

TISHK INTERNATIONAL UNIVERSITY

FACULTY OF APPLIED SCIENCE

Department of Information Technology

E-COMMERCE & E-BUSINESS
IT 355
2025-2026 Fall

Dr. Hala Najwan Sabeh



Lecture 5

E-commerce Marketing and Advertising Concepts

Dr. Hala Najwan Sabeh

Adapted from
E-commerce: business. technology. society

Kenneth C. Laudon
Carol Guercio Traver



LEARNING OBJECTIVES

- Understand the basic concepts of consumer behavior and purchasing, and how consumers behave online.
- Identify and describe the basic online marketing and advertising strategies and tools.
- Identify and describe the main technologies that support online marketing.



Consumer Behavior

(Review Questions-Q1)

- **Consumer behavior** is a social science discipline that attempts to model and understand the behavior of humans in a marketplace.
- **Study of consumer behavior**
 - ❖ Attempts to explain what consumers purchase and where, when, how much, and why they buy.
- **Consumer behavior model**: can be defined as the model that attempts to predict or explain wide range of **consumer decisions**. The model is formulated based on background demographic factors and other intervening, more immediate variables.



A General Model of Consumer Behavior

(Review Questions-Q2)



Independent Demographic Variables —
Background Factors

Intervening Variables —
Market Stimuli
Social Networks
Communities

Dependent Variables

SOURCE: Adapted from Kotler and Armstrong, 2009.



The Online Purchasing Decision

(Review Questions-Q3)

■ Five stages in consumer decision process:

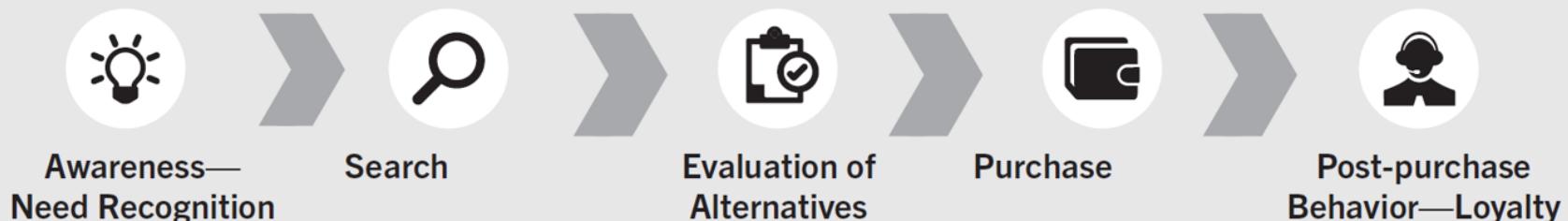
- 1) Awareness of need
- 2) Search for more information
- 3) Evaluation of alternatives
- 4) Actual purchase decision
- 5) Post-purchase contact with firm



The Consumer Decision Process and Supporting Communications

THE CONSUMER DECISION PROCESS AND SUPPORTING COMMUNICATIONS

Consumer Decision Process



Online Marketing Communications

Targeted display ads • Targeted e-mail ads • Social media	Search engines • Online catalogs • Site visits • Targeted e-mail	Search engines • Online catalogs • Site visits • Product reviews • User evaluations •	Online promotions • Discounts • Targeted e-mail • Flash sales	Communities of consumption • Newsletters • Customer e-mail • Online updates •
---	---	---	--	--

Offline Marketing Communications

Mass media • TV • Radio • Print media •	Catalogs • Print ads • Mass media • Sales people • Product raters • Store visits	Reference groups • Opinion leaders • Mass media • Product raters • Store visits	Promotions • Direct mail • Mass media • Print media	Warranties • Service calls • Parts and repair • Consumer groups
--	--	---	--	---

Figure 6.2, Page 334



The Online Purchasing Decision (cont.)

