Unit – 4 **Planning for Electronic Commerce:**

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Planning electronic commerce initiatives

- One of the most essential decisions entrepreneurs make in the process of creating a new company is deciding on a business model.

- A company's business model is the way that it creates and delivers value to customers and how it collects revenue for the value it provides.

- The Internet is a potential channel that businesses can use to provide a product or service and collect payment.

- The term "e-business initiative" describes efforts a company makes to expand business operations on the Internet.

•E-Business Initiative Basics

- Many businesses start as purely offline ventures. For example, a small neighborhood hardware store might not have a website or any online presence during its first few years of operations.

- As businesses grow and expand, however, managers often seek new ways to bring in business and to market their products and services.

- Any action a company makes to bring a business online or to increase its online presence can be considered an e-business initiative.

- For instance, when a company creates a website to market or sell its products, it is pursuing an e-business initiative.

- Other examples of e-business initiatives include paying for online advertisements, using social media sites to connect with potential customers and expanding existing online business operations, such as adding new features or content to a website.

- **Benefits**
  - One of the primary benefits of expanding online is that customers can access information about a company through online advertising or a company-run website.

  - An online presence can potentially attract more customers to a retail store.

  - Another benefit of online expansion is that it can offer an additional means of delivering and collecting revenue.

- Many businesses allow customers to purchase products online through web-based stores.
- Some customers may prefer shopping online to having to travel to a physical location to buy goods.

- **Drawbacks**

- The main drawback of e-business initiatives and any other type of business expansion is that they cost money to pursue and there is no guarantee that they will have the desired results.

- For example, if a small hardware store is situated in a neighborhood where few potential customers use the Internet, paying a web developer to create a website might not be the best way for the business to expand.

Linking objectives to business strategies

- Ecommerce business strategies are similar to the strategies used in any type of business, but the big benefit is the ability to specifically measure the effectiveness of ecommerce activities.

- Those choosing to market their products or service online can take advantage of a variety of tools and techniques that are cost effective and relatively easy to implement.

- **Using Video**

- Online marketing benefits not only from the use of words, but the use of words, sound and images combined, making it a wonderful way for businesses to quickly and very inexpensively share information about their products, services and business activities.

- Sites that include YouTube have gained enormous popularity and make it very simple for businesses or individuals to create their own channels and link those channels through their other online

activities--web sites, blogs or social media activities, for

instance.

- **Shopping Cart Analysis**

- A big benefit of selling online is the measurability of these activities, including the ability to literally evaluate the process that occurs from the time a prospective customer enters the site to the time they press "enter" to place their order.

- Businesses that use shopping cart analysis effectively to analyze areas where shoppers may be opting out of the buying process can make important, and sometimes very simple, changes to their sites to measurably increase the number of people making it through the sales funnel.

- **Using Social Media**

- Social media is a relatively new tool that is rapidly exploding, offering opportunities for ecommerce companies to reach out to a variety of individuals and to establish connections with groups that have shared interested.

- But social media is about more than just buying--it can also provide a way for businesses to strengthen their service initiatives.

Measuring cost objectives

- As companies assess the choice of appropriate measures to evaluate e-commerce initiatives, numerous potential issues arise.

- Since the choices are different for each company, because the strategies, structures, and systems are different, substantial customization is necessary.

- Senior managers should consider six initial questions that can lead to the development of appropriate measures for e-commerce operations:

- What measurement systems are currently in place and being utilized within the organization?
- What are the important criteria to the company and its constituencies and stakeholders?
- What does the company desire to accomplish with the e-commerce initiative?
- What is the anticipated timeframe associated with the e-commerce program?
- Who are the parties involved in implementing the e-commerce project, and who will be affected by the results?
- What critical processes are associated with the successful execution of the e-commerce project?

- To address these questions, it is imperative that companies not only specifically tailor their e-commerce measurement approach, but also utilize multiple measures to fully analyze their situations.
- Different measurement criteria are important for companies that have different strategies or may be in a different stage of their life cycle or their e-commerce development.
- The multiple measures will typically include both financial and non-financial measures that are leading and lagging indicators of performance.

