

Online marketing tools for e commerce marketing essay

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& 2nd WEEK REPORT

A STUDY OF ONLINE MARKETING TOOLS FOR E-COMMERCE

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Title

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Introduction

" When people visit your company's web site, they aren't there to hear your slogan or see your logo again. They want information, interaction, and choice - and you'd be a fool not to give it to them" (Scott, 2007, Cover). The environment of Marketing has changed in the last ten years. Some companies have been established which only sell their products by the internet. Other companies which still only sell through catalogues are about to go bankrupt. Amazon. de drives the classical mail-order companies out of business and a company like Google which does not even have a product has grown up to be one of the world greatest companies. So what has changed in the world of business and marketing? In 2008 69 percent of households in

Germany had an internet connection at home and 66 percent of people from the age of 10 up used it daily. In comparison to that only 17 percent of German households had an internet connection ten years ago and only 4 percent used it weekly (Destasis, 2009). But it is not only the fact that two thirds of the households nowa-days have an internet connection, but also the velocity of connections has changed. With the supply of broadband connections over the last few years new possibilities and markets have opened up. The consequences of these were the Web 2. 0. Shopping is no longer a one-way event where customers buy something without the possibility to report their experiences in public. Because of the new technologies companies now have to inter-act with their customers in order to survive in the market. They have to change their marketing strategies in this quick changing environment. 27 million people in Germany have bought something on the internet in the first quarter of 2008 (Destatis, 2008). Due to this trend companies connect their classical marketing campaigns on TV, radio or newspaper with the internet. They repeat their web address as often as possible in every medium they publish in order to get visitors to their home pages. In this highly competitive environment a nearly perfect competition grows with perfect

E-COMMERCE:

Ecommerce is the use of international networked computers to create and transform business relationships. Applications provide business solutions that improve the quality of goods and services, increase the speed of service delivery, and reduce the cost of business operations. It's a new methodology

of doing business in three focal areas: Business-to-business, Business-to-consumer, Intra-business. It is most commonly associated with buying and selling information, products, and services via the Internet, but it is also used to transfer and share information within organizations through Intranets to improve decision-making and eliminate duplication of effort. The new paradigm of ecommerce is built not just on transactions but on building, sustaining and improving relationships, both existing and potential. Ecommerce is a new way of doing business, available to companies of all sizes, to create new relationships and extensions to existing business built on relationships, networks and webs of activities. Ecommerce levels the playing field for any organization that chooses to participate, small or large. We will discuss the evolution of the E-commerce through an example (reservation in the airlines). American Airlines' first pioneering effort with reservations was the "request and reply" system used in the 1930s. A reservations agent would telephone the central control point where inventory was maintained to inquire about space available on a flight, and a response would be returned via Teletype.

2.1.1 1940's:

Through the mid-1940s reservations were recorded manually with a pencil on different colored index cards, and flights were controlled by half a dozen employees. In some reservations offices, a wall-sized status board was installed to display seat space available on each flight. It has been quickly discovered that the normal manner of reservations and transacting business—accompanied by paper orders—could not keep up with the necessary

needs . In order to break the paper bottleneck, Edward A. Guilbert , set up a system of ordering via telex, radio-teletype, and telephone. American developed the industry's first electrical/mechanical device for controlling seat inventory in 1946. It was called the Availability Reservisor, and it applied basic computer file technology to the task of tracking American's seats and flights. Even though it couldn't sell the seat or cancel a reservation, the system represented a milestone in adapting electronics to airline reservations.

2. 1. 2 1950's:

By 1952, the airline had added basic computer file technology - a random access memory drum and arithmetic capabilities to the Reservisor. With the Magnetronic Reservisor a reservations agent could check seat availability and automatically sell or cancel seats on the electronic drum. As advanced as this was for its time, the airline reservations process was still intensely manual. In 1953, Mr. Smiths and Los Angeles developed a data processing system that would create a complete reservation and make all the data available to any location throughout American's system. It was called a Semi-Automated Business Research Environment better known today as SABRE. American's initial research, development and installation investment in this system was almost \$40 million.

2. 1. 3 1970's:

In May 1976, American installed its first SABRE unit in a travel agency. By the end of the decade, SABRE had more than 1, 000 travel agency

customers. Today, more than 300, 000 devices in 74 countries on six continents are connected to SABRE.

