Subject: BUSINESS COMMERCE

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**Question 1(a)**

How ecommerce has changed the servicing sector? Give a few relevant examples

***Answer:***

E commerce has changed the way of doing business and changed all the servicing sectors It has changed the product development, marketing, selling process, and communication channels that revolutionized e-commerce or online selling buying methods. E-commerce changed the selling /buying elements and bringing new methods of doing business and shopping experience.

1. **Easy to Start:**

The biggest change the way to start a business. anyone from anywhere can start their online store. They can sell traditional items, classical and handmade products globally. It’s opened the doors of opportunities for small villages people and now they can sell their product directly to the customer at a good price.

1. **E-commerce brings back the monopoly in the market:**

E-Commerce business is easy to start but tough to survive. And to survive and grow the business, it’s required online business and digital marketing skills

1. **Personalized shopping experience:**

Personalized experience means people are getting what they want. Personalized digital marketing such as targeted search advertising, location-based advertising, potential customer persona and remarketing, etc. these digital marketing and selling methods are used by eCommerce companies. And in results, when people use/visit social media websites, apps, bogs they are getting the advertisement of the products they are looking for.

1. **Product prices are low:**

E-commerce changed the prices of products. E-commerce management and marketing of products are less costly than an offline store such as an online store doesn’t need a helper, infrastructure, high rent, and accounts management most of the things cost less for eCommerce owners.

1. **People can buy on the go:**

Due to the busyness and modernism people are doing shopping while they are traveling, while watching movies, attending friends’ marriage anniversary, etc. and this is because of eCommerce. Shopping methods are changing. You can do the shopping from anywhere, anytime and any device.

1. **Variety of product options:**

It takes lots of time to find a variety of products offline. People visit 2-3 shops to find one product they like. It takes time and sometimes increases stress.

1. **Easy to pay for customers:**

E-commerce changing trading methods. And one change is the cashless transactions. Today banks introduced various versions of credit and debit cards for online shopping.

1. **Easy to get paid for products:**

Not only customers are doing the cashless transaction and buying products through debit cards. but sellers and merchants are also getting paid online. Today, they don’t need to handle the cash, it’s coming directly into their bank account.

1. **Easy to target customer:**

Social Media Advertising, Cookies, keyword research tools, search engine marketing, display, and video ads offer the opportunity to target specific customers, locations. It means eCommerce bringing the change in which product is manufacturing and promoted based on the user interest.

1. **Staff can work remotely:**

Availability of highly Technically skilled people increasing the growth of e-commerce businesses. Every business and market needs expert sellers and marketers, managers, and storekeepers. But not all are able to get and attract the right talent in the business. But due to the availability of freelancers and marketplaces, there are thousands of technical experts available on the internet.

**Question 1(b)**

Discuss in detail drawbacks of ecommerce to consumer?

***Answer:***

**DRAWBACKS OF ECOMMERCE**

The disadvantages of e-commerce can be broadly classified into two major categories −

1. Technical disadvantages
2. Non-Technical disadvantages
3. **Technical Disadvantages**

* There can be lack of system security, reliability or standards owing to poor implementation of e-commerce.
* The software development industry is still evolving and keeps changing rapidly.
* In many countries, network bandwidth might cause an issue.
* Special types of web servers or other software might be required by the vendor, setting the e-commerce environment apart from network servers.
* Sometimes, it becomes difficult to integrate an e-commerce software or website with existing applications or databases.
* There could be software/hardware compatibility issues, as some e-commerce software may be incompatible with some operating system or any other component.

1. **Non-Technical Disadvantages**

* Initial cost − The cost of creating/building an e-commerce application in-house may be very high. There could be delays in launching an e-Commerce application due to mistakes, and lack of experience.
* User resistance − Users may not trust the site being an unknown faceless seller. Such mistrust makes it difficult to convince traditional users to switch from physical stores to online/virtual stores.
* Security/ Privacy − It is difficult to ensure the security or privacy on online transactions.
* Lack of touch or feel of products during online shopping is a drawback.
* E-commerce applications are still evolving and changing rapidly.
* Internet access is still not cheaper and is inconvenient to use for many potential customers, for example, those living in remote villages.

**Question 2**

Discuss why the share market price is a preferred objective of a company

***Answer:***

**FACTORS THAT ARE PROMOTING THE GROWTH OF E-COMMERCE**

There are 5 key factors that are promoting the growth of e-commerce which are as under:

1. Mobile Traffic
2. Social Media
3. Search Engine Optimization
4. The Shopping Experience
5. Faster Payments
6. **Mobile Traffic**

The increase of mobile-friendly websites has contributed a great deal to e-commerce growth in recent years. While impressive, this feat is not astonishing, considering that a higher percentage of the globe’s digital population has been accessing the internet using smartphones more than desktops since the previous year. Purchasing on the go is now a viral aspect of e-commerce, and mobile apps are as much an asset to online merchants as websites.

