



Introduction to Online Business

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Overview

- What is Online Business?
- Why should firms extend their businesses online?
- What to sell online?
- How to conduct online marketing?

Overview

You will be learning about online business through:

- Simplified Theories
- Real Life Examples
- Live Demonstrations

What is Online Business?

- Online Business, also known as e-business or electronic commerce , refers to conducting business transactions over the Internet, which includes exchange of information of value in the form of products and services as well as payments, using web-based technologies.

- Fraser, Fraser & Macdonald(2000)

What Is Online Business?

- It is no different from ordinary business, except that it is facilitated by web-based technologies.
- An online transaction can be done 100% online for electronic products such as music, video clips, e-books, air tickets, cinema tickets, hotel booking, share trading, banking service and more.

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What is Online Business?

- The transaction can also be done in mixed mode where order and payment are done online while delivery is done offline
- Examples: Online shopping malls such as Amazon.com, computer stores such as Dell, Lenovo, HP and Acer, auction sites such as eBay, online bookstores such as Barnes and Noble and numerous B2B sites such as Alibaba.

Why should firms extend their businesses online?

- The World Wide Web has created electronic or virtual marketplaces where trading can be conducted without any geographical and time barriers.
- Electronic markets have the advantages of greater reach and richness than the traditional markets.

A Sample of Internet Market Analysis that shows Global Reach



Richness of market

Visits	Pages/Visit	Avg. Time on Site	% New Visits	Bounce Rate
172,826	3.63	00:04:24	70.53%	53.79%
% of Site Total: 100.00%	Site Avg: 3.63 (0.00%)	Site Avg: 00:04:24 (0.00%)	Site Avg: 70.26% (0.37%)	Site Avg: 53.79% (0.00%)

Detail Level: Country/Territory		Visits ↓	Pages/Visit	Avg. Time on Site	% New Visits	Bounce Rate
1.	United States	36,501	3.45	00:04:00	72.18%	53.58%
2.	India	32,009	4.20	00:05:12	70.55%	49.47%
3.	United Kingdom	11,765	3.47	00:04:05	69.67%	51.53%
4.	Philippines	10,855	4.43	00:05:52	69.42%	50.18%
5.	Indonesia	5,960	3.07	00:03:40	80.72%	60.65%
6.	Canada	5,838	3.43	00:03:47	68.71%	55.14%
7.	Malaysia	5,137	3.66	00:04:35	61.44%	54.74%
8.	Australia	4,036	3.72	00:04:40	70.76%	51.86%
9.	(not set)	2,889	3.62	00:07:23	67.77%	52.89%
10.	Germany	2,530	2.92	00:02:50	75.77%	61.74%

Filter Country/Territory: **containing** [Advanced Filter](#)

Go to: Show rows: 1 - 10 of 196

Graphical Analysis



Why should firms extend their businesses online

- Improved distribution of resources, relationships and efficiency of economies as well as increasing competitiveness and diminishing costs.
- Example: Telecommunication costs has greatly reduced

What to Sell Online

- Practically everything!
- However, certain products and services are more suitable to sell online.
- Examples of online products are:
 - Ebooks (View [sample](#) here)
 - Music and Songs
 - Art and Design
 - E-zines an Newsletter
 - Software
 - Games
 - Videos
 - Air tickets
 - Cinema Tickets

What to Sell Online

- Examples of online services are
 - Banking Services
 - Online Shares Trading
 - Editing and Writing Services
(<http://www.worldwidefreelance.com>)
 - Outsourcing Services (e.g: www.odesk.com)
 - Legal Services (e.g www.legalzoom.com)
 - Online Consultancy (www.liveperson.com provides services in all kinds of fields)
 - Webinars
 - Advertising Services

How to conduct online marketing?

- Online marketing refers to using the power of Internet advertising to generate a response from the web audience.
- Also known as Internet marketing or web marketing, online marketing is used by companies selling goods and services directly to consumers as well as those who operate on a business-to-business model.

-YourDictory.com

How to conduct online marketing?

Generally online marketing are conducted using the following methods:

- Websites and Blogs
- Email Marketing
- Online Advertising

Websites

- Website is one of the most crucial tools in online marketing communication. It can be used to advertise products and services as well as other information.
- A website with good contents and design can attract people's eyeballs and get them interested in the products and services offered by the company.
- It is an important step in brand building!
- Examples: Google, Yahoo, Facebook, Amazon.com, CNN etc.

Blogs

- If firms want to create online presence in a fast and easy manner and want to save cost on web hosting services, they can opt for a web log, or more popularly known as blog. A blog (short for [web log](#)) is an online journal that is frequently updated and intended for general public consumption.

