

E-Commerce and Digital Marketing

2nd
Revised
Edition

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E-Commerce and Digital Marketing

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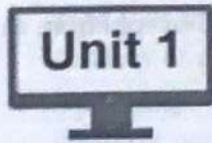


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Introduction to E-Commerce

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1.1 INTRODUCTION

Commerce plays a vital role in Improving individual's lifestyle, Society's foundation, Building a wealthy and strong nation.

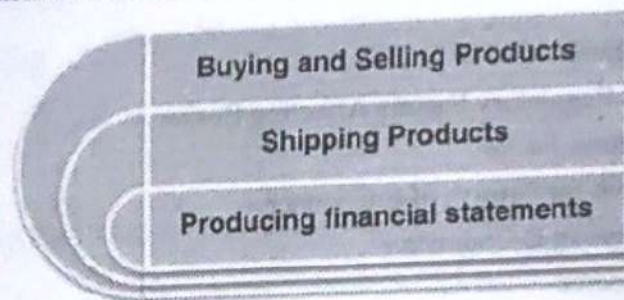
With the advent of technology, a product or a service could be purchased or sold from any part of the country and that too without being physically present.

E-Commerce resulted in many more innovations such as:

- Electronic funds transfer
- Supply chain management
- Internet marketing
- Electronic data interchange and so on and so forth

1.2 WHAT IS E-COMMERCE – AN OVERVIEW

E-commerce (electronic commerce or EC) buying and selling of products and services by businesses and consumers through an electronic medium, without using any paper documents. E-commerce is widely considered the buying and selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered e-commerce. Electronic commerce is subdivided into three categories: business to business in B2B, business to consumer or B2C and consumer to consumer or C2C.



Core Activities of E-Commerce

As the functions are carried out without any human intervention they are called as "E" in E-Commerce. It does not imply that the humans completely vanish from the scene.

People use the term "e-commerce" or "online shopping" to describe the process of searching for and selecting products in online catalogues and then "checking out" using a credit card and encrypted payment processing. Internet sales are increasing rapidly as consumers take advantage of:

- Lower prices offered by vendors operating with less margin than a bricks and mortar store
- Greater convenience of having a product delivered rather than the cost of time and transport and parking of going to a store
- Sourcing product more cheaply from overseas vendors
- Great variety and inventory offered by online stores
- Comparison engines that compare and recommend product
- Auction sites, where they did for goods

1.3 FEATURES OF E-COMMERCE

E-commerce can provide the following benefits over non-electronic commerce:

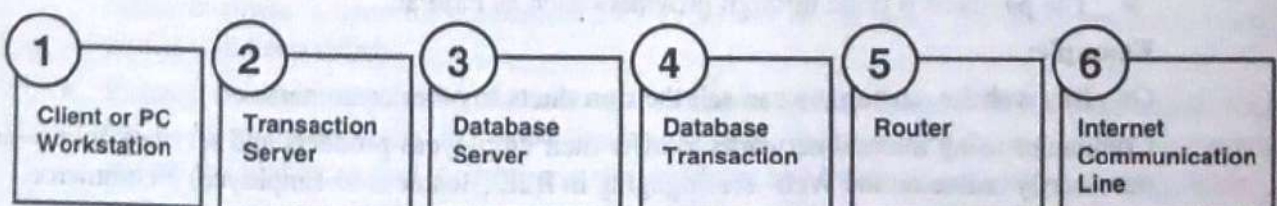
- **Reduced costs** by reducing labour, reduced paper work, reduced errors in keying in data, reduce post costs.

- **Reduced time** Shorter lead times for payment and return on investment in advertising, faster delivery of product.
- **Flexibility with efficiency** The ability to handle complex situations, product ranges and customer profiles without the situation becoming unmanageable.
- **Improve relationships with trading partners** Improved communication between trading partners leads to enhanced long-term relationships.
- **Lock in Customers** The closer you are to your customer and the more you work with them to change from normal business practices to best practice e-commerce the harder it is for a competitor to upset your customer relationship.
- **New Markets** the Internet has the potential to expand your business into wider geographical locations.
- **Quick, easy and convenient**, E-commerce has enabled the consumer to complete transactions from the comfort of their own home, transactions that would usually happen within the walls of a store. Transactions now take only minutes, rather than the hours included in physically getting to the stores.
- **Lower prices**, many consumers are turning to e-commerce for their needs due to the lower price for many everyday items. Different factors on the merchant's side of the equation allow them to sell products at a lower price compared to a standard store and these cost savings are often passed to the end consumer.
- **Product comparisons**, not only are consumers finding it quick and more convenient to shop online but they are also making more comparisons than ever. Comparing the price, delivery time and product specifications have never been simpler. Quickly browsing multi websites that stock products that suite your criteria is as simple as search. Consumers can now compare multiple products in minutes.

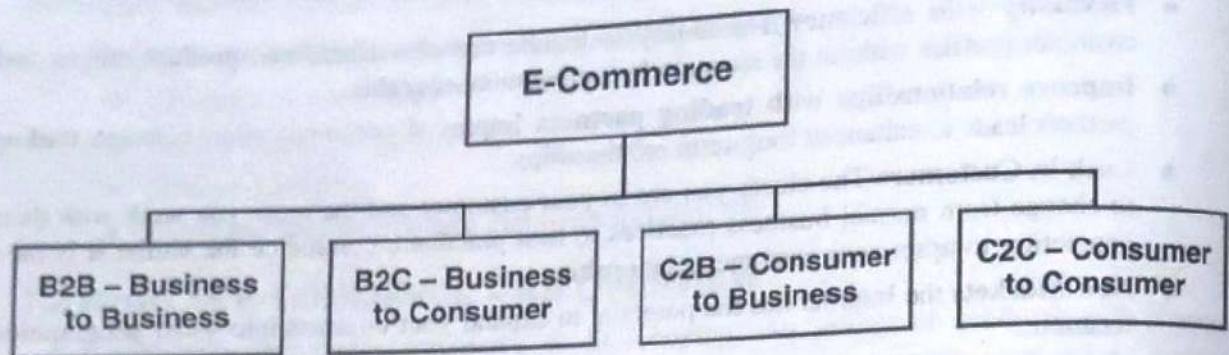
There are three important components of E-Commerce



The additional technical components of electronic commerce comprise



1.4 CATEGORIES OF E-COMMERCE



- **B2B or Business to Business**

- Business transactions taking place between the manufacturers and distributors.
- The pricing is dependent upon the quantity of the order.

Example:

An automobile manufacturer purchases tyres, windscreens in bulk quantity from their respective manufacturers.

- **B2C or Business to Consumer**

- The selling of products of a merchant to the general public takes place through catalogs utilizing the shopping cart software.

Example:

A Fast Moving Consumer Goods (FMCG) company advertises its products on its own website and allows customers to browse through them and place the order directly with them.

- **C2B or Consumer to Business**

- A consumer posts his requirements and companies that are capable of meeting the requirements, bid on the project.
- The consumer reviews the bids and selects the company capable of completing the project.

Example:

Websites provide platform to developers or coders and clients. The client posts his requirements on this website, the developers or coders browse through requirement details and place the bid.

- **C2C or Consumer to Consumer**

- The consumer posts his products on a website and another consumer purchases it through the online auction method.
- The payment is done through providers such as PayPal.

Example:

On eBay website, customers can sell their products to other customers.

Companies using internal networks to offer their employees products and services online--not necessarily online on the Web--are engaging in B2E (Business-to-Employee) e-commerce.

G2G (Government-to-Government), G2E (Government-to-Employee), G2B (Government-to-Business), B2G (Business-to-Government), G2C (Government-to-Citizen), C2G (Citizen-to-Government) are other forms of e-commerce that involve transactions with the government—from procurement to filing taxes to business registrations to renewing licenses. There are other categories of e-commerce out there, but they tend to be superfluous.

1.5 ADVANTAGES AND LIMITATIONS OF E-COMMERCE

E-Commerce Advantages for Customers

- **Convenience.** Every product is at the tip of your fingers on the internet, literally. Type in the product you are looking for into your favourite search engine and every option will appear in a well-organized list in a matter of seconds.
- **Time saving.** With e-commerce there is no driving in circles while looking and digging in hopes of finding what you need. Stores online offer their full line as well as use warehouses instead of store fronts—products are easy to locate and can be delivered to your door in just days.
- **Economy Benefit.** E-commerce allows us to make transaction without any needs on stores, infrastructure investment, and other common things we find. Companies only need well-built website and customer service.
- **Easy to compare.** Side by side comparisons are readily available and easy to do. When products are placed online, they come with all the specifics, and they *want* you to compare them with others, know they have the best options and come back for more!
- **Easy to find reviews.** Because the competition is high, companies online want you to look at other consumer reviews. Good and bad reviews are on every site, not only can you see if the product is liked, you can also see the reasons behind the thumbs up or down.
- **Coupons and deals.** With every online business wanting you, more and more coupons and deals can't be avoided, which are totally great for customers. With major sites that act as department store, you may find items up to 80% off! Take advantage of the competition and find the best price available.

E-Commerce Advantages for Businesses

- **Increasing customer base.** The customer base is every business's main concern, online or off. When online, a business doesn't have to worry about getting the best property in town, people from around the world have access to their products and can come back at any time.
- **Rise in sales.** By not managing a storefront, any business will have more sales online with a higher profit margin. They can redistribute money to make the consumer shopping experience faster and more efficient. While being available to international markets, more products will sell.
- **Round the clock availability.** If it's snowing and the roads are closed, or it's too hot and humid to even step outside in the summer, or a holiday that every store in town closes, your online business is open for consumers 24/7 every day of the year. The doors never close and profits will keep rising.
- **Expand business reach.** A great tool on the internet is...translation! A business online does not have to make a site for every language. With the right marketing, every consumer around the globe can find the business site, products and information without leaving home.

- **Recurring payments made easy.** With a little research, every business can set up recurring payments. Find the provider that best suits your needs and billing will be done in a consistent manner; payments will be received in the same way.
- **Instant transactions.** With e-commerce there is no more waiting for the check to clear, or a 30-day wait for certain other types of payment. Transactions are cleared immediately or at most two to three days for the money to clear through the banking system.

E-Commerce Disadvantages

E-Commerce Disadvantages for Customers

- **Privacy and security.** Before making instant transactions online, be sure to check the sites certificates of security. While it may be easy and convenient to shop, no one wants their personal information to be stolen. While many sites are reputable, always do your research for those with less than sufficient security.
- **Quality.** While e-commerce makes everything easily accessible, a consumer cannot actually touch products until they are delivered to the door. It is important to view the return policy before buying. Always make sure returning goods is an option.
- **Hidden costs.** When making purchases, the consumer is aware of the product cost, shipping, handling and possible taxes. Be advised: there may be hidden fees that won't show up on your purchasing bill but will show up on your form of payment. Extra handling fees may occur, especially with international purchases.
- **Delay in receiving goods.** Although delivery of products is often quicker than expected, be prepared for delays. A snow storm in one place may throw off the shipping system across the board. There is also a chance that your product may be lost or delivered to the wrong address.
- **Need access to internet.** Internet access is not free, and if you are using free Wi-Fi, there is the chance of information theft over an unsecure site. If you have your public library, or cannot afford the internet or computer at home, it may be best to shop locally.
- **Lack of personal interaction.** While the rules and regulations of each e-commerce business is laid out for you to read, there is a lot to read and it may be confusing when it comes to the legalities. With large or important orders, there is no one you can talk to face to face when you have questions and concerns.

E-Commerce Disadvantages for Businesses

- **Security issues.** While businesses make great efforts to keep themselves and the consumer safe, there are people out there that will break every firewall possible to get the information they want. We have all seen recently how the biggest and most renown business can be hacked online.
- **Credit card issues.** Many credit card businesses will take the side of the consumer when there is dispute about billing—they want to keep their clients, too. This can lead to a loss for e-commerce business when goods have already been delivered and the payment is refunded back to the consumer.
- **Extra expense and expertise for e-commerce infrastructure.** To be sure an online business is running correctly, money will have to be invested. As an owner, you need to know transactions are being handled properly and products are represented in the most truthful way. To make sure you get what you need, you will have to hire a professional to tie up any loose ends.

- **Needs for expanded reverse logistics.** The infrastructure of an online business must be on point. This will be another cost to the business because money will need to be invested to ensure proper handling of all aspects of buying and selling, especially with disgruntled consumers that want more than a refund.
- **Sufficient internet service.** Although it seems that everyone is now on the internet all the time, there are still areas in which network bandwidth can cause issues. Before setting up an e-commerce business, be sure your area can handle the telecommunication bandwidth you will need to run effectively.
- **Constant upkeep.** When a business has started as e-commerce, they must be ready to make changes to stay compatible. While technology grows, the systems that support your business must be kept up to date or replaced if needed. There may be additional overhead in order to keep data bases and applications running.

1.6 E-COMMERCE ENVIRONMENTAL FACTORS

1.6.1 Economic

The **economic environment** consists of external factors in a business' market and the broader economy that can influence a business. You can divide the economic environment into the microeconomic environment, which affects business decision making - such as individual actions of firms and consumers and the macroeconomic environment, which affects an entire economy and all of its participants.

Macroeconomic influences are broad economic factors that either directly or indirectly affect the entire economy and all of its participants, including your business.

These factors include such things as:

- Interest rates
- Taxes
- Inflation
- Currency exchange rates
- Consumer discretionary income
- Savings rates
- Consumer confidence levels
- Unemployment rate
- Recession
- Depression

Microeconomic factors influence how your business will make decisions. Unlike macroeconomic factors, these factors are far less broad in scope and do not necessarily affect the entire economy as a whole. Microeconomic factors influencing a business include:

- Market size
- Demand
- Supply
- Competitors
- Suppliers
- Distribution chain, such as retailer stores

1.6.2 Technological

Technological change is improvement in the 'art' of making products or developing processes. A technological product is just something that man created using the application of knowledge to improve a person's life, environment or society.

A technological process is a means to make and improve products and services.

For example, the traditional manner of 'printing' magazines involved a mechanical printing press. Now, a new technological process has been developed to digitize the magazine to be transmitted and stored electronically.

The rapid development of technology requires quick reaction by businesses in order to survive in an emerging competitive environment and keep up with new trends and innovative services which other competitors might be offering.

These technological factors can include both products and processes and can present opportunities and threats but it is vital for competitive advantage and is a successful driver in globalisation. Products can be marketed in new ways and processes present immense Value to the business.

Advantages of Change

Technological change can bring about advantages and opportunities for businesses. Obviously, new technology can create new products and services, thereby creating entire new markets for a business. Moreover, improvements in technological products and processes can increase productivity and reduce costs.

1.6.3 Legal and Regulatory Factors Affecting Business

The legal and regulatory environment plays a very crucial role in determining the success of any businesses. The government imposes taxes among other regulatory measures to promote economic growth and to cushion consumers from exploitation. Therefore, before establishing or when running a business, it is imperative to understand the role of regional tax measures and regulatory measures to determine how they affect your business.

Understanding legal and regulatory measures also help you to adapt to your business environment and to account for all your regional economic analysis.

- **Tax:** Tax is one of the legal and regulatory factors that affect business. Tax codes may vary from one country to the other and from one region in a country to the other. They can support a business while other tax restricts certain business operations.
- **Trade policies:** Trade policies also affect business. They include tax policies, monetary policies, fiscal policy, government policy, regulatory policy and property rights policies.
- **Politics:** Politics can affect a business a great deal. This is form of government where political environment determines whether a business will be stable or not. A stable political environment builds investor confidence and boosts the growth of a business.
- **Economic policy:** Economic policy of the government also affects business. It is a legal and regulatory factor that helps to promote economic growth in a country.

1.6.4 Socio-cultural Factors

1. **Means of Communication:** Every community has a means of communication and the ability for you to key into their style of communication will go a long way to positively impact your business.

2. **Purchasing Power:** It is very important that you know the purchasing power of the people that live in the area where you intend establishing your business.
3. **Advertising Preference:** Advertising preference is another socio-cultural factors that affects businesses globally.
4. **Myth:** Myth is also another social cultural factor that influences a business. The myth that is generally accepted by a group of people that live in an area goes a long way to impact the kind of businesses that can survive in such communities.
5. **Education:** The importance placed on education by a group of people that live in a particular area can also determine the kind of business that can thrive in that area.
6. **Social Organization:** Most communities are organized in such ways that place some people over other people.

For instance; in an ideal local community (villages in Africa), you would have kings, chiefs, subjects and even slaves. So if for instance; you own a business in such communities, you must endeavour to always be in the good book of the king or even the chiefs in the community if you intend to continue to be in business.

1.7 FACTORS RESPONSIBLE FOR GROWTH OF E-COMMERCE

Curated E-commerce

In electronic commerce (e-commerce) terminology, curated commerce refers to creating unique product lines that provide customers with a distinct collection not offered by other online retailers in a market. The powerful influence of various social media tools such as Pinterest or Facebook allows consumers to organize their favourite items and segment it into themed collections to share it with others.

This fuels personal expression in shopping and makes others reflect on their purchase decision. This is the evolution of influential personal recommendation.

Adoption of Multi-channel Investments

Cross-channel investments are highly aggressive in augmenting both online and offline buying strategies. Multi-channel e-commerce business is an environment in which a company can sell through two or more online channels. Many stores are pushing endless-aisle initiatives and are being used as a warehouse for an online catalogue to enhance the speed of home delivery.

Sometimes a company also inherits legacy Web store from an acquisition.

Unique or Commoditized Products

Establishing a reputation and brand for quality products always drives demand. Commoditized products such as mainstream tools, consumer electronics or other equipment's generally show less success while selling online. Even though these are the most popular online items, consumers prefer to buy them from renowned retailers such as eBay or Amazon.

Some small businesses have found success through affiliation with major retailers.

Remarketing

Businesses of any size have to be creative to stand out of the crowd. E-commerce creativity emerges from multiple touches to produce continued interests in the products. In one word, this technique is popularly known as Remarketing.

When any potential customer visits a website but leaves it without purchasing any items, companies follow them online. The attitude of the customers can be changed through Remarketing. Remarketing can convince to complete their purchase that they have previously failed to do. It is a method of conversion marketing which is a receptive marketing technique that endeavours to appeal a consumer response.

One can experience Remarketing if they notice any ads that are extremely reflective of their interests.

Maintaining E-commerce Sites by the Third-Party Provider

Creating an attractive and functional e-commerce site is quite a challenging task. However, a third-party e-commerce provider will make this task simple for you. They offer site set up and maintenance to entice businesses. For instance, some of the third-party e-commerce site providers do not charge any transaction fees once the items are sold. Instead, they offer monthly plans.

Besides, the emergence of digital services is gradually proving to be the leading driver for e-commerce growth. The rise of portable mobile devices and advanced videos is increasing the desire of the consumer to spend more time researching online for price matching and ultimately on their buying decision.

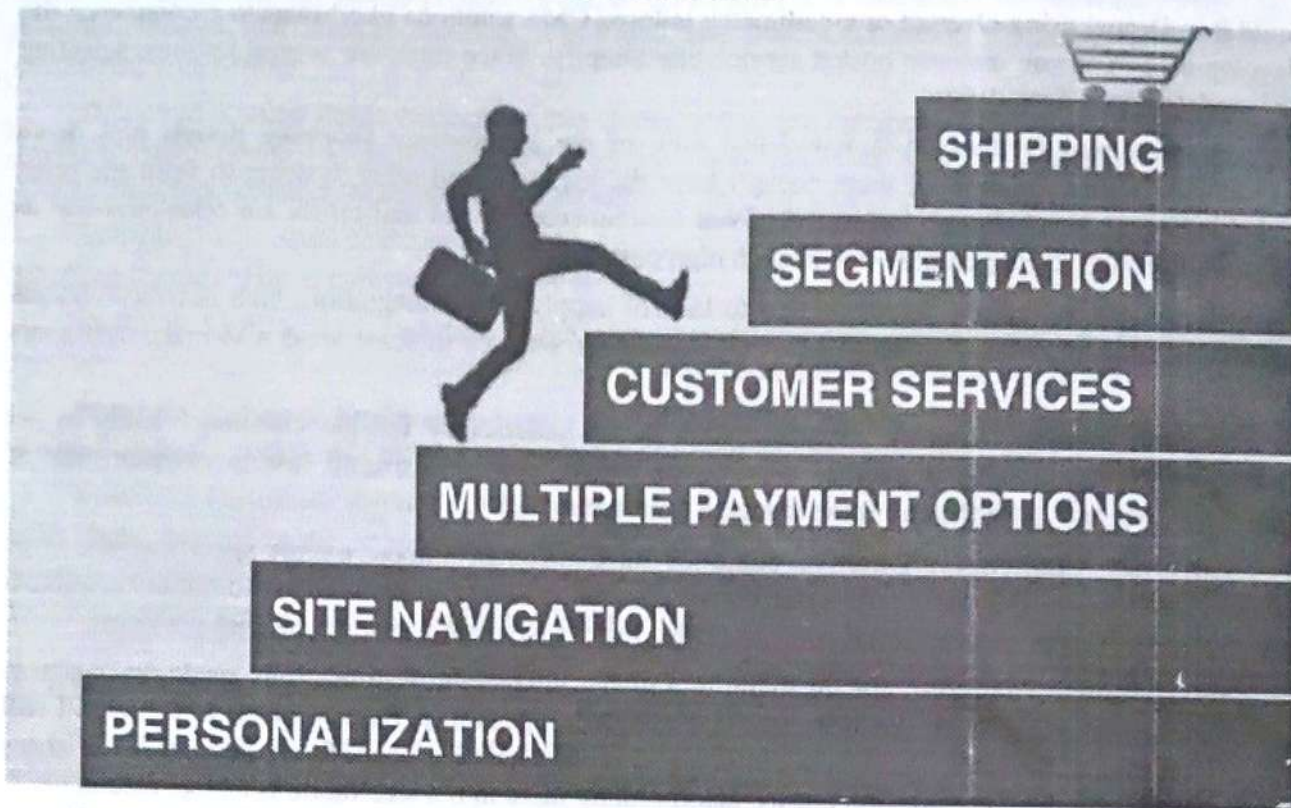
Let us find out the impact of commerce to drive e-commerce future progress. Research shows that 81% of the Smartphone users access the Internet on their mobile devices. Does the e-commerce store need any other reason to make their sites mobile optimized? (I guess NO). With the discovery of different innovative apps every day, e-commerce has matured extensively. It is not just the phones that are driving retail Web traffic, but, tablets are equally responsible in this context. Tablets are mostly used during evening prime-time hours, when the consumers are in their leisure state of mind.

Payment methods can make or break a purchase decision. The choice of payment methods offered to the consumer seems to be constantly evolving. Besides the growth of contactless payment methods with mobile transactions, there is a drastic change in the way people pay for their products. Services like Apple's iTunes and PayPal have already initiated centralized payments on various mobile devices. Such liberties to accept payment will be invaluable for merchants of all sizes in the near future.

The increased use of videos to provide insights into products has undoubtedly made the shopping experience more delightful. Videos are a great alternative to give customers a virtual feel of products.

The e-commerce industry will continue to evolve and progress with the passage of time. Of all the upcoming trends, the only thing that will remain consistent is the need to build loyal customers through competing on value and by providing quality customer service.

1.8 ISSUES IN IMPLEMENTING E-COMMERCE



E-commerce is advancing at a fast pace, and lots of online e-commerce websites are entering the Web every day. The competition is continuously increasing. Remember that you are not selling directly to customers you have to do something to make customers attracted towards you. Still it is found that companies are treating online customers with a certain level of ignorance which will eventually lead into loss of customers.

E-commerce has got the potential to create personalized experience for shopper even though good analytics are required to understand its power.

There are a lot of challenges that the current e-commerce shopping portals are facing. Just go through them, as you might also be facing these challenges. We will also offer some suggestions that might help you in overcoming these challenges.

Challenges

Pushy Sales: When customers look for something for online shopping, they eventually get frustrated with tons of popup and banner ads screaming at them, this is not going to help you, as this will only make customers switch to other sites. there are so many of them now.

Personalization: Personalization can be the single most important challenge when it comes to e-commerce and its competition to you're the retail stores that we used to go as children. the store owners remembered us, our preferences and had that personal touch which is difficult to replace when you are selling online.

No-Service Sales: Your e-commerce web-store might be attractive, but what if the customers get lost in your site without having any idea about what to search and where to go? This is common challenge that many e-commerce websites are having.

Choice of good e-commerce solution: You can build your e-commerce website from scratch, or build it in Drupal using Overact or e-commerce tailored CMS solutions like Magneto e-commerce site development. You can also use hosted service like Shopify. Since there are several options, selecting appropriate one is a challenge.

International Orders: It is found that 40% of the e-commerce shopping portals turn down international orders as most of them doesn't have the logistics, and other systems to fulfil the order and this is a major challenge facing the global e-commerce. Duties and tariffs are other problem as customers tend to reject purchase due to such high cost.

Shipping Challenges: Issues related to lack of supply chain integration, high delivery charges for products, delay in delivery and lack of proper courier services in some areas also make customers frustrated.

Product Return, Refund: Product which is not satisfactory for the customers tends to get replaced or returned. This is another major issue which leads into overall loss in revenue, loss of shipment costs and more than all these losses of your reputation.

Currency Challenges: Different countries have different import export specifications. This hinders smoothness in e-commerce shopping and product delivery. Issues related to credit card limits and currency exchange rates. Certain countries also restrict payment gateways causing problem.

International Taxation: We are living in a global village and web has truly made our business boundaries seamless, global and boundary-less (virtually speaking). But the catch is the world still lives in physical boundaries and this is not going to change anytime soon. Every country (even states inside them) have different taxation norms. Incorporating them into a web fabric is a huge challenge.

Customer Service: Marketers focuses on the website performance ignoring customer relationship and in-personal assistance.

Solutions

While some of the above challenges are impossible to solve in near term owing to external factors not in control of business owners currently, we can solve and work around many others. here is what can be done:

Personalization: Commonly used to enhance customer service or e-commerce sales, personalization is sometimes referred to as one-to-one marketing, because the enterprise's Web page is tailored to specifically target each individual consumer. Personalization is a means of meeting the customer's needs more effectively and efficiently, making interactions faster and easier and, consequently, increasing customer satisfaction and the likelihood of repeat visits. Utilize intelligent tools like web analytics, study customer behaviour online, reward and reach out to customers. the more personalization you can out into your web-store. more the customers will love you.

Segmentation: Customer segmentation is important. All customers should not be treated in the same way. It is good to divide customers based on first-time users, high valued active users and inactive customers, based on which you can provide offers and promotion campaigns. Use analytics to target the right to the right customers.

Make Your Site Navigable: Customers sometimes tend to get lost in your site. Provide proper navigation in your site to make things easier for your customers. Try to make your e-commerce site properly structured.

Choosing E-Commerce Solution: It is better to do some research based on your specific needs. Read the feature lists, try demos, and get reviews from who know better about this. It is always better

to choose something that has large community as it will offer help, tutorials, sample codes, third party plug-ins, themes, and security auditing, which will help you in enhancing the productivity for your e-commerce web-store.

Delivered Duties Paid: emarketers pay duties and taxes for what they sell. It is better to sell products internationally on an all-inclusive price basis and hassle free services through all international courier facilities. Product registration and reduction in shipping cost is another good solution.

Shipping: It is better to deliver in bulk in one go to a single hub and distribute based on domestic shipping charges. This is called regionalization.

Product Return and Refund: Make sure that all product descriptions are up-to-date and relevant. Also ensure that the products you deliver are procured from certified vendors.

Multiple Payment Options: Be open for all payment gateways, start entertaining e-Wallets, prepaid cards etc. which will offer better cash flow and relieve customers from credit card problems.

Focus on Customer Service: Online users want fast response to their query. So start interacting with them through 24X7 emails, calls, and chat assistance. Make your customers interact with you through all possible means like social media marketing etc. Keep reminding them about deals and promotions that you are offering and try to know what they think about them.

1.9 MYTHS OF E-COMMERCE

Starting a new business can be exciting and stressful at the same time, filled with long hours and a lot of living on an extremely tight budget in hopes of getting your business up and running. There are a lot of misconceptions about how the business world works, but we're here to set the record straight so you can successfully get your e-commerce business up and running.

Myth One: Setting up a business on the web is easy and inexpensive

While practically anyone with a computer and internet access can set up a website, most of them offered freely by web hosting services, creating an on-line transactional e-commerce business required months of back office work and investment in hardware and software.

Myth Two: Launching a website automatically means that customers will flock onto your site

Setting up a website is not enough. Promotion is key in getting potential customers to check out your site. There are millions of websites on the web and just like in a traditional store, you need to market your site. The key to marketing your website is networking and building relationships with customers, other sites, trade organisations, on-line directories, and social media sites so that people can find you.

Myth Three: Making money on the web is easy

There are many "entrepreneurs" who are selling get rich quick schemes on the web. Making money on the web is not easy except if you are selling "make a \$100 000 a month", schemes to desperate people. Respect should be given to and lessons learned from those companies that have invested time and resources to making e-commerce work for them and their customers, honestly.

Myth Four: Privacy is not an important issue on the web

The web allows companies to gain access to unbelievable amounts of information about customers. Companies use this information to gain insight into product preferences and how they can market their services. Customers are increasingly becoming concerned about their on-line security and this is a constant topic for governments and internet service providers. On line companies should

therefore protect their customers from on-line fraud, identity theft and abuse of information by other third parties. It is important to set up firewalls to safeguard your business against hacking and theft of customer's information.

Myth Five: The most important part of any e-commerce site is technology

While the technology for setting up the business is critical, the most important part is creating a business model that offers customers value at a reasonable price while producing an acceptable return for the business. Entrepreneurs that are successful in e-commerce know their companies inside out and have been able to build their on-line business around this information. While you can hire people to build your site, nothing will substitute for your intimate knowledge of your industry, your internal systems, your competitors, your customers, your suppliers and how to make all of these things work for you.

Myth Six: I don't need a strategy to sell on-line

Building an on-line business is the same as building a brick and mortar company. You need a strategy. You need to build a clear definition of the company's target markets, a thorough understanding of your customers' needs, likes and dislikes. Your website must be appealing to the customers that you want to attract. An e-commerce website should be created with your customers in mind.

1.10 IMPACT OF E-COMMERCE ON BUSINESS

Selling through websites is the fastest growing method of trading worldwide. There are two main forms of e-commerce:

- Business to business (B2B) trading where companies trade and exchange information using the World Wide Web.
- Business to consumer (B2C) trading where companies deal directly with customers through web pages, and ordering is carried out online.

Improving Productivity

1. Reducing cost of fund
2. Reduction in the amount of labor
3. Making a larger positive contribution
4. Attesting to the real and potential improvements
5. Increasing competition
6. Distinguishing the products
7. Choice in consuming the products and service
8. Availability
9. Saving time and money

Cost Saving

Causes: Business-to-Business (B2B) e-commerce

Effects:

1. Saving time and labor
2. Affordability

Streamlining Business Process

1. E-commerce system
2. Implication of future e-commerce growth

Effects:

1. Focusing on the business consequences
2. Stability
3. Improving customer service
4. Policymaker
5. Forecaster
6. Trends in productivity

Trading Online

Trading online enables businesses to reach much wider audiences while cutting the costs of traditional retailing methods. For example, an e-tailer does not have to spend so much on an expensive High Street presence.

