Role of Advertising in E-retailing Practices

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Abstract:-Advertising is defined as "any paid form of non-personal communication of ideas and information about products in the media with the objective of creating brand image. Long time ago the marketing on Television and Print media was the major source of advertisement, but in today's world Internet marketing has become another major source of online advertisement. Internet is flattering powerful force in many promotion initiatives and efforts. To cover up this platform of advertising companies are planning for the growth of online-retailing, but for this purpose they are definitely in need of correct estimates of online purchasing behaviors. "In the Internet environment, consumers do not need to conform to the expectations of others when making a purchase, and they all have informational influence that enables them to make good decisions. Internet Advertisement is becoming a significant tool that is used to market the products and services by the industrial and non-industrial organizations. Furthermore studies indicate that electronic business also come up with the new forms of advertisement such as banners, pop ups, videos, content and other advertisement links. Advertising plays significant role in E-retailing. Online advertising, also called online marketing or Internet advertising is a form of marketing and advertising which uses the Internet to deliver promotional marketing messages to consumers. It includes email marketing, search engine marketing (SEM), social media marketing, many types of display advertising (including web banner advertising), and mobile advertising. Like other advertising media, online advertising frequently involves both a publisher, who integrates advertisements into its online content, and an advertiser, who provides the advertisements to be displayed on the publisher's content.

Key Words: Advertising, E-retailing, Online Marketing, Internet.

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Introduction:

Advertising plays significant role in E-retailing. Online advertising, also called online marketing or Internet advertising is a form of marketing and advertising which uses the Internet to deliver promotional marketing messages to consumers. It includes email marketing, search engine marketing (SEM), social media marketing, many types of display advertising (including web banner advertising), and mobile advertising. Like other advertising media, online advertising frequently involves both a publisher, who integrates advertisements into its online content, and an advertiser, who provides the advertisements to be displayed on the publisher's content. Other potential participants include advertising agencies that help generate and place the ad copy, an ad server which technologically delivers the ad and tracks statistics, and advertising affiliates who do independent promotional work for the advertiser.

Internet is becoming a new way to shop different products or services online. Although, it is a desire situation for everyone to touch the products that he/she wants to buy. However, Internet is playing a wider role in making the shopping more easily as it is never before. The web makes shopping much easier, and nowadays shopping is not more than away from a click. A latest term is introduced that is known as "Online Shopping". Consumers can directly shop product or services from the sellers without any interaction of intermediate parties. There are over 875 million consumers who have shopped online. The number of Internet shoppers has increased by 40% in two years. These are the trends in online shopping and these trends are increasing worldwide. Besides buying products online, the ability to get the services through a simple click makes it easier and more comfortable. For instance, booking travel tickets, getting concert or matches tickets and online banking are some of the services which consumers love to get conveniently through Internet. When a consumer buys from a business, it is called B2C; and, when business buys from another business, it is known as B2B.

Just like other direct marketing channels such as television and catalogues, Internet is also becoming a significant marketing channel. The Internet supports two-way communications between consumer and merchant. The web provides interactive shopping channel, which is not bounded by time and geographical condition. Moreover, it supports a variety of alternatives to approach extensive E-retailing activities over Internet. Like marketing the products in traditional market, similar in the

context of Internet, products or services are also use to be marketed. Many modern merchants and organizations have developed their pages to promote or market their products and services over worldwide Web. When talking about Internet advertisement, few things have been observed on the Internet world. Due to the low cost, high speed on Internet, and accessibility to different products, Internet is becoming a most acceptable platform for the shopping purpose. Internet is becoming a novel platform for attracting consumer's attention by the online advertisement. It has been observed that companies are spending huge amount of money for advertisement on interactive media.

According to an estimate the total expenditure of online advertisement is around $66.6 billion in all over the world. Due to this fact companies which are planning to enhance their online operations on the Internet platform they are looking for the exact measures and estimates which can tell them that whether there is consumer response or not. Those companies which are strategizing for the growth of retailing on Internet they are certainly in need of reliable estimates for the growth of Internet shopping. Without any doubt significant increase has been observed in the internet advertisement sector. It is proven to become another platform which is drawing the attention of companies towards itself. It is commonly observed that companies are allocating a significant amount for the purpose of online advertisement. Internet advertising stats swathe areas that narrate to publicity brands over the internet and comprise banner advertising, advertising performance, search engine advertising/PPC advertising, and further development and stats associated to internet advertising. According to Grabstats revenue of internet advertisement has 38% growth from 2000-2008. Internet advertisement is effectual if it is talented to produce an instant retort from the customers. More importantly three features are used in internet advertisements which are Multimedia feature, Pictures and content features. These features have been used by the model proposed.