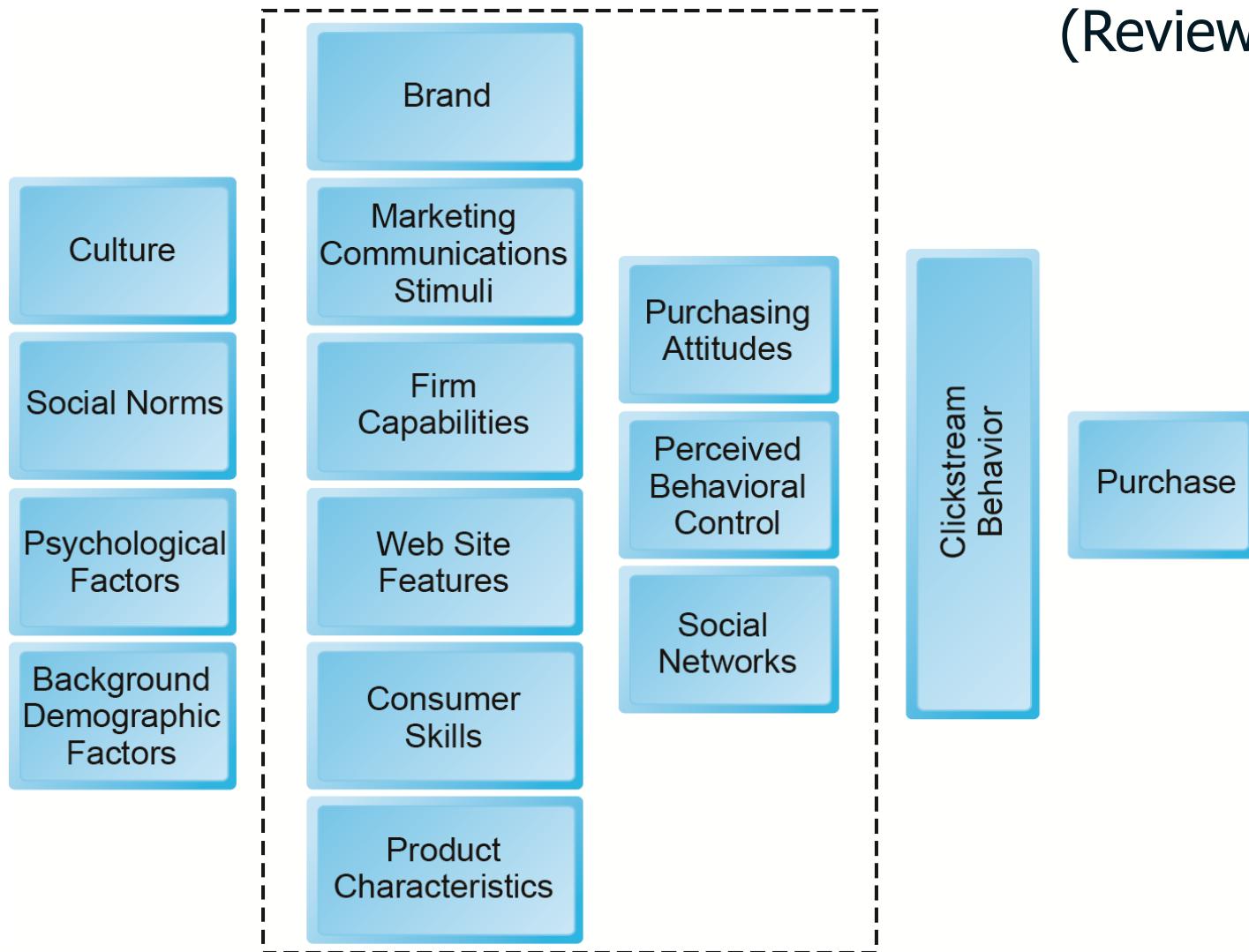
(Review Questions-Q4)

- **The decision process is similar for online and offline behavior**
- **General online behavior model**
 - ❖ Consumer skills
 - ❖ Product characteristics
 - ❖ Attitudes toward online purchasing
 - ❖ Perceptions about control over Web environment
 - ❖ Web site features: usability, security
- **Clickstream behavior:** Clickstream behavior refers to the **transaction log** that consumers establish as they move about the Web, from search engine to a variety of sites, then to a single site, then to a single page, and then, finally, to a decision to purchase.



