Ecommerce Marketing Plan

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Concept of Service

The current work deals with marketing offer of e-commerce service. It highlights the essential steps of marketing of a brand-new firm offering services of website construction, design, programming, development, and promotion. The service should be provided exclusively online via the site of the company. Online business operations include ordering, agreement on requirements, elaboration of design, and providing constant customer support.

The service implementation process should include the following stages:

Defining goals of the site. This may include either physical meeting or discussion of the product in question via Internet.

Developing the website structure. This stage is aimed at flashing out technical aspects of the site. It should include definition of necessary technology, type and specifications of site navigation.
Website design and built. Developing layout and graphics of the site. This may include elaborating the company's genuine creative approach in developing the graphic looks of the order, or complying with the requirements presented by the customer as to general look of the project.
Website programming and built. This stage depends on details of each specific project and definite requirements posed as to the quality and level of the site. Also, this process varies according to the kind of customer and destination of the site contemplated. All features of the site are subject to examination and test by both company's specialist and customer.
Technical release of the site. Once technical aspects of the project finished, the customer should be provided with free consultation along with further site marketing and promotion services, techniques, and practical advice.

Ongoing site maintenance. This is the stage when the job of creating the customer's site is finished. But the company guarantees keeping all its sites current in terms of graphics, technology, navigation and usability. After release of the site, the company continues working with the customer as to establishing a schedule for the website regular review and maintenance to meet clients' requests, accommodate users' feedbacks, incorporating new system updates and new technologies.

It is a fact that the idea of the internet-commerce of this type is not brand-new, and for a new company to enter the market and receive profit out of its business, it is necessary to invent some novel elements in the service offered. The innovative elements that this project contains compared to large variety of competitors functioning on IT e-commerce market are based on combination of cost leadership and differentiation generic strategies (according to M. Porter, [1]). Therefore, the project is launched in B2C format, though there can be differentiation of customers and hence differentiation of the level and variety of services offered to each individual customer, and the project is for-profit, small business case. This new business is intended to compete with both large business providers of site development services and small business representatives dealing with this issue.

Another unique feature of the project is wide variety of services included in one business offer. This includes: web-design, redesign of existing site, possibility of working with many programming languages, site management, allocation in search engines, animation, free hosting offer, email registration, web mail and POP3 access, ftp access, tools for web statistics, domain name registration, other services like full life website consulting, flash animation creation, elaboration of graphic and logo design, e-commerce and shopping carts, site management, administering and maintenance, banner ads, marketing, engine position enhancing and promotions, search engine optimization, software testing and even online training.
Industry Overview

The industry of e-commerce is one of the fastest and most dynamically developing industries worldwide. Today it is quite difficult to accurately define the impact of the Internet on commerce in exact figures, but according to the estimates by 2000 there were about 260 million Internet users worldwide and by mid 2003 their number has grown more than twice and reached 580 millions. By 2005, their number is estimated to reach more than 770 million.

These figures show that the Internet has become very important and significant business medium through which buyers and sellers not only conduct transactions that were earlier conducted live, but carry out online-specific business buy-and-sell operations. Only three years ago, in the first three quarters of 2002, according to the figures of Department of Commerce [3], e-commerce transactions amounted to more than 20 billion dollars. It should be taken into account that those numbers are significantly lower than the amount of actual real transactions.

Today, e-commerce is booming. Market size of e-commerce has reached immense volumes. Moreover, this growth tends to accelerate. While in 2002 total volume of retail American e-commerce sales was fixed at $44 billion, one year later it increased to 56 billion. Then, in 2003, online sales made only 1.6 of total sales, providing the ground to suggest that there is very large growth potential. Online sales are predicted to rise to 2.9% by the year of 2007. Thus, Internet economy force became more integral part of the entire US economy than it has ever been. Research conducted by the Cisco Systems (available at [2]) shows that the Web is transforming the way people work and the revenue from Internet transactions annually grows by more than 50 percent.

