E-BUSINESS INNOVATIVE MARKETING STRATEGY

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ABSTRACT

Several Amazon and Alibaba e-commerce marketing methods will be examined and contrasted in this study report. The study's goal is to figure out how these e-commerce marketing tactics have been so successful. Jeff Bezos started Amazon on July 5, 1994, in Bellevue, Washington, as an online retailer, e-book publisher, Internet service provider, and convenience store. Alibaba is a Chinese e-commerce firm started by Jack Ma in Hangzhou on April 4, 1999. This study attempts to analyze three marketing methods used by each business - Alibaba's marketing mix and B2B/B2C, and Amazon's B2B/B2C and advertising services - to better understand their e-commerce marketing strategies. Analyzing secondary data using quantitative research methodologies and analytical reports will be used to compare the marketing mix. The marketing mix is one of Alibaba's most effective marketing tactics. A marketing mix is a set of activities or tactics that a business promotes its brands or goods. An online pricing strategy is a thorough plan for establishing how to price products online to optimize sales and profits while remaining competitive. Amazon's pricing strategy enables them to modify prices faster than Walmart, Target, Best Buy, and Toys R Us. Alibaba used to be more focused on B2B and is now more focused on B2C. In contrast, Amazon is more focused on the B2C market.

1. Introduction

Online business is becoming essential for E-business companies to attract customers, especially after the shock of the covid 19 pandemic has changed people’s consumption patterns. In this research paper, several E-business marketing strategies in Amazon and Alibaba will be explored and compared. They are respectively one of the largest E-commerce companies in the United States and mainland China. The research aims to find how those E-business marketing strategies lead to their extraordinary success. The uniqueness of those companies, both in small and large sizes, can also implement such strategies to improve their performance. Necessary comparison and data visualization will be included for drawing conclusions. Moreover, we also provided some suggestions for implication and improvement in the last part.
2. Company Background

2.1 Amazon

Amazon is an online retailer, manufacturer of electronic books, web services provider, and convenience store, founded in Bellevue, Washington, on July 5, 1994, by Jeff Bezos. It was initially called Cadabra, it was changed to Amazon because Cadabra sounds similar to Cadaver, and Amazon was named after the world’s largest river. Its Web service business includes renting data storage and computing resources via the Internet, the so-called "cloud computing."

Amazon’s first service was online bookselling, but it was not the first company to do so. Amazon guaranteed to deliver any book to any reader anywhere. Amazon started very high. It has already sold to the entire nation and other 45 different countries within the first month of launch. Even though Amazon started it as online book retail, Jeff Bezos wanted more than just a retailer. He believes that Amazon is a technology company that simplifies online businesses for consumers.

Financial journalists and analysts were not accepting Amazon at first. They think Amazon will not occur in the market when Borders and Barnes & Noble, these matured e-commerces. Yet, Jeff Bezos proves them wrong. He believes the company needs to get big to be a successful online retailer. Amazon.com grew very quickly indeed, reaching 180,000 customer accounts by December 1996 after its first full year of operation, and less than a year later, in October 1997, it had one million customer accounts. Its revenues jumped from $15.7 million in 1996 to $148 million in 1997, then $610 million in 1998.

As the company grows larger, Jeff Bezos expanded a diverse retail area. In 1998, it started its international business by acquiring online bookstores in the United Kingdom and Germany. By 1999, the company sold consumer electronics, video games, software, home decor, toys, and games. Amazon became public with the raising of $54 million on the National Association of Securities Dealers Automated Quotations and using the growth of the stocks to provide funds. The expansion attracted many customers and reinforce customer loyalty.

Since Bozas believes Amazon is more than a retail company, they provide web services starting in 2002. In 2007, Amazon.com began selling its Kindle e-reader, which helped energize the e-book market. 2018, amazon launched amazon go, a chain of convenience stores in the US and UK operated by online retailer Amazon. The stores are partially automated, allowing customers to purchase products without checking out by a cashier or using a self-checkout station.

2.2 Alibaba
Alibaba was founded in Hangzhou, China, on April 4, 1999, by Jack Ma. Jack Ma was an English professor at Hangzhou Dianzi University. He started becoming famous in the translator circle in Hangzhou because of his excellent teaching skills. He didn’t work long as a professor, he began shifting his career into business by becoming a full-time translator, but this job didn’t bring much income. So he began stepping into the business world by getting a manager job at Kentucky Fried Chicken in China and traveling to America to pursue his academic career at Harvard University.