Although the outlay on developing a good website is substantial the potential benefits can be enormous. One group of businesses that have been particularly successful as a result of the development of the web are specialist suppliers of items such as paintings, photographs, confectionery, and other items.

1.11 E-COMMERCE IN INDIA

The fast development of telecommunications technology in the past few decades is changing many aspects of our lives, how we search for information, how we travel and not at least how we buy products or services. Although classic shop-based retail is still preferred, e-commerce or electronic commerce, namely the buying and selling of products and services exclusively through electronic channels, is gaining ground. The most well-known form of e-commerce or electronic commerce is online shopping, also known as business to consumer e-commerce (B2C), where private customers can order various products which they then receive by courier or postal mail. Another category of e-commerce focuses on transactions between companies, such as manufacturers and a wholesalers or wholesalers and retailers and is called business to business e-commerce (B2B). The third category of e-commerce involves transactions from consumer to consumer (C2C), as in the example of eBay or other similar websites.

With an expected 33 percent of the global market in 2015 and over 37 percent in 2018, the Asia Pacific region is becoming the leader of the e-commerce industry. In fact, China, due to its unprecedented economic boom, is not only driving the region's leadership, but is also set to outdo the United States as the single country with the largest e-commerce market in the world. Another emerging Asian market in terms of e-commerce is India. Recent statistics show that retail e-commerce sales in India have grown tremendously, from 2.3 billion U.S. dollars in 2012 to an estimated 17.5 billion U.S. dollars, representing an almost eight-fold growth. As of 2015, the retail e-commerce sales as a percent of total retail sales in India are set to account for 0.9 percent of all retail sales in India, but this figure is also expected to grow in the near future, reaching 1.4 percent in 2018.

By 2016 a number of 653 million people in the Asia Pacific region are expected to buy goods and services online, a figure which translates into over 48 percent of internet users in the Asia Pacific region purchasing products or services online. Some of the most popular product categories among

online shoppers in the region include airline tickets and reservations, baby supplies, cosmetics, clothing, accessories and shoes, as well as computer hardware and software. According to recent data, the number of digital buyers in India alone is expected to reach 41 million by 2016, representing some 27 percent of the total number of internet users in the country.

1.12 TRENDS IN E-COMMERCE IN VARIOUS SECTORS

The internet is changing the way people do business.

1.12.1 Retail

E-commerce has grown at very rapid pace in last few years in India. Growth in internet & mobile phone penetration has changed the retail environment. Shopping habits of customers, customer expectations and customer preferences are also changing with change in retail environment. Large variety of choices, easy comparison, convenience for purchase, and doorstep delivery are major driving force for customers using e-commerce platform. Above it, 'Cash-on-delivery' and convenient return process has increased the customer trust on e-commerce. But, e-commerce and e-tailing in India has still a long way to go. The way the business is moving and the increasing thrust on e-commerce is re-proving the country's consumption story. E-commerce or e-tailing is the recent paradigm that retailers have had to also confront and already 75 per cent of retailers have adopted e-commerce in some form and globally, retailing has already graduated to a multi-channel. Retailers have been able to help consumers feel more comfortable shopping online.

1.12.2 Banking

Online Banking is becoming an important aspect of worldwide commerce. Online Banking is also known as e-banking, cyber banking, virtual banking, net banking, and internet banking. Online banking includes various banking activities conducted from home business, instead of at a physical bank location. Customer relationship management worked as a tool increased use of e-commerce makes CRM. Online banking is based on internet or web-based interaction to create a high volatile relationship in the banking sector. Questions are related to online banking in which given options are Satisfied, Unsatisfied, Neutral, Yes, No. After analysis and comparison of traditional banking of online banking, it is revealed that it is quite difficult, if not impossible, to suggest that which online banking is best. Online banking provides the flexibility, efficiency of work, provide the better security of net banking. The future of web-based e-banking in developed areas appears bright but consumers and merchants in developing countries face in number of barriers to successful e-banking, including less reliable telecommunications infrastructure and power supplies, less access to online payment mechanisms and relatively high costs for personal computers and Internet access.

1.12.3 Tourism

New technologies are providing different channels for marketing and management that improve the capabilities of society. And computers are providing faster and more reliable processing with lower cost continually.

The e-commerce direction is a benefit to all parties over the world in most industries since it is cost savings.

The Internet is not the full solution to success in the Hospitality and Tourism industry. However, the Internet is the "overall business answer" across industries. The raise in travellers over the time has also driven IT demand on offering high quality products at low costs to the customers. The success of the Hospitality and Tourism industry will depend upon the abilities to identify and answer quickly to current and potential customer needs. IT is playing a major role in "servicing" customers. This

challenges Hospitality and Tourism organizations because efficiency in both external and internal interactions are required. The setup cost of IT may be quite expensive in an economic sense, and the tremendous cost savings in the long-term will depend upon the efficiency of the IT during its crucial implementation stages. In some way, Hotel could reduce the cost such as the commissions paid to travel agencies as suppliers will be straightly linked to customers.

1.12.4 Government

E-government refers to the application of e-commerce technologies to government and public services. In the same way that e-business can be understood as transactions with customers (citizens), suppliers and internal communications, e-government covers a similar range of applications: Citizens – facilities for dissemination of information and use of online services at local and national levels.

1.12.5 Education

Education sector has always been considered to be one of the biggest gainers from the Internet. India's education market is growing at a rapid pace. According to India Ratings and Research Pvt. Ltd. E-learning is one of the fastest growing industries and the large players want a share of that pie.

E-education brings customized content as per learning style, collaborative learning, self-paced learning, saves on time and definitely is cost-effective. One of the best advantages of e-learning/education is reducing dependence on traditional system of learning, and allow teachers and students open up to the global knowledge. Online education is quickly becoming a major phenomenon around the world. The ease, access, convenience and lower cost it offers appeal to people just about everywhere.

1.13 MOBILE COMMERCE

Mobile Commerce is also known as M-Commerce. M-Commerce is the buying and selling of goods and services through wireless handheld devices. M-Commerce is the process of paying for services using a mobile phone or personal organizer.

M-Commerce is the ability to conduct Commerce using a mobile device such as:

1. Mobile Phone
2. Personal Digital Assistant
3. Smart Phone

Mobile Commerce from the Customer's Point of View

- The customer wants to access information, goods and services any time and in any place on his mobile device.
- Customer can use his mobile device to purchase tickets for events or public transport, pay for parking, download content and even order books and CDs.
- Customer should be offered appropriate payment methods.
- The future development of the mobile telecommunication sector is heading more and more towards value-added services.
- Analysts forecast that soon half of mobile operator revenue will be earned through mobile Commerce.
- Innovative service scenarios will be needed that meet the customer 's expectations and business models that satisfy all partners involved.

Services and Applications

- Mobile ticketing
- Mobile Money Transfer
- Content purchase and delivery
- Information services
- Mobile banking
- Mobile Browsing
- Mobile Purchase
- Mobile marketing and advertising

Mobile Ticketing

Mobile Ticketing is the process where the customers can order, pay for, obtain and validate tickets from any location and at any time using Mobile phones.

Tickets can be booked and cancelled on the mobile device with the help of simple application downloads.

Mobile Tickets can be purchased in a variety of ways including online, via text messaging or in a secure mobile application.

Mobile Ticketing is used in many applications like:

1. Airline ticketing
2. Cinema ticketing
3. Railway & Bus ticketing
4. Concert/Event ticketing
5. Consumer voucher distribution

Mobile Money Transfer

Mobile Money Transfer refers to payment services which are performed by using a mobile phone.

By using this service, we can transfer money from one person to other by using a mobile phone.

Ex: ICICI bank has started IMPS - Interbank Mobile Payment Service. It is an interbank electronic instant mobile money transfer service through mobile phones.

Content Purchase and Delivery

Mobile content purchase and delivery mainly consists of the sale of ring-tones, wallpapers, and games for mobile phones. The convergence of mobile phones, portable audio players, and video players into a single device is increasing the purchase and delivery of full-length music tracks and video.

Information Services

A wide variety of information services can be delivered to mobile phone users in much the same way as it is delivered to PCs.

These services include:

- News
- Stock quotes
- Sports scores
- Traffic reporting

Mobile Banking

Banks and other financial institutions use mobile Commerce to allow their customers to access account information and make transactions, such as purchasing stocks, remitting money, receive notifications, transfer money to other banks.

Mobile Purchase

Some merchants provide mobile websites that are customized for the smaller screen and limited user interface of a mobile device.

Mobile Marketing and Advertising

Mobile marketing is highly responsive sort of marketing campaign, especially from brands' experience point of view.

Corporations are now using M-commerce to expand everything from services to marketing and advertisement.

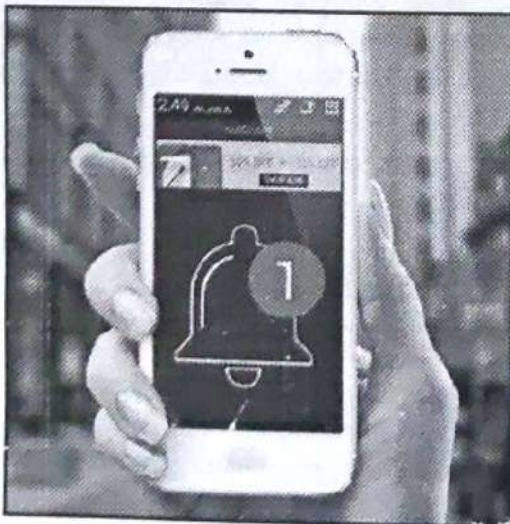
Types of M-marketing and Advertising

- Mobile Web Poster
- SMS advertising
- MMS advertising
- Mobile games
- Mobile videos
- Audio Advertisements

1.14 BENEFITS OF M-COMMERCE

Mobile commerce is no more a future trend, rather a revolution, which is changing the way e-commerce businesses approach customers. Mobile Commerce, or in short Mcommerce, can be described as, 'business transactions that are made via mobile devices' or optimizing your online business for mobile phones as an application. We have come up with such an explanatory line in order to clearly state that Mobile commerce is not confined to e-commerce industry alone.

Personal Touch – Push Notifications



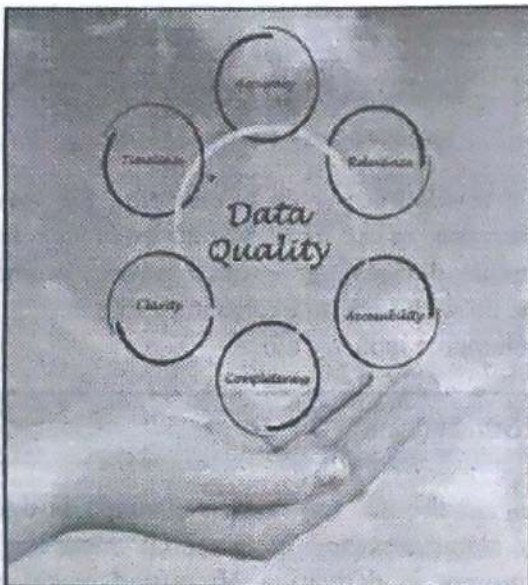
Notifications are the delivery systems, which bridge the gap between a business and its potential customers. They are more prompt in delivering offers and reaching audience better as mobile devices are often carried along almost wherever a person goes.

Instant Contact – One-step Calling



Instant contact option helps customers reach a business instantly with ease. Live chat assistance, one click calling feature and toll-free help desk benefit customers by improving accessibility towards business as a when they like. Triggering mails and awaiting response is no more a scenario in terms of customer handling as even a slightest of delays will encourage a customer to change his/her preference.

Complete Access



Providing customers, a complete access to a business is a key to its success. A little bit of hiccup in accessing information or a delayed response from a business owner will result in a customer jumping over to thousands of other options available.

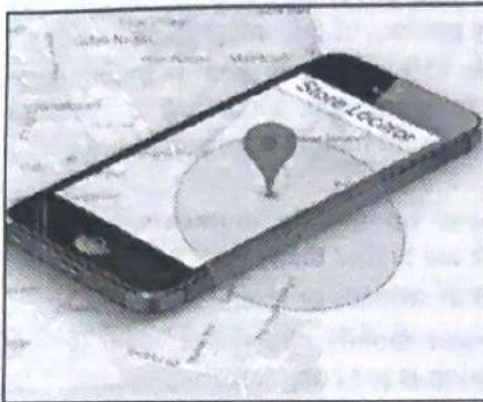
One of the most keenly focused areas in mobile commerce is offering multiple channels of communication to a customer to solve their problems in real time.

While using mobile devices, irrespective of the operating system they belong to (iOS, Android, Windows etc.), a customer does more of research and engages more. A mobile application is the only gateway, which lets customers to access information quickly, get instant responses for queries, offer searching convenience and much more.

Everything they need, right from shopping convenience to support service can be provided precisely and in a compact way.

Live chat assistance, demo videos, detailed pricing, discount information, out of stock notification, service details and everything else customers find handy while shopping, can be integrated into a m-commerce application and fed to their fingertips.

Location Tracking – The Must-have Advantage to Triple Conversions



Location based notification pushes help local businesses, or businesses in general, to offer personalized discounts targeting procurers who purchase with a certain regularity. A study by Responses has that notifications are considered to be more personal and enjoy 50% higher open rates and 2x higher conversion rates compared to marketing emails.

Location tracking can also help in providing assistance for customers in navigating directions or helping them find the nearest transportation service, etc.

Payments



Security and convenience is mandatory for business in all mediums, be it web or mobile. Coming to the “what’s hot?” part of payments there are a few things which can be discussed. First comes the in-app payment.

In-app payment allows a customer to pay within an application to avail more personalized or premium offerings from the service provider or to purchase add-ons of an app.

Promotional Mediums – Omni-channel Experience is the New Trend



E-commerce stores or businesses powered via mobile commerce have plethora of opportunities to promote their businesses. Apart from notification pushes, businesses offer discount coupons, daily deals, special prices for registered customers, free shipping and much more to improve user registration and earn new customers. Thus a business’s marketing gets viral and customers start to pour in heaps.

1.15 TRENDS IN M-COMMERCE

1. **Physical and online worlds will continue to converge:** Retailers are now offering numerous options as part of their Omni channel services, including curb side pickup, online reservation services, same-day delivery and beacon-enabled features.

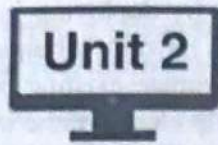
2. **Social commerce will remain on demand, but will buy buttons deliver:** As much as 60% of consumers' time spent on social media is on mobile, making the integration of both channels a vital part of retailers' plans headed further into 2016. However, it appears buy buttons are still struggling to break out as a potential by product of this integration.
3. **The mobile web will continue to outpace apps:** While 85% of time is spent in mobile apps, only 20% to 30% of a retailer's mobile sales come from the app, according to Forrester Research. In fact, Forrester indicated that 56% of retailers said mobile apps would not play a major part in their mobile strategy.
4. **Consumer expectations will drive retailers to focus on mobile moments:** In 2016, consumers' expectations of the mobile retail experience are higher than ever:
 - 64% of smartphone users expect a site to load in four seconds or less;
 - 40% have turned to a competitor's site for a better mobile experience; and 25% of online shoppers abandon the cart if a site's navigation is too complex.
5. **Loyalty will eclipse convenience in driving mobile payments:** Although mobile wallets such as Apple Pay, Android Pay and Walmart Pay were released within the past 18 months, the wallets have been slow to take off in general.
 As of now, the technology hasn't offered much incremental convenience that would persuade shoppers to use them during the payments process.
 With that said, eMarketer expects mobile payments to grow 210% in 2016.
6. **IoT still chasing full potential, but wearables poised for growth:** Gartner expects that in 2016, 6.4 billion "things" will be connected to the Internet, marking a 30% increase from 2015. The IDC forecasts worldwide spending on the IoT will reach \$1.32 trillion by 2019.
7. **The growth of mobile will force brands to optimize mobile growth:** With mobile commerce expected to grow at a rate 300% faster than traditional e-Commerce, according to discount, more brands are likely to focus on implementing a seamless checkout experience in the coming year.

1.16 SUMMARY

- E-Commerce is a new way of conducting, managing and executing business transactions using computer and tele-communication networks.
- Communication, process management, service management and transaction capabilities are the four functions of E-Commerce.
- E-Commerce is divided into four main categories viz., B2B – Business to Business, B2C – Business to Consumer, C2B – Consumer to Business and C2C – Consumer to Consumer.
- Although m-commerce is an emerging field in its early stages there are a number of ideas of what is going to constitute the key success factors for the actors in the global m-commerce arena.

1.17 QUESTIONS

1. What is E-commerce?
2. What are the advantages of E-commerce?
3. What all are E-commerce environment factors?
4. Explain myths of E-commerce.
5. Explain features of E-commerce.
6. Explain Retail, Banking, Tourism, Government and Education.
7. What is M-commerce?
8. Explain the benefits of M-commerce?



E-Business and Applications

Structure:

- 2.1 E-Business
 - 2.1.1 What is E-Business Management?
 - 2.1.2 Launching an E-Business and Different Phases of Launching an E-Business
- 2.2 Important Concepts in E-Business
 - 2.2.1 Data Warehouse
 - 2.2.2 Customer Relationship Management
 - 2.2.3 Supply Chain Management
 - 2.2.4 Enterprise Resource Planning
- 2.3 Bricks and Clicks Business Models in E-Business
 - 2.3.1 Advantages of Bricks and Clicks Business Model
- 2.4 E-Business Applications
- 2.5 EDI (Electronic Data Interchange)
 - 2.5.1 Benefits of EDI
 - 2.5.2 Drawbacks of EDI
 - 2.5.3 EDI Applications
- 2.6 Website
- 2.7 Design and Development of Website
- 2.8 Advantages of Website
- 2.9 Principles of Web Design
- 2.10 Life Cycle Approach for Building a Website
- 2.11 Different Ways of Building a Website
- 2.12 Summary
- 2.13 Questions

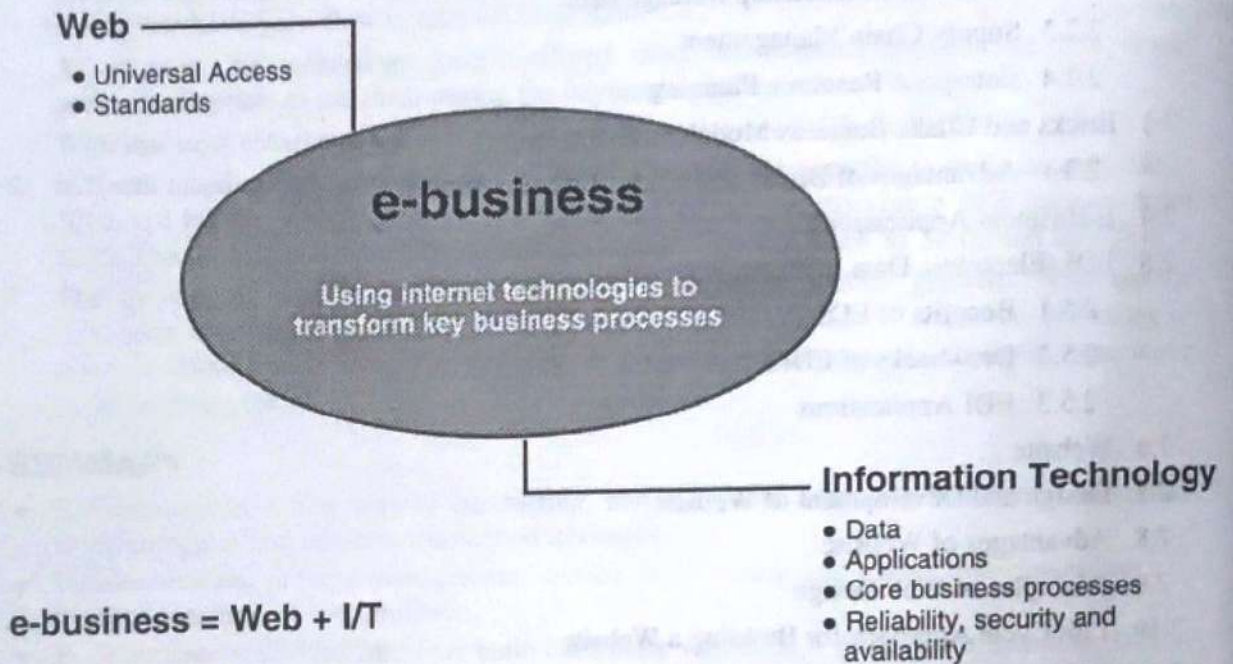
2.1 E-BUSINESS

2.1.1 What is E-business Management?

E-business (electronic business) is the conducting of business on the Internet, not only buying and selling but also servicing customers and collaborating with business partners. The processes and tools that allow an organization to use Internet-based technologies and infrastructure, both internally and externally, to conduct day to day business process operations. Stands for electronic business and refers to any kind of sales, services, purchasing or commerce on the Internet electronic business

(e-business) is aimed at enhancing the competitiveness of an organization by deploying innovative information and communications technology throughout an organization and beyond, through links to partners and customers. It does not simply involve using technology to automate existing processes, but should also achieve process transformation by applying technology to help change these processes. To be successful in managing e-business, a breadth of knowledge is needed of different business processes and activities from across the value chain such as marketing and sales, through new product development, manufacturing and inbound and outbound logistics. Organizations also need to manage the change required by new processes and technology through what have traditionally been support activities such as human resources management.

What is E-business?



2.1.2 Launching an E-Business and Different Phases of Launching an E-Business

While it is easier than ever to open an e-commerce business, many new and even experienced business owners don't take the time to lay the proper groundwork.

1. Create an LLC

While you can set up your new e-commerce business as a sole proprietorship, many small business attorneys recommend you create a limited liability company, or LLC, instead. Why? As the name implies, an LLC provides you with limited liability in case you are sued. Unlike a sole proprietorship, an LLC is a legal entity separate from you. In other words, if someone sues your business, or one of your employees, your personal assets are protected. And for the minimal amount of money required to form an LLC in most states (typically no more than a few hundred dollars, if that), it is well worth it to protect your personal assets.

2. Open a business checking account, and get a business credit card Again, it's important to separate your business assets from your personal assets

So as soon as possible, set up a business checking account and get a business credit card. If you have a good relationship with your bank, contact it first.

Depending on the amount of assets you have held there, you may receive a discount and/or preferential treatment and better rates than opening an account at a new bank. But be sure to check around, visiting smaller local banks and credit unions as well as large financial institutions, to ensure you get the best deal.

As for applying for a business credit card, determine which is more important: better interest rates, cash back or rewards and read objective reviews to determine which card to apply for in that category.

3. Trademark your intellectual property

The last thing you want after going through the trouble – and money – to set up your e-commerce business is someone stealing or copying your business name, logo, products and/or services. So protect your intellectual property by trademarking it with the United States Patent and Trademarks Office (USPTO).

4. Get a sales and use tax permit or resale certificate

Even though your business may be entirely online, at some point you will need to charge and collect sales tax, if only in the state in which your business is registered.

5. Check out the competition and decide how to set your e-commerce business apart

Before you start designing your e-commerce site, you should research your competition. Go online and see what kind of sites similar online businesses have. Bookmark three of the sites you like best. Then write down what it is you like about them. Then send the links and your list to your designer/web developer (more about this, below). This should speed up the design process – and save you money.

Note: Make sure your site doesn't look or sound too similar to other sites, as you want to stand out from the competition – in a good way – not blend in.

6. Choose the right e-commerce solution

There are dozens of e-commerce platforms and shopping carts out there aimed at small businesses, but which one is right for your business and the person who will be managing the site? (I use Big Commerce and love it, but it may not be right for every small business owner.)

While seeing examples of other sites created using that e-commerce software is a good start (i.e., make sure you like the templates or, if you are planning on hiring a professional designer, what other pros have done with the software), nothing can replace actually using the software.

Before you sign up, do a free trial. The software company doesn't offer a free trial? Don't use it. And when doing the free trial, be sure you can easily add and delete products and add and delete Web pages. Does the software come with SEO tools? Does it offer social media (i.e., Facebook, Twitter and Pinterest) integration? These are all must-haves in today's e-commerce world. Finally, be sure to check out the company's refund policy before you hand over your credit card information.

7. Hire a good designer, photographer and writer

Good product descriptions (see below), SEO and marketing are what will drive people to your e-commerce site. Good website design and navigation and great photographs will keep people there and get them to buy from you. As successful e-commerce business owners will tell you, it's worth shelling out a few hundred, even a few thousand, dollars to create a visually appealing, easy-to-navigate site, especially if you are a retail business (and an absolute must if you are selling food online). People buy with their eyes.

8. Provide search-engine optimized product descriptions that inform, not bore, visitors

Product descriptions are what get people to your site and inform people about what it is you are selling.

Make sure your content is descriptive and to the point, without being verbose. There are few products or services that cannot be described in a few well-written sentences, especially when accompanied by a photograph and/or video.

Tip: Think about how much text you are comfortable reading on your smartphone, and use that as your guide regarding length.

If your product or service cannot be described in a few sentences and/or with a few photos or videos, you have a larger problem.

9. Make your site easy to navigate

Make finding products and checking out easy – the fewer clicks, the better. And be sure to include a link to your shipping and returns policy on your Home page. Finally, before you go live, have a few friends and colleagues who aren't afraid to tell you the truth test your site and provide feedback.

10. Include Terms & Conditions, Shipping & Returns and Site Map pages

To protect your business, it's important to include a Terms & Conditions page, which functions as a kind of contract with visitors regarding the use of your site (e.g., content, images, products) and their personal data (e.g., credit card and contact information)

It's also important to include a separate Shipping & Returns page, with a link on your Home page, as one of the primary reasons for shopping cart abandonment is unexplained shipping rates.

Finally, be sure to include a Site Map, and put a link to it on your Home page. Search engines, particularly Google, love a good site map, which will get more traffic to your site.

11. Support multiple browsers and mobile devices

What's the point of setting up a site if the majority of users can't properly view it? So before you go live, have your designer or Web developer make sure the site (not just the Home page) can be properly viewed in multiple browsers (Internet Explorer, Chrome, Firefox, Safari) as well as on popular mobile devices (iPhones, Android devices, iPads).

Many e-commerce software solutions include this capability, so typically you don't have to create a separate version of your site — yet another thing to check for when considering an e-commerce platform.

12. Promote your business before you launch

Don't wait until after you've launched to spread the word. Set up a Facebook page and Twitter account for your business and start an online word-of-mouth campaign a few weeks before you are ready to go live.

13. Purchase accounting software – and set up a chart of accounts before your first sale

One of the least favourite aspects of operating a business is dealing with accounting – and paying taxes. But if you have a good, easy-to-use software program (such as QuickBooks or Fresh Books), set up with a chart of accounts before you make your first sale, it won't be quite so painful.

Better yet, hire a small business accounting software consultant – someone who has helped other small businesses set up that particular accounting software – to sit with you and set up your chart of accounts together. Then have her come back to help you once you've made a few sales and again before tax season. Ask your accountant, other small business owners, your local SCORE chapter, or the software vendor for recommendations.

14. Be stocked and ready to sell

People want what they want when they want it – not two weeks from now. So before you tell people you are open for business, make sure you have stock on hand, or can get it quickly, or that your service is ready to go.

2.2 IMPORTANT CONCEPTS IN E-BUSINESS

2.2.1 Data Warehouse

A data warehouse helps businesses to convert raw information into a useful analytical tool for business decision making.

It is defined as a database that collects business information from many sources in the enterprise, covering all aspects of the company's processes, products and customers.

To analyse business conditions the warehouse provides business users with a multi-dimensional view of the data they need.

Transaction processing systems also play a strategic role in gaining competitive advantages for a business by using systems like Online Transaction Processing System(OLTP) that help companies to track day to day operations.

Even though OLTP is able to handle every transaction, it may still not be well suited for answering questions that affect the past, present and future directions for a business.

An organization needs an analysis system with the ability to perform ad hoc queries and create specialized reports.

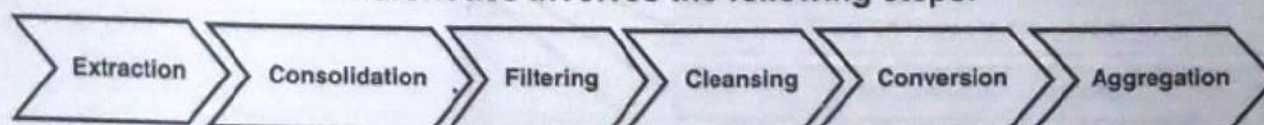
The raw material for analysis is a combined view of all the relevant data a company has.

As information comes from many sources, each source has its own view of the data.

Companies must create an enterprise level data model to have a consistent view of its information.

This information is termed as metadata that acts as blueprint for the pieces of the data warehouse architecture.

Process of transforming raw data into a data warehouse involves the following steps:



Extraction: Here the data is taken out from its original database and transfers it to the data warehouse infrastructure

Companies often place restrictions on what is extracted

This process may occur every day

Consolidation: Is the process of combining data from several sources into one database?

To get complete view consolidate data from different sources are used

Filtering: After the information filtered, only the relevant information needs to be stored.

Example:

A company wants to know which products customers have ordered but do not need the confirmation number used to process a sale.

The filtering process picks out the relevant information and removes duplicate entries

Cleansing: The quality of an answer is only as good as the quality of the data used to derive that answer, therefore, it is very important to cleanse the data to improve the accuracy of the data in the warehouse

Conversion: Also referred to as translation.

It refers to mapping raw data into new data fields within the warehouse data model and translating the data into the format used by the warehouse

Aggregation: This process sorts and combines data into useful metrics for analysis

Example:

A company may be able to track individual orders by individual customers, but sometimes it may also require information about sale of a particular product family

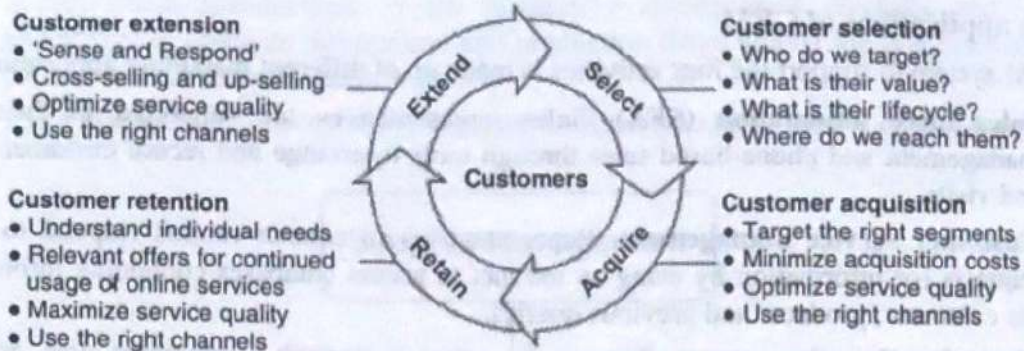
The aggregation process generates these new calculated sales numbers

2.2.2 Customer Relationship Management

The application of technology to achieve customer relationship management (CRM) is a key element of e-business. Building long-term relationships with customers is essential for any sustainable business.