A Model of Online Consumer Behavior

(Review Questions-Q5)





Shoppers: Browsers and Buyers

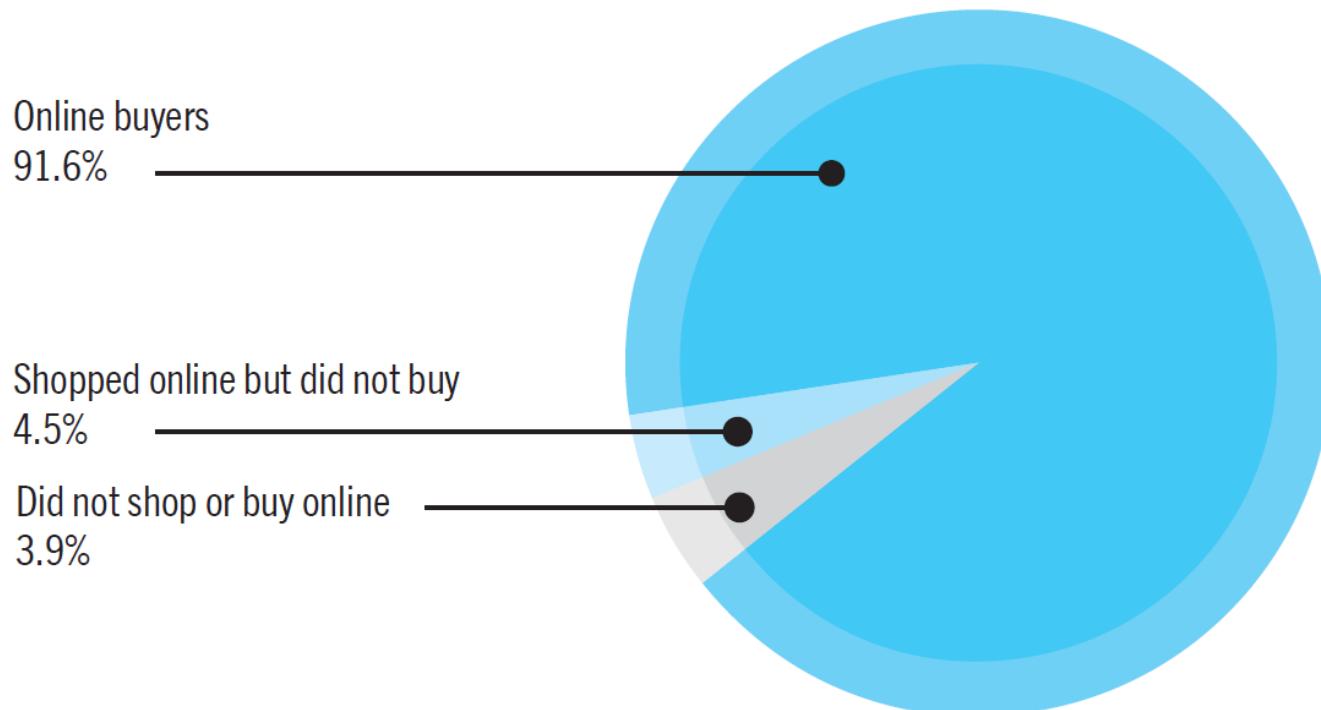
- One-third of offline retail purchases influenced by online activities
- Online traffic also influenced by offline brands and shopping
- E-commerce and traditional commerce are coupled: Part of a continuum of consuming behavior



Shoppers: Browsers and Buyers (cont.)

FIGURE 6.4

ONLINE SHOPPERS AND BUYERS IN THE UNITED KINGDOM



Over 96% of UK Internet users, ages 14 and older, shop online on desktop computers and mobile devices, either by purchasing or researching products online. The percentage of those actually purchasing has increased to over 91%. Only about 3.9% do not buy or shop online.

SOURCE: Based on data from eMarketer, Inc., 2020g, 2020h.



What Consumers Shop for and Buy Online

(Review Questions-Q6)

- You can look at online sales as divided roughly into two groups: **small-ticket** and **big-ticket** items.
- **Big ticket items (\$1000 or more)**
 - ❖ Include: Travel, computer hardware, electronics, furniture, and so on.
 - ❖ Consumers are now more confident in purchasing expensive items.
- **Small ticket items (\$100 or less)**
 - ❖ Include: clothes, books, health and beauty supplies, office supplies, music, software, videos, toys, and so on.
- Types of purchases depend on level of experience with the Web.



How Consumers Shop

(Review Questions-Q7)

■ How shoppers find online vendors

- 1) A majority of consumers use a search engine as their preferred method of research for purchasing a product.
- 2) Many will go directly to an online marketplace, such as Amazon or eBay.
- 3) Some will go directly to a specific retail website.