Blogs

- Blog service providers usually allows free registration
- Blogs can be created instantly using the content management system provided free by the blog host.
- Thousands of blog service providers exist in the Internet. Two of the most popular blog service providers are [Blogger](#) and [Wordpress](#).
- [Sample website](#) hosted by wordpress.

Blogs

- Similar to websites, blogs can be used to advertise products and services as well as other information.
- It can also be used as a customer relationship management tool because it allows visitors to leave comments and interact with the management staff.

E-Mail Marketing

- E-mail marketing is a form of direct marketing which uses electronic mail as a means of communicating commercial to an audience.

E-Mail Marketing

- Email is one of best online marketing tools. Products Information is delivered directly to the potential buyers with lightning speed. Email is a tool that nearly online marketer uses today, and it continues to grow and be more prevalent in the lives of people around the world.

E-Mail Marketing

Using email marketing has many benefits.

- It is much more cost effective than normal offline marketing, and the return could be many fold bigger. In fact, \$57.25 was generated for every \$1 spent on email marketing in 2005, outperforming all other types of direct marketing (Direct Marketing Association)

E-Mail Marketing

- In order to start an email marketing campaign, a company needs to build a list of prospects or subscribers. The easy way is to create a web form and put them in the company's website to collect users' data..
- Firms can engage third party email marketing companies to handle the email marketing campaign. One of the better known email marketing companies is [Aweber](#).

Sample Web Form

Please sign up to Subscribe FREE
Newsletter & get A FREE E-book on
TWITTER MARKETING!

Enter Your Name

Your Email:

SIGN UP !

[We respect your email privacy](#)

E-Mail Marketing

- Once the firm has obtained a long list of potential customers, it can start sending products information in the form of newsletter to their emails.
- It can also send sales letters to promote products or services.

Online advertising

Online advertising can broadly be divided into categories:

- Banner ads and text links (including animated banners and pop-up ads)
- Pay-Per-Click advertising

Online advertising

Hello,

I am interested in buying an advertising spot on your website/blog, Online Business Blog. Please email me to discuss this possibility further at your earliest convenience.

We are open to any idea that would allow us to capture interested readers. Please let me know if you'd be open to discussing advertising possibilities further. If not, I thank you for your time.

Regards,
Chris Mullen
Business Loan Option

Pay-Per-Click Advertising Model

Pay per click is an online advertising model used to direct traffic to websites, where advertisers pay the ads hosting provider whenever the ad is clicked.

Pay-Per-Click Advertising Model

Pay per click advertising involves three parties

1. Advertisers
2. Ads hosting provider
3. Publishers

Pay-Per-Click Advertising Model

- The advertisers pay the ads hosting provider to place their ads on the publishers' websites.
- Whenever the advertisement is clicked by the user, a cost is incurred. It is also known as cost per click, which has to be paid by the advertiser to the ads hosting provider.
- The ads hosting provider will in turn pay the publishers for each click by the users.

Pay-Per-Click Advertising Model

- The most popular Pay-Per-Click advertising model is none other than Google's AdWords and AdSense model
- It is the best model because it has the largest global network of publishers.
- Using the Google's model will ensure a firm to achieve highest market reach in the global market!
- Click [AdSense](#) and [AdWords](#) to view live demo.

Google's Adwords /AdSense programme is a major topic by itself, we shall not discuss it here due to time constraints. You will learn about it in details in future lessons.

Summary

In this lesson, you have learned

- The concept of online business.
- Reasons why companies should extend their businesses online
- The meaning of online marketing and Various approaches in conducting online marketing

Discussion

- Divide into groups of four students
- Topic: Imagine you are about to start an online business. Discuss the following:
 - What product do you intend to sell?
 - How are you going to create or source the product?
 - How are you going to market the product online?

Assignment

- Prepare a multimedia presentation for the topic you have just discussed.
- Contents should include
 - Description of the specific product or service that you want to market online
 - Description of how the product or services can be created or sourced
 - Description of the online marketing strategies

Coming Topics

VIRAL MARKETING

1. We will discuss two most exciting marketing strategies today in web2.0 environment, marketing in the realm of social media:
 - Facebook marketing
 - Twitter marketing
2. How accept payment and fulfill order? We will examine in details online payment solutions and order fulfillment process.

Read about them till we meet again next time!

Thank You!

References

- <http://www.yourdictionary.com/dictionary-articles/define-online-marketing.html>
- <http://onlinebizguide4you.com>