The exposure of e-commerce in America has sparked Jack Ma, who realized the open e-commerce market in China, which inspired him to start his first commerce website. It was well-liked by the Chinese investors and started sharing ideas with some Eastern e-commerce companies. Soon, he launched another company - China Pages, valued at $1 million within three years. The creation and success of China Pages let Jack Ma have an outline of business-to-business e-commerce ideas. Then, with $35 million of venture funds, he launched Alibaba with few partners in late 1999.

As the 21st Century arrives, the idea of online shopping starts spreading to the public. Unlike America, China doesn’t have any existing/successful e-commerce, which created a vast market for Alibaba since millions of people are waiting for an online shopping opportunity as more venture funds come in. Alibaba launched a new site - Taobao.com. It’s a website that provides consumers-to-consumers online retail market. This has soon become the leading online shopping platform for Chinese and even people from other countries. Shortly after, Alipay was launched. Alipay is an online payment platform connected to online shopping sites and makes online and in-person transactions. Now Alipay has become one of the primary paying sources in China. By 2003 Alibaba had acquired all the sources to dominate the Asian e-commerce market.

Because of government suspicion of foreign business, the government has strict internet control, such as lockout of foreign e-commerce, which created a market and protected Alibaba’s market. Not till 2005, the Chinese government finally approved the partnership between Yahoo and Alibaba. By then, Alibaba has become the largest e-commerce company in Asia. Because of the internet restriction, Eastern companies have no idea what was being created in China. When Alibaba was shown to the world, similar companies worldwide started to fall behind and catchup. 2014, Alibaba’s $25 billion initial public offer has shaken the entire Wall Street, and with billions of investment cash. Alibaba is one of the world’s largest e-commerce companies globally, along with Amazon and others.

3. Research Methodology & Strategy
This study aims to understand the e-commerce marketing strategies between Amazon and Alibaba and compare the three marketing strategies for each company - marketing mix for Alibaba, advertising services for Amazon, and B2B/B2C and online pricing for both companies. The marketing mix will be compared by analyzing secondary data under quantitative research methodology and analytical reports. The study will be using existing data such as sales data, revenue data, and popularity data to analyze the marketing mix of Alibaba. In this study, a comparison of the advertising services of Amazon will be made. This will be made through analyzing the observation data with articles analysis; it will be concluded from which part of the company is more well known for, the subject of people mentions it online about the subject. In the end, the B2B and B2C marketing will also be for both Alibaba and Amazon. This will be analyzed through informative reports with the purpose of the difference and similarity of each company’s B2B and B2C marketing. The data and reports materials that the study use will be collected through the corporation website, news articles, and past studies. The data range is from the launch date of the corporation to now.

4. E-commerce Strategies

To have a successful business, online marketing is essential. All marketing strategies are built on the foundation of marketing objectives. Setting marketing goals should be a top priority because they will serve as the foundation for the overall plan. By achieving the following objectives will help the growth of the company and leads to the next level of success: increase revenue, build a brand, improve local SEO (search engine optimization), increase qualified traffic, and increase repeat purchases. A marketing strategy lays out a step-by-step plan for achieving marketing goals. The strategy lays out the stages to be followed, the precise activities that must be performed to complete each step and the estimated completion date for each phase. Marketing objectives remain a phantom without the right plan. Similarly, strategy without goals is like going to a competition expect to win but don’t know how to complete the competition.

They rely on each other to create the most successful marketing possible.

One of Alibaba’s successful marketing strategies is the marketing mix. The marketing mix is a collection of acts or tactics used by a corporation to market its brand or product. Alibaba started as an e-commerce company, but it didn’t only have e-commerce; it has expanded its market to digital media, entertainment, cloud computing, and innovative initiatives. Alibaba, the Alibaba Group’s principal product, is an e-commerce platform. The portal is the world’s largest business-to-business site. Alibaba has conquered the business-to-business sector and is presently the leader, unlike Amazon and other e-commerce portals that sell to consumers. Alibaba’s other service, Aliexpress.com, allows small companies to make minor purchases. As an e-commerce
platform, Alibaba's major advantage is its capacity to export to 240 countries, resulting in rapid and significant income. In addition to Alibaba.com, Alibaba Group has created Taobao.com, a business-to-consumer e-commerce shop in China that is similar to Ebay.com. It is China's largest e-commerce store and the country's second most frequented website.

The online pricing strategy is a completed plan to determine how to price the items to maximize sales and profits while remaining competitive. Depending on the sort of goods being sold, product demand, and competition, several e-commerce pricing techniques are utilized. The best online pricing strategy differs from one company to the others. The company's strategy may need to change as it grows. Even though a company's e-commerce operation is lucrative, it may increase earnings more if it continues to analyze and improve its item pricing strategy. The best price strategy is determined by how much customers are willing to pay for your goods, determined by various factors such as brand recognition, demand, and competition.