➤ Merchants can convert these “goal-oriented,” intentional shoppers into buyers if the merchants can target their communications to the shoppers and design their sites in such a way as to provide easy-to-access and useful product information, full selection, and customer service.



Why some people don't shop online

(Review Questions-Q8)

■ About 3.9% of UK Internet users do not shop or buy online.

- ❖ **Trust factor:** One of the most important factors cited by those who don't shop or buy online is the "trust factor," the fear that online merchants will cheat you, lose your credit card information, or use personal information you give them to invade your personal privacy, bombarding you with unwanted e-mail and pop-up ads.
- ❖ **Hassle factors** (like shipping costs, returns, and inability to touch and feel the product, etc.)



Trust and Utility in Online Markets

(Review Questions-Q9)

■ Two most important factors shaping decision to purchase online:

1) **Utility:** Consumers want good deals (Better prices), convenience, and speed of delivery.

2) **Trust:**

- Sellers can develop trust by building strong reputations for honesty, fairness, and delivery
- Online recommendations from previous purchasers and feedback forums are examples of trust-building online mechanisms

➤ Online sellers who develop trust among consumers are able to charge a **premium price** for their online products and services.



Multi-Channel Marketing Plan

- In the past, the **first step** in building an **online brand** was to **build a website**, and then try to attract an audience.
- But today, marketers need to take a much broader view of the online marketing challenge, and to consider other media channels for attracting an audience such as social media and mobile devices, in concert with traditional websites.



Multi-Channel Marketing Plan (cont.)

(Review Questions-Q10)

- **Multi-Channel Marketing Plan:** can be defined as the plan that combining offline and online marketing efforts.
- **Multi-Channel Marketing Plan** is typically the most effective. Although many e-commerce ventures want to rely heavily on online communications, marketing communications campaigns most successful at driving traffic have incorporated both **online** and **offline** tactics.



Multi-Channel Marketing Plan (cont.)

(Review Questions-Q11)

The five main elements of a comprehensive multi-channel marketing plan are:

- 1. Web site**
- 2. Traditional online marketing and advertising tools**
 - ❖ display advertising, Search engine, e-mail, affiliate
- 3. Social marketing**
 - ❖ Social networks, blogs
- 4. Mobile marketing**
 - ❖ Mobile/tablet sites, apps
- 5. Offline marketing**
 - ❖ Television, radio, newspapers



1) The website

(Review Questions-Q12)

- Website as a marketing platform: establishing the customer relationship.

■ Website functions to:

- 1) Establish brand identity and customer expectations
 - Differentiating product (identifying for the consumer the differentiating features of the product or service in terms of quality, price, product support, and reliability).
- 2) Inform customer
- 3) Shape customer experience
- 4) Anchor the brand online
 - Central point for all marketing messages



1) The website

(Review Questions-Q13)

Customer experience can be defined as the totality of experiences that a customer has with a firm, including the search, informing, purchase, consumption, and aftersales support for its products, services, and various retail channels.



2) Traditional online marketing and advertising tools

(Review Questions-Q14)

■ **Online advertising:** is a paid message on a website or other app.

- ❖ Online advertising is the fastest growing form of advertising.



2) Traditional online marketing and advertising

tools

(Review Questions-Q15)

- Online advertising has both advantages and disadvantages when compared to advertising in traditional media, such as television, radio, and print (magazines and newspapers).

❖ Advantages:

- 1) **18–34 audience is online**
- 2) **Ad targeting** (the sending of marketing messages to specific subgroups in the population)
- 3) **Price discrimination** (the ability to charge different types of consumers different prices for the same product or service. With online advertising, it's theoretically possible to charge every customer a different price)
- 4) **Personalization** (online advertising can personalize every ad message to precisely fit the needs, interests, and values of each consumer.)



Online advertising

Online advertising

- The **Interactive Advertising Bureau (IAB)**, an industry organization, has established voluntary industry guidelines for display ads. **Publishers are not required to use these guidelines, but many do.**
- For many years, IAB categorized display ads based on fixed pixel sizes, such as :
 - **A medium rectangle (300 x 250 pixels)**
 - **Large rectangle (336 x 280 pixels)**
 - **Leaderboard (728 x 90 pixels)**
 - **Wide skyscraper (100 x 600)**

(Google, 2020a)



Online advertising

(Review Questions-Q16)

Display advertisement (ad) Types

- 1) **Banner ad**: displays a promotional message in a rectangular box at the top or bottom of a computer screen.
- 2) **Rich media ad**: ad employing interactive features that engage the user, such as animations (moving graphics), or elements that trigger new content experiences, such as ad expansion, where the ad expands to a size bigger than its original size.