The four marketing activities that comprise CRM involve the following:

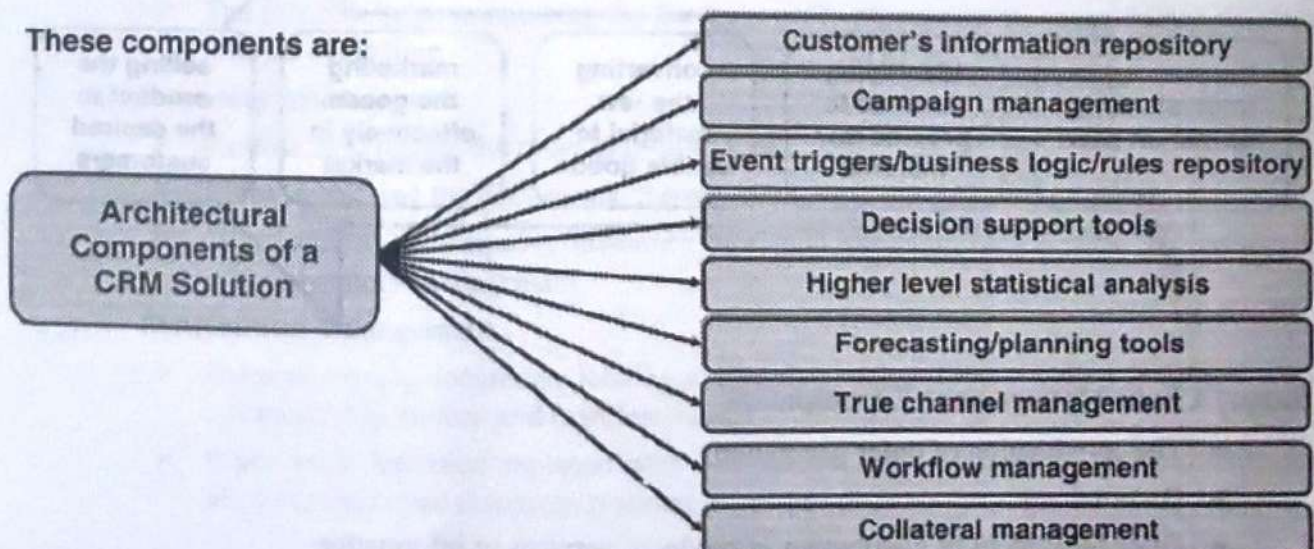
1. **Customer selection** means defining the types of customers that a company will market to. It means identifying different groups of customers for which to develop offerings and to target during acquisition, retention and extension. Different ways of segmenting customers by value and by their detailed lifecycle with the customer are reviewed.
2. **Customer acquisition** refers to marketing activities intended to form relationships with new customers while minimizing acquisition costs and targeting high-value customers. Service quality and selecting the right channels for different customers are important at this stage and throughout the lifecycle.



3. **Customer retention** refers to the marketing activities taken by an organization to keep its existing customers. Identifying relevant offerings based on their individual needs and detailed position in the customer lifecycle (e.g. number or value of purchases) is key.
4. **Customer extension** refers to increasing the depth or range of products that a customer purchases from a company. This is often referred to as 'customer development'.

There are a range of customer extension techniques for CRM that are particularly important to online retailers:

- (a) **Re-sell.** Selling similar products to existing customers – particularly important in some B2B contexts as re-buys or modified re-buys.
- (b) **Cross-sell.** Sell additional products which may be closely related to the original purchase, but not necessarily so.
- (c) **Up-sell.** A subset of cross-selling, but in this case, selling more expensive products.
- (d) **Reactivation.** Customers who have not purchased for some time, or have lapsed, can be encouraged to purchase again.
- (e) **Referrals.** Generating sales from recommendations from existing customers, for example member-get-member deals.



Marketing applications of CRM

A CRM system to support the four activities is made up of different marketing applications:

1. **Sales force automation (SFA).** Sales representatives are supported in their account management and phone-based sales through tools to arrange and record customer enquiries and visits.
2. **Customer service management.** Representatives in contact centres respond to customer requests for information by using an intranet to access databases containing information on the customer, products and previous queries.
3. **Managing the sales process.** This can be achieved through e-commerce sites, or in a B2B context by supporting sales representatives by recording the sales process (SFA).
4. **Campaign management.** Managing ad, direct mail, e-mail and other campaigns.
5. **Analysis.** Through technologies such as data warehouses and approaches such as data mining, which are explained later in the chapter, customers' characteristics, their purchase behaviour and campaigns can be analysed in order to optimize the marketing mix.

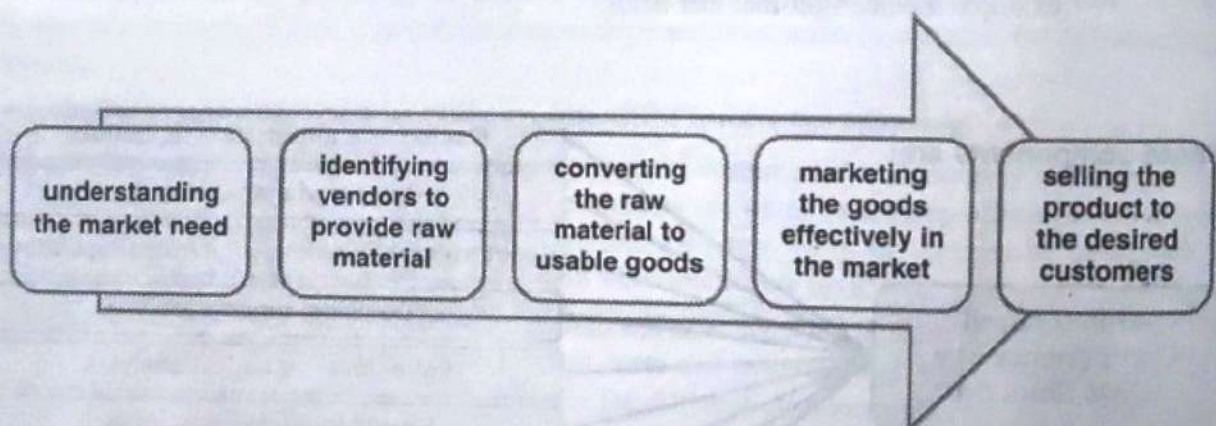
2.2.3 Supply Chain Management

Supply chain management means the management of upstream and downstream relationships with suppliers and customers to deliver superior customer value at less cost to the supply chain as a whole.

The supply chain arrangement links a firm and its distributive and supplier network to end customers.

The integrated value-creation process must be managed from material procurement to end-customer product delivery.

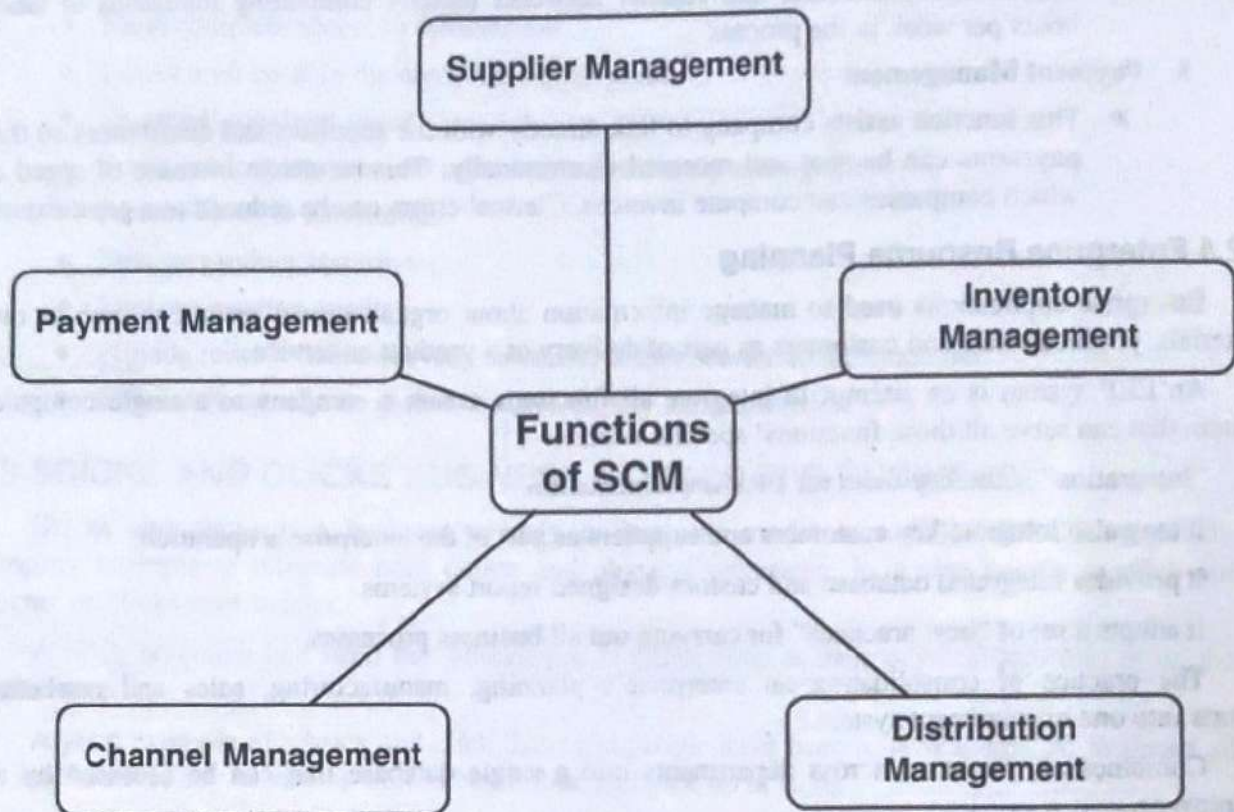
The integrated supply chain management shifts traditional channel arrangements from loosely linked groups of independent businesses that buy and sell inventory to each other toward a coordinated initiative to increase market impact, overall efficiency, continuous improvement, and competitiveness.



Supply Chain Management Encompasses

- The coordination of order generation
- Order taking
- Offer fulfillment or distribution of products, services or information

- Supply chain management is the integrating management practices and information technology to optimize information and production flows among the processes and business partners within a supply chain.
- It is a management concept that integrates the management of supply chain process.



1. Supplier Management

- Purpose is to reduce the number of suppliers and identify specific supplier and make them partners in business
- The function helps in reducing the purchase order processing costs and reduce the order process cycle time

2. Inventory Management

- Purpose is to reduce the order-ship-bill cycle
- Helps in tracking the documents, thereby improving the audit capabilities
- Organizations can improve inventory turns and eliminate out-of-stock occurrences by using inventory management

3. Distribution Management

- Helps in moving documents relating to shipping such as bills of lading, purchase orders, advanced ship notices and manifest claims
- Paper work has been replaced with technology that is fast with more accurate data allowing improved resources planning

4. Channel Management

- Helps in quickly disseminating information about changing operational conditions, to trading partners
- The benefit of channel management is to electronically link production with international distributor and reseller networks thereby eliminating thousands of labor hours per week in the process

5. Payment Management

- This function assists company to link directly with the suppliers and distributors so that payments can be sent and received electronically. This results in increase of speed at which companies can compute invoices. Clerical errors can be reduced to a great extent.

2.2.4 Enterprise Resource Planning

Enterprise applications used to manage information about organizational resources such as raw materials, products, staff and customers as part of delivery of a product or service.

An ERP system is an attempt to integrate all functions across a company to a single computer system that can serve all those functions' specific needs.

"Integration" is the key word for ERP implementation.

It may also integrate key customers and suppliers as part of the enterprise's operation.

It provides integrated database and custom-designed report systems.

It adopts a set of "best practices" for carrying out all business processes.

The practice of consolidating an enterprise's planning, manufacturing, sales and marketing efforts into one management system.

Combines all databases across departments into a single database that can be accessed by all employees.

ERP automates the tasks involved in performing a business process.

ERP Components

- **Finance:** modules for bookkeeping and making sure the bills are paid on time. Examples:
 - General ledger
 - Accounts receivable
 - Accounts payable
- **HR:** software for handling personnel-related tasks for corporate managers and individual employees. Examples:
 - HR administration
 - Payroll
 - Self-service HR
- **Manufacturing and Logistics:** A group of applications for planning production, taking orders and delivering products to the customer. Examples:
 - Production planning
 - Materials management
 - Order entry and processing
 - Warehouse management

Benefits of ERP Systems

- Improving integration, flexibility
- Fewer errors
- Improved speed and efficiency
- More complete access to information
- Lower total costs in the complete supply chain
- Shorten throughput times
- Sustained involvement and commitment of the top management
- Reduce stock to a minimum
- Enlarge product assortment
- Improve product quality
- Provide more reliable delivery dates and higher service to the customer
- Efficiently coordinate global demand, supply and production

2.3 BRICKS AND CLICKS BUSINESS MODELS IN E-BUSINESS

Bricks and clicks is a business strategy or business model in E-COMMERCE by which a company attempts to integrate both online and physical presences. It is also known as **click-and-mortar** or **clicks-and-bricks**.

A brick and click is a store that allows you to either shop at their physical location, or on their online store.

A good example of a brick and click that most people have been to is Walmart. At Walmart you can buy in store, buy online, as well as buy online and pick up in store.

Some products are not available in all stores, and some are available not available online like Grocery, Health and Beauty, Pharmacy, and Pets.

The Samsung 22" Class LCD HDTV with Digital Tuner is 317 \$ but is not available in store. I could either pay to have it shipped to my house, or I could just get them to ship it to the store and pick it up from there; a method that they have coined "site to store".

The Xbox Elite 120gb Console is available in store and online for the same price, 299\$. They say prices in store may vary although they are generally, the same. Shipping to your house is extra, no charge with site to store. It is out of stock at times in many stores, so using site to store is in my opinion your best bet with this item. The Skywalker 15' Round Trampoline and Safety Enclosure Combo is only available online for 348\$ Shipping to your house is extra, site to store is available. It seems like although Walmart has a website, they still want everything to revolve around the store.

Shipping from the site to your house costs money, but site to store shipping is no extra charge. I personally would go into the store to buy something if it was available in store and online. I wouldn't want to waste the time or money shipping it from the website to my house, and if I can get it in store already I could just drive over in the amount of time it would take for me to buy it online.

Example: Electronic store.

E-Commerce: Earlier

Transaction Cost Economies

Emphasizes the nature of costs that the firms incur in the process of conducting transactions with buyers and sellers. Information gathering and search costs, Negotiation and settlement costs, and Monitoring costs to ensure that trading partners adhere to the terms of any agreements made.

E-Commerce: Now

Has various advantages over traditional ways of e-commerce.

These advantages include:

- Access to wider markets
- Lower inventory and building costs
- Flexibility in sourcing inputs
- Improved transaction automation and data mining capabilities
- Ability to bypass intermediaries
- Lower menu costs enabling more rapid response to market changes
- Ease of bundling complementary products
- Ease of offering 24X7 access and no limitation on depth of information provided to potential customers.

BRICKS	CLICKS
<ul style="list-style-type: none"> • NO USE OF TECHNOLOGY • STORE TIMINGS • HIGH COSTS INVOLVED • LIMITED LOCATIONS • CREATES EMPLOYMENT • ADVERTISING: <ul style="list-style-type: none"> • Commercials • Weekly Magazine Advertisements • Store Design/Locations • Billboards/Buses • Radio Advertisements • Branding • EXAMPLE: 	<ul style="list-style-type: none"> • USE OF TECHNOLOGY • 24 HOUR ACCESS • MINIMUM COSTS INVOLVED • GLOBAL PRESENCE • ALMOST SELF - MANAGED • ADVERTISING: <ul style="list-style-type: none"> • Web banners • Emails • Website design • Sponsored online commercials • Google • EXAMPLE: GOOGLE

Swot of Bricks

Strengths

- Display of Products
- Attractiveness to luddites
- Time to receive product, significantly less
- Able to sell complimentary products
- Push

Weaknesses

- Higher Costs (Employee, Inventory, Investment, Overhead Costs)
- Store Timings
- Limited Locations

Swot of Clicks**Strengths**

- Easy to access by many
- Open 24 hours, everyday
- Minimal Costs involved
- No additional hassle for updating inventory and better handle over inventory
- Pull

Weaknesses

- Customer wait time increases
- Harder to maintain customer loyalty
- Harder to sell complimentary products
- Older generation not accustomed

Pure Online

Business analysts often use the phrase "pure play" to describe a company with a singular focus. However, in the past few years, many journalists and investors have started using the term to describe companies that rely solely on the Internet to distribute products and services. Pure play companies have become rare, especially in the wake of hybrid success stories from Walmart and Barnes & Noble.

Function of pure online: Describing a company as pure play allows owners and managers to focus on a handful of core competencies. Narrowing a company's focus allows leaders to eliminate distractions and to clarify the firm's unique sales proposition. For example, a company that sells nothing but diapers can use the pure play model to differentiate itself from competitors with broader offerings. Establishing expert status in a single area can help new companies attract attention from customers and investors.

Features: Despite a wider business trend favouring outsourcing, most pure play companies prefer to handle as many of their critical business functions in house as possible.

Benefits: Reynolds notes investors' initial dismay at Amazon's self-distribution proposal. Only a few analysts understood the long-term impact of the bookseller's pure play strategy.

2.3.1 Advantages of Bricks and Clicks Business Model

- Common Core Competences
- Common customer base
- Common supplier networks
- Common distribution channels
- Common Brand equity (marketing)
- Common Trust (perceived stability)
- Lower cost of capital
- Improving Organizational learning

Benefits: Industry Wise**Key benefits to automotive industry:**

- Combined supplier base
- Connects automobile manufacturers, dealers and consumers in a single market place
- Decreases lead time and production costs

Key benefits to electronics industry:

- Provides access to thousands of components from hundreds of electronic suppliers Provides ability to search by part number, product type or manufacturer Increases competitive pricing

Key benefits to energy industry:

- Provides real time pricing data on energy commodities Provides access to hundreds of energy commodities
- Allows regional energy providers to gain access to a worldwide market

Key benefits to food industry:

- Reduced lead time preserves perishables Provides access to real time pricing data Online auction technology allows for alternative pricing

2.4 E-BUSINESS APPLICATIONS**E-Procurement**

E-procurement (electronic procurement, sometimes also known as supplier exchange) is the business-to-business or business-to-consumer or business-to-government purchase and sale of supplies, work, and services through the Internet as well as other information and networking systems, such as electronic data interchange and enterprise resource planning.

The e-procurement value chain consists of indent management, e-Informing, e-Tendering, e-Auctioning, vendor management, catalogue management, Purchase Order Integration, Order Status, Ship Notice, e-invoicing, e-payment, and contract management.

Indent management is the workflow involved in the preparation of tenders. This part of the value chain is optional, with individual procuring departments defining their indenting process. In works procurement, administrative approval and technical sanction are obtained in electronic format.

E-Procurement systems offer improved spend visibility and control and help finance officers match purchases with purchase orders, receipts and job tickets. An e-procurement system also manages tenders through a web site. This can be accessed anywhere globally and has greatly improved the accessibility of tenders.

This involves internet-based sales transactions between business organisations as well as both, "reverse auctions" that make possible online trade between a single business purchaser and many sellers, and, digital marketplaces that make possible online trading between multiple buyers and sellers.

E-Communication

E-communication, or electronic communication, refers to the transfer of writing, signals, data, sounds, images, signs or intelligence sent via an electronic device. Some examples of e-communication are email, text messages, social media messaging and image sharing.

E-communication is a common form of interaction for many people. The use of e-communication allows people to interact in different ways and combine many forms of media in the process.

E-communication makes it easy to interact with groups through chat interfaces or video conferencing. All electronic communication systems consist of three basic components: a transmitter, a communication channel (medium), and a receiver. Messages are converted to electrical signals and sent over electrical or fiber-optic cable or free space to a receiver. Attenuation (weakening) and noise can interfere with transmission.

Electronic communication is classified as:

1. One-way (simplex) or two-way (full duplex or half duplex) transmissions.
2. Analog or digital signals. Analog signals are smoothly varying, continuous signals. Digital signals are discrete, two-state (on/off) codes. Electronic signals are often changed from analog to digital and vice versa. Before transmission, electronic signals are known as baseband signals.

Some widely used electronic communication technologies or media of electronic communication are discussed below:

Telephone: The most commonly and most widely used electronic device of communication is telephone. Recently-developed satellite telephoning system has added new dimension in telecommunication system. In most of the cases, it is the easiest and less expensive way of communicating distance people. Now-a-days, the development and diffuse of cellular or mobile phone have been an expected euphoria to all of us.

Telex: Telex is an important device of modern communication technology. Under this system, a tele-printer is used by which information can be communicated from one place to another with the help of a machine. The tele-printer consists of two parts keyboard transmitter and receiver. When a message is to be sent, the typist presses a button, waits for the dial tone, dials the number desired and types the message. The message is typed on a small strip of paper at the receiver's end as it is typed in the originating office. This is one of the quickest and most accurate methods of exchanging written messages.

Facsimile or Fax: The use of fax is gradually increasing for transmitting visual materials such as picture, diagrams, illustrations etc. here, the fax machine is connected with a telephonic. The document to be transmitted is fed through the machine, then it is electronically scanned and signals are transmitted to the receiving end where an identical copy of the document is reproduced on a blank sheet of paper by the receiving machine. The fax machine has made it possible to send copies of important documents including certificates, testimonials, degrees, agreements; contracts etc. from one place to another at the speed of a telephone call. For this reason, it is universally used method of communication.

Electronic Mail or E-Mail: E-mail is one of the most widely used and most popular methods of modern communication system. E-mail involves sending message via telecommunicating links. Here two computer terminals are connected together on network to transfer messages from one to another. The message is typed on a computer screen at one end and is conveyed to the other end through electric impulses. The receiver can easily get the message by opening his mailbox in his computer. Because of its various advantages, now-a-days, e-mail is used by the organizations for internal as well as external communication.

Voice Mail or V-Mail: Voice mail is a form of e-mail. It is used to send the voice of the sender instead of sending written message to the receiver. The mechanism of sending message here is almost same as in case of e-mail. It is useful to communicate with the original voice tone of the sender.

Tele-Text: Tele-Text is an electronic device of broadcasting written messages through television. Tele-text is widely used to present strict and concise information when it is to be sent to a large number of audiences at a time. Business reports, stock market or exchange reports, weather reports etc. are useful to present through tele-text.

Video-text: Video-text is a device of collecting and storing information. Here information is collected by using telecommunication network and is broadcasted to the audience like the tele-text. Important message or information or report can be preserved by video-text.

Teleconferencing: Under teleconferencing system people staying at different places can hold talks or meetings over telephone. Here everyone involved in the meeting is able to hear each other and can share information with one another as if they were all placed in one room. It can save both money and time of the executives.

Videoconferencing: Videoconferencing is the latest version of teleconferencing system. Under this method people can meet and work together without being gathered in one room. They can hear and see each other over the television or video screen and can share information with one another. Now-a-days multinational companies use videoconferencing method as a widely used means of communication in order to keep touch with the executives staying miles away from the head office. It also saves money and time of high officials.

Word Processor: A word processor is an electronic device where a computer is combined with a typewriter. It can greatly simplify the job of written communication. Typing skill, basic computer literacy and word processing software are essential for using a word processor. The operator of a word processor can easily edit the text, give it the desired format and insert or delete words phrase or sentences wherever he likes. It is a very useful medium of modern communication technology as it provides some important advantages.

E-Delivery

E-delivery is the instant electronic delivery of computer software, photographs, videos, books (e-books), journals (e-journals) and other multimedia content to the user's computer at the click of a mouse. It also provides legal, accounting, medical, and other consulting services electronically.

E-Auction

Almost all the shopping sites have 'Quote your price' where you can bid for the goods and services. It also invites e-tendering where one can submit tender quotations online. The electronic auction (e-Auction) is an e-business between auctioneers and bidders, which takes place on an electronic marketplace. It is an electronic commerce which occurs business to business (B2B), business to consumer (B2C), or consumer-to-consumer (C2C).

E-Trading

E-trading can be defined as securities trading, in other words it is online buying and selling of shares and other financial instruments. Electronic trading, sometimes called e-trading, is a method of trading securities (such as stocks, and bonds), foreign exchange or financial derivatives electronically. Information technology is used to bring together buyers and sellers through an electronic trading platform and network to create virtual market places.

2.5 EDI (ELECTRONIC DATA INTERCHANGE)

EDI is referred as transfer of data from one computer system to another by standardized message formatting, without the need for human intervention. EDI permits multiple companies — possibly in

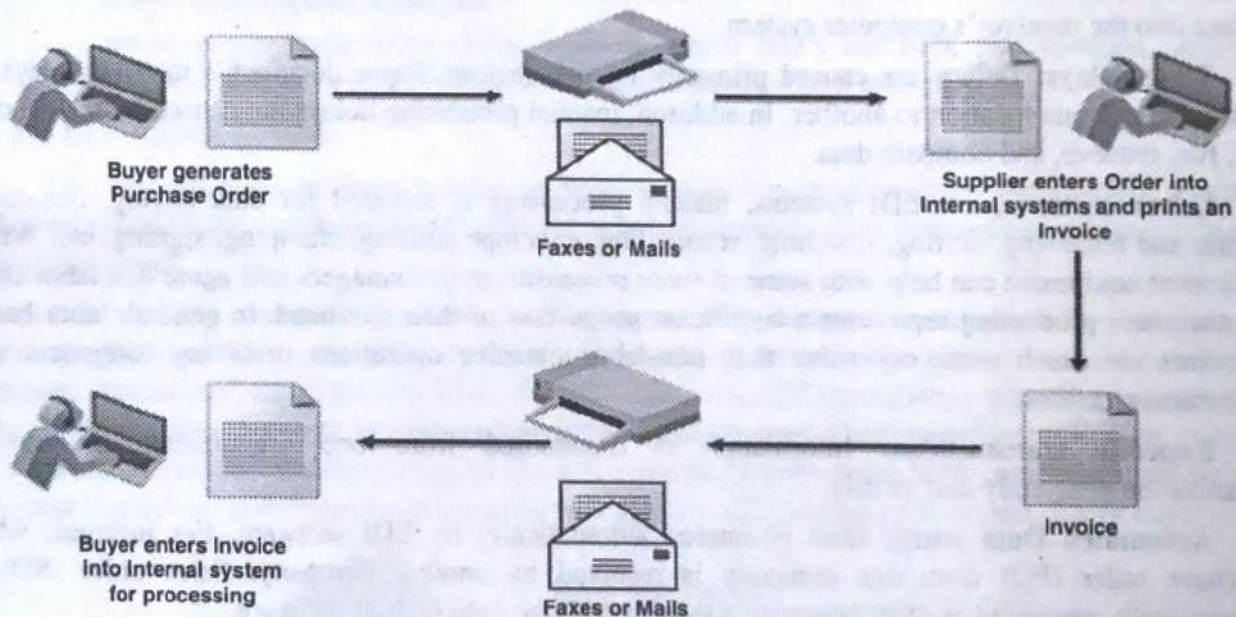
different countries — to exchange documents electronically. Electronic Data Interchange (EDI) a major part of Electronic Commerce (EC), is the computer-to-computer exchange of business data in a standard, machine-process able format. The information is generally patterned after a conventional paper document, such as a purchase order or invoice. It is a “paperless trading”

EDI stands for Electronic Data Interchange. EDI is an exchange of data or business documents between two or more businesses using a standardized electronic format, without human intervention. It is mostly used by large businesses to carry out their business process over a secured network with accuracy and in less time.

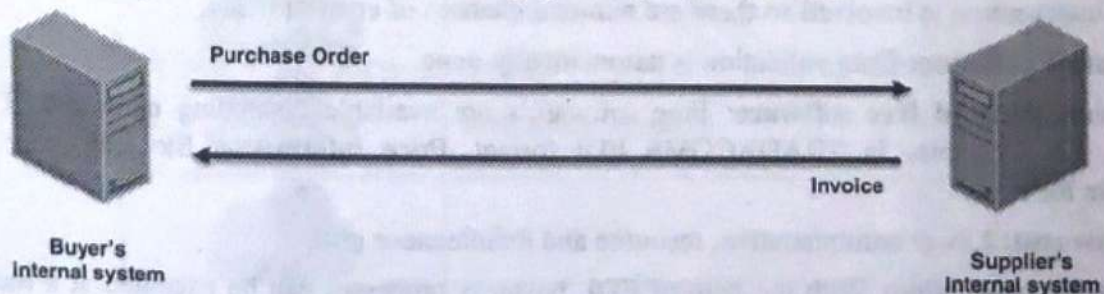
By moving from a paper-based exchange of business document to one that is electronic, businesses enjoy major benefits such as reduced cost, increased processing speed, reduced errors and improved relationships with business partners. Learn more about the benefits of EDI.

Each term in the definition is significant:

- **Computer-to-computer**— EDI replaces postal mail, fax and email. While email is also an electronic approach, the documents exchanged via email must still be handled by people rather than computers. Having people involved slows down the processing of the documents and also introduces errors. Instead, EDI documents can flow straight through to the appropriate application on the receiver's computer (e.g., the Order Management System) and processing can begin immediately. A typical manual process looks like this, with lots of paper and people involvement:



- The EDI process looks like this — no paper, no people involved:



- **Business documents** – These are any of the documents that are typically exchanged between businesses. The most common documents exchanged via EDI are purchase orders, invoices and advance ship notices. But there are many, many others such as bill of lading, customs documents, inventory documents, shipping status documents and payment documents.
- **Standard format**– Because EDI documents must be processed by computers rather than humans, a standard format must be used so that the computer will be able to read and understand the documents.
- **Business partners** – The exchange of EDI documents is typically between two different companies, referred to as business partners or trading partners. For example, Company A may buy goods from Company B. Company A sends orders to Company B. Company A and Company B are business partners.

2.5.1 Benefits of EDI

EDI was developed to solve the problems inherent in paper-based transaction processing and in other forms of electronic communication. In solving these problems, EDI is a tool that enables organizations to reengineer information flows and business processes. Problems with the paper-based transaction system are:

Direct transmission: EDI includes the direct transmission of data between organizations VAN. EDI is not facsimile transmission (fax) of information nor is it electronic mail (e-mail). Both of these transmission types are in "free format" (not standard format) and, therefore, generally require rekeying of data into the receiver's computer system.

Time delays: Delays are caused primarily by two factors. Paper documents may take days to transport from one location to another. In addition, manual processing delays are caused by the need to key, file, retrieve, and compare data.

Labor costs: In non-EDI systems, manual processing is required for data keying, document storing and retrieving, sorting, matching, reconciling, envelope stuffing, stamping, signing, etc. While automated equipment can help with some of these processes, most managers will agree that labor costs for document processing represents a significant proportion of their overhead. In general, labor-based processes are much more expensive than non-labor-intensive operations involving computers and telecommunications.

