These would include:

Retailer

Customer

Pre-sale

Recognize & Advertise for Prospective Customers

Judge Customer Requirements and Abilities to Respond

Organize and Answer Customer Requests

Scan and Obtain Product or Service Information at any time

Easy to find requirements of the product or service that is to be bought

Comparison between suppliers that provide same good or service

Point-of-sale

Confirm the Payment and send online conformation

Cross and up selling

Receive Payment and send it to his bank account online

Select and make online payment at any time

Post-sale

Keep a check with customer and deliver the product or service

Easy to information of inventory

Keep a check after sale about his good or service

Obtain the Good or Service

Cross & up selling and Email Updates

There should be improvement of quite a few main factors such as performance and service efficiency, selection and value, the appearance and design of the website, advertisement, motivations to purchase, focus on each customer individually, community relationships, and safety and consistency. Laying emphasis on these elements can lead to the success of ecommerce. The following mentioned are motivations for involving in e-commerce:

Performance and Service: Quick, easier searching, shopping, and purchasing, and swift shipping and delivery

Selection and Value: Striking product selections, competitive prices, guarantees of satisfaction, and after-sale customer support.

3. Appearance and design: Eye-catching web storefront, various features for shopping, website shopping areas, and multimedia product catalogue pages

4. Safety and Consistency: Safety of customer information, safety of website transactions, honest information of product, and consistent fulfilment of order.

There also several general benefits of e-commerce. These include:

Firstly, benefits for Customers

1. Lower Prices-Product costs decrease due reduction in phases along the value chain. These lead to decrease in price of products. An example is that if an organization directly sells to the consumer instead of distributing through a retail shop, they can remove their intermediaries.

2. World-wide Marketplace- huge variety of goods and services that can be bought by customer and that too shopping can be done on an international scale. At present, there are no custom duties applied on products bought and traded globally electronically (World Trade Organisation).

3. 24-Hour use

4. Increased variety of Choices-Offers consumers with more varieties and comparison between can be carried out promptly.

5. Quicker Delivery-Permits prompt delivery of products and services

Secondly, benefits to Businesses

1. Higher Prospective Market Share- Businesses are able to reach markets world-wide through the internet, which gives them the chance of improving their market share. Businesses can also attain better economies of scale.
2. Low-cost Advertising- when costs of advertisement over the medium of internet and print or television, is made, advertisement over internet is lesser. This also depends on the particulars and scope of the advertisement.
3. Strategic Benefit-cost of labour, lessened delivery times and costs of management are the strategic advantages of making a business ' e-commerce enabled'.

Thirdly, Benefits to Society

1. People in underdeveloped or developing countries are able to purchase products and services online which were previously not available to them.
2. Improves effectiveness, helps in delivery of public services at a lesser cost, and/or makes the quality better.
3. It allows people to travel less for shopping and people can also work at home. This can help in reduction of traffic leading to lesser air pollution.
4. Since some products would not need physical space or complete inventory, it would facilitate reduction in price of those products.

The Cross- and Up-selling techniques by eCommerce

Methods of cross- and up-selling are recognised approaches that are used in marketing. These help in increasing the value of a single sale transaction, increasing confidence and decreasing the threat of competitors taking over the customer. Deighton et al. 1994, p. 61 describe cross-selling as motivating a business's customers who have already purchased its product A to also purchase its product B. This is a strategy of giving existing customers the chance to buy other products offered by the seller. Cross selling also includes offering the customer products that complement the original product bought in certain way. The method of cross-selling has been seen to be a basis of competitive advantage to an existing business and as a source of collaborations that validate an acquisition. Thus, the whole concept of cross-selling is to achieve a bigger share of the consumer market by providing for more of the needs and wants of every single customer. Besides, according to Cabena et al. 1998 data mining is the process of finding out past unknown, correct, and usable information from huge databases and then utilising that information to make serious business decisions.

Whilst, up-selling method involves moving towards a more pricey good that is similar to what the customer is thinking of buying. Up-selling is what happens when you make a move or inquiring from somebody about what they have already bought and then offer them more of the product or you offer more of another product (Stephan Schiffman).

Sales promotion has many advantages, specifically, increase in returns. Thus, we use these methods, for instance we lay emphasis on motivating customers to buy a car that is slightly used rather than purchasing an old car. This technique is utilised when the customer has chosen a specific car

but has not yet made the actual payment. This technique could also be taken as offering a benefit with the purchase, such as offering free insurance with purchase of a certain car.

Best practice websites and our website.

The market in Oman, specifically related to trade of cars, is quite dynamic. Most of the trade is through the way of selling and purchasing through the showroom. Customers usually avoid transactions of cars over the internet. However, there has been an improvement in sale, as the agency global automotive in Oman has started sale of new and used cars through ecommerce. Zubair Automotive Group LLC is an example of such trade, who sell new Mitsubishi cars.

Figure

We consider that that omancers. net is the most appropriate website (Internal) for sale of used cars in Oman.

As globalisation has increased and trading internationally has become easier, selling of cars can also be done internationally. There are two well recognized websites, outside Oman, which are eBay and Amazon, through which cars can be ordered online.

Consequently, our website takes into consideration all the aspects of ecommerce that we have learnt. These particularly include quick and easy access to information about cars at any time the customer wants.