E-mail marketing

- **Direct e-mail marketing:** e-mail marketing messages sent directly to interested users.
- E-mail marketing was one of the first and most effective forms of online marketing communications.
- **In-house e-mail lists** are more effective than **purchased e-mail lists**. Because of the **comparatively high response rates and low cost**.



E-mail Marketing

■ Direct e-mail marketing

(Review Questions-Q17)

- ❖ Messages sent directly to interested users
- ❖ **Benefits of e-mail marketing include:**
 - 1) Inexpensive
 - 2) Average more than 7% click-throughs for in-house lists
 - 3) Measuring and tracking responses
 - 4) Personalization of messages and offers
 - 5) Mass reach
 - 6) The ability to target by region, demographic, time of day, or other criteria



Affiliate marketing

(Review Questions-Q18)

■ **Affiliate marketing**: commissions paid by advertisers to affiliate websites for referring potential customers to their website.

- ❖ Visitors to an affiliate website typically click on ads and are taken to the advertiser's website. In return, the advertiser pays the affiliate a fee, either **on a per-click basis** or as **a percentage** of whatever the customer spends on the advertiser's site.



Viral marketing

(Review Questions-Q19)

- **Viral marketing**: the process of getting customers to share a company's marketing message with their friends, family, and colleagues.
- **Viral marketing** is the **online version** of **word-of-mouth advertising**, which spreads even faster and further than in the real world. In the offline world, next to television, word of mouth is the second most important means by which consumers find out about new products.



Search Engine Marketing and Advertising

■ Search engine marketing (SEM)

- ❖ Use of search engines for branding

■ Search engine advertising

- ❖ Use of search engines to support direct sales



Social Marketing and Advertising

- There are several kinds of social networks, from Facebook, Twitter, Pinterest, Instagram, and blogs.
- **Fastest growing** type of **online marketing**.
- Targets the enormous audiences of social networks.
- Social marketing and advertising involves the use of online social networks and communities to build brands and drive sales revenues.



Social Marketing and Advertising (cont.)

(Review Questions-Q20)

■ Blog marketing

- ❖ Blog readers and creators tend to be more educated, have higher incomes, and be opinion leaders,
- ❖ Blog is an ideal platform to start viral campaign for many products and services that cater to this kind of audience. Because blogs are based on the personal opinions of the writers.



Other Online Marketing Strategies

(Review Questions-Q21)

- In addition to traditional online advertising and marketing strategies other strategies are more focused than “traditional” online strategies such as the **Customer retention** which includes:
 - 1) **One-to-one marketing (personalization)**
 - 2) **Customer co-production**
 - 3) **Customer service**
 - **Frequently asked questions (FAQs)**
 - **Real-time customer service chat systems**
 - **Automated response system**



Other Online Marketing Strategies

■ Customer retention strategies

❖ **One-to-one marketing (personalization):**

can be defined as segmenting the market based on a precise and timely understanding of an individual's needs, targeting specific marketing messages to these individuals.



Other Online Marketing Strategies

(Review Questions-Q22)

■ Customer retention strategies

- ❖ **One-to-one marketing (personalization)**
- ❖ The Amazon website is a good example of personalization at work. The site greets registered users by name (based on cookie files), recommends purchases based on user preferences (stored in a user profile in their database) as well as what other consumers purchased, and expedites checkout procedures based on prior purchases.



Other Online Marketing Strategies (cont.)

(Review Questions-Q23)

- **Customer co-production:** means the users actually think up the innovation and help create the new product. (Nike offers customized sneakers)



Other Online Marketing Strategies (cont.)

■ **Customer service**

- A website's approach to customer service can significantly help or hurt its marketing efforts.
- It has to do with users' ability to communicate with a company and obtain desired information in a timely manner.
- Customer service can help reduce consumer frustration and increase sales.



Other Online Marketing Strategies (cont.)