Although Alibaba and Amazon both use pricing strategy their pricing model is entirely different. Alibaba monopolized the entire Chinese market. Even Amazon has a large market in America. However, it still has many competitors that it needs to worry about adjusting the prices based on its competitors.

Alibaba and Amazon also have their pricing strategy. Alibaba uses penetration pricing to discover new markets. As a consequence, it provides discounts and cashback to clients on its website, as well as lowering transaction fees. Some of the services they provide have no transaction fees. There are no registration costs for certain services, such as Aliexpress. Alibaba's leading source of revenue is advertising put on their site by businesses. Customers who become members generate secondary revenue. It also utilizes competitive pricing to boost sales, providing items at similar costs to its competitors. For the most part, it is more cost-effective.

Amazon's pricing approach allows them to change prices at a rate that Walmart, Target, Best Buy, and Toys R’ Us can't match. While Amazon may alter prices by the thousands every day, its competitors are limited to only a few hundred price ranges. This barrage of pricing adjustments may go unnoticed by many, but it helps Amazon to maintain a competitive advantage in several ways. Amazon's pricing approach allows them to change prices at a rate that Walmart, Target, Best Buy, and Toys R Us can't match. While Amazon may alter prices by the thousands every day, its competitors are limited to only a few hundred price ranges. This barrage of pricing adjustments may go unnoticed by many, but it helps Amazon to maintain a competitive advantage in several ways. They set the standard high enough to beat any brand that might be considered a credible competition. Electronics, bookshops, clothing, and media are just a few of the sectors that Amazon has taken over. They've built a system that can't be defeated right now.
Amazon’s advertising service is an innovative marketing e-strategy related to the online marketplace’s strategic marketing decisions. Amazon Marketing Services was the company's initial product ad platform. It has been phased out, and Amazon Advertising has taken its place. This new platform gives merchants a streamlined method to manage all media, marketing, and advertising under one roof. Amazon Advertising is where sellers can learn about all of their advertising options. At the moment, sellers may choose from three distinct forms of sponsored advertisements. Sellers are only compensated when a customer clicks on an advertised product.

Amazon’s advertising business is quickly expanding, particularly as the company expands its products across the ecosystem. On Amazon.com, applications, third-party sites, apps, and platforms, the Amazon DSP (Demand Side Platform) allows merchants to buy display and video advertising programmatically at scale and target audiences.

This leads to Amazon’s B2B and B2C marketing strategies.

B2B (Business-to-business) transactions occur between companies, such as between manufacturers and distributors or wholesalers and retailers. B2B transactions are those that take place between businesses rather than between firms and individual customers. B2C refers to the practice of selling goods and services directly between a company and its customers, who are the ultimate users of the company's goods and services (business-to-consumer). The majority of businesses that sell directly to customers are referred to as B2C businesses.

In comparison to B2B, Amazon focuses more on the B2C sector. They let businesses sell their goods to customers who shop on their websites. While businesses may use Amazon to purchase items, Amazon does not specialize in the B2B sector. Manufacturers and wholesalers who are new to Amazon or who are experienced sellers may now target business clients. Small to big businesses will discover new methods to attract more business consumers through a trusted Amazon experience thanks to a specialized set of solutions for B2B e-commerce.

Amazon's business-to-consumer and business-to-business divisions intersect to some extent. When Amazon, for example, assists a seller in creating her page to list her items, it is indirectly benefiting the buyer. On the other hand, Amazon sells new and used items that customers may purchase straight. Amazon is also servicing consumers in this way now that it has entered the digital media market with its exclusive Kindle e-reader and select e-books. For a monthly subscription, Amazon Prime members receive reduced instant video and e-books, as well as free delivery incentives. Amazon offers two selling plans - professional and individual. This is a type of B2B and B2C marketing strategy. Sellers will be required to pay extra fees for the sale of products in addition to these costs.
Selling plan comparison

The following table summarizes the differences between Individual and Professional selling plans.