Jupiter Research [4] reports that American B2B Internet commerce rates increased noticeably over the past 5 years and amount from $336 billion in 2000 to $ 6.3 trillion in 2005. Jupiter mentions five industries that have more than half of all buying and selling operations online. These are: aerospace and defense, chemicals, electronics, motor vehicle and parts, and computer and communications equipment and software. Among these industries, computer and communications equipment and software is leading with estimated number of online sales in this 2005 year reaching to $1 trillion.

That is very important for the current study since the project in question is to be launched in computer and communications industry. Therefore, proceeding from the trends mentioned in the industry of electronic commerce, one can assume that the direction of one’s business connected to online service and e-commerce, notwithstanding powerful competition, has all the chances to further develop and gain success since this market sector is subject to enhancement, development and transformation. Since the number of Internet users is growing and the number of companies willing to be represented on the Web is increasing along with the number of companies launching online business, there is very high and further increasing demand in providing programming, design, site development and marketing services. Therefore, a new firm in the industry theoretically has solid opportunities to enter the market, whatever saturated it may be, and successfully develop. On the basis of abovementioned, the outline of relevant business target market gets clearly seen.

Target Market

The target market of the project is very vast one. It varies from individuals with the minimum requirements as to functionality, appearance and program possibilities of the site, to large companies with more solid and expensive orders. Since there are very different kinds of customers with various interests and needs, each requiring different approach and professional level of performance, they should be segmented into distinct groups. By segmenting the customers, the company increases its chances on success.

The customers were divided according to the level of the desired product complexity. After such criterion, three levels can be distinguished: those requiring basic site development; intermediate level, and sophisticated one. Basic level implies comparatively low cost of services and is fine for individual customers, non-professional companies specializing, for example, in online selling of a small range of products. According to its name, this solution anticipates limited functionality, simple design, and quick implementation of the order.
Second group of customers comprises those with intermediate level orders. Such sites should include professional design and more complicated site development process. These orders require facilities for data processing, secure ordering or data exchange encryption, vast range of design patterns. Also, development of relevant site information database and more straightforward in usage software may be added to requirements of customers in this group. Target customers for such services are companies looking for sites for their business, freelance businessmen, companies of any profile with middle range requirements to the site's professional and programming capabilities and design. This segment of target market is very large and is estimated to bring essential part of orders and revenues.

The third level of orders’ complicacy is one requiring sophisticated solution. It provides for cutting edge and highest-level design and functionality. Sites of this type can be designed specifically to be able to integrate with the customer's existing systems. The site should include all newest high-tech features with such possibilities as personalized pages able to recognize previous visitor choices, professional design, assistance and compliance with the most demanding technical requirements. Site of such level should be constructed with usage of complicated and modern program software, dynamic databases, and requires thorough professional programming work and excellent design. The product of this type aims at high-profit segment of market represented by large companies and other business, public, or political entities.

The company's flexibility in relation to its ability to comply with customers' requests of different levels of complexity constitutes the firm's competitive advantage, since it expands its target market significantly without requiring involvement of solid additional resources due to its capacity to comply with the customers' requirements from all three segments [7]. As for defining specific industries that the service is targeted at, our service is able to comply with the requests in such fields as communications, media, fashion, e-commerce, manufacturing, publishing, cooking, finance, education, entertainment, lifestyle development, advertisement public service, and others.

In defining target market and customers segment groups another very important feature should be noted. This feature is due to the nature of Internet marketing and it noticeably contributes to the expanding of the service's target market. This is international nature on e-commerce and ability to interact and conduct business with clients irrespective of their nationality. Therefore, target market of service proposed isn't limited with the US market only, since neither of the stages of the order fulfillment requires physical presence and interaction with clients. Everything in site development process can be settled online including payment and technical support. Therefore, the geography of business can cover countries of the European Union, Japan and other high developed markets. The European Union, for instance, is a vast, dynamically developing and promising market with progressive online-service industry and large market of customers that might apply to such type of services.

However, this situation contains threats along with advantages. Due to international nature of the business, companies with similar range of service offers can emerge in countries other than the USA and the EU. This contains threat since in developing countries and countries with transitional economy the cost of similar services is significantly lower. Therefore, the business may be subject to serious competition in fighting for the first and second target market groups.