Expedite transmission: Information is transmitted from one organization to another organization efficiently and swiftly.

Automated Data entry: Data is entered automatically by EDI software. For instance, when purchase order (PO) from one company is received by another company. Sales order (SO) is automatically generated at other company's system with the help of EDI software.

Receipt verification: Receipt verification can easily be done with help of EDI software. No human intervention is involved so there are minimal chances of error or delay.

Data Validation: Data validation is automatically done.

Availability of free software: Free software's are available depending upon the EDI format chosen. For example- In TRADACOMS EDI format, Price Information file and order files are available for free.

Low cost: Lower administrative, resource and maintenance cost.

Faster processing: With the help of EDI, business processes can be executed at a much faster rate as compared to the traditional method sending information.

Building long-term relationships: EDI helps in building long term relationships with trading partners and hence helps in business growth.

Reduction in error: EDI has discarded manual data entry and paperwork. So there are minimal chances of error.

2.5.2 Drawbacks of EDI

1. Expensive

Setup and maintenance of some of the formats of EDI is expensive.

2. Initial cost to setup EDI is time consuming.

3. EDI standard changes

The business process depends on EDI standard format. If any of the standard format changes then the business process has to be changed accordingly.

4. System electronic protection

An EDI enabled system needs electronic protection from viruses, hacking, malware and other frauds.

5. Staff training cost

Staff needs training in order to run EDI enabled software. Investment has to be done in training.

6. Proper backup should be maintained as the whole data depends on EDI. In case of any crash of EDI system, proper backup has to be maintained and extra cost is required for it.





7. Limit your trading partners

Some organization stops doing business which don't use EDI. For instance, Wal-Mart prefers to do business only with those organizations which uses EDI.

2.5.3 EDI Applications

EDI, applied to the different business processes, allows more streamlined and efficient operations of your commercial, purchasing and administrative departments with companies both supplying and receiving goods.

As a working system, "Electronic Data Interchange" is designed to automatically integrate your business documents into your ERP or Internal Management System. The higher the number of trading partners (customers, suppliers, majestic operators, etc.) and EDI transactions interchanged with them, the greater the benefits to be obtained through EDI implantation. These benefits translate as important reductions in costs which, depending on the level of rollout, may reach 90% compared with the same process carried out with business documents managed by other means such as post, fax or mail.

	Order Integration
	Despatch Advice Integration
	Integrating Invoices
	e-Air waybill

2.6 WEBSITE

The Internet gives you the opportunity to promote your company, your products and your services on a worldwide basis through your own website.

Five step process for effective website design

1. Analyse
 - Info/content
 - Target Audience
 - Top 10 Checklist
2. Organise
 - Navigation
 - Content
 - Page layout
 - Page design
3. Develop
 - Web page layout
 - Site layout
 - Web page construction
 - Graphics techniques
4. Implement
 - User Interaction
 - Final Checklist
 - FTP
 - Fine Tune
5. Maintain
 - Marketing
 - Optimisation
 - Traffic analysis

2.7 DESIGN AND DEVELOPMENT OF WEBSITE

Factors that are to be taken into consideration to make a website successful:

- 1 Who will be the target audience?
- 2 What appeals to the target audience?
- 3 How are the other websites designed by your competitors reaching out to this target audience?
- 4 How will you measure your website's performance?
- 5 What will your website do?
- 6 How will your website stand above the competition?

1. Who will be the target audience?

Though the Internet reaches the world, the world is not an organization's audience and everyone has access to information

Example:

A website selling handcrafted objects from different countries may target interior designers and decorators, upper income families looking for unique pieces for their homes, and people looking for one-of-a-kind gifts.

The target audience will dictate a website's content as well as the marketing approaches.

2. What appeals to the target audience?

What are the expectations of your typical customer from a website such as yours?

Are you providing that information and features?

Example:

Parents looking for a school for their children on the Web will want information on:

- the location of the school
- a map with clear directions from major landmarks
- fees
- Whether extracurricular activities are encouraged
- Academic information
- schedule of activities for different age groups
- ratio of teachers to children and more

Your website must meet the minimum requirements and expectations of your customers.

3. How are the other websites designed by your competitors reaching out to this target audience?

- Make a list of the number of players offering the same type of information, products or services
- You will be faced with a large number of competitors, many of whom have been established in the field for years
- Make a list of the top websites in your field, as well as sites that are in the same league as yours in terms of resources and traffic levels
- Study the different information and features on their website
- Gauge the technology used to serve the content (e.g. multimedia, flash, etc.). Understand what makes people flock these websites and the reasons behind their success.

4. How will you measure your website's performance?

Before even launching the website, define your measures of success. What will make you say that your website is a success (or failure)?

You need to have quantitative and qualitative measures of success to gauge the performance of your website. Performance can be measured using the following metrics:

Traffic metrics

- How many people are visiting your site?
- Where are they coming from?

- What sites are linking and bringing traffic to your website?
- What keywords do visitors use in the search engines to find your site?
- How long are they staying in your site?

Transaction metrics

If you have an e-commerce site, you need to know how much you are selling. therefore, you can compare it with your sales goals.

- What is your daily/weekly/sales volume?
- What is your target conversion rate and return on investment (ROI)?

Customer satisfaction

You need to get feedback and get some measure to know what your customers actually feel about your website.

5. What will your website do?

Once you have identified your audience, determine what you will do for this audience.

- Will you give them information?
- Will you offer them unique products?
- Will you offer them low prices?
- How will your site be a valuable resource or tool for them?

6. How will your website stand above the competition?

There will be hundreds of other websites offering the same information, product or services that your organization also offers. It may even be in a better way.

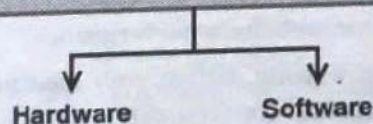
They may dominate the search engines, built on customer awareness and Have developed brands.

The need is to think of how to differentiate your website from the competition.

- Why will users go to your site instead of your competitors?
- Why will they buy from you?
- How can you make your offerings more attractive to your users?
- To survive, you need to think of ways to set your site apart from the rest of the competition.
- Your site needs to be distinct.

Your users need to think that you are unique, a cut above the rest, even irreplaceable.

Components important in designing and developing a website



Requirements for a Website

Primarily we require only two computers.

One that will host the website – from here on we shall call this computer as “WEB SERVER”

The other through which we will access the website – we shall call this computer as “CLIENT”.

A web server contains series of files of the website and is connected to the internet which can be shared host or a dedicated server depending upon the website's operational requirements.

In shared hosting, the web site is housed on the same host server with several other websites. A solution used by larger and busier sites paying the host for your own dedicated server which provides faster access and ensures that your site will be accessible to visitors 100 percent of the time.

The storage space of a website on a web server ranges from 300 MB to 9GB of space and even more.

2.8 ADVANTAGES OF WEBSITE

Less Expensive: Have you ever advertised your business through various forms such as printed media, radio, television or by other means? It's expensive! Investing in advertising is necessary, but it takes a lot of money. Having a website will make promoting your company less expensive. Many versions of offline advertising available on the internet are sometimes free.

Advertising: A website is more environmental friendly when it comes to advertising and marketing. There are lots of ways to advertise your products or services through the internet. One example is Facebook ads, an advertising feature offered through Facebook. Another one is called SEO. This is a major advantage for your business. Having a good **SEO service provider** can boost the ranking of your website which quickly results in increased sales and higher profits.

Satisfaction: Having a website will be more convenient for your customers and leads. Make it easy for your customers to purchase from you! Many will be more likely to visit your website, rather than driving a car to your physical location and browsing for your products. From a customer's point of view, it's better for them if they don't have to ask anything. They can just find what they're looking for on your online site.

Increase Customers: Most business have local popularity, but what about potential customers outside their city? A website can help you generate more customers. Not just outside your city, but worldwide. The internet offers a global community. With a website, your business will be visible around the world.

Accessibility: Have you ever experienced having to turn customers away because it's closing time? Well, you don't have to close the doors of your website. An online site can be visited anytime of the day or night. People will look to your site instead of going to your shop because it is more accessible. Just make sure to post enough information about your products and services.

Access to Info: Did you know that if you own a website, you can actually track everything that is happening on it? You can even look for information that will tell you how many people visited your site, or how many people messaged or emailed you. You can access the progress of your website and view all its pages. You can even make an update anytime, making it much less expensive than printed material.

Fresh: Smart business owners create a blog page for their company. Having a blog to post fresh content will keep your website attractive and fresh.

Links: Links are very important to viral marketing. If you have many sites linking to you, it is like spreading the word about your company all around the world. If you have a good website with good content related to information, products or services, people are more likely to link your website to theirs. This means they recognize your website as valuable.

Better Relationship: Having a website can build better relationships with your customers. You can send messages instantly to your customers through email. Also, your customers can review your

products online and can also leave feedback for you and your business. It's best to always send your customer a message. This is essential for building a good relationship with them. You can even give them more information about your business through messages or emails.

Increase Sales: If you are a business owner, more visitors lead to more potential sales. That's how your website will help you. You can drive more people to your site by consistently updating and promoting the contents of your site. The more informative your site is, the greater the possibility of increasing your sales.

Opportunity: A website gives you the opportunity to prove your credibility. You have to tell your customers why you deserve their trust through your website. This can earn positive feedback for your service and products. Also, your website serves as a place for a potential investor to explore what your business is about and what it can do in the future.

Long Term Clients: What do you think is the difference between client and a customer? Well, a customer is the one who walks in and buys something and that's it. A client is your regular customer. He is buying your products or services daily or contractually. Having a website gives you a chance to gain more clients that can help your business grow.

2.9 PRINCIPLES OF WEB DESIGN

1. Purpose

Good web design always caters to the needs of the user. Are your web visitors looking for information, entertainment, some type of interaction, or to transact with your business? Each page of your website needs to have a clear purpose, and to fulfil a specific need for your website users in the most effective way possible.

2. Communication

People on the web tend to want information quickly, so it is important to communicate clearly, and make your information easy to read and digest. Some effective tactics to include in your web design include: organising information using headlines and sub headlines, using bullet points instead of long windy sentences, and cutting the waffle.

3. Typefaces

In general, Sans Serif fonts such as Arial and Verdana are easier to read online (Sans Serif fonts are contemporary looking fonts without decorative finishes). The ideal font size for reading easily online is 16px and stick to a maximum of 3 typefaces in a maximum of 3 point sizes to keep your design streamlined.

4. Colours

A well thought out colour palette can go a long way to enhance the user experience. Complementary colours create balance and harmony. Using contrasting colours for the text and background will make reading easier on the eye. Vibrant colours create emotion and should be used sparingly (e.g. for buttons and call to actions). Last but not least, white space/negative space is very effective at giving your website a modern and uncluttered look.

5. Images

A picture can speak a thousand words, and choosing the right images for your website can help with brand positioning and connecting with your target audience. If you don't have high quality professional photos on hand, consider purchasing stock photos to lift the look of your website. Also consider using infographics, videos and graphics as these can be much more effective at communicating than even the most well written piece of text.

6. Navigation

Navigation is about how easy it is for people to take action and move around your website. Some tactics for effective navigation include a logical page hierarchy, using bread crumbs, designing clickable buttons, and following the 'three click rule' which means users will be able to find the information they are looking for within three clicks.

7. Grid Based Layouts

Placing content randomly on your web page can end up with a haphazard appearance that is messy. Grid based layouts arrange content into sections, columns and boxes that line up and feel balanced, which leads to a better looking website design.

8. "F" Pattern Design

Eye tracking studies have identified that people scan computer screens in an "F" pattern. Most of what people see is in the top and left of the screen and the right side of the screen is rarely seen. Rather than trying to force the viewer's visual flow, effectively designed websites will work with a reader's natural behaviour and display information in order of importance (left to right, and top to bottom).

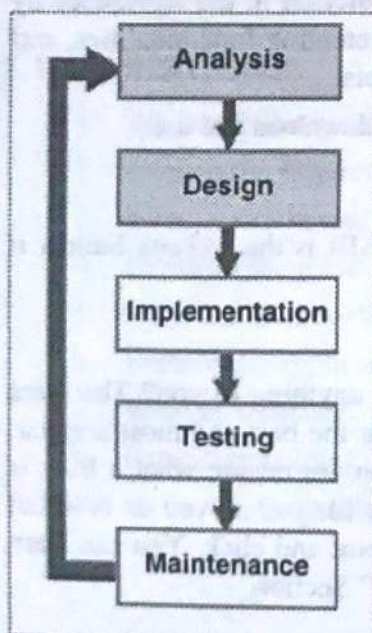
9. Load Time

Everybody hates a website that takes ages to load. Tips to make page load times more effective include optimising image sizes (size and scale), combining code into a central CSS or JavaScript file (this reduces HTTP requests) and minify HTML, CSS, JavaScript (compressed to speed up their load time).

10. Mobile Friendly

It is now commonplace to access websites from multiple devices with multiple screen sizes, so it is important to consider if your website is mobile friendly. If your website is not mobile friendly, you can either rebuild it in a responsive layout (this means your website will adjust to different screen widths) or you can build a dedicated mobile site (a separate website optimised specifically for mobile users).

2.10 LIFE CYCLE APPROACH FOR BUILDING A WEBSITE



A successful product development with customer satisfaction aspects may sound easier said than done as it involves quite a bit of time, energy and brains. Consulting specialist web development services would be a good idea to help you get your job done accurately in given time frame. Many models and techniques are followed for software development these days but most widely used is named as Software Development Life Cycle (SDLC) or Waterfall Model.

It comprises mainly of following seven steps.

1. Project Planning: This level involves determining the project goal and running a feasibility study amongst the client and web development services, taking into consideration various factors like project cost, equipment cost, practicality etc.

2. System Requirement Analysis: Refinement of project goals into defined functions and operations of the proposed application through intensive discussion between web development services and the client is achieved through this step.

3. **System Design:** Documentation of various details like operations and functions such as screen layouts, process diagrams and other documentation are done here.
4. **Implementation:** This is where the expertise of web development services is needed the most when actual back end coding is done.
5. **Testing:** In this phase the product is put through various testing environments and tools designed and used by web development services to make the product to remove its bugs and errors to ensure harmonious execution.
6. **Acceptance and Deployment:** Finally, the web development services deploy and install the system after getting formally approved by the client.
7. **Maintenance:** The web development services not only make sure the installation of the application but they are also responsible for subsequent maintenance and upgrading if and when needed.

2.11 DIFFERENT WAYS OF BUILDING A WEBSITE

Here are many different ways to make a website, hand coding is only one way' and it is also the hardest. If you are new to websites and you just want to create your own website for any reason, then I recommend NOT hand coding your website. Let's take a look at some of the ways to create a website without you having to know any type of coding at all.

Even though there are many different ways to create a website the way you create yours will be greatly determined by what type of website you are wanting to create.

Content Management System's

Content Management System is usually shortened to CMS so from now on I will use CMS to save me typing it out every time. A CMS is a web application that you can install onto your website that will basically handle the entire website for you. A good example of a CMS would be Joomla, Joomla is the most popular CMS available and it's free.

A content management system (CMS) is a software application or set of related programs that are used to create and manage digital content. CMS are typically used for enterprise content management (ECM) and web content management (WCM). An ECM facilitates collaboration in the workplace by integrating document management, digital asset management and records retention functionalities, and providing end users with role-based access to the organization's digital assets.

Note: Joomla is also Open Source which means that it is 100% free for you to download and use.

Site Build It (SBI)

Site Build It (shortened to SBI) is many things but a major part of SBI is the website builder it comes with that makes creating your website very easy.

Blogging Software

You have most likely seen a Blog, does the word WordPress mean anything to you? There are plenty of different Blogging applications out there but WordPress is by far the best and most popular. WordPress is pretty similar to Joomla but it's focused at Blogging, if you are unsure what a Blog is check out "Types of Websites". Like a CMS WordPress runs your website for you all you do is install it then specify what you want it to do, you don't code anything, it's all point and click. You can learn more about WordPress, learn how to install and use it within the "Creating" Section.

Website Builders

Website Builders can vary slight from definition to definition but I think of a website builder as an application you can use to build a website (mainly from a point and click style). Website Builders usually don't require you do know any coding either, you simply pick out a template that you like and start adding stuff to the pages. Every time you create a new page it will simply reuse the template you selected. When you are finished most Website Builders (ones you run on your own PC) have a feature that will upload all the files for your website to your website hosting account for you.

There are many different Website Builders out there, ones you can run on your own PC and then upload all the files once you are ready and there are others that you can run online (most free sites are like this, free sites are not recommended though) SBI also uses an online website builder and it's recommended.

Forums

Like Blogging and CMS's forums are simply a web application that you install to your website and everything is handled/managed for you. I'm going to take it that everyone knows what a Forum is, if not check out "Types of Websites". Once you have installed your Forum all you do is change the settings to meet your requirements and pick out a good template, it's that simple.

Hand Coding

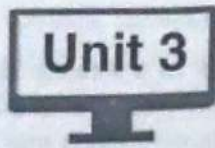
Hand coding a website is another way to make a website, yes it does give you the most control over your website out of all the ways of creating a website. However, it is also the hardest way to make a website and would involve a huge learning curve and take up a lot of your time. In most situation you will be able to make your website without having to hand code any of it.

2.12 SUMMARY

E-Business is an electronic subset of standard business practices. It consists of using the Internet company Intranet for internal business operations and enterprise communication and collaboration, as well as e-commerce. E-Commerce or Electronics Commerce sites use electronic payment where electronic payment refers to paperless monetary transactions. Electronic payment has revolutionized the business processing by reducing paper work, transaction costs, labour cost.

2.13 QUESTIONS

1. What is E-Business?
2. Explain the different phases of launching an E-Business.
3. What is Bricks and Clicks business models in E-Business?
4. Explain Electronic Data Interchange (EDI) in E-Business.
5. What are the benefits of Electronic Data Interchange?
6. Explain the applications of Electronic Data Interchange.
7. What is Website?
8. Explain principles of Web Design.
9. Write a note on Life Cycle Approach for building a website.



Payment, Security, Privacy and Legal Issues in E-Commerce

Structure:

- 3.1 Issues Relating to Privacy and Security in E-Business
- 3.2 Electronic Payment Systems
 - 3.2.1 Different Payment Systems
 - 3.2.2 Debit Card
 - 3.2.3 Credit Card
 - 3.2.4 Smart Card
 - 3.2.5 E-Cash
 - 3.2.6 E-Cheque
 - 3.2.7 E-Wallet
 - 3.2.8 Electronic Funds Transfer
- 3.3 Payment Gateway
 - 3.3.1 Payment Gateway Process
 - 3.3.2 Types of Payment Gateways
 - 3.3.3 Gateway Advantages
 - 3.3.4 Gateway Disadvantages
- 3.4 Types of Transaction Security
- 3.5 E-Commerce Laws
 - 3.5.1 E-Commerce Laws in India
 - 3.5.2 Issues in E-commerce in India
 - 3.5.3 IT Act of India 2000
- 3.6 Summary
- 3.7 Questions

3.1 ISSUES RELATING TO PRIVACY AND SECURITY IN E-BUSINESS

Network security is a concern for any business, whether it is a traditional brick-and-mortar business, a brick-and-click e-business or a pure-play e-business.

The internet is a public network connecting thousands of private computers that are exposed to potential threats from anywhere on the public network.

Therefore, protection against these threats requires businesses to have stringent security measures in place.

The crimes that are carried out with the help of computers are known as cyber-crimes.

This unit will discuss various network and website security risks and how sites are hacked and how security incidents on internet take place.

E-Commerce is growing fast and generating huge revenues for organizations. E-Businesses must be protected against the unknown as new methods of attacking networks and websites and new network security holes are being discovered with disturbing frequency.

An e-business can protect itself against many known and as yet unknown threats by carefully planning one's network and website security system.

An e-business must always be prepared for network and website attacks or risk the loss of assets. Maintaining the e-business relationships with its customers is key.

Internet users perceive that there is a large risk to their privacy and security when they buy products and services or submit personal information online.

Though perception of risk may be greater than the actual risk, the customer's perceived risks must also be addressed.

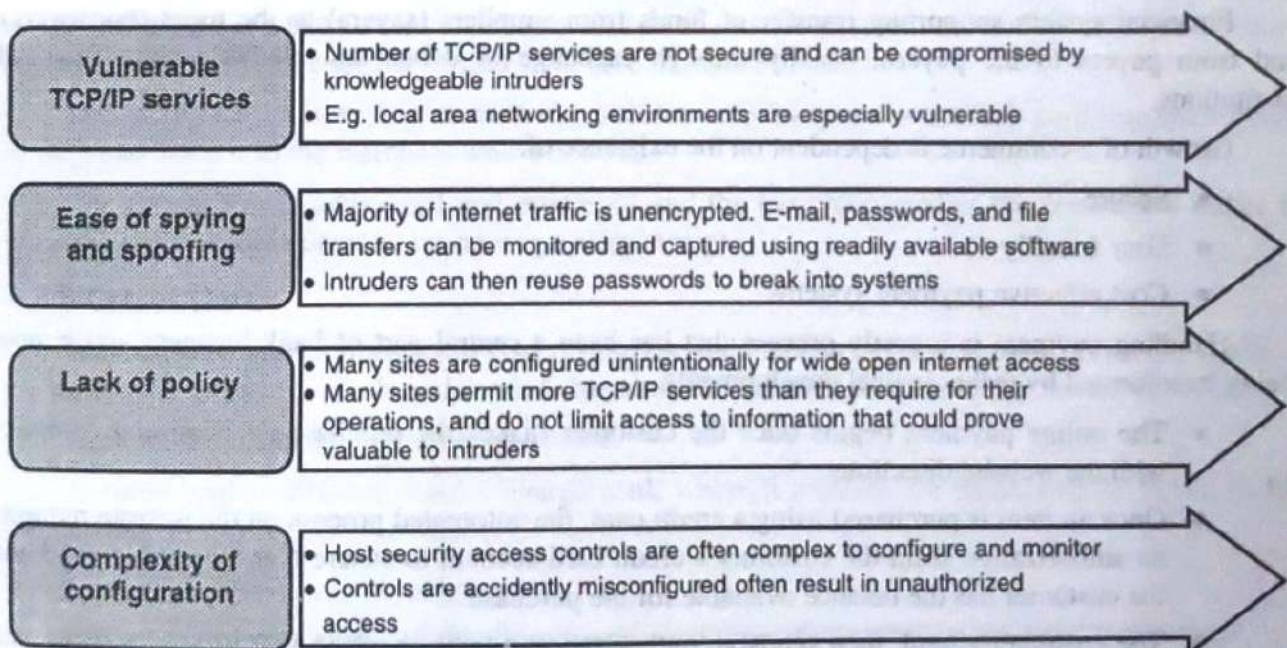
An important issue for an e-business have adequate security to protect its assets, revenue stream, customer privacy and its own reputation.

E-security depends on an individual e-business situation.

Example: A website providing information on flavors of specific cuisines may not require same level of security as an online banking website would require.

- Network security concerns arise when organization's private data are exposed and networking infrastructure to internet hackers
- Success of internet, combined with the introduction of different types of users, including unethical users, has aggravated existing security deficiencies

The areas of concern as far as internet security is concerned are:



- Sites that ignore these problems face some risk to attacks by intruders
- Even sites that do observe good security practices face problems with new vulnerabilities in networking software

3.2 ELECTRONIC PAYMENT SYSTEMS

E-payments first emerged with the development of wire transfers.

Electronic fund transfers (EFT) is an electronic transfer of information that equates to moving funds from one financial institution to another.

E-payment systems are alternative cash or credit payment methods using various electronic technologies to pay for products and services in electronic commerce.

E-payment systems are central to e-commerce as they help companies to serve customers faster and at lower cost.

New business opportunities are possible due to innovations in the payments for goods and services in e-commerce.

The modern payment card system has led to the creation of new forms of exchange that continue to make life easier and more efficient.

Other forms of payment like cheques, cash-on-delivery and credit transfer mechanisms have easily adapted to electronic transactions.

Credit cards are usually used as the mode of payment for goods ordered over the internet despite security concerns and relatively higher transaction cost.

Most important factors are user trust and user confidence in the website site.

3.2.1 Different Payment Systems

Payment System

A payment system is any system used to settle financial transactions through the transfer of monetary value, and includes the institutions, instruments, people, rules, procedures, standards, and technologies that make such an exchange possible.

Financial system supporting transfer of funds from suppliers (savers) to the users (borrowers), and from payers to the payees, usually through exchange of debits and credits among financial institutions.

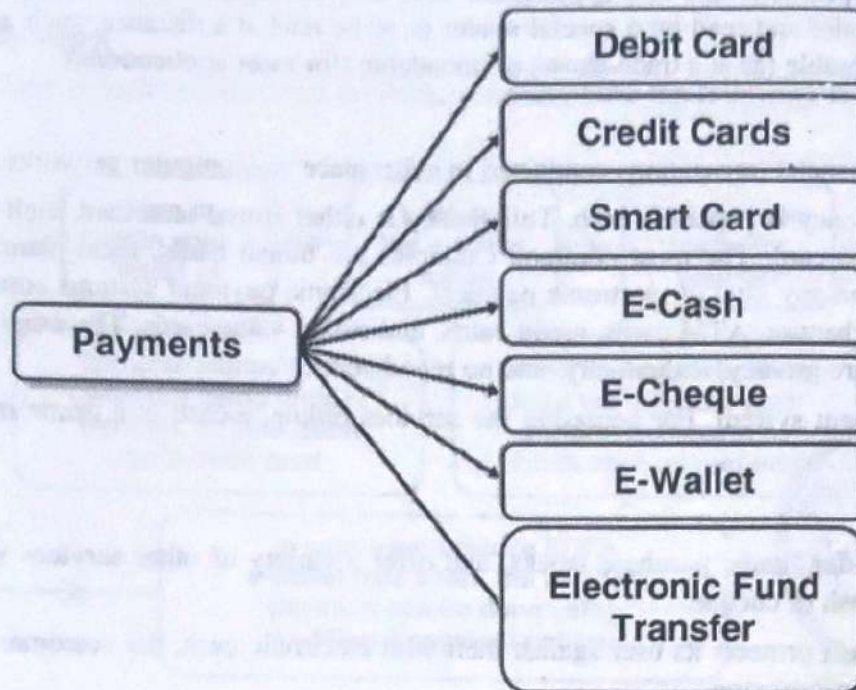
Growth of e-commerce is dependent on the existence of:

- Secure
- User friendly
- Cost effective payment systems

Handling payment is a costly process that has been a central part of bank business and is now being transformed by technological developments.

- The online payment begins once the customer makes the purchase decision and complies with the website directions.
- Once an item is purchased using a credit card, the automated process on the website requests an authorization from the customer's credit card account to ensure that the card is valid and the customer has the balance available for the purchase.
- The customer's bank then sends an authorization number back to you to your website and the order is then captured.

- After confirmation of the order, the merchandise order is sent to the customer. The bank is then informed about the organization's bank account details so that the bank can deposit the funds in to it.



3.2.2 Debit Card

A debit card (also known as a bank card or check card) is a plastic payment card that provides cardholders electronic access to their bank account(s) at a financial institution.

A debit card is a plastic card which provides an alternative payment method to cash when making purchases. Physically the card is an ISO 7810 card like a credit card

Depending on the store or merchant, the customer may swipe or insert their card into the terminal, or they may hand it to the merchant who will do so.

The transaction is authorized and processed and the customer verifies the transaction either by entering a PIN or, occasionally, by signing a sales receipt.

3.2.3 Credit Card

A credit card is a payment card issued to users (cardholders) as a method of payment. It allows the cardholder to pay for goods and services based on the holder's promise to pay for them.

Used for the majority of Internet purchases.

A credit card is different from a charge card, where it requires the balance to be repaid in full each month.

3.2.4 Smart Card

A plastic card with a built-in microprocessor, used typically to perform financial transactions.

Typically, a type of chip card, is a plastic card that contains an embedded computer chip—either a memory or microprocessor type—that stores and transacts data. This data is usually associated with either value, information, or both and is stored and processed within the card's chip.

How Smart Cards Work

A smart card contains more information than a magnetic stripe card and it can be programmed for different applications. Some cards can contain programming and data to support multiple applications and some can be updated to add new applications after they are issued. Smart cards can be designed to be inserted into a slot and read by a special reader or to be read at a distance, such as at a toll booth. Cards can be disposable (as at a trade-show) or reloadable (for most applications).

3.2.5 E-Cash

Electronic financial transactions conducted in cyberspace via computer networks.

Electronic money is paperless cash. This money is either stored on a card itself or in an account associated with the card. The most common examples are transit cards, meal plans, and PayPal. E-Cash can also mean any kind of electronic payment. Electronic payment systems come in many forms including virtual cheques, ATM cards, credit cards, and stored value cards. The usual security features for such systems are privacy, authenticity, and no repudiation.

E-cash payment system. For accessing the services online, e-cash is a prime method for secure online payments.

Advantages

We can transfer funds, purchase stocks, and offer a variety of other services without having to handle physical cash or cheque.

Electronic cash protects its user against theft with electronic cash, the customer does not need to provide financial information.

E-cash supports small payments. Other online payment system charges a fee for every transaction no matter how much high or low it is but e-cash has a specific limit for additional charges that's why very low payments are not charged a fee.

3.2.6 E-Cheque

An e-Cheque is a method of transacting money online offered by online payment companies such as PayPal. An e-Cheque is an electronic document which substitutes the paper check for online transactions. Digital signatures (based on public key cryptography) replace handwritten signatures.

E-Cheques are similar to normal cheques in that they are a legal document requesting the transfer of money from one account to another. Also, much like a normal cheque, they require manual clearing to complete the transaction which means they do not reach their destination as fast as a faster payment or debit card payment would.

A form of payment made via the internet that is designed to perform the same function as a conventional paper cheque. Because the cheque is in an electronic format, it can be processed in fewer steps and has more security features than a standard paper cheque. Security features provided by electronic cheque include authentication, public key cryptography, digital signatures and encryption, among others.