■ **Customer service**

(Review Questions-Q24)

■ There are a number of methods that companies can use to encourage interaction with customers and provide **customer service** such as :

- 1) Frequently asked questions (FAQs)
- 2) Real-time customer service chat systems
- 3) Automated response system



Other Online Marketing Strategies (cont.)

■ **Customer service**

(Review Questions-Q25)

- There are a number of tools that companies can use to encourage interaction with customers and provide customer service such as :
 - 1) **Frequently asked questions (FAQs):** a text-based listing of common questions and answers, provide an inexpensive way to anticipate and address customer concerns.
 - If a question and answer do not appear, it is important for sites to make contacting a live person simple and easy. Offering an e-mail link to customer service at the bottom of the FAQs page is one solution.



Other Online Marketing Strategies (cont.)

■ **Customer service**

(Review Questions-Q25)

- There are a number of tools that companies can use to encourage interaction with customers and provide customer service such as :
 - 2) **Real-time customer service chat systems:** a company's customer service representatives interactively exchange text-based messages with one or more customers on a real-time basis



Other Online Marketing Strategies (cont.)

■ **Customer service**

(Review Questions-Q25)

- There are a number of tools that companies can use to encourage interaction with customers and provide customer service such as :
 - 3) **Automated response system:** send e-mail order confirmations and acknowledgments of e-mailed inquiries, in some cases letting the customer know that it may take a day or two to actually research an answer to their question.



Marketing analytics software

(Review Questions-Q26)

- **Marketing analytics software:** collects, stores, analyzes, and graphically presents data on each of the stages in the conversion of shoppers to customers.
- The stages of the customer conversion process are :
 - 1) Awareness
 - 2) Engagement
 - 3) Interaction
 - 4) Purchase
 - 5) Loyalty and post-purchase



Marketing analytics software

(Review Questions-Q27)

- **Marketing analytics software can help managers to :**
 - 1) Optimize marketing efforts
 - 2) Build detailed customer profiles
 - 3) Measure impact of marketing campaigns



Web Analytics and the Online Purchasing Process

(Review Questions-Q28)