2. 1. 4 1980's & 1990's:

What began as a system for American Airlines to keep track of seats sold on its flights has evolved into an electronic travel supermarket used by travel professionals, corporations and consumers worldwide to book airline, car and hotel reservations as well as to order theater tickets, bon voyage gifts, flowers and other travel-related goods and services. The introduction of easy SABRE in 1985 allowed personal computer users to tap into SABRE to access air, hotel and car reservations. Through SABRE - the recognized leader in the travel industry - an estimated \$45 billion in travel products is booked each year. SABRE has evolved into the world's largest privately owned real-time computer network and has processed a record high 4, 176 message per second. In 1995 SABRE helped develop Travelocity allowing ticket purchase and flight information via the Web.

Objectives

The main objective of this project is to study the online tools which improve online success

The objective of this project is to study E-Commerce in India
The objective of this project is to study of growth rate of e-commerce in India
The objective of this project is to study of future of e-commerce in India
The objectives of this project is to study security threats of e-commerce in India
A study of marketing strategy of E-commerce websites
The objective of this study is to

identify and analyze the opportunities of new technologies for companies and how they take benefit of it.

Research Methodology

To find out more about the issue academic writers were compared with practitioners and institutions which gather online marketing data. A common online marketing research method is the deductive approach. Usually a hypothesis is generated to build up a research strategy to test it. A researcher for example assumes that a keyword on a specified place within a web site increases the position in Google. Then he has to test it with various pages and methods. For every kind of research there has to be the question whether one uses primary or secondary research. Secondary research uses data which already exists (desk research) and primary research creates own data (field research). Primary research with a sufficient depth in online marketing cannot be only created by a survey, because it is possible that people are not honest or do not know the answers. Many things users do on the internet are intuitive processes which are observed by statistical institutions as well as by online marketers. To get usable data long-term observations and experiments with thousands of user data are required. This dissertation uses only secondary research because there are sufficient data for a depth analysis of online marketing tools. For a further re-search this data has to be split up by different criteria like the target group or the industrial sector. Different statistical institutions also have different data because of different measuring methods. Nevertheless these are not considerable differences, so it is possible to trust them.

E-COMMERCE GROWTH RATE IN INDIA

India's e-commerce market was worth about \$2.5 billion in 2009, it went up to \$6.3 billion in 2011 and to \$14 billion in 2012. About 75% of this is travel related (airline tickets, railway tickets, hotel bookings, online mobile recharge etc.). Online Retailing comprises about 12.5% (\$300 Million as of 2009). India has close to 10 million online shoppers and is growing at an estimated 30% CAGR vis-à-vis a global growth rate of 8-10%. Electronics and Apparel are the biggest categories in terms of sales. The Internet commerce industry in India has seen a manifold increase in the last couple of years, with the total market size increasing from Rs 19,688 crore by the end of 2009 to an estimated Rs 31,598 crore in 2010. By the end of 2011, the net commerce market size is expected to grow by 47 per cent and touch Rs 46,520 crore, the study by the industry body said. Comprising about 81 per cent of the total e-commerce in the country, the online travel market, which includes booking rail and air tickets, hotel accommodations and tour packages, is estimated to grow by 50 per cent and touch Rs 37,890 crore by December, 2011. In the travel portfolio, which was worth Rs 14,953 crore in 2009, domestic air travel contributed 63 per cent, followed by railway tickets (28 per cent). Others, such as international air travel (Rs 548 crore), hotel bookings (Rs 308 crore), bus tickets (Rs 294 crore), tour packages (Rs 86 crore) and travel insurance (Rs 52 crore), contributed the balance 9 per cent of the total online travel market. Another area that has shown significant growth is the financial services market, such as online insurance payments and transactions through trading accounts, which grew from Rs 1540 crore to an estimated Rs 2,000 crore during the one-year period ending

December, 2010. Comprising 8 per cent of the e-commerce market, this sector is expected to grow by 34 per cent and touch Rs 2, 650 crore this calendar year.