- They may be used in a balanced scorecard, shareholder value-added, or other approach and can be developed specifically for IT or
  e-commerce or as a part of an overall corporate performance measurement system.
-   Companies can also use a weighted scoring system to evaluate investments related to overall IT, e-commerce, or business strategy.
- To closely monitor the cause and effect relationships evidenced in the e-commerce causal linkage model, appropriate metrics must be developed.
- these metrics must be consistent with and support the objectives and drivers and key success factors already defined.

Comparing benefits to costs

- There are many well-known techniques for comparing the costs and benefits of the proposed system.

- They include break-even analysis, payback, cash-flow analysis, and present value analysis. All these techniques provide straightforward ways of yielding information to decision makers about the worthiness of the proposed system.

- Use break-even analysis if the project needs to be justified in terms of cost, not benefits, or if benefits do not substantially improve with the proposed system.

- Use payback when the improved tangible benefits form a convincing argument for the proposed system.

- Use cash-flow analysis when the project is expensive relative to the size of the company or when the business would be significantly affected by a large drain (even if temporary) on funds.

- Use present value analysis when the payback period is long or when the cost of borrowing money is high.

- Whichever method is chosen, it is important to remember that cost-benefit analysis should be approached systematically, in a way
that can be explained and justified to managers, who will eventually decide whether to commit resources to the systems project. Next, we turn to the importance of comparing many systems alternatives.

Strategies for developing electronic commerce web sites.

- **6 Strategies for Designing Ecommerce Websites That Convert Visitors into Customers.**

- **1. Anticipate What Your Customer is Looking For**

  - Most of your potential customers will fall into two major groups:

  1. Those who know what they want to buy.

  2. Those who want to look around and browse.

  - You can cater to both these groups by designing effective search capabilities and navigation.

- If you are offering only a single product (or a small number of them), search functionality is often . However, if you have a large number of products, it is very important to have a search function, right on your landing page, that is both highly visible and easy to use.

- The average Internet user has a low attention span and does not want to spend a lot of time going through hoops – especially if they know exactly what they are looking for.

- If your customer wants to buy a specific product, you want to make it as quick and painless as possible for them to find it.

2. Give Your Website a Personality

- Your ecommerce website is a major part of your brand's identity and you want it to convey the attributes and values you want your products to embody.

- Think of your website as a person and come up with one word (or a few) to describe how you would ideally want your target customers to see it.

- Once you have decided on the personality for your website, you can make key design decisions like the color scheme, choice of layout and copy and the type of photography you will use.

3. Group Products Together

- One way that we link one object to another is through their proximity to each other.

- In an ecommerce website, you can boost your conversions and by grouping products together – whether they are complimentary (*shoes to go with a dress your customer is looking at*) or merely recommended (*based on what other users are buying*).

4. Leverage Quality Photography

- In the physical world, the user can often directly look at and touch the product they are considering purchasing. However, online, one of the only reliable indicators they have to go by is product imagery.

- You do not want your product to be represented by

  bad photography.

5. Optimize the Purchase Process

- When it comes to the actual purchase process, simple, direct and without distractions is the way to go for high conversion.

- As a general rule of thumb, there should be no more than two (straightforward and minimally designed) pages between your customer clicking the 'Add to Cart' or 'Buy' button and final checkout.

- You should also avoid asking your customers to register before they can make a purchase. Obtaining your customers' contact information should not come at the risk of driving them away.

6. Design for Mobile

- you should always remember that your website is increasingly being viewed on tablets and mobile devices – and not on a desktop computer.

- This is why a mobile-first strategy for approaching your user experience can often drive up conversions. Google offers a useful little tool to check if your website is mobile-friendly or not.

online shopping Advantages

No pressure shopping

- Generally, in physical stores, the sales representatives try to influence the buyers to buy the product. While in online shopping, you're free to do as you will.

Online shopping saves time

- Customers do not have to stand in queues in cash counters to pay for the products that have been purchased by them.

- They can shop from their home or workplace and do not have to spend time travelling.

Comparisons

- There is a wide range of products online.

- The sellers display all the stuff they've got.

- This enables the buyers to choose from a variety of models after comparing the finish, features, and price of the products on display.

Availability

- The mall is open on 365 x 24 x 7. So, time does not act as a barrier, wherever the vendor and buyers are.

Online tracking

- Online consumers can track the order status and delivery status tracking of shipping is also available.

Online shopping saves money

- To attract customers to shop online, e-retailers and marketers offer discounts to the customers as they have cut down on real estate and maintenance cost the sellers won't back out in giving huge discounts.