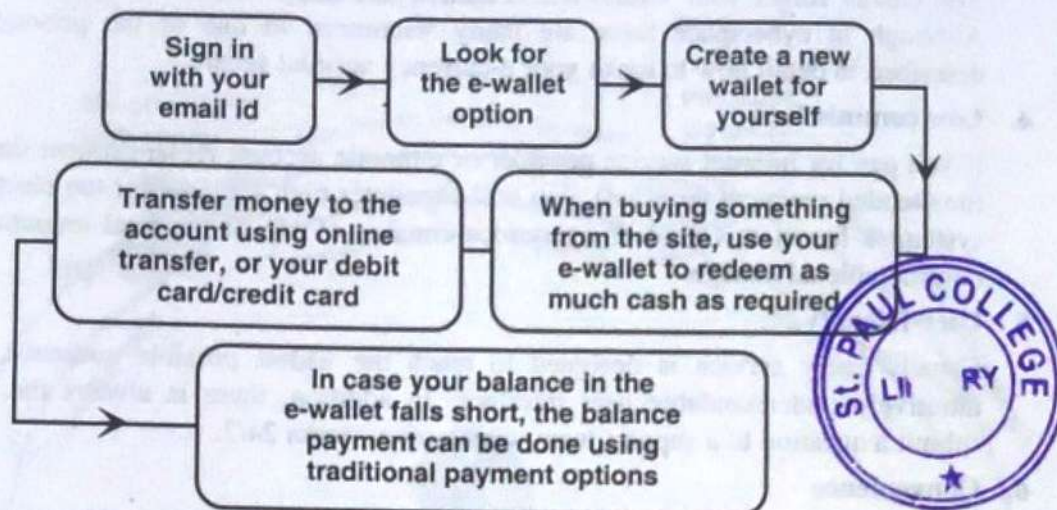
The e-Cheque is compatible with interactive web transactions or with email and does not depend on real-time interactions or on third party authorizations. It is designed to work with paper cheque practices and systems, with minimum impact on payers, payees, banks and the financial system. Payers and payees can be individuals, businesses, or financial institutions such as banks. E-cheques are transferred directly from the payer to the payee, so that the timing and the purpose of the payment are clear to the payee.

3.2.7 E-Wallet

E-wallet is an online prepaid account where one can stock money, to be used when required. As it is a pre-loaded facility, consumers can buy a range of products from airline tickets to grocery without swiping a debit or credit card.

How to use an e-wallet

The sites where e-wallet services are available generally have the following few easy steps to get started.



What are the benefits?

The sites where e-wallet services are available generally have the following few easy steps to get started.

Ease of use without having to enter your debit/credit card details for every online transaction.

For some sites there is no minimum amount and you can deposit an amount as low as ₹ 10.

You can pass on the benefits of your e-wallet to your friends and family as well.

There is no chance of a decline of payment since e-wallet is a prepaid account.

3.2.8 Electronic Funds Transfer

Electronic funds transfer (EFT) is the electronic transfer of money from one bank account to another, either within a single financial institution or across multiple institutions, through computer-based systems and without the direct intervention of bank staff. EFTs are known by a number of names.

The growing popularity of EFT for online bill payment is paving the way for a paperless universe where checks, stamps, envelopes, and paper bills are obsolete. The benefits of EFT include reduced administrative costs, increased efficiency, simplified bookkeeping, and greater security. However, the number of companies who send and receive bills through the Internet is still relatively small.

Advantages of EFT

1. Time savings

Money transfer between virtual accounts usually takes a few minutes, while a wire transfer or a postal one may take several days. Also, you will not waste your time waiting in lines at a bank or post office.

2. Expenses control

Even if someone is eager to bring his disbursements under control, it is necessary to be patient enough to write down all the petty expenses, which often takes a large part of the total amount of disbursements. The virtual account contains the history of all transactions indicating the store and the amount you spent. And you can check it anytime you want. This advantage of electronic payment system is pretty important in this case.

3. Reduced risk of loss and theft

You cannot forget your virtual wallet somewhere and it cannot be taken away by robbers. Although in cyberspace there are many scammers, in one of the previous articles we described in detail how to make your e-currency account secure.

4. Low commissions

If you pay for internet service provider or a mobile account replenishment through the UPT (unattended payment terminal), you will encounter high fees. As for the electronic payment system: a fee of this kind of operations consists of 1% of the total amount, and this is a considerable advantage.

5. User-friendly

Usually every service is designed to reach the widest possible audience, so it has the intuitively understandable user interface. In addition, there is always the opportunity to submit a question to a support team, which often works 24/7.

6. Convenience

All the transfers can be performed at anytime, anywhere. It's enough to have an access to the Internet.

3.3 PAYMENT GATEWAY

What is Payment Gateway?

A payment gateway is an e-commerce application service provider service that authorizes payments for e-businesses (ex: online shopping carts) Before going to the payment gateways first we need to know the following terms.

Terms which are related to payment gateway

- E-commerce
- Web services
- Payment Process

E-commerce

Electronic Commerce, commonly known as e-commerce, consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks.

Web services

A Web service is defined as a software system designed to support interoperable machine-to-machine interaction over a network".

For accessing every web service, we need an API (Application Program Interface) key.

Web service is a platform independent.

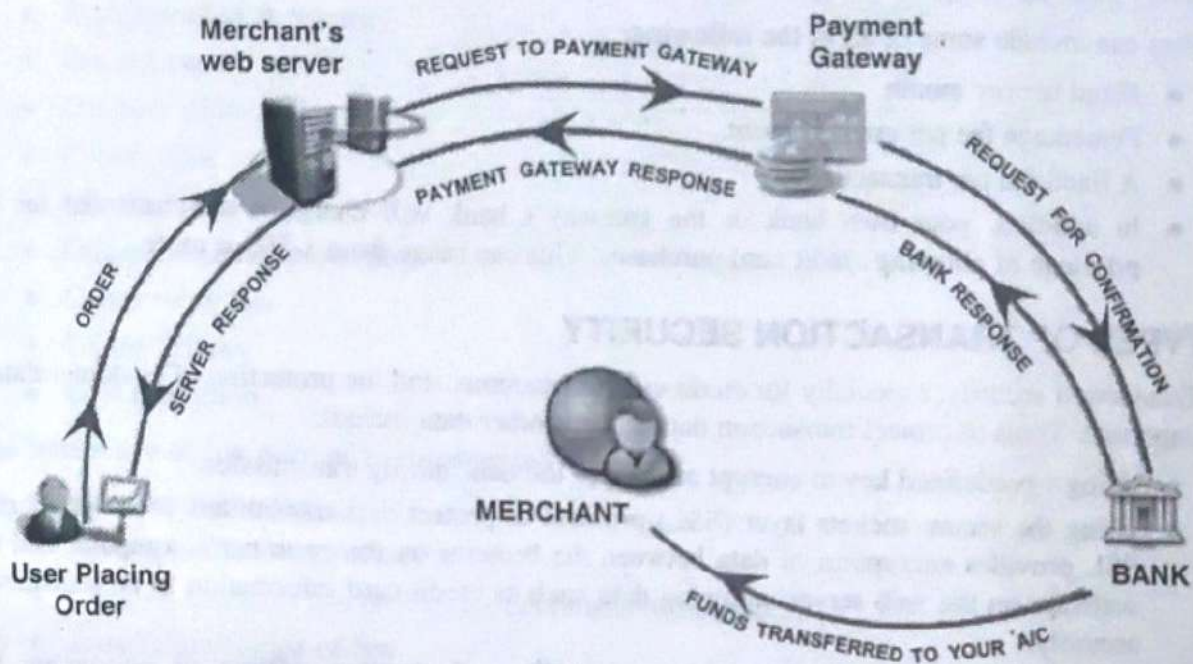
3.3.1 Payment Gateway Process

A payment process is nothing but a transaction of money between the users and merchant (owner of the product).

In payment process we need there are 2 types of accounts.

- Business Account (user)
- Merchant Account (owner)

Flow of Payment Process



What is SSL?

SSL stands for Secure Socket Layer.

Payment Gateways encrypt sensitive information, such as credit card numbers, to ensure that information passes securely between the customer and the merchant.

SSL used HTTPS protocol.

3.3.2 Types of Payment Gateways

1. PayPal (Global)
2. Authorize. Net (US)
3. VeriSign (Global)
4. Link point (US)
5. Checkout (Global)
6. World Pay (Global)
7. Cyber Source (US)
8. QuickBooks Merchant Services (US Only)

3.3.3 Gateway Advantages

In addition to security, payment gateways also provide the following benefits:

- Credit card validation and processing in real time
- Less fraud (but there are many stolen credit card numbers floating around)
- Money is normally deposited into your bank account automatically
- Reports and refunds normally allowed via browser by gateway company

3.3.4 Gateway Disadvantages

Every gateway company charges fees.

Fees can include some or all of the following:

- Fixed fee per month.
- Percentage fee per amount spent.
- A fixed fee per transaction.
- In addition, your own bank or the gateway's bank will charge a merchant fee for the privilege of allowing credit card purchases. This can range from 1-5% or more.

3.4 TYPES OF TRANSACTION SECURITY

Transaction security, especially for credit card transactions, and the protection of customer data is very important. Tools to protect transaction data and customer data include:

- Using a predefined key to encrypt or decrypt the data, during transmission.
- Using the secure sockets layer (SSL) protocol to protect data transmitted over the internet. SSL provides encryption of data between the browser on the customer's computer and the software on the web server, allowing data such as credit card information to be transmitted securely.
- Moving sensitive information such as credit card numbers offline or encrypting the information if it is to be stored online.
- Removing all files and data from storage devices, including disk drives and tapes, before getting rid of the devices.
- Shredding all hard copy documents containing sensitive information before trashing them.

Security is an essential part of any transaction that takes place over the internet. Customer will lose his/her faith in e-business if its security is compromised.

Following are the essential requirements for safe e-payments/transactions –

- **Confidential:** Information should not be accessible to unauthorized person. It should not be intercepted during transmission.
- **Integrity:** Information should not be altered during its transmission over the network.
- **Availability:** Information should be available wherever and whenever requirement within time limit specified.
- **Authenticity:** There should be a mechanism to authenticate user before giving him/her access to required information.
- **Encryption:** Information should be encrypted and decrypted only by authorized user.
- **Auditability:** Data should be recorded in such a way that it can be audited for integrity requirements.

3.5 E-COMMERCE LAWS

Electronic commerce, commonly known as e-commerce, refers to the Internet based industry of buying and selling products or services via electronic means.

What does E-Commerce law entail?

- E-transaction
- Trademark Law
- E-signature
- Copyright Law
- Authentication & Security
- Patent Law
- Database protection
- Cyber-crime
- Domain name law
- Online consumer protection
- Competition law
- Online Privacy
- Data protection

Legal issues are at the core of E-commerce?

- Electronic contracting
- Assent, formation, termination
- Click-on contracts and problems of contracts of adhesion
- Jurisdiction/choice-of-law

In absence of valid contractual provisions, do default laws make sense in online world?

- Place of business (ccTLD where applicable, address listed on web site, location of servers, location of office(s) where applicable, □
- Significant contacts/Nexus (where buyer seeks out seller via web)
- Admissibility/evidence
 - Electronic records
 - Data preservation
 - Statute of frauds issues

3.5.1 E-Commerce Laws in India

Shipping and Delivery Policy

A clear, defined delivery policy is a must-have, so that customers know when to expect their products and how their packages will be delivered. You will need to specify the expected delivery timeframes and costs, as well as detailed terms on any shipping promotions. A number of merchants use shipping discounts and promotions to encourage a higher average spend – *for example*, free shipping on orders over £200. Policies like this can help squeeze extra revenue into the bargain.

By making your shipping information clear on your product pages, and within your terms and conditions, you can prevent any problems from arising with disgruntled customers. This means customers are more likely to understand the shipping terms you offer, with the security of their agreement to your terms in the event of disputes.

Refunds Policy

Refunds are an important part of building trust with customers, and you will hamper conversions if you don't recognise that refunds will sometimes be required. It is wise to be liberal in your refunds policy, and you must refund cancelled purchases within the statutory 'cooling off' period – 14 days. You can ask the customer to pay the cost of returns, and you are entitled to expect goods to be returned to you in a merchantable condition.

Protecting Your Interests

Terms and conditions are essential for protecting your business, and possibly your personal, interests when selling online. In an ideal world, you would never encounter disputes or difficulties in e-commerce. In the real world, it's an absolute guarantee with scale. By taking care over drafting your terms and conditions, and consulting a lawyer where the budget allows, you can clearly set out the terms of business, and secure agreement from your customers at the point the contract of sale is created.

Standard E-Commerce Terms and Conditions

There are a number of clauses that can be found in most terms and conditions, either by virtue of legal necessity or to protect the merchant in the selling process. The following is a non-exhaustive list of some of the things you might want to include within your e-commerce terms and conditions:

Information Commensurate with latest Consumer Contract Regulations: The latest Consumer Contract Regulations stipulate information that must be made clear to consumers purchasing online via your terms and conditions. These include your contact details, including clarification of your business identity, the products you sell, and how you can be contacted by your customers. This is not optional, so it pays to do your homework on what must be included when drafting up your terms and conditions.

Liability Limitations

Limited liability is a standard practice across most contracts, in a bid to limit any future claims that may arise from the transaction. There are some claims to liability you can't contract away from – such as those causing death or personal injury – but broad exclusions of other types of damages can be effective in reducing your future obligations (and keeping legal costs to an absolute minimum).

What Happens and Who Pays for Returns? Returns are a fact of life in e-commerce, and it's useful to be upfront about how your returns process works, and who bares the costs of return shipping. Specify this within your terms and conditions, even if you have an external refunds policy in place.

Jurisdiction/Choice of Law

Under which laws will the contract of sale be interpreted? This matters particularly in e-commerce, where you may end up resorting to the lottery of legal systems when selling across the EU, or indeed the world, if you don't seize the initiative.

Delivery Terms: It's also useful to take into account your delivery terms, or to directly reference your shipping policy if you have one in place. When your customers accept these terms, you can solve so many support issues or refund requests, simply by referring to the terms and processes laid down in

your delivery terms. Provided they are fair and reasonable, as you must be at all times in drafting terms relating to consumers, you will likely cover your back for more situations.

Data Protection

Data protection is an area of the law all website owners should be mindful of. If you intend to collect personal information about your website visitors, you will need to be registered under the Data Protection Act, and to handle your data in compliance with the law at all times.

Protecting Your Customer's Privacy Online

Online privacy is a big issue as many e-commerce sites collect and retain personal information about customers. Some of the personal data you will likely obtain would include a customer's name, address, email address, and possibly their credit card and other types of financial information. As the e-commerce site owner it is your responsibility to ensure this personally identifiable information is protected, and that when you collect such data you comply with federal and state privacy laws.

E-commerce site owners should provide a privacy policy and post it on the e-commerce website. This policy should clearly identify what kinds of personal information you will collect from users visiting your website, who you will share the information you collect with, and how you will use and store that information.

Online Advertising Compliance

E-commerce site owners must know about the applicable laws for online advertising. Like traditional advertising for brick-and-mortar stores, online retailers must also comply with regulations when advertising online. The FTC regulations for advertising are designed to protect consumers and to prevent deceptive and unfair acts or practices.

How to Collect Taxes Online

When you shop at a store you pay tax on the purchase, and the Internet does not change this — but there are differences.

Have you ever noticed that some e-commerce websites charge you tax when you make an online purchase, while others don't? The reason is because if a business has a physical presence in a state (e.g., a store or office), then it is required by law to collect state and local sales tax from customers.

How to Handle Customer Financial Data

PCI compliance is a term familiar to many people researching e-commerce regulations. As an e-commerce site owner, one of the standards you will need to know about is the PCI DSS standard, which is short for Payment Card Industry (PCI) Data Security Standard (DSS). All organizations, including online retailers, must follow this standard when storing, processing and transmitting credit card data.

3.5.2 Issues in E-commerce in India

With E-Commerce boom in India, on one side we see a huge increase in on-line shopping and consumers but on other side the number on cases in consumer complaint forum/consumer court are also increasing rapidly. To be safe, general awareness of legal aspects of e-commerce in India is required. Let me collate them for you in summary format.

1. In India, E-Commerce falls within purview of **The Information Technology Act, 2000**. It legally recognizes all correspondence by electronic mail, information in an electronic form with digital signatures. The digital signatures are certified by a controller (appointed by the

- Government authorities). It also recognizes application and approval done in electronic format for Licenses, Permits and other documents pertaining to Government departments. In addition, it also makes hacking (download, copy, extract, damage of electronic files/data) liable for punishment.
2. An e-commerce store shall be a **legal entity** in form of Sole proprietary, Partnership firms, One Man Company, Private limited company, limited Liability Partnership (LLP). I personally favor LLP due to ease in getting payment gateway functionality and benefit of limited liability.
 3. E-commerce stores are form of an on-line form of shops thus regulated under the **Shops and Establishments Act, 1953**. As per DS&E Act, shop/establishment shall get compulsory registration done within 30 days of commencement of work, give 15 days' prior notice before closing down, notifies number of working hours per day and week, gives guidelines for rest interval/opening-closing time/holidays, rules for employment of children/young person/women, leave, termination of services, maintenance of register and record beside obligation for employers and employees.
 4. **Labor issues** falls within purview of the Industrial Disputes Act, 1947 as "industry" term in this Act also covers e-commerce websites.
 5. The two **tax registrations** necessary for sale of goods and services on e-commerce websites are Central Sales Tax (CST) and Value added Tax (or VAT). VAT is imposed upon on sale/purchase of transactions taking place within the State whereas CST (governed by Central Sales Tax, 1956) is tax applicable on transaction between various states. In Delhi, mandatory registration is required for turnover above INR 10 lacs while voluntary registration can be done for less.
 6. **Domain name and Trademark:** The domain name and trademark prior to registration must be checked for availability and duplication.
 7. **For Payment Gateway**, as per RBI directives it is mandatory to be a registered Indian entity with an account with Indian Bank for integration with any Indian Payment Gateway. RBI Notification on additional security for credit-card transactions has also mandated additional authentication/validation for all VISA and Master card transactions using Verified by Visa and MasterCard Secure Code.
 8. **A Valid Contract:** Whenever you enter any website you are bound by its "Terms of Use" called End User License Agreement. This is consumer's agreement with the website. The Terms of Use shall satisfy the conditions and essentials of contract Act, 1872. Many a time customized 'terms of use' are used and one must draft them properly as they are very useful in case on consumer court cases.
 9. **Privacy:** As per section 72A of Information Technology Act Amendment 2008, if an e-commerce website discloses personal information to another entity without consent of member it has committed an offence. It should take necessary steps to keep integrity of personal information.

3.5.3 IT Act of India 2000

In May 2000, both the houses of the Indian Parliament passed the Information Technology Bill. The Bill received the assent of the President in August 2000 and came to be known as the Information Technology Act, 2000. Cyber laws are contained in the IT Act, 2000.

This Act aims to provide the legal infrastructure for e-commerce in India. And the cyber laws have a major impact for e-businesses and the new economy in India. So, it is important to understand what are the various perspectives of the IT Act, 2000 and what it offers.

3.6 SUMMARY

E-commerce is defined as the buying and selling of products or services over electronic systems such as the Internet and to a lesser extent, other computer networks. It is generally regarded as the sales and commercial function of e-Business. There has been a massive increase in the level of trade conducted electronically since the widespread penetration of the Internet. E-commerce is fundamentally World Wide Web-based buying and selling of goods and services. Most people see it as the ultimate form of removing the intermediary or go-between (also known as disintermediation). The basics of e-commerce can already be found in Electronic Data Interchange (EDI) that many corporations already use in conducting transactions between many of their suppliers. Nevertheless, there are many fundamental differences between EDI and e-commerce. Traditional EDI networks, known as value-added networks (VANs), are virtual private networks (VPNs) run by major well-established corporations.

3.7 QUESTIONS

1. What are the payment, security, privacy and legal issues in E-Commerce?
2. Discuss the issues relating to privacy and security in E-Business.
3. What is Electronic Payment Systems?
4. Explain Payment Gateway.
5. Explain the advantages and disadvantages of Payment Gateway.
6. Describe the types of Transaction Security.
7. What is E-Commerce Laws?
8. Explain E-Commerce laws in India.
9. Explain the legal issues in E-Commerce in India.



Digital Marketing

Structure:

- 4.1 Introduction to Digital Marketing
- 4.2 Why Digital Marketing is Important?
 - 4.2.1 Manage Customer Relationships across All Channels
 - 4.2.2 Challenges Facing Digital Marketers
 - 4.2.3 Three Keys to Digital Marketing Success
- 4.3 Advantages and Limitations of Digital Marketing
- 4.4 Various Activities of Digital Marketing
 - 4.4.1 Search Engine Optimization
 - 4.4.2 Search Engine Marketing
 - 4.4.3 Content Marketing
 - 4.4.4 Content Influencer Marketing
 - 4.4.5 Campaign Marketing
 - 4.4.6 Email Marketing
 - 4.4.7 Display Advertising
 - 4.4.8 Blog Marketing
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- 4.7 Online Marketing Research
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- 4.10 Promoting Web Traffic
 - 4.10.1 Analyzing Web Traffic
 - 4.10.2 Measuring Web Traffic
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4.1 INTRODUCTION TO DIGITAL MARKETING

We live in a super-connected world these days and as such, advertising and marketing are no longer the same animals they once were. This is especially true due to the rise of social media, which has changed how businesses communicate with potential and existing clients. So what exactly is digital marketing and what does it encompass? Basically, it's a collective term which is used where marketing meets internet technology and other forms of new media.

Digital marketing is a term that has been around for quite a while but hasn't been very well defined, encompassing things like banner advertising, search engine optimization (SEO) and pay per click. Yet, this is too narrow of a definition. What about email, RSS, voice broadcast, fax broadcast, blogging, podcasting, video streams, wireless text messaging, and instant messaging?

To clearly define what digital marketing is let's talk about what it is not. For starters, it does not include more traditional forms of marketing such as radio, TV, billboard and print because they do not offer instant feedback and report. Sure, some people may respond to a call to action from an advertisement in one of these mediums but there is no way to know the exact number of people who saw or heard it. Such data is collected (and still then just educated guesses) long after the initial ad impression is made. Yes, convergence has made television a bit more interactive, with devices such as TiVo able to record viewer statistics like those for Web sites, but there is still a long way to go. With digital marketing, however, we're already there.

At its heart, digital marketing centers around the Internet, which has become both a communication vehicle and a very powerful marketing medium as the recent Double click acquisition by Google demonstrated. The Internet can be used both to push a message to someone like email, IM, RSS, or voice broadcast, as well to "pull" content serving a banner ad and Pay Per Click search terms. Digital marketing, therefore, can be thought of as the combination of push and pull Internet technologies to execute marketing campaigns.

Because it is digital, a reporting engine can be layered within a campaign allowing the organization see in real-time how that campaign is performing, such as what is being viewed, how often, how long, as well as other actions such as responses rates and purchases made. Please note that each digital marketing technology is different and they cannot all provide the same types of reports. Also, digital marketing is constantly evolving and new technologies are being created all of the time.

4.2 WHY DIGITAL MARKETING IS IMPORTANT?

Digital media is so pervasive that consumers have access to information any time and any place they want it. Gone are the days when the messages people got about your products or services came from you and consisted of only what you wanted them to know. Digital media is an ever-growing source of entertainment, news, shopping and social interaction, and consumers are now exposed not just to what your company says about your brand, but what the media, friends, relatives, peers, etc., are saying as well. And they are more likely to believe them than you. People want brands they can trust, companies that know them, communications that are personalized and relevant, and offers tailored to their needs and preferences.

4.2.1 Manage Customer Relationships across All Channels

Digital marketing and its associated channels are important – but not to the exclusion of all else. It's not enough to just know your customers; you must know them better than anybody else so you can communicate with them where, when and how they are most receptive to your message. To do that, you need a consolidated view of customer preferences and expectations across all channels – Web,

social media, mobile, direct mail, point of sale, etc. Marketers can use this information to create and anticipate consistent, coordinated customer experiences that will move customers along in the buying cycle. The deeper your insight into customer behaviour and preferences, the more likely you are to engage them in lucrative interactions.

4.2.2 Challenges Facing Digital Marketers

- Proliferation of digital channels. Consumers use multiple digital channels and a variety of devices that use different protocols, specifications and interfaces – and they interact with those devices in different ways and for different purposes.
- Intensifying competition. Digital channels are relatively cheap, compared with traditional media, making them within reach of practically every business of every size. As a result, it's becoming a lot harder to capture consumers' attention.
- Exploding data volumes. Consumers leave behind a huge trail of data in digital channels. It's extremely difficult to get a handle on all that data, as well as find the right data within exploding data volumes that can help you make the right decisions.

4.2.3 Three Keys to Digital Marketing Success

So, what does it take to do digital marketing right? Here are three keys to digital marketing success:

1. Manage complex customer relationships across a variety of channels – both digital and traditional.
2. Respond to and initiate dynamic customer interactions.
3. Extract value from big data to make better decisions faster.

4.3 ADVANTAGES AND LIMITATIONS OF DIGITAL MARKETING

Advantages

- Promoting your business on the internet gives you best possibility of targeting your potential customers.
- It is estimated that 3 billion people around the world are using internet and the number is increasing day by day.
- Internet is only medium that can be accessed without any national or geographic boundaries. You can able to invest small amount on internet and enjoy huge return on your investment.
- The cost of promoting your business in internet is cheaper when considered to other promotion medium. This feature helps small organizations to market their business targeting the global customer base.
- Internet offer the ability to stay connected with your potential customers 24x7. If you are going to offer any discount, you can able to spread the new by sending email or publishing on social networking sites.
- Internet allows you to send bulk emails and message in short span of time. However, you need to implement effective marketing strategies to be successful. Thus, it advised to take digital marketing training to boost your skills on internet marketing.
- Online marketing allows the business owners to get instant feedback from their customers. It helps you to make significant improvement on your services.

- Marketing your business on internet allows you to save lot of time and effort. The most common way of staying connected with your customer is by offering live chat support and FAQ section.
- Internet marketing allows your business to be available 24x7 and 365 days. It results in increased leads, sales and profit to your business.

Disadvantages

- Although, internet marketing allows you to promote your business targeting global customers, the set-up cost of a website is too high. Further, you need to spend more time on choosing attractive layout for your website.
- There are several customers still not aware of internet. Some people prefer buying products on store instead of buying it online.
- The rule of trading in internet changed rapidly. It needs constant attention and surveillance to make sure the marketing strategy really works.
- When comes to online, you need to be aware of fraudulent activities and online scam.
- Spamming is one of the prime challenges for online marketing and confidential data can be easily hacked.

4.4 VARIOUS ACTIVITIES OF DIGITAL MARKETING

4.4.1 Search Engine Optimization

- **Search Engine Optimization (SEO)** is a means of optimizing the content of a website in order to gain better placement on the Search Engine Results Page (SERPS). A variety of techniques are employed to achieve this and it's not a job for amateurs really as there are many pitfalls that could have Google frowning on your site.
- Search engine optimization is a methodology of strategies, techniques and tactics used to increase the amount of visitors to a website by obtaining a high-ranking placement in the search results page of a search engine (SERP) — including Google, Bing, Yahoo and other search engines.
- It is common practice for Internet users to not click through pages and pages of search results, so where a site ranks in a search is essential for directing more traffic toward the site. The higher a website naturally ranks inorganic results of a search, the greater the chance that that site will be visited by a user.

SERP - Search Engine Results Page

Short for *search engine results page*, the Web page that a search engine returns with the results of its search. The major search engines typically display three kinds of listings on their SERPs. Listings that have been indexed by the search engine's spider, listings that have been indexed into the search engine's directory by a human, and listings that are paid to be listed by the search engine.

SEO includes:

- Keyword research and usage, on-page and off (within HTML)
- Link building/outreach blogging
- Content delivery
- Site structure
- Analytics

4.4.2 Search Engine Marketing

- Search Engine marketing (SEM) is similar to, but incorporates, SEO and uses many of the same techniques as a part of that. The main difference between the two terms is that SEM also includes paid online advertising models, such as pay-per-click (PPC).
- PPC advertising models are those such as Google AdWords and Bing, which only require payment when the ad is clicked through to the target website. SEM also requires keyword analysis as the words and phrases used in the ad and site and these need to be monitored carefully to reflect the market and current search engine rules.
- One sure way to get a good position on the results page is to buy it. The ads at the top of the page and down the right side are "search engine marketing." It's also called "pay-per-click" because that's how it works, you only pay for the ad when someone clicks on it to go to your website.
- How much will it cost? That depends on the value of the customer you're trying to reach. To reach someone who searched for "Gluten-free bread mix" you might pay 50¢ per click. For someone who searched for "small business loans," about \$60.00.
- To steer your ad to the right people, you make a list of relevant "keywords," and your ad will only be seen by people who search on them.
- If you choose to have us manage search engine marketing for you, we'll provide a dedicated Digital Marketing Manager who will work to keep you ahead of your competitors, and we'll bring with us 16 years of experience doing search engine marketing that has consistently boosted ROI for our clients.

Search Engine Marketing: What it is? and How to Do it Right?

Search engine marketing, or SEM, is one of the most effective ways to grow your business in an increasingly competitive marketplace. With millions of businesses out there all vying for the same eyeballs, it's never been more important to advertise online, and search engine marketing is the most effective way to promote your products and grow your business.

The screenshot shows a Google search for "camping equipment". The search bar at the top contains the text "camping equipment" and a magnifying glass icon. Below the search bar, there are tabs for "Web", "Maps", "Shopping", "Images", "Videos", "More", and "Search tools". The results show "About 4,000,000 results (0.58 seconds)".

On the left side, there are three organic search results:

- Camping Equipment Sale - SierraTradingPost.com**
www.sierratradingpost.com
Save Up To 70% on Camping Equipment. Love The Deals. Live The Adventure.
Brands: Arc'teryx, Bilt Khaki, Burton, Columbia Sportswear...
Rated Excellent in Customer Service - Staff Service
- Outdoor Camping Gear - Kohls.com**
www.kohls.com/Camping&Outdoor
Shop Camping & Outdoor Gear. Kohls® Orders Over \$75 Ship Free!
Brands: Aerobed, Arbut, Big Agnes, CamelBak...
950 Derby St. Hingham, MA - (781) 749-0763
- Camping Gear - Tents, Sleeping Bags & Camping Supplies ...**
www.cabela.com/category/Camping/104786282.htm
Shop camping gear at Cabela's, featuring all your camping equipment including tents, sleeping bags, outdoor cooking, survival and navigation equipment.
New & Top Rated Camping Gear - Tents - Camping Sale
- Camping & Hiking Gear at REI: Tents, Backpacks, Stoves ...**
www.rei.com/hiking-and-hiking
But we don't just sell camping equipment - we help you put it to use. Check out our sections of camping and hiking articles and videos online. camping skills

On the right side, there is a "Shop for camping equipment on Google" section with a "Sponsored" label. It displays four product listings:

Product	Price	Store
Ozark JV Signature Ed. Alpha Exped.	\$1,500.00	Target
Stansport 2 Person Camp.	\$127.99	Target
Camp Chef Outdoor Cam. OutdoorCook...	\$229.00	CABELA'S
Er Series Simpson Res.	\$242.67	CABELA'S
Cabela's cabela's 1010...	\$969.99	Cabela's
Kampfire Double Tent.	\$223.03	Rakuten.com
Kodiak Canvas Tent 10' 10' 10'...	\$495.00	competitive
Kodiak Canvas Cabin Tent w/...	\$699.99	Cabela's

Search Engine Marketing – An Overview

Search engine marketing is the practice of marketing a business using paid advertisements that appear on search engine results pages (or SERPs). Advertisers bid on keywords that users of services such as Google and Bing might enter when looking for certain products or services, which gives the advertiser the opportunity for their ads to appear alongside results for those search queries.