The advantage of the current project thus depends on proper implementation of the so-called 4-P e-commerce marketing strategy: right choice of product (service), its unique features compared to competitors; right choice of place (the advantage of the company concerned is that it really is situated in the USA and can afford physical representation of its business, including offline advertisement); relevant price policy (combining ability to get desired profit and cost-leadership strategy), and active successful promotion [6].

**Competitors’ Analysis**

To have the business succeed, the company should analyze rapidly changing situation of its target Internet market segment during the project launch. It is clear that today Internet business is extremely crowded and competitors are very strong, but this fact shouldn't discourage new entrepreneurs. To the contrary, taking into account democracy of e-business and easiness of entering the market, it is quite possible to occupy some niche in e-commerce by offering quality and unique products.
Before making the offer, it is necessary to conduct thorough analysis to understand the competitors' strategies, their assets and "white halls" to be filled by one's business. In analyzing competitors' marketing mix, first of all the leaders of the industry should be identified. As to the business in question, the attention should be paid to the largest companies offering services of websites development and design. Some results of the research are presented below:

Web Design New York Company Ecommerce Partners, specializing in custom website development. Its target market are global companies and they identify themselves as complete service online website development agency offering a wide array of dynamic solutions that range from software for online brochures to elaborated e-commerce website applications and program products. Besides web design, the company specializes in creating content management tools, workflow and customer relationship management systems, databases, flash and animation sites, relevant and appropriate programming and administrative support.

Botics Company. It's a five-year old company specializing in planning, designing and executing programming solutions to the organizations aiming at being represented on the web. Not only does the company offer services of website design and development, but combines advertising, computer technology services, design, publishing and promotional support. The company possesses creative and professional team and claims to provide highly creative and hardworking solution to all problems connected to the Internet.

Intelex Corporation is solid website development company offering a broad range of products including web design, graphic design, printing, hosting, and website marketing, with the target market constituting entire North America region. The company also offers services of Internet consulting, e-commerce hosting and marketing.

Other solid players of the market include Bridport Web Designers UK (strong in search engine promotion), Borland's Services, Developrener Company and many others. These were large companies and corporations; but in the segment of website design and development there also function private entrepreneurs, freelance designers and programmers, small design and programming firms.

On the basis of the abovementioned information the following conclusion is made. All competitors of e-commerce business specializing at site development and design may be divided into two groups. One of them includes big companies which target at global big business companies and cover wide range of industry they can offer their services. The strengths of these companies are: they are solid and have gained strong ground of the business controlling definite part of it; they employ highly-professional staff which include web designers, programmers, economists, marketers, promo-managers, lawyers and other numerous consultants; they have experience in this work and solid portfolio. Weakness: the prices are too high therefore the target market is limited to the high profit organizations. Being able to offer the product of the same quality for the lower price, one can gain cost leadership advantage.

The second type of competitors consists of small business representatives. These are either individual entrepreneurs, small companies of freelance designers and programmers. They offer relatively low price for the required services, but their array of offers is limited respectively. In this market segment, according to M.Porter [1], the differentiation strategy should be applied to gain ground over the competitors of this type.

**Competitive Scenario of Relevant Target Market**

On the basis of 5 forces analysis, introduced by Michael Porter, the competitive characteristics of the target market can be distinguished:

Rivalry in the industry is high. This is caused by large number of competitors, low switching costs, comparatively low level of product differentiation, high strategic stakes (caused by potential for great gains), diversity of rivals and the industry shakeout is incited by growing nature of the market and the high profits possibilities within it which stimulates new companies to enter this market.

On the contrary, threat of substitutes in this business is insignificant

Buyer power is not strong in the industry. Customers are numerous and cannot dictate the price trend in the industry.
Supplier power is not significant as well. Since IT technologies, design and programming activities belong to the intellectual activities, the only resource they rely on is people, performers of the services. Therefore, small number of the company's employees and intellectual resource cost in this case have little potential of dictating the company's prices.

Barriers to entry and threats to entry the industry bear little significance as well. This is inherent to the industry of e-commerce and is attributed to absence of governmental barriers as for entering the industry, little influence of barriers caused by patents and proprietary knowledge in the Internet commerce industry; no restricted distribution channels, and what is most important, little starting capital due to the absence of need for tangible property to be purchased by non-e-commerce business. To the contrary, the industry is characterized by little brand franchise, good access to the channels of distribution and low scale threshold, which contributes to the easy entry in the industry.

