

## INTERNET MARKETS & E-ADVERTISING ACTIVE MODELS IN PAKISTAN

Internet Markets & e-Advertising Active Models in Pakistan: Signifying e-Advertising Artifacts

Apposite For e-Business Startups

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## Abstract

In recent years internet market continues to maturely expand at even more pace than ever before. In Pakistan entrepreneurs and organizations are accepting web technologies to expand businesses utilizing the robust dynamics of Internet Marketing and e-Advertising. The e-Advertising artifacts offer wide range of benefits to business community such as interactive and personalized e-ads, social media and use of SEO to reach target customers precisely. This study is focused on attempt to mark the trend for adoption of such models in Pakistan e-Business startups and their effectiveness. There are variety of advertising models available in e-Advertising i.e. search engine marketing, permission advertising, affiliate advertising etc each with its own unique features. The core benefits of e-advertisement are measured in terms of creating brand awareness, attracting customers and improving brand loyalty. The literature review establishes a sphere highlighting use of internet in businesses around the globe generally and Pakistan especially. Furthermore, a close study of Pakistani environment has been taken as a test case to understand and develop an e-Advertising model for e-Business startups. The e-Advertisement adoption model suggests artifacts that are most suitable for e-Business startups considering their specific needs. This model will be helpful for organizations in Pakistan who wish to utilize the exciting features of e-Advertisement artifacts such as feedback of e-Advertisement campaigns or just in time advertisements.

Keywords: e-Advertising, Pakistan, e-Business Startups, Online Brands, Web Marketing, Suitable e-Advertising artifacts

## Introduction

First part introduces the topic and businesses orientation towards using internet facilities along with consumer behavior in Pakistan. The e-Business startups in Pakistan look forward to attain a considerable customer base committed with the online business. The situation stipulates advertising to amplify brand awareness, customer loyalty and personalized advertisements. There are other factors as well contributing towards choosing an advertising model including product life cycle, customer's trends and technology offering although we have considered e-Business startups and suitable artifacts for them as a primary focus.

Second part of the paper looks into the literature review and establishes a sphere highlighting the use of internet in businesses around the globe generally and Pakistan especially. Furthermore, a close study of Pakistani environment has been taken as a test case to understand and develop an e-Advertising model that could be established or worked out in the environment.

Finally the paper presents a workable model presenting a framework for concluding an evidence of success in Pakistani e-Business startups leveraging on e-Advertisement.

### *Related Study*

E-commerce has matured over recent years and widely developed in technology oriented countries. The corporate and occupational world, supported industry, already stands transferred, which by latest estimates exceed \$400 billion worldwide. The proportions of internet users are speeding up hour by period all over the environment and identical is the trend with Pakistan. In 1995, almost .01% of Pakistan population manipulate internet on the contrary in 2008 this ratio goes elevated and like now it's almost 14.1% of the complete population (Ali Iqbal <sup>2</sup>. 2008).

The number of internet users in Pakistan is growing fast. According to the government's economic survey for 2005/06 there were an estimated 2.1m Internet subscribers and about 10m Internet users in June 2005 (latest figures available) and Internet access had expanded from 29 cities in August 2000 to 2,339 cities and towns by June 2006 (Global Technology Forum <sup>1</sup>). Optical fiber networks were available in 500 cities in June 2006, compared with 53 cities in August 2000; Pakistan had 170 Internet service providers in June 2006. (Economist Intelligence Unit <sup>3</sup>)

Pakistan has a number of barriers to e-commerce, including inadequate infrastructure (insufficient telephone line and frequent power failure): relatively few internet users; and lack of security for online transactions. The government is working to overcome these problems and has made some progress.

During August 2006 various e-commerce projects and initiatives were underway in the public and private sectors, including electronic-government projects worth US\$300m at the federal and provincial level. For example, a five year, US\$30m project funded by World Bank at the State Bank of Pakistan (the central bank) to interlink gross settlements (RTGS) project with backward linkages to commercial banks and the clearing house is scheduled to be completed by end-2006. (Overview of e-commerce in Pakistan <sup>3</sup>)

It is important to recognize that E-commerce is not simply operations. As a matter of fact, e-commerce appears to be generating a significant amount of entirely new economic activity one that would not have occurred in the absence of e-commerce. This is largely because of E-commerce's unique advantages – an increased access to information that allows buyers to differentiate between alternative products and services. It appears that the Internet is exerting a

similar effect on the economy by providing a market-space where consumers have more options and more information to assist them in making purchasing decisions. The broad contention made by most observers in this connection makes the electronic market-space more efficient than traditional marketplaces.