These ads, often known by the term pay-per-click ads, come in a variety of formats. Some are small, text-based ads, whereas others, such as product listing ads (PLAs, also known as Shopping ads) are more visual, product-based advertisements that allow consumers to see important information at-a-glance, such as price and reviews.

Search engine marketing's greatest strength is that it offers advertisers the opportunity to put their ads in front of motivated customers who are ready to buy at the precise moment they're ready to make a purchase. No other advertising medium can do this, which is why search engine marketing is so effective and such an amazingly powerful way to grow your business.

Keywords: The Foundation of Search Engine Marketing

Keywords are the foundation of search engine marketing. As users enter keywords (as part of *search queries*) into search engines to find what they're looking for, it should come as little surprise that keywords form the basis of search engine marketing as an advertising strategy.

Keyword Research

Before you can choose which keywords to use in your search engine marketing campaigns, you need to conduct comprehensive research as part of your keyword management strategy.

First, you need to identify keywords that are relevant to your business and that prospective customers are likely to use when searching for your products and services. One way to accomplish this is by using Word Stream's Free Keyword Tool.

Simply enter a keyword that's relevant to your business or service, and see related keyword suggestion ideas that can form the basis of various search engine marketing campaigns.





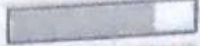



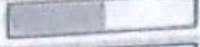











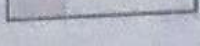



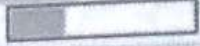



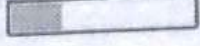











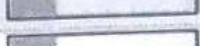



Free Keyword Tool

Keyword Suggestion Tool

You have 24 of 30 free searches remaining.

[GET KEYWORD IDEAS](#)☒ Adult keyword filter on☐ Nichefy keyword results

Word Stream's Free Keyword Tool provides you with a range of valuable information, such as search volume for each individual keyword in Google and its general competitiveness.

Keyword Suggestion Tool					
You have 23 of 30 free searches remaining.					
Results for: building materials / Showing top 100 of 6,438 keywords					RESET
Keywords	Relative Frequency	Google Search Volume	WS Search Volume	Competition	Remove from List
building materials					<input type="checkbox"/>
building materials diy					<input type="checkbox"/>
industrial building materials					<input type="checkbox"/>
used building materials					<input type="checkbox"/>
recycled building materials					<input type="checkbox"/>
building materials construction					<input type="checkbox"/>
green building materials					<input type="checkbox"/>
sustainable building materials					<input type="checkbox"/>
home hardware building materials					<input type="checkbox"/>
hardware building materials					<input type="checkbox"/>
building materials windows					<input type="checkbox"/>
6,338 more keywords available		GET FULL KEYWORD LIST		1 2 3 4 5 ... >> See All	

In addition to helping you find keywords you should be bidding on, thorough keyword research can also help you identify *negative keywords* – search terms that you should exclude from your campaigns. Negative keywords aren't terms with negative connotations, but rather irrelevant terms that are highly unlikely to result in conversions. For example, if you sell ice cream, you might want to exclude the keyword "ice cream recipes", as users searching for ice cream recipes are unlikely to be in the market for your product.

This concept is known as *search intent*, or the likelihood that a prospect will complete a purchase or other desired action after searching for a given term. Some keywords are considered to have *high commercial intent*, or a strong indication that the searcher wants to buy something. Examples of high commercial intent keywords include:

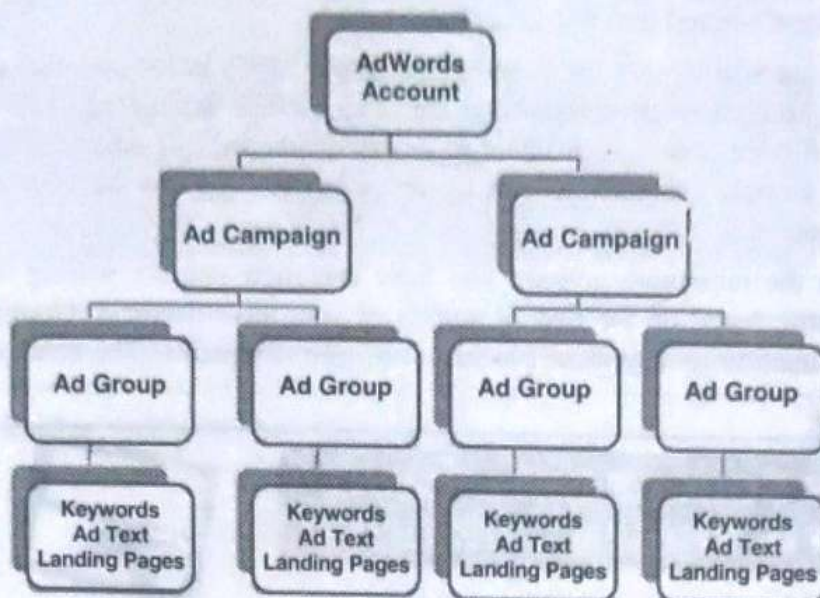
- Buy
- Discount(s)
- Deal(s)
- Coupon(s)
- Free shipping

Keywords and Account Structure

Another crucial aspect of keywords that is essential for the success of a search engine marketing campaign is account structure.

Logical keyword grouping and account structure can help you achieve higher click-through rates, lower costs-per-click, and generally stronger overall performance, and keyword research can help you think about how to best structure your account.

AdWords and Bing Ads accounts should be structured in the following way for optimal results:



As you can see in the figure above, an optimally structured account is comprised of five distinct elements:

- Ad campaigns
- Ad groups
- Keywords
- Ad text
- Landing pages

Ad campaigns can, and should in many cases, focus on similar products or services. For example, if you run a hardware store, one ad campaign could focus exclusively on autumnal products such as leaf blowers, rakes, and leaf bags, whereas another might focus on power tools and so on.

Ad groups allow for each campaign to be further subcategorized for relevance. In our hardware store example, one ad group could be for different types of rakes or varying models of leaf blowers. For the power tools campaign, one ad group might focus on power drills, while another could focus on circular saws. This level of organization might take slightly longer to set up initially, but the rewards – namely higher CTRs at lower cost – make this effort worthwhile in the long run.

The Search Engine Marketing Ad Auction

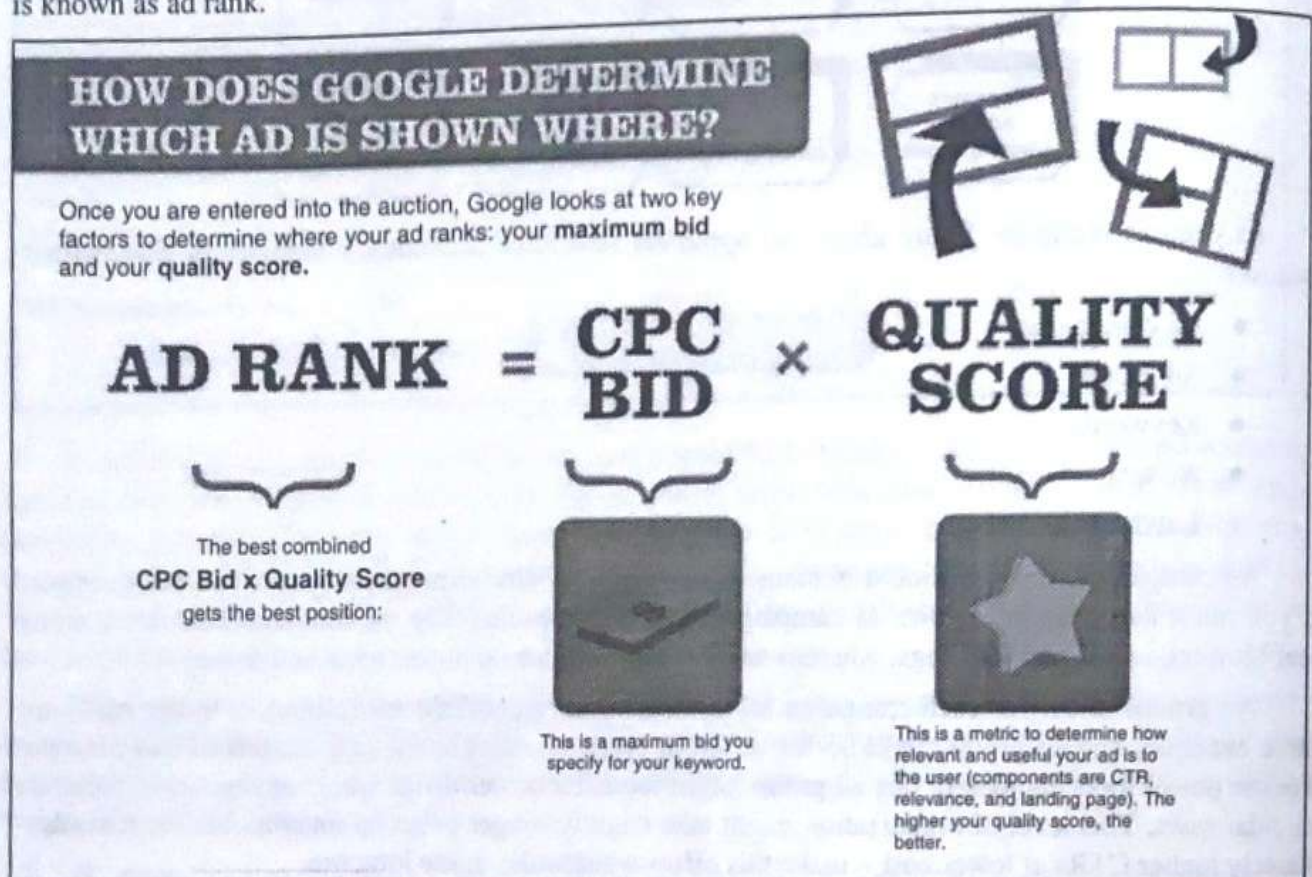
One of the most enduring misconceptions about search engine marketing is that whomever has the largest advertising budget wins. Although a larger advertising budget can certainly be advantageous, especially when targeting highly competitive keywords, but it's far from a requirement for success with search engine marketing. This is because all ads go through a process known as the ad auction before appearing alongside search results. For the purposes of this explanation, we'll be focusing on the ad auction in Google AdWords.

How the Ad Auction Works?

The ad auction process takes place every single time someone enters a search query into Google. To be entered into the ad auction, advertisers identify keywords they want to bid on, and state how much they are willing to spend (per click) to have their ads appear alongside results relating to those keywords. If Google determines that the keywords you have bid on are contained within a user's search query, your ads are entered into the ad auction.

Not every single ad will appear on every single search. This is because the ad auction takes a variety of factors into account when determining the placement of ads on the SERP, and because not every keyword has sufficient commercial intent to justify displaying ads next to results. However, the two main factors that Google evaluates as part of the ad auction process are your maximum bid and the Quality Score of your ads.

Maximum bid is the maximum amount you have specified you are willing to pay for a click. Quality Score is a metric based on the overall quality of your advertisement. Google calculates these metrics during the ad auction to determine placement of advertisements. The result of this calculation is known as ad rank.



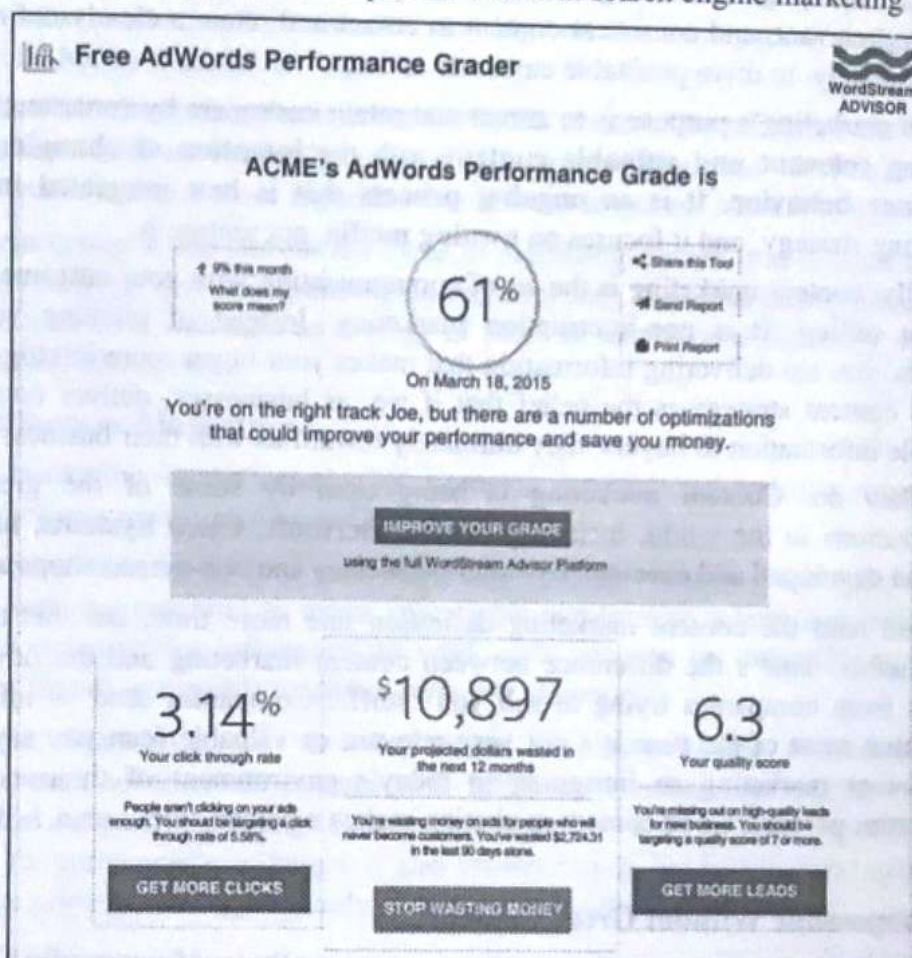
The Importance of Quality Score in SEM

Given that Google AdWords' Quality Score comprises half of the ad rank formula, it is one of the most crucial metrics search engine marketers can focus on. High Quality Scores can help you achieve better ad position at lower costs, because Google favors ads that are highly relevant to user queries. In the table below, you can see that although Advertiser 1 has the lowest maximum bid, they have the highest Quality Score, meaning their ads are given priority in terms of placement during the ad auction:

$\text{Max Bid} \times \text{Quality Score} = \text{Ad Rank} \rightarrow \text{Position}$			
Advertiser I	\$2.00	10	20
Advertiser II	\$4.00	4	16
Advertiser III	\$6.00	2	12
Advertiser IV	\$8.00	1	8

Diagram illustrating the Ad Rank calculation and position assignment. The Ad Rank is calculated as Max Bid multiplied by Quality Score. The resulting Ad Rank determines the position of the advertisement. The highest Ad Rank (20) corresponds to the highest position (1st), and the lowest Ad Rank (8) corresponds to the lowest position (4th). A "SOLD!" sign is shown next to the highest position.

Quality Score is arguably the most important metric in search engine marketing



In 60 seconds or less, the AdWords Performance Grader performs a comprehensive audit of your PPC account and identifies areas in which immediate improvements can be made. Accounts are graded against 10 key search engine marketing benchmarks, including:

- Wasted spend
- Click-through rate
- Quality score
- Negative keyword usage

4.4.3 Content Marketing

- **Content marketing** is a technique where content is produced and distributed with the intention of providing relevant, interesting content to attract and engage a particular audience that a business is targeting. The creation of useful content is a way of developing communication with the customer in order to drive engagement and customer action. Content can mean anything from blogs to videos and whitepapers tend to work well using content marketing techniques too. The goal is to win customer loyalty and retain it.
- Consumers have shut off the traditional world of marketing. They own a DVR to skip television advertising, often ignore magazine advertising, and now have become so adept at online "surfing" that they can take in online information without a care for banners or buttons (making them irrelevant).
- Smart marketers understand that traditional marketing is becoming less and less effective by the minute, and that there has to be a better way.
- Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly-defined audience — and, ultimately, to drive profitable customer action.
- Content marketing's purpose is to attract and retain customers by consistently **creating and curating relevant and valuable content with the intention of changing or enhancing consumer behavior**. It is an **ongoing process** that is best integrated into your overall marketing strategy, and it focuses on **owning media**, not renting it.
- Basically, content marketing is the art of communicating with your customers and prospects without selling. It is non-interruption marketing. Instead of pitching your products or services, you are delivering information that makes your buyer more intelligent. The essence of this content strategy is the belief that if we, as businesses, deliver consistent, ongoing valuable information to buyers, they ultimately reward us with their business and loyalty.
- And they do. Content marketing is being used by some of the greatest marketing organizations in the world, including **P&G, Microsoft, Cisco Systems, and John Deere**. It's also developed and executed by small businesses and one-person shops around the globe.

Go back and read the content marketing definition one more time, but this time remove the relevant and valuable. That's the difference between content marketing and the other informational garbage you get from companies trying to sell you "stuff." Companies send us information all the time — it's just that most of the time it's not very relevant or valuable (can you say spam?). That's what makes content marketing so intriguing in today's environment of thousands of marketing messages per person per day. Good content marketing makes a person stop...read... think... behave... differently.

Marketing is Impossible Without Great Content

Regardless of what type of marketing tactics you use, content marketing should be part of your process, not something separate. Quality content is part of all forms of marketing:

- **Social media marketing:** Content marketing strategy comes before your social media strategy.
- **SEO:** Search engines reward businesses that publish quality, consistent content.
- **PR:** Successful PR strategies address issues readers care about, not their business.
- **PPC:** For PPC to work, you need great content behind it.

- **Inbound marketing:** Content is key to driving inbound traffic and leads.
- **Content strategy:** Content strategy is part of most content marketing strategies.

Content Marketing Strategy Success Factors

- Shareable content drives create awareness for your brand
- Content drives results from SEO
- Content drives purchases
- Syndicated content drives purchases
- User generated content drives purchases
- Content on a range of platforms drives purchases

4.4.4 Content Influencer Marketing

Content marketers are facing their most daunting challenge yet. We survived the content glut with solid, documented strategy. We have made great strides toward properly measuring and attributing our content marketing ROI. But the next big bad is even bigger than those obstacles: It's the Fearsome Social Media Algorithm.

The Algorithm Monster already turned our Facebook streams into trickles. Now Twitter and even Instagram are falling under its spell. The once mighty organic platforms are becoming increasingly pay-to-play. Can marketers beat these algorithm-based feeds to get our content to our audience?

Influencer marketing is the current hot topic in marketing circles, and it's not hard to see why. 51% of marketers believe that incorporating influencers into their marketing helps them to reach customers. Those who do it well earn an average of \$6.85 in media value for every dollar they spend. And the top 13% earn \$20 or more.

Definition of Influencer Marketing

'Influencer marketing is the practice of engaging internal and industry experts with active networks to help achieve measurable business goals.'

By incorporating influencers into your marketing strategy, you have the opportunity to partner with individuals with the potential to move your target audience to action, and promote content on your behalf. The incentive for influencers to work with you can be intangible (added credibility, promotion of their brand) or tangible (cash/booze/puppy slippers).

At Top Rank Marketing, we view influencer marketing as the cultivation of long-term relationships. We seek to co-create content with influencers, rather than asking them to promote something they had no part in creating. Co-creation generally leads to higher-quality content that is more relevant to the influencer's audience. It also creates buy-in for both parties, making influencers more likely to take pride in, and aggressively promote, the finished product.

The Purpose of Influencer Marketing

At its most effective, influencer marketing serves a purpose for everyone involved. Marketers gain credibility with, and exposure to, the influencer's audience. The influencer gets to take part in creating content that delights their audience. And the audience gets great content they might not otherwise be exposed to, coming from someone they trust.

With Top Rank Marketing's strategy of cultivating influencer relationships, you can build a network of influencers with whom you can continually co-create projects. We've found that network

rapidly expands to include potential clients as well—our first contact with many existing clients was co-creating content with them.

As influencer marketing becomes more popular, it's increasingly important to be selective when choosing influencers and strategic in your outreach. See the Resources section below for advice on how to (and how not to) reach out to influencers.

With ubiquitous internet connectivity and billions of people empowered to create and publish online, digital marketing competition is greater than ever. Companies are increasingly challenged to create quality content that can stand out, to attract and engage new customers.

But there's more to influencer marketing than advocacy and all influencers are not created equal. With participation marketing, companies can take a view of working with influencers of different types to produce a variety of benefits – all through content.

What Kind of Benefits?

The investment in co-creation of content between brands and influencers enables quality content at scale. With brands and influencers working together, co-created content can reinforce mutual authority for all involved. In such a cooperative scenario, influencers can gain exposure, brands can reach new audiences, and customers are "info-tained" and inspired to engage.

Establishing an influencer content program requires a framework for identifying, engaging and managing relationships. Here's a five step approach to do just that.

1. Set Marketing and Influencer Goals

In order for co-created content to be successful for marketing, specific audiences and goals should be identified.

Think about: What do you hope to achieve with an influencer content program? How will influencers benefit? More importantly, how will customers benefit?

Think about the distinct audience that you're after with the content being co-created and set goals specific to what your idea of success looks like. Quantify those goals as well, whether it's to increase the reach and engagement of your brand to the influencer's community or to inspire more leads and sales by a certain percentage.

Also, set goals for the influencers. For short term projects, focus on participation quality. With longer term ones, focus on participation, marketing outcomes and the relationship.

2. Pick Your Themes

You can start by asking, "What does your brand want to be known for?"

Themes facilitate planning content and also serve to focus the sourcing of the right influencers. Themes that are meaningful to all parties involved: brand, influencer and target audience will be far more successful.

3. Find, Qualify and Recruit Influencers

Beyond the famous "brandividual" influencers in your industry, consider niche experts that have an active and passionate following. Also consider subject matter experts within your own company.

To start, talk to executives, marketing, PR and sales to identify a seed list of influencers. Then use an influencer discovery tool like Traackr or BuzzSumo to filter them out and add new influencers your team didn't know about. Results are better when influencer matches are found on more than one tool.

Once a topical list of influencers is identified, they can be engaged in a variety of ways including:

- Share their status updates on social networks
- Comment on their blog posts or industry articles
- Follow on social networks
- Write about them
- Interview them

4. Create Influencer Content

Influencer content co-creation might best begin with small, easy projects that advance the relationship to more robust and substantial time commitments.

After content is collected from influencers, assemble, edit and package in a promotable format. Then share a preview to inspire their continued participation to promote. Be sure to set expectations by sharing your timeline for production, publishing and promotion.

5. Promote and Measure Influencer Content

Provide influencers with tools such as sharing images, pre-written tweets, embed codes and short URLs. Making it easy to participate and promote can substantially increase the success of your influencer content program.

Offer influencers feedback on what's working and what is not. Since they've invested in the creation of the content, it's in their interest to see the promotion succeed.

4.4.5 Campaign Marketing

- Share on Facebook
- Share on Twitter
- Share on Google+

For many companies, **marketing campaigns** are the main method for both communicating with their market to reinforce their positioning, and for customer acquisition.

Good campaigns follow a theme and include a series of touches with the market.

It's noisy in the marketplace, and a message delivered once through a single medium rarely makes a difference. While there's no magic number regarding the best frequency for a message to make an impact, opinions range from three to twenty times, with seven being an old marketing adage.

Many marketing campaigns contain an overarching theme, which can be leveraged over extended periods of time with multiple variations, or different elements, to tell an entire story.

An example would be The Duck campaign launched by the American Family Life Assurance Company in 2000. While the company had been in business since 1955, it had only a 12% brand recognition rate before the campaign launched. The company used the Kaplan Thaler Group to improve its name recognition. Kaplan created a new character, the Aflac Duck, who appeared in ads featuring customers who had trouble remembering the insurance company's name. In the ads, the duck appeared in the background and quacked the name "Aflac" (while usually ending up in a funny predicament). As a result of the long-running campaign, Aflac's brand recognition jumped from 12% to 90%, and increased sales catapulted Aflac into a leadership position in the supplemental insurance market.

Marketing Mediums for Campaigns

While most small- to mid-market companies can't afford the multi-million-dollar ad budgets from the Madison Avenue agencies, they can create effective and memorable campaigns leveraging different media such as:

- Online media, including interactive ads and banners on websites
- Print media
- Social media
- Publicity
- Direct mail
- Email
- Radio
- Television
- Telemarketing
- Events and trade shows
- Search engines
- Outdoor media

True marketing campaigns are more than just advertisements. Complex campaigns leverage multiple mediums, use a sequence of messages over an extended timeframe, support positioning, define a brand experience, and handle the campaign fulfilment and selling.

Campaigns can also be simple – using a single medium, with a single message and call-to-action.

4.4.6 Email Marketing

What is an edm/email marketing campaign?

Firstly, the acronym EDM stands for Electronic Direct Mail. Secondly, EDMs and email marketing campaigns are not actually the same thing.

An electronic marketing campaign is solely based on email send-outs. It is the process of building an email database of customers and/or potential customers and sending them communications or special offers directly.

An EDM on the other hand is a much more lengthy process and involves more than just email communication. An EDM utilises multiple forms of communication to relay and reinforce the campaign message. This can be done through:

- Remarketing Advertising
- PPC Campaigns
- Social Media
- Offline Advertising

However, the outcome for both EDMs and email marketing campaigns is generally the same, which is to either build brand loyalty or convert sales. Below are some of the key benefits and recommendations involved with both.

What are the benefits of edms and email marketing campaigns?

The main benefit of strategic email campaigns is that it's one of the only forms of mass communication that provides usable data. No matter whether or not your campaign was a success, the

best thing about email campaigns is that the analytics you gather afterwards can assist with future planning.

The beauty of email communications is that you can view how many people opened your email, how many took action as a result, what device they viewed it on, what time they viewed it, where in the world they viewed it, and almost anything you could think of, helping you calculate an exact return on investment (ROI).

The other major benefit of email marketing campaigns is how much time and money it can save a business. Email service providers make it as simple as possible for small and medium-sized businesses to reach large audiences that would have previously been out of their reach.

Another huge benefit of email marketing campaigns is how incredibly personal you can make them. Unlike traditional marketing platforms, email allows the sender to add personal touches, which go a long way with consumers. Email campaigns can be tailored to include the recipient's name, their nearest store, localized news and customize the products or services they are interested in. All these things improve the user experience and therefore increase the likelihood of conversions.

What kinds of emails are most effective?

The type of email you send really depends on what you want customers to do. Do you want them to buy something or are you just trying to strengthen your relationship?

Here are a few ideas for your next email campaign, split by e-commerce and non-e-commerce deliverables:

e-commerce

- Special offers
- New arrivals/product launches
- "We miss you"
- Holiday specials
- Re-orders
- Sale reminders

Non-e-commerce

- Company newsletters
- Industry news
- "Welcome"
- Testimonials/case studies
- Tips & advice
- Event information

What is email split-testing?

Most email providers also provide the opportunity to split-test an email campaign. This means you can test different elements of an email to see what version generates the best results. Testing can be applied the subject line, the content, the images and pretty much anything else.

4.4.7 Display Advertising

A graphical advertisement that appears next to content on websites, instant messaging (IM) applications, emails & other digital format.

The graphical advertisements are referred to as banners and can include:

- Text
- Images
- Audio
- Animations
- Video
- Interactive content

Think of display advertising as similar to advertising in printed media like a magazine. However, you can also target according to:

- Demographic
- Geographic location (to an extent)
- Behavioral targeting

Tracking

Depending on your analytics solution, you can track:

- The number of people that have potentially seen the ad
- The number of people that have clicked on the ad
- The journey of the person to your site and once on your site
- What they did on your site (if anything)
- Conversion → ROI

Why use Display Advertising?

Although it is a push marketing technique (people see your ads even if they don't want to) Display advertising does bring about some valid reasons to use it:

- Increase your online presence
- Help reach your marketing goals
- Help to increase brand awareness
- Drive leads
- Promote new products or seasonal offers/promotions
- Increase reach and frequency

Display advertising refers to advertising that incorporates text, logos and pictures or images positioned on a website or search engine. It is different than Google's text, or classified advertising, in that it not only includes the brand's message, but the business's overall brand.

Believe it or not, display advertising has been around for centuries as billboards, fliers, posters, print magazine and newspaper advertising.

Contrary to popular belief, digital display advertising is not expensive. It is directly proportional with its size and its placement on the host site. The Internet has also allowed for more creative and visually appealing display ads because of rich media. Furthermore, it has allowed media providers to offer a greater return on investment to their clients with targeting and tracking.

The types of display ads vary from one carrier to the next. The most common display ads are leader boards, banners, medium rectangles and footer boards. In recent years, the invasion of creative

display options for brands has been significantly better, although some brands have yet to welcome dynamic display ads into their marketing.

Dynamic display advertising can also be referred to as dynamic creatives or dynamic banners, but it is defined as a banner ad which is created dynamically (or whose content is created dynamically) at the time of display, instead of being pre-programmed with fixed content.

In other words, dynamic advertising changes based on the user's activity on any given website. You may see this on Facebook and Twitter because ads are targeted to certain users with specific interests rather than the account holder's entire audience.

Marketers must clearly define their audience before placing their dynamic ads on any given site. That's not to say that static display advertising is not targeted, rather the website that you select to host your banner or medium rectangle must have a similar target audience as your business.

Another clear differentiating factor is that static advertising is charged by month or impressions — this varies from one media carrier to the next. Both are equally beneficial and your budget will determine what works best for your company.

Dynamic display advertising is commonly a cost-per-click [CPC] model and prices will vary from one host site to another.

Before selecting the type of display advertising you should buy, whether static or dynamic, determine your monthly budget and do your research on industry media sites and their target audience. You will be in a better position to make a more informed decision to increase awareness of your business, boost conversions and generate a positive return on your investment.

4.4.8 Blog Marketing

A weblog, also called a blog, is a journal that is maintained by a blogger and contains information that is instantly published to their blog website. Blogging is a very popular activity. The number of online users creating and maintaining blogs has increased dramatically over the past year. The number Internet users who read these blogs has also shot up, with some blogs boasting thousands, even millions of daily dedicated readers.

Definition: Blog Marketing

Blog marketing is any process that publicizes or advertises a website, business, brand or service via the medium of blogs. This includes, but is not limited to marketing via ads placed on blogs, recommendations and reviews by the blogger, promotion via entries on third party blogs and cross-syndication of information across multiple blogs.

Blog Advertising

Ads on blogs can be in the form of banners, text links, streaming video, audio clips, flash animation and even plain text. Most blog-based advertising involves payment in some way or the other to the blog owner. Owners of popular blogs will typically capitalize on their readership numbers via a combination of ad formats and Google AdSense ads.

Recommendations & Reviews

A nod from a trusted blogger can result in considerably higher sales for the recipient. Trusted figures in industry, popular product reviewers and critics often maintain blogs where they provide information about their experiences with some products and services. Readers tend to trust these reviewers and critics more as they are often unbiased. Businesses, however, do pay popular bloggers

to review or mention their products. Examples of popular technology blogs that provide a lot of product reviews include Tech Crunch.