1. **Social Media**

The pledge for free traffic has been very alluring to online merchants. Facebook is one of the leading social media websites that accommodate 2 million active users around the globe, and a large percentage of online buyers are amongst those users. Predictably, Facebook, as well as other social media forums, has been a launching pad for thousands of online enterprises, and an increasing number of retailers are implementing social marketing techniques to drive sales.

1. **Search Engine Optimization**

SEO began with online media, but now retailers have acknowledged its enormous value in driving free users to their sites. Distinct to search engine marketing where every new buyer comes at a trivial cost to the vendor, SEO endorses site traffic through natural search. At present, nearly all online vendors consider SEO a website design priority.

1. **The Shopping Experience**

One of the few reason’s buyers prefer to purchase online rather than from a traditional store is that the internet provides them an opportunity to weigh all their options and avail the best deals. They can rapidly search for coupons and promotions as well as evaluate prices from several vendors. Furthermore, the internet takes customer demand seriously and fulfills it instantaneously, through instant delivery. Consumers don’t have to worry about the availability of items, even the ones that are tricky to source locally. The pure expediency of online shopping has added a lot to the augmentation of e-commerce.

1. **Faster Payments**

Current payment processing technologies have made buying in online store as easy as ever. Thanks to the high-risk vendor account provide, customers can easily purchase products instantly and safely via their credit cards. Mobile-based payment gateways have also been on the rise and are geared to lead the world payment markets in the upcoming years, further fueling the growth of e-commerce.

It is certainly a perfect time to be an online vendor. Business is flourishing, and if the above factors continue to play their part, things will be even better. Pakistan has already joined the fray, with Cheetay Pk, FoodPanda, and Road Runner etc becoming leading players in the e-commerce industry. Where FoodPanda and Road Runner are restricted to delivering food only, Cheetay Pk makes sure to cater to all the needs of consumers, whether its make-up, health products, food or books, they will deliver all to your doorstep. This prompt delivery service is starting operations soon in Islamabad as well. Together, Cheetay Pk, FoodPanda and Road Runner have real potential to move Pakistan to the list of leading e-commerce countries in the world.

**Question 3(a):**

Discuss banner ad placement strategies along with suitable examples?

***ANSWER***

**BANNER AD PLACEMENT**

Companies can display their banner ads on other websites by using three different ways.

1. **Banner Exchange Network**

Coordinates ad sharing so that other sites run one company’s ad while that company’s site runs other exchange members’ ads.

Exchange requires each member site to accept two ads on its site for every one of its ads that appears on another member’s site.

* **For Example**, HitExchange & linkReferral

1. **Find Web sites**

That appeal to one of the company’s market segments and then pay those sites to carry the ads.

* Takes considerable time and effort

1. **Banner Advertising Network**

acts as a broker between advertisers and Web sites that carry ads

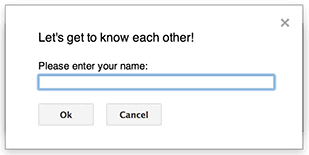
* **For example**: ValueClick & DoubleClick
* As users saw more ads, however, the ads lost their ability to attract attention.
* Click through rates dropped (2%, 0.3% - 0.5%)
* To battle the decrease in click through rates, banner ad designers used animated GIFs’, Dialog boxes, Text Ads’

1. **Animated GIFs**

* Animated GIFs with moving elements in an attempt to be more attractive to the user’s eye than stationary graphics.
* Also used Rich Media Effects E.g. Movie Clips

1. **Dialog Boxes**

Appear to be dialog boxes in the hope that confused users would click them.



**Question 3(b)**

Explain the purpose of introducing text ads? Define text ad and how text ads appear?

***ANSWER***

**PURPOSE OF INTRODUCING TEXT ADS**

The purpose of advertisement text is to announce about a case of a product to the public, or in other words to introduce a product to the public in order to buy and attracted to the product being advertised

1. **Text Ad**

* **Definition**

Advertisement using text-based hyperlinks.

* **Information**

Text-based ads, although common in email, have been dominated on the Web by their graphical-based counterparts.

Affiliate marketing is one area where text ads have flourished. However, many mainstream advertisers are only beginning to discover the power of text. Google has caused a buzz with its text advertising options, generating a self-proclaimed “click-through rate 4-5 times higher than industry standard for banner ads.”

While lacking some of the advantages of graphical ads, text-based ads have some powerful advantages of their own. They download almost instantly and are not affected by ad blocking software.