*Analysis and evaluation of digital markets in Pakistan:*

Overwhelming response to social networks and online communities like Facebook have proved to be an effective tool for direct marketing that is focused on localized audience. Banner advertisement on such communities can be very useful considering the ability to reach precise target audience based on the demographics and their interests. For example online community members are mostly university students, SME's entrepreneurs and professionals who daily spare some time to visit and keep their "walls" (Facebook) posted with latest interests. It is this very benefit which has attracted companies like Zong, Mobilink, education consultants, Forex companies, recruitment Agencies and private brand owners to display their banners on website having majority of users signed up with nationality of Pakistan.

There is huge opportunity for both electronic and traditional businesses to exploit the use of such communities in order to precisely reach target customers. There are exciting new online promotional tools lately used by companies apart from viral advertising, email marketing and search engine marketing (SEM), one considerable tool is what can be categorized as Direct Online Marketing as an analogy to personal selling.

The nature of online advertisement posses unique offerings in contrast to traditional advertisement models such as "precise intimacy" i.e. online banner ad can be used for advertisement that generate reports about how many people viewed this ad, how many of them

actually clicked on this ad and how many of them brought business to the organization through online banner ad. In contrast, a traditional banner ad campaign can only end up with an estimated number of people who “may” have viewed the banner while driving home. It is almost impossible to estimate that how many of them brought business in response to that traditional banner Ad so in short the ability to measure impact of advertisement investment is more precise using online advertisement.

*Findings:*

In Pakistan considerable numbers of e-Business startups are using opportunity of online businesses with a prominent focus of online advertisement for promotion of their brand and attracting new customers. Galaxy Computers ([www.galaxy.com.pk](http://www.galaxy.com.pk)) sells computers and its accessories through its web presence leveraging on COD & Bank Account Payments. The portal is incorporated with company’s inventory system and shows updated stock levels as well as approximate details of arrival of fresh stock. Galaxy Computers uses email marketing and SEM extensively for its brand awareness.

Global Career Consultancy is a pure-play recruitment company and uses community networks such as Twitter, Linked in and Facebook as a primary source for their own promotion and connecting with their target clients i.e. professionals, students and any other type of potential employees & employers. The concept of such company relies on client intimacy for job seekers and response time for employers. Such kind of promotional model is only possible with online communication and promotional tools.

Another example of online operations is TCS-Pakistan that offers product line of Sentiment Express through which resident & especially non-resident Pakistanis can send gifts and greetings

to their loved ones through online orders. TCS- Pakistan uses online banner ads on Pakistani online newspapers websites (e.g. (www.jang.com.pk) as well as on community sites such as (www.naseeb.com.pk). Online recruitment companies (www.rozee.pk), education institutes (www.ucp.edu.pk) and other commercial companies (e.g. Nirala Sweets etc.) have found online ads a viable solution for their promotion. In general most of the Pakistani companies have started in right direction, building their brand presence through highlighting their URL's in packaging, traditional advertisements and stationeries.

Future trends in technology advancement such as rapid use of cell phones and 3-G mobiles shows new tools of e-Advertising will evolve such as short messaging advertisement and location based advertisements.

#### Recommendation Of E-Advertising Artifacts Significant For E-Business Startups

The analysis conducted on e-Business startups in Pakistan the authors feel the entrepreneurs, organizations and individuals should focus on devising appropriate mix of e-Advertising artifacts. The adoption framework is suggested based on after mapping the features of each e-Advertising artifact for the suitability for requirements of the e-Business startups. The suggested e-Advertising framework is adapted from existing research source.

|          |         | Requirements  | e-Advertising Artifacts  |                    |                    |                 |                 |
|----------|---------|---|--|--------------------|--------------------|-----------------|-----------------|
|          |         |   | Search   | Banner             | Permission         | Affiliate       | Viral           |
| Business | Common  | Attract New Customers                                 | Highly Recommended   | Recommended        | Not Recommended    | Recommended     | Recommended     |
|          |         | Provide in-depth information of the brand and product | Not Recommended  | Not Recommended    | Highly Recommended | Not Recommended | Not Recommended |
|          |         | Track customer interests and trends                   | Not Recommended  | Not Recommended    | Highly Recommended | Recommended     | Recommended     |
|          | Startup | Generate traffic to the website                       | Highly Recommended   | Recommended        | Not Recommended    | Recommended     | Recommended     |
|          |         | Build a brand image                                   | Recommended  | Highly Recommended | Recommended        | Recommended     | Not Recommended |
|          |         | Reach target customer segments                        | Recommended  | Recommended        | Recommended        | Recommended     | Not Recommended |
|          |         | Highly Recommended                                    | The advertising artifact fulfils the requirement effectively and should not be avoided |                    |                    |                 |                 |
|          |         | Recommended   | Fulfills requirements but should be supplemented with other models                     |                    |                    |                 |                 |
|          |         | Not Recommended                                       | Should not use this model  |                    |                    |                 |                 |