Objectives of Advertising :
Advertising, whether online or offline, has a number of objectives:

1. Building brand awareness: Making people aware of a brand or product is an important long-term goal for any marketer. Once customers know about it, they are more likely to trust the brand. The better known a brand is, the more business it can do. And the ultimate goal is to sell more of the product or service.

Online advertising is largely visual, making it an ideal channel for promoting brand imagery and making people familiar with its colours, logo and overall feel.

2. Creating demand: Creating customer demand is a three-step process: inform, persuade and remind. Customers can't want what they don't know about. Advertising needs to convince them about what they should want and why they should want it. Online advertising provides a great way to communicate the unique selling points (USPs) of a product, helping to stimulate demand and reminding customers about the product and why they want it.

3. Satisfying demand: Once somebody wants a product, they need to find out how to satisfy that desire. At this point it is important for the marketer to show the customer how their particular brand or product will best meet that need.

4. Driving direct response and sales: All forms of digital marketing need to drive traffic and sales in the long term. However, the immediacy of online advertising also drives traffic and sales in the short and medium terms. Unlike traditional media advertising, online advertising can turn the potential customer into an actual customer right there and then. What's more, it is possible to measure accurately how effective the online advertising campaign has been in this regard.

5. The key differentiator: Online advertising is able to drive instant sales and conversions. Unlike other advertising mediums, the consumer can go from advert to merchant in one easy click. Because of the connected nature of the Internet, online activities are highly traceable and measurable, which makes it possible to target adverts and to track and gauge the efficacy of the advertising accurately. Each display advert can be tracked for success.

The Effect of Online Advertising on e-retailing:-A challenge for all online advertisers is the assessment of the effect of online marketing in offline transactions, i.e. sales in traditional commerce. As "physical" companies increase their investments on online advertising more and more, the effect on their amount of sales becomes more and more apparent.

According to a prevailing notion, web marketing constitutes a tool for obtaining new customers. It is rarely referred to as a means of maintaining one's customer base. As mentioned, further proof is provided that efficient creativeness and targeting are elements of significant importance. Technologies used by advertisers today allow for the

"charting" of customers, and even for distinguishing "first-time" customers from a company's loyal returning customers. As technology evolves, advertised parties will have access to more and more tools for establishing a personalised relationship with customers and improving this relationship.

Advertising banners increase the association of a slogan with a company. Advertised parties very often seek to associate their trademark or a specific product or service with a slogan, in order to strengthen the product's perception by consumers. The "Message Association" index refers to the percentage of people that have associated in their mind a specific message directly with the advertised company.

With the increased adoption of ad fission of the internet, world wide web is becoming gradually a standard advertisement platform. The web is offering business advertisements world with rich media tool, interactive series and global reach. Though the online activities has increased over the period of past five years, netizens find e- shopping more convenient and time saving but there is a space for improvement of delivery services and advertising the web products and services for long term success. In contrast to this, the other school of thought believes that web advertising creates negative and positive perceptions among the consumers. They perceive web advertising as portraying too much of sex and on the other hand as strong source of information and is a good thing to look at. It is interesting to study that where so much of research has been conducted regarding future of online advertising and the consumer behaviour towards it, less focussed has been given to internet advertisements and their layouts that are carried on the homepages of different websites.

Online Advertising and Business Strategy -In addition, most e-retail businesses today are not prepared to create truly unique and special offers for individual customers based on customer profile information. Infact, most companies are still only capable of offering relatively simple solutions based on customer preference data. Further explain that creating uniquely customised product offers to target customers, requires better data not just about the customer's preferences, but about the products as well.