Disadvantages of online shopping

Delay in delivery

- Long duration and lack of proper inventory management result in delays in shipment.

- Though the duration of selecting, buying and paying for an online product may not take more than 15 minutes; the delivery of the product to customer' s doorstep takes about 1-3 weeks.

Lack of significant discounts in online shops

- Physical stores claim to give significant discounts when compared to online stores, this is a huge disadvantage for the older generation.

Missing the shopping experience

- The traditional shopping exercise provides a lot of fun in the form of showroom atmosphere e, smart sales attendants, scent and sounds that cannot be experienced through a website.

- Indians generally enjoy shopping. Consumers look forward to it as an opportunity to go out and shop.

Frauds in online shopping

- Sometimes, there is a disappearance of the shopping site itself.

- In addition to the above, the online payments are not much secured. The rate of cyber crimes has been increasing and customers' credit card details and bank details have been misused which raise privacy issues.

Justify an Internet business

- The many benefits of online business include:

  -global access, 24 hours a day, 7 days a week

  -improved client service through greater flexibility

  -cost savings

  -faster delivery of products

  -increased professionalism

  -less paper waste

- opportunities to manage your business from anywhere in the world.

- Customers may prefer to visit your website to find out about your products and services, instead of visiting you in person.
- They will also expect to see your website address and your email on business cards and other promotional materials.
- How you manage your business online will depend on the products or services you offer. You may be able to use the internet to:
  - -run an online shop
  - -manage your suppliers
  - -communicate with your customers, and get their feedback on your business

-offer services online

-allow customers to make reservations or appointments online

-manage your finances, such as online banking, tax and employee pay

-research competitors.

- Keep in mind that your business, as well as the variety of online tools available, is constantly changing and evolving.
- While you might not plan to have a website immediately when you start operating, it's still a good idea to think about whether you will need one at a later date and what you will use it for.

• When you are planning the online aspects of your business, you should:

✔ research your competitors and other businesses that use online tools

✔ decide what aspects of online business will benefit your business

✔ review your budget to work out what you can afford

✔ familiarise yourself with any laws and regulations that will apply to your online business activities

✔ consider your requirements, including what software you need and what types of computer equipment you need to run it

✔ plan for risks, such as computer viruses, scams, data theft and loss of or damage to hardware

✔ think about what training you or your staff might need

✔ be realistic about the time and budget you will need to manage the online aspects of your business.

Internet marketing techniques

1. Optimize Your Site for Search

✔ Search engine optimization (SEO) is still an essential part of marketing and you want to make sure that both your site and all of your individual product pages are fully optimized for the exact keywords your audience is searching for.

2. Include Reviews on Product Pages

✔ 84% of people trust online reviews **as much as they trust their friends**. That means we either really trust reviews or we all have really bad friends…I'm going to assume it's the former.

3. Use Content Marketing

✔ For many ecommerce businesses, content marketing means blogging, but also can include using lead magnets like ebooks to bring customers to your site and encourage them to purchase or sign-up for your email list.

✔ Remember that your blog shouldn't be about the new products you have. Instead, if you're an ecommerce company wanting to promote a new line of fitness apparel, write a post talking about the different qualities that people should look for in clothing when they're doing different types of exercises.

4. Guest Post

✔ You can extend your reach to other blogs and publications, putting your content in front of a new audience and getting a few key links back to your site.

✔ Only submit posts to high quality, high authority publications that you want your business to be associated with and preferably only those with engaged readerships.

5. Market on Social Media

✔ Social media marketing is entirely free (unless you outsource it) and it's an excellent way to build and nurture relationships with customers.

✔ It can also help you connect with new users thanks to sharing, Facebook recommendations and algorithms that share what your friends are up to.

✔ When it comes to social media marketing for ecommerce, make sure that you're focusing on customer relationships more than just endlessly and exclusively promoting your own products. You also want to answer questions fast to avoid abandoned carts.

6. Put Influencers to Work for You

✔ If you use this strategy, you'll want to reach out to influencers that your target audience follows.

✔ It can be an investment, but if they have an active, engaged audience, go for it. It'll be worth it.

7. Start Email Marketing

✔ Email marketing is a cornerstone part of ecommerce marketing and if you don't think it can be effective, you're wrong.