Marketing strategies

Companies must conduct themselves in a market in a systematic and aim oriented way. To achieve the desired aims a company has to use specific behaviours within the marketing, so-called marketing strategies. A marketing strategy is a time scaled behaviour used by a company to achieve success in a market. The development of a marketing strategy is a task of the management to set the way for achieving the objectives of a company. This contains decisions of the market election and market cultivation which are fixed by a behaviour plan for the different business units. A marketing strategy contains four key areas: Product-, price-, communication- and distribution policy. It should be a main part of the business plan to create a prerequisite for the company's growth

Structure of a marketing strategy

It depends on the objectives of a company which strategy it chooses in view of the marketing, the behaviour of the market and the resulting advantages. Basically a company can choose between the following marketing strategies: • Differentiation strategy • Adaptation strategy • Choice market strategy The differentiation strategy is a strategy where a company cannot compete on the price and has to differentiate its product from the competition with value added products. The adaptation strategy is a strategy where one looks at the competition in order to see what they do right to

adapt it. Besides it should be discussed whether the whole market should be reached or only a sector. The market choice strategy determines in which sectors of a market a company wants to go. This can be realised through strategic business units. A strategic business unit is an own department within a company with own fields of activities. The core activity is to find out in which submarket a company concentrates its efforts and which submarket can be eliminated. The market development strategy compares the strategies of the market participants, for example the consumers, marketing agents and the competitors. It depends if one uses a marketing agent oriented strategy or a consumer oriented strategy which of the following two strategies are used).

Ten rules for a successful online marketing

Rule 1: Planning

The strategic planning should have priority to let all departments and employees of a company participate in the planning processes. Short, medium and long term goals have to be defined.

Rule 2: Promotion

Online activities are well suitable for the promotion, but the internet has to be promoted with classical advertising mediums as well.

Rule 3: Hire professional

The internet is not as easy as it looks. Therefore professionals are required not only for technical questions, but also professional online marketers.

Rule 4: Learn from the competition

There is always a company which has already developed a better online strategy than their own. If it is possible one can learn from the mistakes they already made.

Rule 5: Identify target groups

The choice of the target group is not necessarily the same in online marketing like in traditional marketing, because wastage can be better avoided through the online channels.

Rule 6: Use a simple layout

Flash animations, videos or vivid colours are only a suitable layout for some web pages. The pages should not be overloaded because with a stimulus satiation one achieves the opposite and visitors are annoyed.

Rule 7: Let communicate

The features of the web 2.0 offer a very good possibility to get in touch with a potential customer. Forums, guest books, blogs or newsletters are very useful to make new contacts.

Rule 8: Update a web site regularly

An actual date on a web page shows a customer that you care about the web site. Time on the internet is very short-term. A user needs the impression that he is reading actual content with new information.

Rule 9: Benefit from your name

Nowadays it is easy to book your own domain. It could be a great advantage to have your own domain name on your business cards or notepaper. It is another advantage if the name is short and concise. Corporate design is nowadays an important factor of success.

Rule 10: Plan for the future

The internet is changing continuously and with a high velocity. Planning an online campaign is a task where one should consider technological changes and maybe an expansion to global markets.

ONLINE MARKETING TOOLS FOR ONLINE SUCCESSES

Web sites & Usability

A website should have an easily recognizable look and it should be clear to the user what the site offers. Internet users often decide within seconds whether they remain on one site or not. A company should not rely upon the fact that everyone who visits the site recognises the logo or knows the brand name. On the internet, the user group is often spread further than the group that could be achieved through other promotional activities so far. The web does not need the user to recognize the logo; the web should make a user remember the brand and its functions. One of the main points in the design and creation of a website is the navigation. It helps the user orientate themselves on the site and subpages. In a complex navigation with too many subpages the user leaves the web page very quickly. In the worst case he shares his experiences with his friends. With a badly-structured web page

you can also lose a good reputation. A site must meet, like any other technical aid as well, certain requirements to be user friendly. It is important to adopt the structure and the content to the human receptivity. An axiom for the usability on a web page is: " Don't make me think!" By far the largest part of the information about the outside world (about 80%) is received through our eyes. It is much easier to process information and retain a known structure. Too much information overloads the cognitive system. By abstraction, filtering and detection of causal relation-ships, sensory impressions are sorted and evaluated. This process is known in psychology as " chunking". Generally, for human memory performance the model of the magic 7 from George Miller is valid. This model says that a human is capable of memorizing 7 ± 2 things (Miller, 1956). Therefore, as mentioned above, a menu must not have more than 8 buttons. This still gives enough space for a sufficient content without over-loading the page. There are additional disrupting factors which can reduce this number. Therefore it is important to have a stopover, because of de-motivation, bad mood or stress. It is also possible that the user is tired or drunk. In addition to that the memory goes back no further than 4 or 5 screens. This is important to make a purchase in an online shop. Every additional step for the shopping process makes more people interrupt the purchase (Fischer, 2009, p. 548-549).