In addition, e-retailers identify who their valued customers are and treat them accordingly. Amazon.com sends a special promotional offer to valued customers who have not recently purchased. This does

not happen for every inactive customer, only those Amazon.com feels are worth keeping. All e-retailers must provide those components that create a good customer experience to establish Internet brand loyalty and remain competitive. How well individual Internet brands meet these customer expectations will determine who keeps users loyal, and who will fall prey to more savvy competitors that lure customers away by offering more of what they want online. The struggle to acquire and retain customers will define the e-marketplace of the future.

These e-retailers have to figure out how to lure consumers and how to keep them without relying on face-ta-face interactions. Many people according to experts think of the Internet as impersonal. Yet these retail businesses have utilised the opportunities presented to them by Internet technology to build close bonds with their customers without ever meeting them or, in many cases, talking with them.

Advertising opportunities in E-Retailing-The introduction of advertising in electronic commerce has offered numerous opportunities to businesses, including reduced costs, closer relationships with customers, increased. profit and customer loyalty. At a very fundamental level, businesses operating via the Internet usually enjoy much lower overheads than their traditional retail counterparts. Advertising through websites, e-retail businesses are able to provide customers with various self service and delivery options. These, of course, offer considerable benefits to these businesses in improving product and service quality, increasing productivity and in lowering costs.

A number of measurable elements that relate to achieving higher profitability via customer retention include:

• **Base revenue**: It is the revenue an e-retail business receives from a given transaction, regardless of customer relationship or loyalty or product discounts. The longer the business keeps a paying customer, the more of this base revenue they receive.

• **Growth:** When the initial transaction creates value for a customer, the customer purchases additional products from the e-retailer. The revenue generated from that customer grows as the e-retailers' share of that customer's buying dollar and grows.

• **Referral**: Referral revenue occurs when a satisfied customer refers an e-retail business to other potential customers. The longer the business relationship with a customer lasts, the more new customers are referred to such e-retail business.

• **Price premium**: Contrary to popular belief, loyal customers will pay more for an e-retail business product than will a new customer who is not necessarily convinced of the value of the offerings. If the customer is satisfied with the value of a product, why would the customer incur the trouble and risk of trying another product? Loyal customers are not tempted to defect by competitors' discounts, and they do not require discounts to continue to purchase from an e-retailer. The more satisfied the customer is with the business relationship, the greater the premium the customer will pay.

Once acquired, a loyal customer boosts the business profits by making more purchases, paying higher prices, and being less expensive to work with. The customer also refers potential customers or associates to preferred retailer, eliminating the cost of acquiring those customers.

Advertising challenges in e- retailing- One of the first challenges advertising face when attempting to embrace e-business and its technologies is how to move from being a traditional or "bricks and mortar" businesses to being e-retail or "clicks and mortar' business. Here, a more virtual form of business may result, mixing traditional ways of working with electronic communications.

One of the key problems for advertisers is existing retail businesses is to migrate from their "legacy infrastructure' to an e-business infrastructure. While start-up companies can leapfrog these problems, established ones face some difficult challenges. This was one of the reasons why it was originally speculated that the Internet start-ups would become the dominant business model in the business to customer (B2C) Internet market place. In other words these businesses have to be prepared to reorganise and restructure themselves continuously. As such, understanding how to manage change effectively becomes essential.

The benefits that the Internet technology is expected to deliver will not be realised unless a business adapts its organisational structure and methods to meet the radical new ways of working that this new technology makes possible.

Conclusion:-Effective advertising in e-retailing business solutions demand integrated front and back end systems. This means that when customers interact via the Internet, placing orders and purchasing goods, the stock control and financial systems also need to "speak the same language" and carry out their part of the transaction processing. The problem is that many such back end systems are unlikely to be based on open Internet protocols and may even have been custom-built. Nonetheless,

such systems may be critical to a company's business, and include such details as bank account data and stock rotation information.

Back in the heyday of reengineering, many companies focused on the wrong things, such as reengineering their businesses to make them more cost-efficient. Instead, they worked from the inside out, streamlining administrative processes, manufacturing operations, procurement process, and so forth. These were all valuable initiatives, but they left out the most important piece of the equation. They did not start from the outside (the end customer) and work in. Many of these initiatives saved companies a great deal of money and made them more productive, but they have not necessarily improved revenue.

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