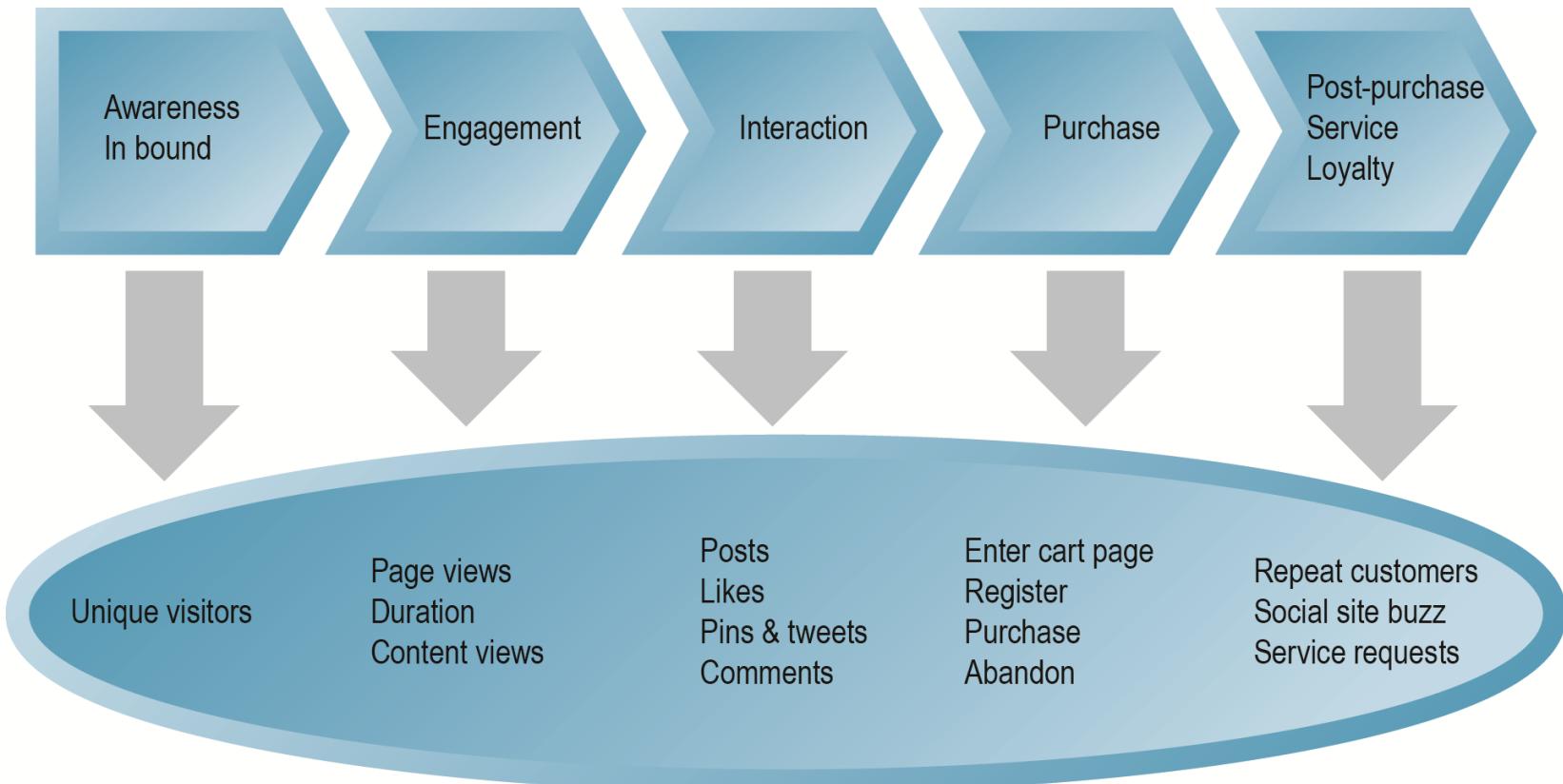


Figure. Illustration of how the marketing analytics software help e-commerce firms to better understand consumer behavior at each stage of the online purchasing process



REFERENCES

- Laudon, K. C., & Traver, C. G. (2021). *E-commerce 2021–2022: business. technology. society*. Pearson Education Limited.



Review Questions

- Q1: Define the consumer behavior model.
- Q2: Draw a figure that shows the general model of consumer behavior. (Q2 is not requested from you for this year)
- Q3: The consumer decision process for online purchasing consists of five stages. List these stages.
- Q4: Define clickstream behavior.
- Q5: Draw a figure that shows the model of online consumer behavior. (Q5 is not requested from you for this year)
- Q6: Online sales is divided roughly into two groups the small-ticket and big-ticket items. Explain briefly the meaning of "small" and "big" ticket items.



Review Questions

- Q7: List the three ways that shoppers can follow to find online vendors.
- Q8: About 3.9% of UK Internet users do not shop or buy online depending on the conducted research results. Explain the factors that prevent some people from shopping online.
- Q9: Utility and trust are the two most important factors that shape the customer's decision to purchase online. Briefly explain these two factors.
- Q10: Define the multi-channel marketing plan.
- Q11: List the five main elements of a comprehensive multi-channel marketing plan.



Review Questions

- Q12: A website is a marketing platform for establishing customer relationships. List the four major functions of the website.
- Q13: Define the customer experience.
- Q14: Define the online advertising.
- Q15: Online advertising has both advantages and disadvantages when compared to advertising in traditional media, such as television, radio, and print (magazines and newspapers). Explain the four advantages of online advertising.
- Q16: Define the following: Banner ad, Rich media ad.
- Q17: Why is e-mail marketing still useful? List the benefits of e-mail marketing.



Review Questions

- Q18: Define affiliate marketing.
- Q19: Define viral marketing.
- Q20: Define blog marketing.
- Q21: In addition to traditional online advertising and marketing strategies, other strategies are more focused than traditional online strategies, such as customer retention. List the customer retention strategies.
- Q22: Explain how Amazon applied the one-to-one marketing (personalization) strategy.
- Q23: Define customer co-production with an example.
- Q24: There are a number of methods that companies can use to encourage interaction with customers and provide customer service. List these methods.



Review Questions

- Q25: Define the following:
 - A) Frequently asked questions (FAQs)
 - B) Real-time customer service chat systems
 - C) Automated response system
- Q26: Define the marketing analytics software.
- Q27: How can the marketing analytics software help managers?
- Q28: Draw a figure that illustrates how marketing analytics software can help e-commerce firms better understand consumer behavior at each stage of the online purchasing process.