Design

The first task of a web site is to meet the needs of the customer. The customer wants to be informed, be entertained, or buy something. To ensure that as much as possible, the site must convey its content clearly (Where am

I? What is this page about? Where have I been? Where can I go?). The aim is a maximum of a depth of processing, a strong memory on the content. The operation should be facilitated by standards, such as a fixed layout or a fixed terminology. Through the activation of already learned procedures an intuitive operating is possible. For example users have learned that the menu of a web page is on the left hand side. If a user finds the menu on the right hand side he is confused and probably leaves the page. There is very little space for creativity. The information has to be presented in a clear way by using standards. There are other important usability factors which have to be considered to make the visit of the web page as pleasant as possible:

- Use only 4 colours for the design
- Use quiet colours (only signal colours for an eye catcher)
- Use clearly defined headlines
- Use less text than in a magazine
- Do not use too small letters because of people with failing eyesight
- Mark important words for users scanning the web page
- Use a contrast between the background and the text
- Use letters without serifs
- Use static text without blinking
- Do not use capitals for whole words

Considering all these points are the bases of a successful online marketing project. The web page is the connection where a marketer meets the customer

Email Marketing

An email is a quick and inexpensive alternative to a conventional letter. The advantage: E-mail is popular. Anyone who has internet access receives an email address. Meanwhile, more people have an email address as an internet access. Emails can reach the key target audiences directly and save

compared to the normal mailing enormous costs. Newsletters and mailing lists are an excellent tool for business communication policy and customer loyalty. Interested users can leave their email address below to receive an electronic customer newsletter automatically in the future by email. There is a large diversity of newsletters and new ones are constantly being developed. A newsletter can be a news article, a discussion, information or it can give help for a particular field.

Search Engine Marketing (SEM)

Introduction

Depending on some quality factors of a web page, between 40% and 80% of the visitors come from a search engine. The rest of them find the way to a web page through other channels like links on other pages or direct entries. General speaking, the better the content of a web page is and the more known a brand is, the more visitors come from above-named sources, because a direct entry or a click on a link always implies that the web page is already known or was already recommended by someone. However, a well-planned search engine marketing strategy is one of the most important factors to have success on the internet. SEM is divided into two parts: Search engine advertising (SEA) and search engine optimisation (SEO). The main difference between these two online-marketing disciplines is that SEA uses paid adverts apart from normal search engine results and SEO tries to optimise a web page to rank. In Germany Google has a market share of about 90%, therefore it is the most important search engine and most of the strengths of an online marketer are to get good results only in Google. This

is valid not only for the discipline of SEO, but also for SEA. However, Bing and Yahoo should not be forgotten, although they only have a market share of 5% each . There are slight differences in how these three market leaders assess a web page, but the main points are the same, so this chapter mainly covers Google. If you rank in Google well, this strategy would work with the other search engines as well.

Search Engine Advertising (SEA)

The objective of SEA is to create qualified traffic on a web page without the efforts of other free online marketing tools which will be discussed in the following chapters. SEA is paid adverts which are placed in the big search engines like Google or Yahoo. Search engine marketing means that a search engine operator places an advert with a specified keyword. Thus the advert can be tailored to the actual needs of a customer. If a search engine user searches for a term he gets two types of results: The paid and the unpaid results. If the keyword of the paid advert well-specifies there is rarely wastage. Another advantage is that the search engines online charge for clicking on the adverts. This greatly decreases the risk of project failure . There is also the possibility of placing adverts in the content network of a search engine. This is similar to affiliate marketing where small texts are placed between the content of a web page. The adverts are automatically placed depending on the content of the web page. There are pure content networks like Miva as well . Adverts are placed in a search engine ranking page (SERP) depending on some ranking factors. Basically it works like an auction. But the highest bid is not automatically on the first position. There

are some other factors like the relevance or the click-through-rate (CTR) which plays a role. This shall animates companies to make relevant adverts to make sure that the quality of the adverts is always high. For Google this is the only source of revenue, so it needs to make sure that the quality is always very high