<table>
<thead>
<tr>
<th>Seller account feature</th>
<th>Plan type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Professional</td>
</tr>
<tr>
<td>$39.99 monthly subscription fee</td>
<td>Yes</td>
</tr>
<tr>
<td>$0.99 per-item fee when an item sells</td>
<td>No</td>
</tr>
<tr>
<td>Create new product pages in the Amazon catalog</td>
<td>Yes</td>
</tr>
<tr>
<td>Manage inventory using feeds, spreadsheets, and reports</td>
<td>Yes</td>
</tr>
<tr>
<td>Manage orders using order reports and order-related feeds</td>
<td>Yes</td>
</tr>
<tr>
<td>Use Amazon Marketplace Web Service to upload feeds, receive reports, and perform other API functions</td>
<td>Yes</td>
</tr>
<tr>
<td>Amazon-set shipping rates for all products</td>
<td>No</td>
</tr>
<tr>
<td>Seller-set shipping rates for non-iBMVD products</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Make listings inactive</strong> when you want to stop selling for a period of time** (for example, if you can’t fulfill orders for any reason, such as family emergency, inclement weather, going on holiday or vacation, and so on)</td>
<td>Yes</td>
</tr>
<tr>
<td>Promotions, gift services, and other special listing features</td>
<td>Yes</td>
</tr>
<tr>
<td>Eligibility for listing placement in the Buy Box</td>
<td>Yes</td>
</tr>
<tr>
<td>Ability to calculate U.S. sales and use taxes on your orders</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Note: If enrolled in Tax Calculation Services, see Upgrade / Downgrade and Tax Calculation Service before you switch your account to an Individual selling plan.</strong></td>
<td></td>
</tr>
<tr>
<td>Access user permissions/grant access rights to other users</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Alibaba also uses B2B and B2C marketing strategies. Differ from Amazon, Alibaba is essentially a business-to-business (B2B) e-commerce marketplace. While they have other B2C sites, their primary concentration is on Alibaba.com, a business-to-business marketplace. Although their B2C company is expanding, they continue to dominate the B2B industry. Alibaba offers three selling plans: Plus, Plus for two years,and Pro.
Even though Alibaba is mainly focused on B2B, it also has B2C. Since Alibaba also uses a marketing mix strategy, within Alibaba Group, there are many sub-sectors. Taobao Mall is an example of B2C. Taobao is similar to Amazon. It is a business-to-consumer (B2C) platform that enables major corporations and brands to sell directly to consumers.

5. Limitation and Suggestions

Both companies, Amazon and Alibaba, have some fantastic e-commerce marketing strategies. But as the world improves, there are some aspects that they can make changes to make more profit. Amazon already has a matured marketing system by its SEO, marketing service, and B2B/B2C system. With the improvement in customer service and personalized deals, it can earn more profit.
a. Customer Service

I. Problems: Now, the customers can not have a one-to-one live chat about the products. Although, the product description is very detailed and specific. But if any customers have any questions about the product, they have to email the storeowner. Even though there is a question and answer sections on the product page to search for the answer that customers need, it still might not cover all the questions if the customer needs the product as soon as the product but have a question that was necessary to be answered, by emailing the customer service for an answer might not let the customer get the product within the time limit.

II. Suggestions: An online one-to-one live chat (during work hours) provides a place for the customer to get the question answered immediately. There will be a live chat bottom or section on each product page for customers to ask questions. Each business owner on Amazon or its customer service will get a notification if a message is sent.

III. Results: This will appeal to the customers who want the problem as soon as possible but with questions. This also provides a better customer service experience to all the customers out there looking for a way to get their questions answered sooner.

b. Personalized Deal

I. Problems: Customers now are missing out on some great deals. It’s not often for Amazon users to receive deal suggestion emails or leaflets in their mailbox; therefore, it could cause them to miss a deal they wanted.

II. Suggestions: It was noticed that Amazon sends emails to Amazon users about some similar product that the user was looking at. This means Amazon already collected users’ data. This users’ data could be used to search for deals on a similar product that the users were looking at but did not order. Leaflets could also be delivered to the users when they ordered something from Amazon. Leaflets will have the product that has the deal that won’t end by the time the customer receives the product.

III. Results: This will appeal to users who think the price is high but still want the products. And the user doesn’t know if it’s necessary to buy one product but see if it’s on sale or have a deal with it. It has a higher chance for them to buy it, which gives more profit to Amazon.
Alibaba’s successful marketing mix, social media, and B2B/B2C marketing strategies brought it to one of the largest companies in the world. With SEO and B2B improvement, it can earn more profit.

a. SEO

I. Problems: Alibaba’s SEO is not as mature as Amazon’s. Due to a large amount of user flow, the search tends to require more specific information, making it harder for the user to find the product. As well as, it did not improve the quality and quantity of website traffic and brand exposure practices.

II. Suggestions: Alibaba's search engine could perform fuzzy searches. To ensure the information's efficacy and availability, get rid of obsolete and worthless material. Alibaba could use Amazon as an example and provide SEO service to the business using Alibaba’s business platform. There will have a different charge for the SEO service.