Proceeding from the abovementioned information one can conclude that the most important factor in industry rivalry is the large number of competitors. All the others Michael Porter's forces that impact the industry are favorable for entrance and successful development of new business.

Though the industry where the business operates is attractive and dynamic, it is not enough to be successful. Another very important factor is position of the firm within the industry. The business in question has the chance to acquire strength by combining cost leadership strategy and differentiation strategy. In that, the first strategy should be applied when dealing with the second and third segment of target market, that is with medium and large business, and the first one is generally applied to the first and second segments, represented by individuals, small business and medium business.

These are the main strategies' targets though that does not mean that differentiation strategy, implying unique attributes of the service proposed shouldn't be applied to the large business segment, but in that case that won't be comparative advantage since large IT web-design and programming companies generally in supply of these business have all the necessary characteristics for the implementation of this strategy, offering not only unique services, but a wide and various range of them.

Therefore, in assessing the company's chances to successfully enter this market, a complete SWOT analysis should be made.

**Strengths**

Professional and high-quality site

Evading intermediaries, direct connection with end-users

An idea of flexible business able to respond to variety of requests

Strong creative and programmers' team

Mobile and easy-to-launch business

Innovative members

Wide range of services

Comparatively low price

Superior technology used

A level playing rules of the industry, where small business can show as credible and professional as its large competitors

24-hours working pattern

Great attention to customer satisfaction and informing

Reduced costs compared to non-online business

Streamlined business processes reducing the cost of the customers' operations
Weaknesses
Relatively small number of staff members
Scarcely legislative ground, need for legal advice and study of regulation in the field

Opportunities
Possible offers of multi-channel marketing expertise, business and site analysis, creative
development offer, pay-per-click technique service, services of affiliate marketing, Search engine
optimization and possibly others.
Enhancing design solutions to include: website design, animation, multimedia integration, flash
design, logo design, character development, web design maintenance and hosting
Active promotion campaign including as much means of e-commerce marketing as possible
Constant conducting user testing and arranging receiving their feedback to be able to objectively
evaluate the quality of the services rendered
Possibility to enhance the company's team in future to create British, French, EU websites of the
company to access these countries' markets
Access of the business to global markets
Flexible programs of price reduction, offering free site maintenance, assistance and consultation
Developing and offering unique custom software at competitive price
Possibility to sell the program's script to the customers for their independent work

Threats
A great number of competitors
Great IT, web-design and programming companies which have more experience in delivering
such services and have their constant customers
Threat of business overflowing with small business companies from transitional economy
countries able to offer lower price for their services
Security issues can pose threat and should be thoroughly considered

Business Growth Evaluation and Government Policies
Internet business growth is different from those predicted by economic growth theories. These
traditional growth theories attribute growth to the factor submission ideas. According to them,
growth is caused exclusively by either better technology or capital accumulation. In Internet
economy, there is possibility for short-term lags and lock-ins before the Internet realizes its
potential in its fullest scope.

The economic growth in the Internet industry is not only driven by information acquisitions
broadened due to Internet, but also by dynamic interaction of the Internet and business structures
[3]. Talking about the business of web design and site development in particular, there is a strong
tendency of increasing demand for services like these and firms able to offer wide array of
services in combination with comparatively low prices have great potential to develop, extend and
broaden the range of services proposed.

Another important issue to be considered while launching the project is compliance with the
government policies in the industry. Concerning business of e-commerce, it should be noted that
the United States positions itself as free economy in general and puts forward a principle of
deregulations. This in particular concerns e-commerce. In this field, the USA tries to implement
"laisser-faire" philosophy, which is good for the business, since the government poses no
obstacles as to entering this market and functioning in it. Still, there are a number of regulations
and acts making the framework of e-commerce regulations, which should be studied and adhered
to [8]. They are as follows: Framework of Electronic commerce, which states that the private
sector plays the leading role in this business and the government should in its turn avoid posing
restrictions on the area and the e-commerce should be simplified and facilitated on the global basis.