4.4.9 Viral Marketing

The greatest power of blog marketing comes from the viral effect of some blog posts. News travels very fast via blogs. Readers pick up interesting stories and blog about them on other, third-party blogs. Their readers in turn spread the word to others. All this is done at very little cost to the advertiser, and often has a snowball effect that can be started off with just a few strategically placed blog entries and comments on others' blogs.

While blog marketing presents a fantastic opportunity for marketing agencies and businesses, it can be a dangerous medium, as originators often have very little control over the message that gets spread. If users perceive the blog marketing effort to be objectionable, they can easily turn the tables and create a PR nightmare for the advertisers.

The Benefits of Business Blogs for Marketing

1. It helps drive traffic to your website.
It helps drive new traffic to your website and works closely with search engines and social media to do that.
2. It helps convert that traffic into leads.
3. It helps establish authority.
4. It drives long-term results.

We've all heard the phrase, 'It went viral.' But what does that mean? Viral marketing is a method of creating buzzwords or marketing pieces that are memorable and attention-grabbing in our modern, always-connected world. This method of marketing utilizes social media, videos, text messaging, and other person-to-person methods to spread information about a product or service instead of just creating a commercial and putting on TV or radio. As they say, 'that's so 20th century.' Today in the 2010s, viral marketing is using the power of individuals sharing content to get messages out to as many people as possible, as quickly as possible.

When something goes viral, it's spread quickly and extensively from one person to another. With tools like YouTube and Facebook, sharing videos, stories, and images to thousands, even millions of people, can happen in minutes. This offers a powerful way to share information in a very short amount of time. Creating a message that is engaging and worthy of being shared is the challenge company's face when they want their marketing piece to go viral.

What Techniques are used in Viral Marketing?

The whole point of viral marketing is to get people talking about a product or company. If you're the marketing manager at a company and are responsible for creating a viral marketing campaign, there are some ideas that can help get your product out there and on everyone's mind:

- **Giveaways** - These offer something exciting or fun. People love to talk about what they got for free - and will tell others how to get it for themselves.
- **Videos** - A video can offer a viewer a chance to engage in the product and experience. It can be very fun and entertaining. The more memorable, funny, or shocking your video is, the more likely it is to go viral.

- **Social Media** - It's pretty much impossible to engage in broad-scale viral marketing without using Facebook, Twitter, YouTube, or any other sources. These media allow people to easily share your message and greatly increase the likelihood that it will go viral.
- **Reinforcement** - A one-time viral message can be quickly forgotten. However, having a series of viral messages will strengthen the effectiveness of your campaign. Think about Progressive Insurance and their long-running ads with Flo, their spokesperson. The familiarity of the campaign keeps the message in consumers' minds. They may not have needed insurance the first time they saw the Progressive ad, but after seeing five or ten versions of the same message, they will remember Progressive when they need insurance.
- Viral marketing is useful as a stand-alone marketing tool or as a part of a larger campaign that uses multiple kinds of marketing. It is especially attractive to smaller businesses or companies because viral marketing can be a cheaper alternative to traditional marketing efforts.
- A new energy drink company, for example, could create an Internet video featuring a person who consumes the energy drink before performing a seemingly impossible bicycle jump. If the video is made to look real, it may encourage people who see it to share it with others. After the video receives enough views, the company could reveal its true purpose, convincing its viewers to seek out more information about the drink without ever using a traditional advertisement.
- Viral marketing is often used in conjunction with other methods of marketing, such as in the case of the Blair Witch Project. The viral aspect of the campaign generated buzz about the story long before the release of commercials, trailers, posters, and other forms of traditional marketing. This caused many people to already talk about the movie before it was officially announced to the public.
- Content does not have to be covert to be viral. Political campaigns often create videos featuring sound clips of an opposing candidate saying something people may find offensive. Politicians hope that by pointing out an outrageous statement, the video will go viral and cause others to develop a negative attitude toward the targeted opponent.

4.4.10 Podcasts and Vodcasts

Podcasting and vodcasting are tools of the internet that are being used more and more frequently and with good reason. The movement toward their use has come from a different audience than the original growth of the internet. The internet's biggest initial growth stemmed from commercial sources where it seemed that every product or manufacturer added a web address to their TV commercials overnight. Podcasting and vodcasting gained their biggest growth from regular people who were just wanting an outlet to share their ideas and didn't want more plain text on a static page. Podcasting and vodcasting allow their authors to create, publish, and syndicate audio and video very simply. The great difference between podcasts, or vodcasts, and other audio/video files on the net comes in the ability to subscribe to them. Podcasts allow listeners to subscribe, at no cost, to the content. This means that they only need to go to the author's website once and click on the "Subscribe" or "RSS Podcast" button. The subscription to that website is then handled by a program that checks for new content every time it is launched. These programs are called aggregators and go by familiar names. iTunes, Internet Explorer 7, Firefox, Safari, Microsoft Outlook and Entourage are common aggregator programs. The most popular, by far, is iTunes. I have 10-15 podcasts that I subscribe to and iTunes handles them all. If I am connected to the internet when I turn on the program, iTunes goes to each website that hosts my selected podcasts and downloads new content to my iTunes library for me. I can

watch them on my computer, transfer them to a media player, or burn them to disc to enjoy at my leisure. I don't have to check every single site every day to keep from missing new content.

Audio podcasting, often simply called podcasting, is primarily used for sharing sound files. The most popular audio format for a podcast is an MP3, but Apple's m4a audio format is also used. Using these audio formats to make a podcast can allow you to syndicate classroom news, student created writings as read by the author, or even student created songs and music. Podcasts can also include PDFs. Now you can post your class newsletter or homework page to your podcasts site. When parents or students subscribe, they can receive your class news delivered to them by their computers. Vodcasting, or video podcasting, adds another layer of involvement for your intended audience. The most popular video format that is used is an MP4 file. Apple's QuickTime, .mov files, and podcast video, or m4v files, are also good choices. The QuickTime movie files will require audience members to have either iTunes or at least the QuickTime player. Both players are available as free downloads from Apple's website.

Difference Between Podcasts & Vodcasts?

A "Vodcast" is a "Video-Podcast". As the name implies, vodcasts are video-based, where podcasts are audio only. There are some people that feel that vodcasts should be RSS driven, much as podcasts are. I feel that services such as YouTube or Ustream work just fine.

How to Produce Vodcasts

All that is required to produce vodcasts are video files. Therefore, the creation of vodcasts is as simple as acquiring a camera and filming an episode. Ustream has a live streaming platform available for publishers. This platform can work web-based through the web-cam. They've also got a studio that allows for layers, templates, transitions and all that other stuff. There are other streaming solutions outside of Upstream as well. Livestream is a good example.

Should Vodcasts Be Live or Pre-recorded?

This is entirely up to you, and there's benefits to doing either. If you're producing a live show, you first need the capabilities to actually stream live. This can be done with either Upstream, Livestream or several other live streaming networks. A no-cost solution is to do the show through a Google+ hangout and later archive it to YouTube. Pre-recorded shows have the advantage of flexible timing. It's possible to record the episode "whenever" and upload it when convenient. It's possible to even film multiple episodes at a single time and release them in intervals. For live performances, scheduling is very important. Consistently scheduled shows have a higher chance of repeat viewership. There's also a process of acquiring loyal followers and conditioning them to your regularly scheduled show times. Consistency in shows requires consistency in show hosts, which requires a little more discipline and coordination.

Easily Convert Vodcasts into Podcasts

It's incredibly simple to convert a vodcast into a podcast. Simply convert the file into mp3 or other audio file and syndicate it as you would a podcast. For this reason, I always advise trying to make vodcast episodes as "audio friendly" as possible. This makes for better podcasts if you go this route. If you are already going the vodcasting route, it only makes sense to Podcast as well. You are already taking the time producing the content. By syndicating audio-only as well, you open up some channels (such as iTunes and BlogTalkRadio) that otherwise wouldn't be possible. Producing and hosting the podcast episodes has an incredibly low overhead making it a common-sense marketing channel that should not be overlooked.

Easily Convert Podcasts into Vodcasts

It is also very simple to convert a podcast into a vodcast. If you've only got audio content, it is possible to pair the audio layer with a static image or slideshow. This can be done with most video editing software. Even if it's just a single static image with the audio playing in the background, the fact that it's mp4 (or other video file) enables you to leverage incredibly valuable channels, such as YouTube and Vimeo. Much like in the reverse-scenario, if you're already producing the audio content you might as well stretch the scope of syndication by leveraging the video channels as well. YouTube is the 2nd largest search engine and a great marketing channel. Not only is it 100% free, they also have revenue-sharing opportunities, meaning your podcasts themselves can generate small amounts of residual income.

4.5 DIGITAL MARKETING ON VARIOUS SOCIAL MEDIA PLATFORMS



The difference between digital marketing and social media is simply that social media is part of digital marketing. Many people believe that by engaging on social media they are doing digital marketing but this is not 100% true as there are many more components that make up a digital marketing campaign.

The major components of digital marketing are:

- **Internet Marketing** – Web, SEM (search engine marketing – includes SEO and Pay per click advertising), smartphones, mobile markets (i.e., Google Play, Apple Store), email marketing, online banner advertising and Social Media.
- **Non-Internet digital channels** – Television, Radio, SMS, digital billboards (indoor and outdoor)

The diagram above shows exactly the relationship of the different components that make up digital marketing.

What is Social Media?

Social media is the latest buzz word in Internet Marketing the last couple of years. The success of the new generation of social media platforms, mainly Facebook and Twitter, changed the way we socialize, interact, shop and has also brought new channels to digital marketing as well.

Social media is the term we use to describe platforms that bring people together for the exchange of information. The most popular social media platforms are: Facebook, Twitter, Google+, Pinterest, Tumblr, LinkedIn, Stumble Upon and YouTube.

Some Interesting Statistics about Social Media

To get a better idea of the impact social media has on marketing, have a look at these 10 interesting statistics:

There are 135,000 new twitter users per day

Twitter has 288 million monthly active users

The average number of tweets per day is 58 million

Facebook has more than 500 million active users

27% of total U.S. internet time is spent on social networking sites

21% of marketers say that social media has become more important to their company over the past six months

74% of all marketers say Facebook is important to their lead generation strategies

23% of marketers are investing in blogging and social media in 2013

22% of Americans use social networking sites several times per day

56% of Americans have a profile on a social networking site

What are the advantages of using social media in your marketing campaigns?

There are many advantages of utilizing social media for promoting both your online or offline products and services.

- **It's a fast way to spread the word** – If you have a big fan base, you can tweet or post on Facebook and your message can instantly go to thousands of users around the World. In fact, social media is the fastest way (even from TV and Radio) to make an announcement or spread a message.

- **It's good for SEO** – There are more and more signs that social signals are used for ranking purposes by both Google and Bing. Properly defined **social profiles can also boost SEO**.
- **It's a trend** – Social media is a trend you cannot ignore if you want to stay close to your customers and in synch with the latest developments in marketing.
- **It's one of the ways to interact with your customers and find out what they want** – With social media your customers can show that they like a product or piece of content by voting (Like, Tweet, +1), commenting and sharing. As a marketer you can analyse these statistics, talk with your customers and find out how to make your products, content or services better.

Digital marketing VS Social media

It should be clear after reading the above definitions that social media is a major component of Internet Marketing which is part of Digital marketing. If we compare the two side by side, we will find that:

- Digital marketing goes beyond the Internet and tries to reach people in the off-line world using digital means while social media is limited to the boundaries of the Internet.
- A Digital marketing campaign may include one or more components (Internet Advertising, Mobile ads, TV, SMS etc.) while a social media strategy may include one or more social media platforms (Facebook, twitter etc.)
- Social media is strongly associated with a content strategy, i.e., you create content and use social media to promote it while a digital marketing can concentrate entirely on banners (either on the Internet, TV or billboards) for promotion.

Which is more important digital marketing or social media?

It depends on the type of brand; products or services you want to promote. There are cases where other forms of digital marketing will be more appropriate to build awareness than social media. Social media is a must of every product, brand or service that has a wide audience.

For example, if you are selling a software product, social media can help you find new customers, educate your existing customers (by sending them tips and tricks) and keep them informed about new updates, upcoming releases etc. If on the other hand, you are selling custom tools for farmers you can use social media as a resource to find out more about the products but your main selling point will be billboard ads on rural areas and Radio ads.

What is social media marketing?

Social media marketing is the process of promoting a product or service through the various social media channels. In general, there are two ways to perform a social media marketing campaign. The first way is free and has to do with building followers, fans or connections by sharing useful content, running contests and generally engaging with your users.

The second way is through paid advertising. You can use Facebook ads, Google AdWords or Twitter promoted accounts to advertise your product or services on Facebook, Google+ and Twitter respectively.

Are social media marketing campaigns successful?

There is the misconception that social media traffic does not convert but latest statistics show otherwise.

52% of all marketers have found a customer via Facebook in 2013

36% of all marketers have found a customer via Twitter in 2013

43% of all marketers have found a customer via LinkedIn in 2013

The success or failure of any campaign depends on many factors including the experience of the digital marketing consultant so **choose wisely**.

What does a typical digital marketing campaign include?

While the digital marketing components are a lot, a typical campaign includes mostly items from the Internet Marketing family. It is very common to see a promotional campaign with:

- **Search Engine Marketing** – Either through content strategy and SEO or through Paid Search Advertising (AdWords)
- **Social media promotions** – paid advertising on Facebook, promotion on Twitter, Pinterest and Google+.
- **Mobile market promotions** – Development of native apps and submission to the Google Play and Apple Store
- **Email marketing** – Promotion of products or services through email marketing campaigns.

4.6 ONLINE ADVERTISEMENT

Online advertising is a marketing strategy that involves the use of the Internet as a medium to obtain website traffic and target and deliver marketing messages to the right customers. Online advertising is geared toward defining markets through unique and useful applications. Since the early 1990s there has been an exponential increase in the growth of online advertising, which has evolved into a standard for small and large organizations. Online advertising is also known as Internet advertising.

A major advantage of online advertising is the quick promotion of product information without geographical boundary limits. A major challenge is the evolving field of interactive advertising, which poses new challenges for online advertisers.

Online advertisements are purchased through one of the following common vehicles:

- **Cost per Thousand (CPM):** Advertisers pay when their messages are exposed to specific audiences.
- **Cost per Click (CPC):** Advertisers pay every time a user clicks on their ads.
- **Cost per Action (CPA):** Advertisers only pay when a specific action (generally a purchase) is performed.

Examples of online advertising include banner ads, search engine results pages, social networking ads, email spam, online classified ads, pop-ups, contextual ads and spyware.

Digital Marketing VS Internet Marketing – What is the latest trend?



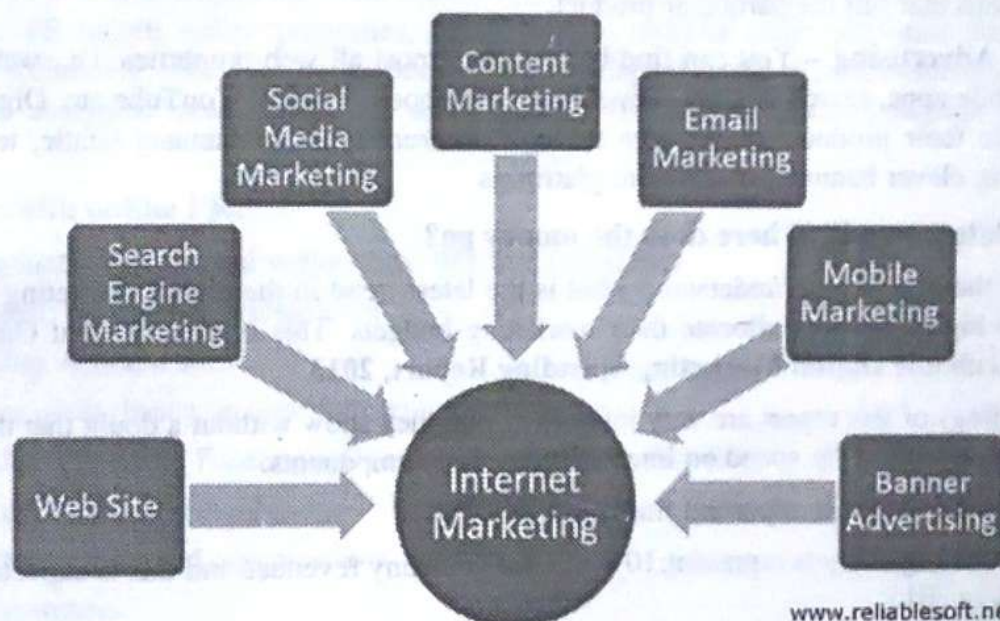
What is the difference between digital marketing and internet marketing, what is the latest trend in the industry and how do big companies allocate their digital marketing budgets?

Digital Marketing

Digital marketing is a broad term that describes a set of marketing processes that utilize all available digital channels to promote a product or service or build a digital brand. Digital marketing has come to succeed traditional marketing and the transition from paper and newspaper ads to Facebook and PPC campaigns.

The channels that make up digital marketing include: Web sites, Social media platforms, Banner placement, email marketing, mobile marketing, SEO, pay per click campaigns, Web TV, SMS, billboards and anything else with a digital foundation.

Internet Marketing



Internet marketing is a subset of digital marketing. It is in fact the most important component since the majority of digital marketing activities fall within the boundaries of Internet marketing. We will see below how digital marketing budgets are spent and their relationship with Internet marketing.

The major channels of Internet Marketing are:

Web site – Either a personal website or a corporate website or even a personal blog hosted on a shared platform (like WordPress or Tumblr). For many campaigns a website is the starting point and

the destination, i.e., you run a digital marketing campaign to promote a website (starting point) with the purpose of getting more visitors (destination).

Social Media Marketing – Social media marketing is another component of Internet marketing and one that is gaining a lot of attention the last couple of years. Millions of users spend a considerable amount of their on-line time on Facebook, Twitter, Google+, Instagram, Pinterest, YouTube, LinkedIn and on other SM platforms and this fact alerted digital marketers to take SM seriously and make it a part of the digital marketing campaigns.

Content Marketing – In the past when we talked about SEO we essentially meant link building but this trend has changed since 2011 and content marketing has become the new SEO. This simply means that good content has become again the foundation of SEO and it is through content that you will build a better Internet presence and not through cheap link building techniques.

Email Marketing – Email is not dead but on the contrary it is one of the most important tools in every digital marketing campaign. Despite the influence of social media, email is still the most efficient way to convert visitors or readers into customers. In terms of marketing, email marketing is the process of gathering email addresses from people interested in your products or services for the purpose of sending them newsletters or offers.

Mobile Marketing – More and more users use their mobile phones to search the web, engage on social media, or find products or services to buy. In fact, it is estimated that 30% of the traffic coming to a website is from mobile (this holds true for my websites as well, check your Google analytics reports and you will be surprised). Mobile marketing is about creating content or ads that is viewable and suitable for a mobile device. For example: websites should have mobile friendly versions and an advertisement shown on a mobile device may take into account the location of the device and show the nearest shops that sell the particular product.

Banner Advertising – You can find banners in almost all web properties, i.e., websites, mobile websites, mobile apps, search engines, newsletters, Facebook, Twitter, YouTube etc. Digital marketers try to promote their products or services through different types of banners (static, text, animated, images, videos, clever banners) in different platforms.

What's the latest trend? Where does the money go?

Perhaps the best way to understand what is the latest trend in the digital marketing industry is to find out how big companies allocate their marketing budgets. This is exactly what Gartner did in a latest report with title **Digital Marketing Spending Report, 2013**.

The findings of this report are very interesting and they show without a doubt that the majority of digital marketing budgets is spend on Internet marketing components.

In particular, the most important findings are:

- Marketing budgets represent 10% of total company revenues and this is expected to grow by 6% in 2013
- Digital marketing represents 1/4 of overall marketing spend
- 50% of digital marketing activities are outsourced (if you are thinking to outsource, make sure that you do it correctly without spending a fortune)
- The most important digital marketing activities are: Web presence (website), Social media marketing and digital advertising
- Top digital marketing investments will be made on ecommerce, social media marketing, content creation and mobile marketing.

4.7 ONLINE MARKETING RESEARCH

Online marketing research is the process by which companies use the Internet to gather data to evaluate how well a product or service is selling to consumers. The information provided by a careful market analysis conducted online can also identify popular trends that can assist a company in creating a strategy that will get better results. When used properly, online marketing research can be an effective tool that a company can use to experience higher revenues.

In addition to identifying potential areas for growth, online market research can help a company learn more about its target consumers. For example, if consumers purchase a certain type of product and then return to purchase accessories, that is a specific type of consumer behavior that can be measured. The information gathered from doing an online market research study is helpful to track this type of behavior.

An online marketing research study can be conducted by the company itself, or the company may choose to hire an outside company to manage this. How and by what method a company decides to conduct a market research plan is dependent upon how objective or anonymous the company wishes to remain. An online marketing research program can include any number of methodologies.

4.8 ONLINE PR

Online PR is very similar to traditional PR in the sense that it's about influencing people rather than buying placement for brand content. The influence could result in a story in a magazine, newspaper or blog. It could also result in other online pick-up, including social media.

Typically, when people talk about traditional PR, they are referring to traditional media: newspapers, TV, radio and magazines. With online PR, traditional media brands may still be a target, but often online PR targets online properties, along with an array of other platforms and networks, from search to social. The methodology of online PR has adapted to the platform—forming a need to garner real-time analytics, news, influence, social, search and other signals, alongside wait-n-pray tactics.

Influence who with online PR?

- Columnists & traditional writers (just like traditional PR)
- Bloggers: personal & professional
- Websites & brand sites
- Twitter users (based on their followings and interests)
- Social media users: Facebook, Google Plus, Pinterest, SU, Reddit, etc.
- Awards, events and exhibitions
- Directories, lists and organizations
- Web searchers

The outreach for online PR may be both direct & indirect — from employing hashtags and keywords, alongside email and snail mail. At the heart of both traditional and online PR is story-telling. This is never going away; Story-telling and quality content helps position and pollinate stories for absorption, both online and off.

Each PR agency approaches online PR differently. There are a wide variety of tactics and proportions — with some favoring search while others favor online editorials. The disciplines

comprising online PR can range from journalism, creative writing and story-telling, sales, media, SEO, social media, community management, customer relations, web design and on and on.

Online PR efforts will be seen directly by potential customers or the consumer market. The forms and structure those communications take may vary, but they include social media and distributed releases — along with various forms of online storytelling. Online press releases may direct small amounts of traffic to a brand or corporate website, but it is recommended to not confuse online press releases with quality back links used by Google for PageRank and ranking improvements. Typically, those distributed releases are displayed as search results, which consumers may find for medium and long tail queries.

Online PR Channels

Aside from traditional PR channels and relationships, these online channels may be of great use to marketers:

- Industry websites
- Niche or topical websites
- Blogs
- Influential social media accounts
- Media-sharing websites & social networks, including YouTube and Flickr
- Forums: Topic-focused, industry-related and niche
- Wikis
- Twitter feeds
- Google Plus: events, hangouts and other groups
- LinkedIn: news and groups
- Social media & bookmarking websites
- Personal blogs with niche audiences

Press Release Distribution Options

- Vocus
- PRNewswire
- Business Wire
- Market wire
- Cision
- PRWeb
- VMS

4.9 WEB ANALYTICS

The trouble is, when most marketers hear the word 'analytics,' they tend to think of the metrics you'd typically associate with a *web* analytics tool like Google Analytics — traffic, bounce rate, unique visitors, etc. While web analytics can provide you with a wealth of insight and data into the *technical* performance of your website, marketers really need much richer data to understand the performance of their marketing campaigns, something that web analytics alone can't provide.

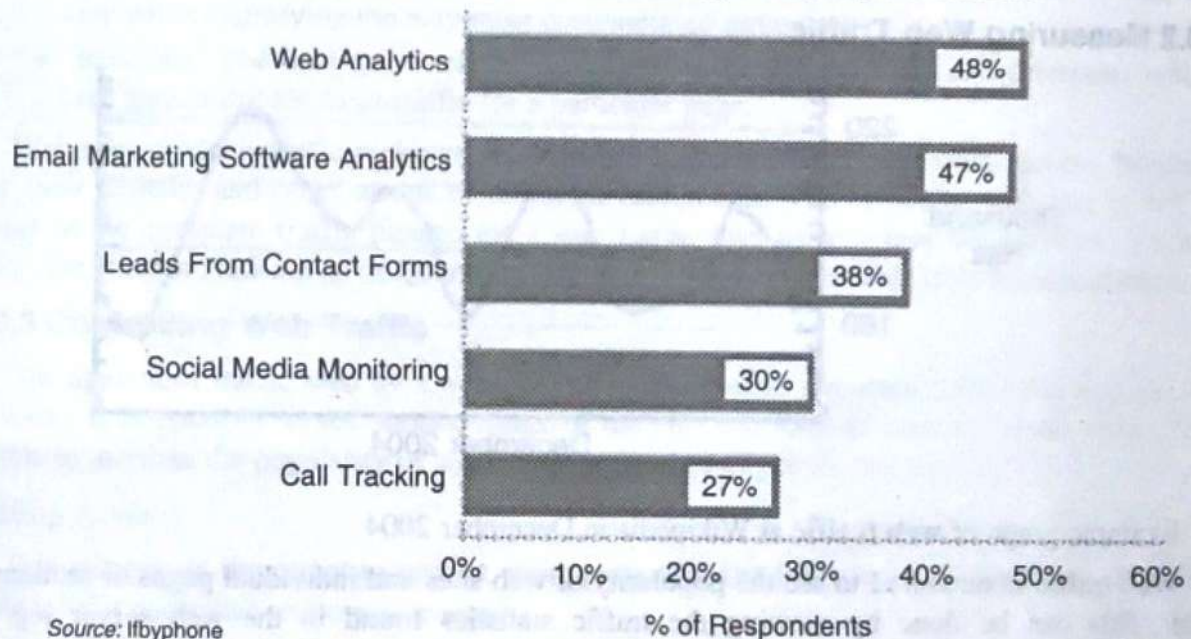
The Difference Between Web Analytics and Marketing Analytics

"Web analytics measure things a webmaster cares about, like page load times, page views per visit, and time on site. Marketing analytics, on the other hand, measure *business* metrics like traffic, leads, and sales, and which events (both on and off your website) influence whether leads become customers. Marketing analytics includes data not only from your website, but also from other sources like email, social media, and even offline events. Marketing analytics are also usually people-centric, featuring the prospect, lead, or customer as the unit of focus, whereas web analytics usually regard the page view as the unit of focus in its reports."

With marketing analytics, marketers can understand the effectiveness of their *marketing*, not just the effectiveness of their *website*. Using marketing analytics allows marketers to identify how each of their marketing initiatives (e.g., social media vs. blogging vs. email marketing, etc.) stack up against one another, determine the true ROI of their activities, and understand how well they're achieving their business goals. As a result of the information they can gather from their marketing analytics, marketers can also diagnose deficiencies in specific channels in their marketing mix, and make adjustments to strategies and tactics to improve their overall marketing program.

Furthermore, web analytics serves as the top measurement tool for evaluating marketing campaign effectiveness. And even then, **only 48% of marketers** are using it!

Tools Used to Measure Marketing Campaign Success



So why is marketing analytics so underutilized by many marketers? Probably because of a lack of cohesion. The fact of the matter is, most marketers need to have a number of different marketing analytics platforms in place in order to glean all the insights they need to understand their marketing performance and, thus, make sound decisions. They gather data about their email marketing through the analytics provided by their email service provider, information about their social media performance through their social media monitoring tool, blog analytics from their blogging platform, and the list goes on. Sounds like kind of a pain, huh? No wonder marketers mainly stick to web analytics tools like Google Analytics and have trouble measuring their marketing.

Why Marketing Analytics Matter

The data web analytics provides just don't cut it for marketers. In fact, this past Monday, the Web Analytics Association officially announced its name change to the Digital Analytics Association and distributed a press release explaining why the association's former name no longer made sense in a market where customer interactions have clearly overrun the boundaries of a website.

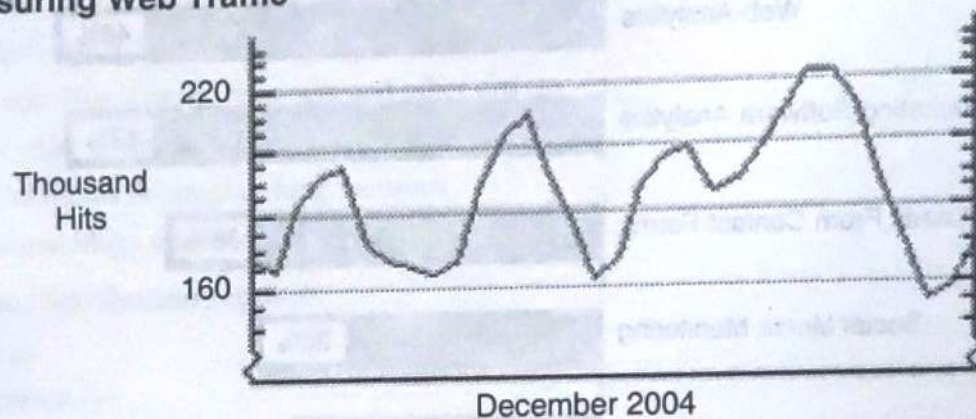
4.10 PROMOTING WEB TRAFFIC

Web traffic is the amount of data sent and received by visitors to a web site. This necessarily does not include the traffic generated by bots. Since the mid-1990s, web traffic has been the largest portion of Internet traffic. This is determined by the number of visitors and the number of pages they visit. Sites monitor the incoming and outgoing traffic to see which parts or pages of their site are popular and if there are any apparent trends, such as one specific page being viewed mostly by people in a particular country. There are many ways to monitor this traffic and the gathered data is used to help structure sites, highlight security problems or indicate a potential lack of bandwidth.

4.10.1 Analyzing Web Traffic

Web analytics is the measurement of the behavior of visitors to a website. In a commercial context, it especially refers to the measurement of which aspects of the website work towards the business objectives of Internet marketing initiatives; for example, which landing pages encourage people to make a purchase.

4.10.2 Measuring Web Traffic



Example graph of web traffic at Wikipedia in December 2004

Web traffic is measured to see the popularity of web sites and individual pages or sections within a site. This can be done by viewing the traffic statistics found in the web server log file, an automatically generated list of all the pages served. A hit is generated when any file is served. The page itself is considered a file, but images are also files, thus a page with 5 images could generate 6 hits (the 5 images and the page itself). A page view is generated when a visitor requests any page within the web site – a visitor will always generate at least one-page view (the main page) but could generate many more. Tracking applications external to the web site can record traffic by inserting a small piece of HTML code in every page of the web site.

Web traffic is also sometimes measured by packet sniffing and thus gaining random samples of traffic data from which to extrapolate information about web traffic as a whole across total Internet usage.