III. Results: This will increase user flow despite the need to put specific words in while searching. This will make users’ searching experience easier and more efficient. The SEO service will be let more businesses to sell their product through Alibaba.

b. B2B

I. Problems: Due to the strategy change, Alibaba spent a significant amount of money on Taobao.com, a C2C personal trade site, due to the strategy change. Alibaba will be confronted with the challenging scenario of a significant drop in B2B old clients and an insufficient number of new customers. Base on the data flow, B2B is still doing well but ALEXA's English website, on the other hand, barely accounts for 6% of its overall traffic, according to third-party data. Given the frequency with which Alibaba's Chinese suppliers visit its English website, this suggests that Alibaba is doing something right. In reality, international traffic will account for less than 2% of overall traffic. In other words, more than 98 percent of daily visitors to Alibaba.com are Chinese. This demonstrates that there is a gap between Alibaba's overseas trade and internationally famous B2B websites.

II. Suggestions: Alibaba’s B2B clients are primarily international trade export-oriented companies, and while the world economy is currently in recession, Chinese products are still highly respected in terms of price, quality, and reliability. As well as to increase the added value of products, expand buyer channels while producing more effective value-added services.

III. Results: Increasing B2B clients, will shorten the gap between Alibaba and the international B2B company.
5.1 Strategies suggestions for new companies enter the e-business field

New companies that are entering the e-commerce market usually struggle at how to market their business. It’s not easy to find one or more strategies that fit them. It's critical to keep up with the most recent e-commerce marketing trends and business technology. The creation and launch of an e-commerce website is a turning point for your business. As a result, it's critical to invest in a well-structured website and an E-Commerce marketing strategy.

a. Optimize the layout of the e-commerce website

I. It's critical to evaluate conversion components’ layout, wording, and positioning on your e-commerce site once it's launched or redesigned. When clients come to your website, you want to make sure that the checkout process is transparent and straightforward so that they are naturally attracted to buy your items and understand how to do so. The language used on landing sites and product pages, the language used in conversion components, and even the strategic positioning of symbols and elements should be tested. For this, you can utilize a number of usability testing techniques.

II. Both Amazon and Alibaba’s website is well organized, so the users can easily guide themselves. It’s an excellent example for the new business.

b. Google SEO

The language used on landing sites and product pages, the language used in conversion components, and even the strategic positioning of symbols and elements should be tested. For this, you can utilize a number of usability testing techniques. Paid advertising, social media, and other online channels can all assist drive traffic to a website, but search engines still account for the vast majority of internet traffic. Natural search results include more digital assets, look more trustworthy to knowledgeable searchers, and receive more clicks than sponsored advertising. Only approximately 2.8 percent of all searches in the United States result in a sponsored ad click. According to research, SEO has about 20 times more traffic opportunities on mobile and desktop devices than PPC.

6. Conclusion

Compared to conventional retail, e-commerce allows firms to access a more significant number of clients. It is the fastest-growing retail market due to the large number of individuals who buy online. According to statistics, 96 percent of Internet users in the United States have shopped online. The e-commerce industry's lifeblood has become digital marketing. It moves away from traditional advertising's brick-and-mortar strategy and instead uses digital marketing to boost your
e-commerce firm. Disrupt the e-commerce market by fueling the online store with a steady stream of sales and profits. The digital age has revolutionized the way people work. It has revolutionized business. At the turn of the 21st century, everything shifted to the Internet.

The introduction of the Internet to business brought changes in marketing and advertising, e-commerce, data, and IT. One of the most significant innovations brought about by the digital age is online shopping. The sales funnel and inertia are broken by digital marketing for e-commerce businesses. The results show that it is a daily practice. If appropriately use digital marketing tools, there will have more room for the company to expand.

There are many e-commerce marketing strategies online. But it’s crucial to the right ones because not all businesses are functioning in the same way. Amazon’s marketing strategies don’t necessarily work for Alibaba, even though they focus on online retail and vice versa. The reason why both companies are doing it all is that they found the strategies that fit them.

The strengths and weaknesses of e-strategies are depended on the strategies the company chooses. One of the strengths of e-strategies could be making shopping more accessible. Perhaps the most significant benefit of e-commerce companies is their widespread accessibility.

Shopping used to include going to a particular location at a specific time. Buyers may now explore, learn about, and purchase items from the comfort of their own homes at any time of day. One of the weaknesses could be it limited customers’ shopping experience. Some items are more suited to online sales than others. Books, electronics, and kitchen equipment, for example, are simple to sell through online retailers since customers know what to anticipate. Some goods, however, are far less adaptable; the most significant example is clothes. Consumers have difficulty purchasing clothing online since they have no way of knowing if it will fit, feel, or look. Unfortunately, providing an authentic shopping experience will be challenging for e-commerce companies.

References