Therefore, according to the unique nature of e-commerce, existing regulatory patterns of commerce may not be applicable to e-commerce. The USA admits binding power of electronic contracts. Terms of these contracts are governed by traditional contract common law along with the Uniform Commercial Code (UCC), though there was an attempt to create regulatory act that would better suit the nature of electronic transactions - Uniform Computer Information Transactions Act (UCITA). The situation with the internet taxation is also encouraging. Today, the US has declared moratorium on new or discriminatory Internet taxation. There is the Internet Tax Freedom Act (ITFA). In 2003, it was expanded by the Internet Tax Nondiscrimination Act (INTA). That's the federal policies, the states’ ones are different [4].

Today, Internet transactions are taxed in the similar manner to the catalog sales - according to physical presence. Also, the Federal Trade Commission Act and The Computer Fraud and Abuse Act should be complied with.

**Price Strategies**

Adopting relevant price strategy bringing benefits to the current business is another very important issue. It was mentioned above that the company's strategy of entering the market will be based on combining differentiation strategy with cost-leadership one. According to that, the firm plans to adopt the penetration pricing strategy aiming to set in first low prices for its services in order to enter the mass e-commerce market. Also, the firm should consider applying bundle pricing, targeted at offering two or more services in one package price. This offer will deal with free consultations, free site support offers and some free software to support databases and site content.

Also, quantity discounts, selling larger number of services at lower price, will be applied, since the company wants its customers to return and order additional services. Of course, pricing strategy should be able to quickly adapt to the environment, economic and competition conditions. Only in that way, being deliberate about pricing, the business will be able to stay in the industry for long, since, as Dr. Ralph F. Wilson assumes, " pricing is the only one of the 4 Ps of Marketing that brings revenue in rather than sending it out" [5]

**Promotion Strategy**

One of the most important issues to be considered in marketing plan is promotion strategy. There is genuinely great variety of promotion strategies, but in general they can be grouped into 8 categories: search engines, viral strategies, linking strategies, public relations, traditional media, e-mail publishing, networking and paid advertising [6]. The promotional strategy of the company, in order to enter the market, should be thorough, well thought and effective. For this, the essential promotion concepts to be applied by the current business should be: search engine positioning and optimization which proves to be indispensable and most important component of the promotion strategy of the company. This component deals with on-page and off-page optimization and is targeted to result in good search engines ranking and presence in top ten search results. Such work should be performed by a group of webmasters and should include, besides linking strategies, quality content and programming, blog and article submission activities. The linking element, entering search engines optimization strategies, includes banner exchanges, awards for best trafficking, and reciprocal links strategies.

Other advertising strategy to be adopted by the company is networking. It will be done basically through news groups and lists of email discussion such as for instance John Audette's I-sales discussion lists [6]. In lists like that, representatives of certain industry hold discussion on current issues in their field. Regular participation in such discussions builds reputation and fosters trust among colleagues and representatives of adjacent industries.

Of course, one of the most effective types of promotion is paid advertising. That's very efficient way to attract large number of customers. The most important advertisement types to be implemented by the business concerned is banner ads, pay-per-click-links what may be purchased on search engines, and paid ads in targeted e-mail newsletters.

The current marketing plan is the primary elaboration of the business idea and includes the first steps to be made by the company to enter the market. It should be complemented and adopted to further business preferences and needs.
Endnotes


4. The UCLA Internet Report: Surveying the Digital Future. UCLA Center for Communication Policy, October, 2004


About the author

Anastasia Kurdina is a person of manifold gifts. Almost every her writing is followed by lavish testimonials from satisfied customers. Anastasia specializes in marketing, management, sociology, history, world cultures, literature and art.

Anastasia Kurdina is not an essay writer in a common sense. She is a Poet, an Analyst, an Artist, a Critic, ... . Anastasia is one out of a few writers who remember "how it all started" :) . It is she who sometimes accomplished every second order when Your Personal Writer was nothing more nor less than 3 writers and one webmaster; it is she who has still been accomplishing special orders, which naturally go beyond regular write-me-an-essay orders.

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