✔ With great visuals and great copywriting, you can deliver targeted suggestions, product announcements and discount offers to an audience who is already interested in your product.

✔ Include personalization in your emails where possible. Add user names to the email subject line, or send automatically customized recommendations based on past purchases with segmented email lists.

8. Create a Shoppable Instagram

✔ Instagram is a highly visual platform, with all the emphasis being on images and videos. It's also a platform where users are thrilled to engage with brands, so it's the ideal solution for ecommerce businesses selling products.

✔ You can get the most out of the platform by making your Instagram shoppable.

✔ Shopify stores and certain select brands can create actual Shoppable posts, where you tag products in your pictures. When users click on them, they see basic information like price and they can click again to purchase.

The E-cycle of Internet marketing

- E-cycle is the practice of reusing, donating or redistributing an electronic item until the end of its life cycle and then recycling the item when it is no longer usable.

- E-cycling is generally practiced to reduce the amount of electronic components that are discarded when users purchase new components.

- The U.S. Environmental Protection Agency (EPA) lists e-cycle as a new term that refers to the process of collecting, distributing, brokering, repairing or reusing used electronic components without discarding them until the expiry of their life cycle.

- The e-cycling process allows people to reduce, reuse and recycle obsolete electronic items.
- The used electronic items or equipment are called electronic waste (e-waste). Items that can be e-cycled include the following:
- Televisions
- Microwave ovens
- Computer peripherals
- Vacuum cleaners
- Mobile phones
- DVDs
- CDs
- Computers

- In most cases, electronic items that are functional, such as computers and mobile phones, can be circulated to another person or organization. Other non-functioning electronic items can be repaired, resold and/or donated.

- With technological advancements, new electronic devices replace existing ones, making older versions obsolete.

- Organizations have started investing in e-cycling facilities, due to technology's increasing rate of obsolescence. Discarding electronic devices is a serious threat to the environment
because of the toxic substances involved in their components.

- eBay has started an e-cycle initiative called eBay's Rethink project to promote E-cycling. Organizations like Dell, IBM, Intel and
Hewlett-Packard are also actively participating in the eBay's Rethink project.

Personalization e - Commerce

- Ecommerce Personalization is the term used by online retailers that refers to the practice of creating personal interactions and experiences on ecommerce sites by dynamically showing content, media, or product recommendations based on browsing behavior, purchase history data, demographics, and psychographics.

- To begin the journey to advanced ecommerce personalization, any company with a transactional ecommerce site should be able to capture data through their ecommerce platform and personalize experiences based on:

- Context:
  - Type of device
  - Time of day
  - Weather
  - Time and location
  - Referral source Behavior
  - Recently viewed products and categories
  - Items from abandoned carts

- History
  - Past purchases
  - Loyalty program member
  - Past email interactions

Beyond those initial data points, there are thousands more that can be considered, but a human could never take all of them into account.

With the help of machine learning, a personalization platform is able to consider all these different data points as context to determine what will work best for the customer in real time.

Ecommerce Personalization Goal Metrics

- In order to measure success, a business must first define the goal metrics for its personalization efforts.

- Retailers frequently use personalization to optimize for Revenue, Conversion Rate, Bounce Rate, or Engagement; but you might also choose to develop your own metrics or choose from a variety of other options, including:

    -Average Page Views

    -Add-to-Cart Rate

    -Cart Abandonment Rate

    -Average Order Value

    -Total Time on Site

Multi-Device Ecommerce Personalization

- Increasingly, customers are using more than one device to interact with brands.

- Retailers who are tracking their customers across multiple devices are able to gain valuable data on who their most valuable customers are, how often those customers are interacting with their brand, and what those on-site experiences look like.

- Statistics show significant increases in product view rate, purchase rate, and average order value with multi-device versus single device personalization:

- As a result, the customers who receive all the benefits of a more cohesive, personalized experience, are able to deliver more value to the retailer as a   direct result of being recognized throughout their journey.

Benefits

- Ability to personalize products, content, and copy on any customer channel

- Linking customers' online behavior to in-store by notifying local stores via their clienteling app when a particular user browsed specific items online

- Linking customers' online browsing behavior to personalize the

  in-app experience and trigger relevant push notifications leveraging geofencing

- Enabling a POS feedback loop that ensures that online product recommendations and email promotions can be individualized to reflect in-store purchases

Thankyou