The following types of information are often collated when monitoring web traffic:

- The number of visitors.
- The average number of page views per visitor – a high number would indicate that the average visitors go deep inside the site, possibly because they like it or find it useful.
- Average visit duration – the total length of a user's visit. As a rule, the more time they spend the more they're interested in your company and are more prone to contact.
- Average page duration – how long a page is viewed for. The more pages viewed, the better it is for your company.
- Domain classes – all levels of the IP Addressing information required to deliver Webpages and content.
- Busy times – the most popular viewing time of the site would show when would be the best time to do promotional campaigns and when would be the most ideal to perform maintenance
- Most requested pages – the most popular pages
- Most requested entry pages – the entry page is the first page viewed by a visitor and shows which are the pages most attracting visitors
- Most requested exit pages – the most requested exit pages could help find bad pages, broken links or the exit pages may have a popular external link
- Top paths – a path is the sequence of pages viewed by visitors from entry to exit, with the top paths identifying the way most customers go through the site
- Referrers: The host can track the (apparent) source of the links and determine which sites are generating the most traffic for a particular page.

Web sites produce traffic rankings and statistics based on those people who access the sites while using their toolbars and other means of online measurements. The difficulty with this is that it's not looking at the complete traffic picture for a site. Large sites usually hire the services of companies such as the Nielsen NetRatings or Quancast, but their reports are available only by subscription.

4.10.3 Controlling Web Traffic

The amount of traffic seen by a web site is a measure of its popularity. By analysing the statistics of visitors it is possible to see shortcomings of the site and look to improve those areas. It is also possible to increase the popularity of a site and the number of people that visit it.

Limiting Access

It is sometimes important to protect some parts of a site by password, allowing only authorized people to visit particular sections or pages.

Some site administrators have chosen to block their page to specific traffic, such as by geographic location. The re-election campaign site for U.S. President George W. Bush was blocked to all internet users outside of the U.S. on 25 October 2004 after a reported attack on the site.

Website Traffic from Search Engines

The majority of website traffic is driven by the search engines. Millions of people use search engines every day to research various topics, buy products, and go about their daily surfing activities. Search engines use keywords to help users find relevant information and each of the major search engines has developed a unique algorithm to determine where websites are placed within the search results. When a user clicks on one of the listings in the search results, they are directed to the

corresponding website and data is transferred from the website's server, thus counting the visitors towards the overall flow of traffic to that website.

Search engine optimization (SEO), is the ongoing practice of optimizing a website to help improve its rankings in the search engines. Several internal and external factors are involved which can help improve a site's listing within the search engines. The higher a site ranks within the search engines for a particular keyword, the more traffic they will receive.

4.10.4 Increase Website Traffic

Web traffic can be increased by placement of a site in search engines and purchase of advertising, including bulk e-mail, pop-up ads, and in-page advertisements. Web traffic can also be increased by purchasing through web traffic providers or non-internet based advertising.

Web traffic can be increased not only by attracting more visitors to a site, but also by encouraging individual visitors to "linger" on the site, viewing many pages in a visit.

If a web page is not listed in the first pages of any search, the odds of someone finding it diminishes greatly (especially if there is other competition on the first page). Very few people go past the first page, and the percentage that go to subsequent pages is substantially lower. Consequently, getting proper placement on search engines, a practice known as SEO, is as important as the web site itself.

Traffic Overload

Too much web traffic can dramatically slow down or prevent all access to a web site. This is caused by more file requests going to the server than it can handle and may be an intentional attack on the site or simply caused by over-popularity. Large scale web sites with numerous servers can often cope with the traffic required and it is more likely that smaller services are affected by traffic overload. Sudden traffic load may also hang your server or may result in shutdown of your services.

Denial of Service Attacks

Denial-of-service attacks (DoS attacks) have forced web sites to close after a malicious attack, flooding the site with more requests than it could cope with. Viruses have also been used to co-ordinate large scale distributed denial-of-service attacks.

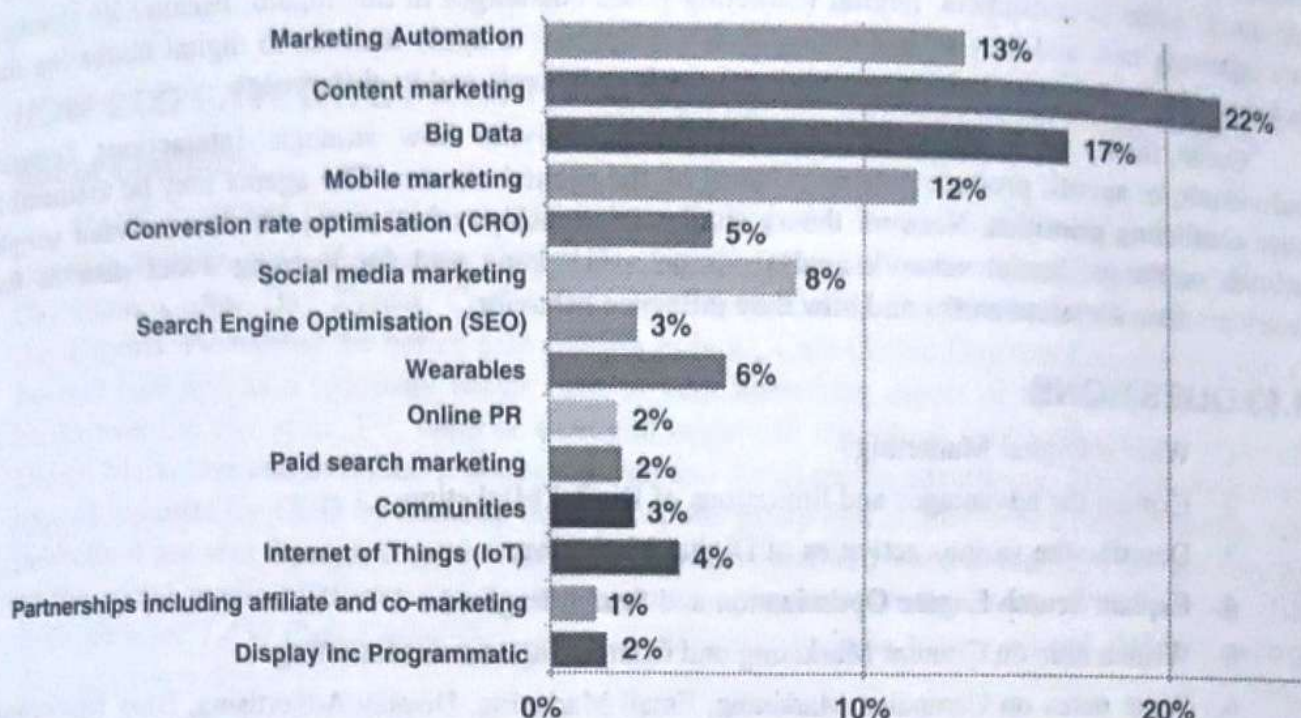
Sudden Popularity

A sudden burst of publicity may accidentally cause a web traffic overload. A news item in the media, a quickly propagating email, or a link from a popular site may cause such a boost in visitors.

4.11 LATEST DEVELOPMENTS AND STRATEGIES IN DIGITAL MARKETING

Digital marketing seems to be in a constant state of flux. With new marketing platforms emerging seemingly every day, it's a challenge for marketers just to keep up with the latest up-and-coming social networks to stay ahead of the curve, let alone stay on top of the emerging technologies and strategies that promise to make your marketing more targeted than ever.

Digital marketing activities with the greatest commercial impact in 2016?



Here, for your reference, is the full alphabetical break-down of activities which helps explain the results. For example, Big Data is surprisingly high, but this includes market insight and predictive analytics

- Big Data (including market and customer insight and predictive analytics)
- Content marketing
- Communities (Branded niche or vertical communities)
- Conversion rate optimization (CRO) / improving website experiences
- Display (Banners on publishers, ad networks social media including retargeting and programmatic)
- Internet of Things (IoT) marketing applications Marketing Automation (including CRM, behavioural Email marketing and web personalization)
- Mobile marketing (Mobile advertising, site development and apps)
- Paid search marketing, e.g., Google AdWords Pay Per Click Online PR (including influencer outreach)
- Partnerships including affiliate and co-marketing
- Search Engine Optimization (SEO) S
- Social media marketing including Social CRM and Social Customer Care
- Wearables (e.g., Apple Watch, activity trackers, augmented reality)

4.12 SUMMARY

Marketing theorists use a scientific approach to explain consumers' purchasing attitudes and behaviors. Companies use this information to guide their decisions in how best to communicate their products' value to consumers. Digital marketing poses challenges in this regard, because its channels are relatively new and they're still evolving. It's necessary to apply theories to digital marketing that acknowledge both its similarities to traditional, analog channels and its differences.

Game theory is a mathematical concept that analyzes how strategic interactions between individuals, or agents, produce outcomes based on the agents' choices. The agents may be assumed to have conflicting priorities. Network theory studies relationships of all sorts, whether between people, animals or things. Social network analysis is an overlapping tool for learning about patterns that develop within social networks and how they influence behavior.

4.13 QUESTIONS

1. What is Digital Marketing?
2. Explain the advantages and limitations of Digital Marketing.
3. Describe the various activities of Digital Marketing.
4. Explain Search Engine Optimization and Search Engine.
5. Write a note on Content Marketing and Content Influencer Marketing.
6. Write notes on Campaign Marketing, Email Marketing, Display Advertising, Blog Marketing, Viral Marketing and Podcasts and Vodcasts.

Case Studies

HOW CCD PAVED ITS PATH TO SUCCESS VIA DIGITAL MARKETING?

About Company

Café Coffee Day, also well-known as CCD is the largest coffee retailer in India. It was started in 1996 by V.G. Siddhartha. Coffee Day Company's retail business consists of the Café Coffee Day chain, Coffee Day Xpress, Coffee Day Beverages, Coffee Day Fresh and Ground, and Coffee Day Exports. Pioneering the coffee café concept in India, Café Coffee Day was launched in 1996 as an *Internet café* and as a speciality coffee café. A very interesting aspect of this company is that, they hardly ever did any print, TV, radio or what you might call traditional media advertising. It does only Digital Marketing and in digital it does only web and social media advertising. Pinstorm built a strong base of loyalists for CCD by building out a Facebook group that is now over a million strong. All the publicity it got was through Digital Marketing or Advertising and word of mouth. They are very active on the social media platforms and hence immensely popular with the youth of this country. Today, there are over 1,450 Café Coffee Day stores in 200 cities in India where around 500,000 guests visit the cafes every day.

The Coffee Day Company also has coffee curing and roasting facilities at two places in the Western Ghats, 200 km from Bangalore, with a curing capacity of 70,000 tons/annum and roasting capacity of 7000 tons/annum (soon to be upgraded to 12,000 tons/annum). Coffee Day's coffee blends are created at the Coffee Lab at Bangalore (with more than 22 blends to their credit) and the production and packaging of all food and beverages used in the Café Coffee Day chain is handled by the R&D lab at Chikmagalur.

Business Objective

Café Coffee Day Lounges are targeted towards families, and the trendy affluent and offer more varieties of food (breakfast, lunch items, etc.) and better ambience. The Café Coffee Day Square is the high-end café serving single origin coffees from across the world. It is targeted towards international customers and affluent Indian customers. The Coffee Day Xpress is the regular café with varieties of coffee, tea, cold beverages and limited food options. It is targeted towards the youth and the average middle class Indian consumers. Currently, there are over 900 Coffee Day Xpresses and many of them are at high footfall and captive locations such as large corporate campuses, office buildings, hospitals, metro and railways stations, and so on.

CCD's main objective is to grow more quickly in newer cities and continue to be the number one coffee café in the country and internationally too (there are two CCD café in Vienna and 14 in the Czech Republic) and also to build a loyal fan following and support for thought leadership in coffee, so as to withstand the competitors and new entries in the market like Costa's, Tata Starbucks Ltd. and Barista. Coffee Day Fresh and Ground deals in retailing of fresh ground coffee. They also retail single-serve solutions in coffee in the form of capsules and sachet and the company has plans for more variants as well as aggressive expansion plans. Amalgamated Bean Coffee is among the top three exporters of coffee from India, and it is able to and aims to continue sourcing the best coffee beans grown in the country.

Strategy Adopted

Café Coffee Day made coffee drinking popular among Indian youth by offering a brand experience environment and other value addition. They started by providing Internet facilities initially at the café, during the year 2000, when internet was not easily accessible. They targeted the youth around the ages between 16-29 years and created a hangout place for a chit chat kind of experience. Since social media is most popular among the youth, they decided to advertise only digitally. That is only with the help of digital marketing, they wanted to gain as many customers as possible.

Platform-wise Strategy: Facebook: Content-wise, they are focused on promoting Café Coffee Day as a place to have conversations. Aptly supported by some good photography, they have expressive image updates to resonate with the vibrance on youngsters with good copy editing abilities of the team which writes their updates as well.

The Sit Down campaign is doing a good job at creating a buzz around the Internet. Thanks to their catchy YouTube video and the nice music, people have taken up to the concept of 'Sit Down'. About their café, new menu, offers and events are conveyed through social media. They are also focused on providing the best service at the café so that there isn't, even a single negative remark by customers.

Results Achieved

In Facebook, with two updates every day, they seem to be getting quite a good traction from their community. For a brand with more than 3 million people in its community, they boast a healthy 9% fan engagement for a month. We all know how difficult it is to get such traction when you have a really huge user base. Having generated more than 260k fan interactions in the 30 days, they are one of the most engaging Indian brands on Facebook. While a huge chunk of these fan interactions are 'likes', but they are also able to pull off a lot many comments as well, which is a difficult ask.

Learning

With the help of social media and use of YouTube, CCD managed to reach a huge proportion of their target audience, increased brand awareness and engagement, and increased intent to buy. What's more, a huge proportion of this success can be attributed directly to the use of social media and, above all else, YouTube. The marketing team at CCD understood their audience and marketed *for* them, not simply *to* them. This has eventually proved to be the most successful step taken.

ZOMATO SUCCESSFULLY LEVERAGED DIGITAL MARKETING TO GENERATE FUNDING

About Zomato

Zomato is a global restaurant search and discovery service founded in 2008 by Deepinder Goyal and Pankaj Chaddah. It currently operates in 22 countries, including India, Australia and North America. It features restaurant information such as scanned menus and photos sourced by Local Street teams, as well as user reviews and ratings.

The company also provides cashless payment, online ordering, white-label apps, table reservation, and point-of-sale systems.

Objectives of Zomato

Helping people discover great places around them: Zomato team visits every restaurant once every three months to ensure data is fresh. Zomato's vast community of food lovers share their reviews and photos. So, we have all that we need to make an informed choice.

Building amazing experiences around dining: Starting with information for over 1 million restaurants (and counting) globally, Zomato is making dining smoother and more enjoyable with services like online ordering, cashless payments and table reservations.

Enabling restaurants to create amazing experiences: With dedicated engagement and management tools, Zomato is enabling restaurants to spend more time focusing on food itself, which translates directly to better dining experiences.

Strategies Adopted by Zomato

Zomato works with keen interest on various strategies to achieve their goal. It includes:

- **Financial strategy:** To increase their fund and revenue.
- **Marketing strategy:** To tap their customers from across the globe.
- **Growth strategy:** To grow continuously and increase their customers and page traffic.
- **Globalization strategy:** To expand themselves across the whole globe as a leading service provider.

Marketing Strategy

- Featured and user-friendly website
- Global mobile app

Focusing on Digital Marketing Channels for Potential Customers

- **Acquire the competitors:** To be the largest resource in food supply market, Zomato bought urban spoon for \$52 million to enter US, Canada and Australia.
Simpler review and rating system.
Integrating other tools in their marketing strategy has given them wonderful hike in their business.
- **Sales promotion:** Coupons and price-offs.
- **Direct Marketing:** Phone call and direct mail.

Implementation by Zomato

Zomato aims to be a place where the foodies hangout. The company has spread in 20 countries with its headquarter in New Delhi, India providing service to over 35 million values customers per month. The list of registered restaurants on the website has increased to 384,100 till March 2015.

Facebook, Twitter and Pinterest are the three main platforms which made the base for the success of Zomato with a deep presence among their customers. **Other than that, Zomato has extensively invested a lot over SMO, SEO and has worked a lot to improve its UI and make it more user interactive.** Side by side with a goal to branch globally, they also invest much on TV ads to bombinate Zomato.

Pankaj Chaddah, the co-founder of Zomato agreed, "ads on the mobile app have changed the revenue game for them". More than 50% of their total traffic comes from their mobile apps. "Using location-based services to target ads around a consumer's physical location helps make this decision easier" said Chaddah.

Sanjeev Bikchandani, co-founder of Info Edge and Zomato's largest shareholder said, "the firm will focus on segments such as online food ordering, restaurant booking, subscription-based services and billing inside of restaurants".

Zomato Uses Different Platforms to Engage their Customers with Them

Facebook

There is a huge engagement of customers on Facebook. Zomato has more than 600k strong Facebook community.

Twitter

Twitter is a place where Zomato is sparkling. It has more than 114k followers there. Used as a conversation platform with the customers, Zomato is doing a great job in engaging their customers on their page. They answers all the queries raised over the platform by the customers.

Blog

Sharing and updating with all the latest updates is a key point for any organization. Zomato uses their blog as their mouthpiece to share all the latest updates.

Pinterest

The platform shares the food experience with great content to attract their customers. The company needs to do a lot of job to make its followers on this platform which will certainly work in their promotion.

Results Achieved by Zomato

In August 2010, Zomato got its first round of funding of \$1 million from Info Edge, India. And in September 2011, got its second round of funding of \$3.5 million from the same financier. Next year, Zomato upraised its third round of another \$2.5 million from the same investor and again in early 2013, Info Edge funded fourth round worth \$10 million which gives them a 57.9% stake in Zomato.

Seeing the future and growth of Zomato, Sequoia Capital and Info Edge, India in November 2013 funded Zomato with \$37million. Info Edge now owned 50.1% of Zomato on an investment of INR 143 crores. The total funding raised by Zomato till November 2013 stands at \$53.5 million.

In November 2014, Zomato came up with a fresh round of funding of \$60 million at a post-money valuation of ~US\$660 million. This round of funding was jointly headed by Info Edge India Limited and VY Capital, with involvement from Sequoia Capital. This made a total funding of over US\$113 million for Zomato.

Recently, in a fresh round of funding in April 2015, Info Edge, India has invested an amount of ₹ 155 crore in Zomato.

Info Edge said in a statement "Being Info Edge's fair share of Zomato's recent fund raises of USD 50 million". Upon completion of the allotment of shares, Info Edge's aggregate investment in Zomato will be about ₹ 484 crore.

As the website was launched, it became popular soon and expanded rapidly, covering many important regions of India including Kolkata, Mumbai, Bengaluru and Pune by the year 2010. Apart from being a service provider within India, Zomato.com now has branched to overseas in the regions of Philippines, New Zealand, Qatar, South Africa, Sri Lanka, the United Arab Emirates and the UK as well.

The website covers a list of over 1,20,000 restaurants across all these regions catering to more than 15 million customers worldwide. With its headquarter in New Delhi, Zomato.com is providing career opportunity to over 350 employees all across the globe.

Learnings

- Great use of social networking sites TO reach out customers.
- Implementation of good online marketing strategy can help a company in faster growth.
- Consumers often make quick decisions based on the result of Smartphone searches.
- Zomato sends out messages with the right kind of image.

Zomato not only preaches to be different, but they have also proved it with their work. They deliver the same message but in a new avatar. This makes their social media updates unique, even though the concept is nothing new.

For a marketing strategy to be successful, one should know how to engage customers. Zomato's social media posts are always simple sans industry jargons. It helps them cater to all kind of audience. This is the main reason that their posts are truly engaging.

CASE STUDY ON SUCCESSFUL IMPLEMENTATION OF DIGITAL MARKETING – FIRSTCRY

About firstCry

firstCry.com's online store was launched in December of 2010, with a belief that there should be a single, convenient and comprehensive platform for parents that can help them make well researched and informed choices for products they need for their kid. firstCry has grown to a young and dynamic organization of a thousand employees serving more than a million parents in the country, giving them a choice of more than 1,00,000 products across 10,000+ top International and Indian brands like Mattel, Ben10, Pigeon, Funskool, Hotwheels, Nuby, Farlin, Medela, Pampers, Disney, Barbie, Gerber and Fisher Price.

firstCry aims to provide best of the products/brands at the best prices with a great online shopping experience, fast and reliable delivery service and a prompt customer care. firstCry's warehouses work round the clock across major cities, and in tandem with firstCry own logistics arm, XpressBees, ensure prompt order processing, delivery and delight to its customers.

Objective

The foremost objective of the company has always been the best and safest products for the children of the world by being techno-driven and innovatio- centric and to create the ultimate parenting eco-system in India.

Motivation

To start- up firstCry came from the issues CEO Supam Maheshwari faced as a first time parent from travelling far to pick up quality products for his baby to bringing back baby products while returning from every foreign trip. The baby business was good since there was a dearth of quality products, brands and varieties in India. It was a \$10 billion market and there were no offline chains. The lack of products and the abundance of opportunity egged him to start up firstCry.

Strategies Used

Direct-to-parents Strategy: Started with Brainvisa E-learning company (sister company of firstCry) which focused on helping businesses around the globe to increase the learning and training effectiveness, by designing tailored learning solutions which again focused on set and defined business objectives.

Digital Marketing Strategy: Designed and implemented the technology-driven intricate material and order management workflows for the smooth operations of the Omni-Channel Retailer. Focused more on digital branding, online advertising, content management, communities, social media frameworks, mobile, e-mail marketing, videos, YouTube marketing, web experiences and customer experiences.

Direct Marketing and Advertising Strategy: On the marketing and advertising front, firstCry did normal TV and print ads in the beginning of their journey. They realized it was a low return, high cost model. Then they adopted advertisement through word-of-mouth and **online advertising media**.

To give a flavour of online shopping to its inshop customers, firstCry has started installing 32" touch screens in its retail stores, so that customers coming into their shops can also see what their online store has to offer.

Social Media Optimization (SMO)

Developed RSS feeds, social news and bookmarking sites, as well as social media sites, video and blogging sites.

Social media optimization helps connect all of your social media accounts in a cohesive, consistently branded network that points your potential customers where you want them to go. SMO Pros employ a strategic, multi-point process to build your successful SMO foundation, boost your SEO, and drive more potential customers to your site.

Social Media Marketing

Used social media platforms (Facebook, Twitter, Pinterest, Google+, etc. to increase traffic to its website. firstCry is using social media platforms as its face of promotion.

Internet Marketing

- Built a high performing team delivering on Product, SEO and Web Analytics conceptualized and launched **firstCry.com** version 2.0 with an adaptive user interface.
- Capturing 'digital moms' beyond transactions – launched **WorldofMoms.com**, a content, community and classifieds platform.
- On-page Optimization, Off-page Optimization by maximizing the visibility of client sites in the digital space, through the management of SEO, through Keyword Research, Competitor Analysis, Meta Tag Creation and developing the Website.
- Creating successful store-front landing pages. Cart, Loyalty Cash Programmes, Online Sales Return Cash Refund, Customer Profile, Reviews and Ratings and Baby Gear Assembly.

Promotion Management Modules

Online Reputation Management: Kiosk innovation at firstCry stores, is a unique concept which acts like a catalog allowing customers to look through the 70,000 and above products on a 32 inch touch screen in stores, order online on the spot, and find the product available at the store in 2-3 days. The Kiosks have enabled to increase conversions by 10%.

firstCry's Shop 'n' Earn Loyalty Cash Program and Buying Guides for firstCry.com.

Mobile Marketing

Capitalized on mobile growth by launching mobile products – **firstCry.com** Mobile Web, Android and iOS Apps, get everything your baby needs with new and intuitive firstCry.com Android App! Plus the 'big store for little ones', always handy on his mobile."

SEO Stats and Worth Analysis

Implementation tracking: SEO-friendly site which aids to Image Optimization and tells Google and other search engines what this entire page is about. Helps increase site visibility PPC, Getting Leads, Social Media Marketing, PPC, etc. and search how people have their e-commerce site set-up, you want to replace this with unique content.

firstCry.com is 4 years, 11 months and 14 days old. It has global traffic rank #4,781. Its domain have .com extension. Its Pagerank is 4/10. It is not listed on Dmoz. No active threats were reported. So, it is Safer to browse. firstCry.com has estimated worth of \$ 988,678 and have a daily income of around \$447.

Data collection instrument: Concept feedback: Feedback from customers on the look and feel of the site to improve the performance and online sale of the products.

Offering **multiple payment** options and discounts on the product to regulate traffic in the sites.

Having customised tools and Google analytics to serve the customer better. The same pricing code applies to products online and offline as well.

Payment gateway solutions: One click checkout mechanism and more payment options like international payment cards and cheques and citrus express checkout.

Web Analytics

firstCry has set up a team and built special technology platforms for Analytics, which helps brands track post-trial sales online. Define reporting templates and reporting automation and to analyze user behaviour on the website using (e.g., Google Analytics/Other Analytics Sources), Excel or Sequel to pull out relevant data to track key product metrics.

Offline Presence

firstCry is embracing the offline world to boost sales. It gifted newborns in over 6,000 hospitals across 18 cities with hampers containing diapers and other such goods sold on the site.

Outcomes

- Direct- to-parents strategy helps firstCry.com reach 60,000 parents every month.
- Consistently growing at more than 100% growth rate, the largest e-commerce player with an Omni channel business model with a focus on mobile, physical store and web.
- Improved conversion across SEM, Facebook, Remarketing and Display by 15% to 40% with high growth in visits.
- firstCry.com receives 10,000 daily visitors and has over 15400 fans on Facebook. It has initiated various contests for parents on Facebook. The firm, which delivers to 25,000 cities and towns in India, expects to do 1,000 transactions per day in next three months.
- firstCry built its portfolio from 100 SKUs in 2010 to 90,000 SKUs from 900 brands today.
- "firstCry.com has an inventory of more than 90,000 items on its online platform. There is an inventory of around 15,000 to 20,000 products in our offline stores."
- Raised a total funding of about \$65 million from various investors including New Enterprise Associates, Valiant Capital Partners, IDG Ventures India, SAIF Partners, Vertex Venture Holdings, Vertex Venture Holdings and Temasek Holdings. These rounds include \$10 million (2015), \$26 million (2015), \$15 million (2014) and \$14 million (2012).
- Facebook is the most engaging platform for the brand and it witness over 5,17,000 fans over the platform. Its Twitter page has around 2,100 followers.

Learning

- Brand Marketing accompanied with performance marketing which is largely driven by leveraging on online marketing.
- Generate more sales from a mix of e-commerce and physical stores, which are run by franchisees.
- Experiential marketing is very important.

Challenge

- It does not give that touch and feel experience, which customers in baby segment would specially want to build credibility.

Truly said: "Innovation needs to be part of your culture. Consumers are transforming faster than we are, and if we don't catch up, we're in trouble."

.... Ian Schafer

Objective Type Questions

UNIT 1: INTRODUCTION TO E-COMMERCE

Fill in the blanks:

- _____ is an advantage of E-commerce.
(hidden costs, expand business reach, security issues)
- Trade policies are related to _____ factors of E-commerce business.
(technological, legal and regulatory, socio-cultural)
- _____ is a tool in which we keep adding up items that we wish to purchase.
(navigator, shopping cart, credit card)
- _____ is a founder of Apple.
(Jack Ma, Steve Jobs, Tim Cook)
- Bookmyshow is an example of _____.
(mobile banking, mobile ticketing, mobile marketing)

Answers: 1. expand business reach, 2. legal and regulatory, 3. shopping cart,
4. Steve Jobs, 5. mobile ticketing

State whether the following statements are True or False:

- Mobile commerce is a part of E-commerce.
- Privacy is not an important issue on the web.
- A catalogue contains the information about the products sold or services being offered by an e-commerce business.
- Product comparison is a distinctive feature of e-commerce.
- Online education can never be a scope of e-commerce.

Answers: True: 1, 3, 4; False: 2, 5

Match the following:

Column A	Column B
1. Business to Business	(A) PayPal
2. Business to Consumer	(B) Taj Hotel-Zomato
3. Consumer to Business	(C) Olx
4. Consumer to Consumer	(D) Blogs, Customer feedback
5. Location Tracking	(E) M-commerce

Answers: 1. (B), 2. (A), 3. (D), 4. (C), 5. (E)

UNIT 2: E-BUSINESS AND APPLICATIONS

Fill in the blanks:

- _____ helps businesses to convert raw information into a useful analytical tool for business decision making.
(customer relation management, data warehouse, one-time password)
- _____ helps building long-term relationships for any sustainable business.
(sales, e-commerce, customer relation management)
- _____ is the management of upstream and downstream relationships with suppliers and customers for timely delivery of products.
(SCM, EDI, supply chain management)
- _____ refers to the transfer of writing, signals, data, sounds, images or intelligence sent via an electronic device.
(e-procurement, e-communication, e-delivery)
- _____ is referred as transfer of data from one computer system to another by standardized message, formatting without the need of human intervention.
(EDI, e-delivery, e-trading)

Answers: 1. data warehouse, 2. customer relation management, 3. supply chain management, 4. e-communication, 5. EDI

State whether the following statements are True or False:

- E-commerce and E-business are synonymous.
- Inventory management is not a function of supply chain management.
- Lifestyle is an example of Brick and Click model of E-commerce.
- EDI reduces labour cost for an enterprise.
- A website of an enterprise helps build better relationship with its customers.

Answers: True: 1, 3, 4, 5; **False:** 2

Match the following:

Column A	Column B
1. Resell	(A) additional products
2. Cross-sell	(B) same products, existing customers
3. Up-sell	(C) recommendations from existing customers
4. Reactivation	(D) expensive products
5. Referrals	(E) inactive customers

Answers: 1.(B), 2. (A), 3. (D), 4. (E), 5. (C)

UNIT 3: PAYMENT, SECURITY, PRIVACY AND LEGAL ISSUES IN E-COMMERCE

Fill in the blanks:

- _____ is an e-commerce application service provider that authorizes payments for e-businesses.
(payment process, payment gateway, order processing)
- _____ is an issue relating to privacy and security in e-commerce.
(network security, customer non-payment, internet penetration)
- _____ is a disadvantage of payment gateway.
(fixed fee per month, less fraud, refunds)
- Cyber laws in India are contained in the _____.
(Companies Act 1956, IT Act 2000, Factories Act 1948)
- E-commerce law entails _____.
(e-signature, delivery, payment)

Answers: 1. payment gateway, 2. network security, 3. fixed fee per month,
4. IT Act 2000, 5. e-signature

State whether the following statements are True or False:

- Electronic fund transfer method is user-friendly.
- PayPal and World Pay are types of payment gateways.
- A business account and a merchant account are mandatory for a payment transaction online.
- A debit card contains more information than a magnetic stripe card and it can be programmed for different applications.
- Majority of internet traffic is unencrypted.

Answers: True: 1, 2, 3, 5; False: 4

Match the following:

Column A	Column B
1. Credit card	(A) built-in microprocessor
2. Smart card	(B) transfer through computer
3. E-wallets	(C) financial institution
4. Electronic Fund Transfer	(D) electronic which substitutes paper
5. E-cheque	(E) online prepaid account

Answers: 1. (C), 2. (A), 3. (E), 4. (B), 5. (D)



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