The framework devised here is an effort to map e-advertisement models with businesses which are either startup, established or common businesses. A startup business is the one which has been recently formed, possesses little or no brand image and customer base. Electronic commerce startups have a fundamental need to develop and retain customers on top of it these companies have to build their brand awareness and reach target customers with cost effective advertising mechanisms. So overall advertising issues for a startup business are 1) Gain customer attention 2) Build brand image and 3) Reach target customers. The established businesses are the ones which have a known brand and possess a large customer base. For an established business the advertising issues are different from a startup business they are 1) Improve customer's attitude/image of the brand 2) Encourage brand loyalty 3) Up-sell customer to premium product or service and 4) Increase repeat purchase.

Based on case studies and other literature review authors have analyzed that each advertising model has its unique feature that can serve the purpose of specific business requirements of Pakistani organizations. The adoption of business advertising channels has several influencing

factors like customer trends, product life cycle, business industry dynamics and technological trends. Starting with Search Engine Marketing (SEM) the most prevalent model in the e-Advertising space today this model is found to be effective to drive traffic into the business website exposed by the fact that 98% of the online consumers uses search engine to research or purchase a product or service. More than 80% of web queries are informational, 10% are transactional and 10% navigational (Jansen, B.J & Spink, A 2009). However SEM provides limited support for building brand image, increase repeat purchase and disseminating information about products of its constraints in content quantity and linear media.

Banner Ads are second largest used model in e-Advertising. When consumers see an online banner about the product they want, many do not click and go for purchasing the product right away. Banners therefore are the primary vehicles to create awareness of the brand amongst potential customers.

Permission advertising is better for customer retention and controlled information processing costs. Permission advertising can increase brand image by offering personalized promotional contents, it can also pave up repeat sales & up selling. Lately adoption of affiliate advertising or paying others fees for selling our products is becoming widespread; creating an attractive affiliate program for the business may be the perfect way to enlist an army of sale channels to promote a product.

Lastly the viral advertising that applies new tools and techniques in order to spread the word about a product or service can be used to create awareness about product or services.

In conclusion the startup businesses should adopt a combination of Search Engine Marketing and Banner Ads to quickly drive in visitors. Besides banner to build brand image, affiliate advertising

should be preferred by the startups to reach target customers. However startups should be careful in using viral advertising since it may damage their brand building process.

The established online businesses should use permission advertising to satisfy needs of repeat ordering, enhancing brand loyalty and up sell customers to premium products. Banner Ads are suitable for improving the brand image. Apart from these unique business needs with reference to brand image and customer base businesses must calculate the other influential factors like customer trends, product life cycle, business industry dynamics and technological trends before choosing an e-Advertising model. Recommended framework would be helpful in saving time and money of businesses in Pakistan to exploit the use of e-advertisement models.

### Conclusion

It is important to recognize that e-commerce is not simply operations. As a matter of fact, e-commerce appears to be generating a significant amount of entirely new economic activity one that would not have occurred in the absence of e-commerce, which has a major part in developing the concept of globalization bringing the world closer to each other. Keeping in view the growth of internet industry generally in the world and especially in Pakistani business environment it has been proposed to use different net advertisement models form Search Engine Marketing, Permission Advertising and Affiliate Advertising etc., using their own unique features.

In this regard the researchers have devised the framework in an effort to map e-advertisement models with businesses which are either start-up, established or common businesses. For all startups, common or established businesses in Pakistani environment - the advertisement models - may have been different but to start up e-advertisements: Search Engine Marketing (SEM) the

most prevalent model in e-advertisement is found to be effective to drive traffic into the business web-sites, followed by viral advertising that applies new tools and techniques in order to spread the word about a products or services.

Lately, the businesses using internet as promoting or selling tool can enhance their activities by including number of other marketing tools as viral marketing, permission marketing or on-net direct selling by developing active websites and interacting to the customers with latest tools such as call center presence.

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