Planning a SEA campaign

The first step in planning an SEM campaign is to define the target group. This should be the same group or a sub-group for which the web page is created for. For a site that is optimised for the target audience the bounce rate is low. Next, the keywords for the campaign have to be selected. Every advert can have different keywords. Supporting the campaign with SEO will increase success. Long-term costs should be estimated to see whether it is better to use SEA or SEO methods. To evaluate the success of the campaign, it should be supervised with controlling methods with a special focus on keywords and advert texts. According to the controlling regulations, those should be readjusted. Only if a campaign is regularly monitored and readjusted, it can have long-term success, as internet responds very quickly to trends and external influences. All further steps are based on an exact definition of the target audience. There are two possibilities to define them: On the one hand the enumeration of the attributes that each member has and on the other hand the description and assigning of ideal types. If the target group consists of several sub-groups they have to be described and differentiated from each other. So for each sub-group their own campaign can be launched Because of proximity to their own products entrepreneurs are often

professionally blinkered, therefore it is difficult to find suitable keywords. It has to be considered what a customer is likely to search for. For example many companies think that their own brand name is a suitable keyword, but this is one of the worse mistakes one can make. It is more important to define the capacities of a product than the name. It has to draw up a list with the keywords. This list can be produced using various methods:•

Brainstorming• Log file analysis• Benchmarking• Find synonymsNow the keyword list has to be assessed with some quality factors. One of these factors is the document frequency. This is the amount of documents where the search engine has found the keyword. It is easier to get a good ranking with a keyword which is not so frequent. The other method is the keyword popularity. The search engine offers various free tools to measure popularity. With these tools it is possible to measure the density of competitors and the search amount of the keywords. Both tools used together give a good overview if it is worth starting an advert campaign, using SEO tools or adjusting the keywords again, because it could be im-possible to get a ranking with these objectives Finally an advertising text has to be created. The most common form is a text advert. Within a Google AdWords advert there is only space for 25 characters for the title and 70 characters for the text . This makes it difficult to find an attractive text which contains all keywords and is convincing. As above-mentioned it is not only important how much one pays for an advert, but also the level of the advert quality.

SEA Products

Most of the search engines run a partner network where they place their adverts as well. These are huge portals like t-online, but also small web sites. Google generates 30% of its turnover with these partner sites and 70% with adverts within the search results. The most important partner worldwide is Google which has most of the market share. Therefore many companies only focus their efforts on Google's product and neglect other search engines or advertising networks . But one should also keep an eye on other products as well or combine them. It depends on the target group as to which tool one has to choose. A much specified advertising network sometimes can bring more ROI than Google. All networks work with bids and keyword quality factors and in almost all networks there are similar controlling tools like daily or monthly budgets.

Search Engine Optimisation (SEO)

Introduction

84% of first visitors on a web page come from a search engine. The rest find their way through other mediums like links or recommendations. 42% of users click on the first result within a SERP and only 12% on the second. These data emphasize the importance of a good ranking. One position difference could double sales SEO has the aim to optimise a web page in order to get a good ranking in the unpaid search results.

Banner and Pop ups

The traditional online advertisement has lost significance because users have developed a critical eye to overlook them. A banner is not seen by most

of the users and popup is closed in less than a second. Nevertheless it is still possible to get access to a mass market because of cheap prices. Depending on the traffic of the target site you get a CPM from €1 .

Link Exchange

This is another old-fashioned online marketing tool. The effect of link exchange is disputed in the SEO scene. There are marketers who claim that it is another important backlink. The second opinion is that Google assess a link which goes in both directions. Anyway, link exchange is not harmful, so if there is a possibility to use it, it can be used (Fischer, 2009, p. 431).

Social Marketing

In 2005 Google introduced the Nofollow-attribute for HTML-links. This means that a webmaster has the possibility to decide if he gives Linkjuice to another web page or not. Most of the Web 2. 0 services use this attribute today to avoid spam. Therefore a link on one of the social networks like Twitter, YouTube, Facebook or Xing is worthless for SEO But nevertheless today it is important to work with these mediums to get visitors on a web page, to create brand awareness or to communicate with customers. Whole advertising campaigns can be launched with these ser-vices. Twitter for example can be used to publish a voucher code which can be used in an online shop. The issue is to increase followers and page impressions to get more visitors and sales in one's online shop. The business network Xing can be used to get new business contacts. It is also very useful to add value to one's own products and services launching a business group where

stakeholders can discuss various topics. This is designed to build brand awareness and to make other potential customers aware of the service.

Affiliate Marketing

The most prominent example of affiliate marketing is Amazon. They move other web site owners to put a link of Amazon's products to their web page. Amazon pays a provision between 5% and 9% for every purchase made through this recommendation. This is one of Amazon's most important success factors. With this method they get millions of backlinks worldwide without huge costs or significant risk, because the web site owner only gains money for a sale.

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