

CUSTOMER ACQUISITION ACTIVITIES OF WEB STORES

¹*Edina Lendvai, ¹Gábor Tóth*

¹University of Szeged, Faculty of Engineering, Mars tér 7., 6724 Szeged, Hungary,
e-mail: lendvai@mk.u-szeged.hu

ABSTRACT

Based on the domestic and international market trends of the last decades, it can be stated that the number and turnover of web stores, internet commerce is growing dynamically from year to year. The aim of our research is to explore the effective, proven customer acquisition methods of modern web stores. As part of this, the subject of our literature research was to explore the popular advertising platforms for web stores and their basic marketing principles and their optimal structure based on them. In our professional research, on the one hand, we explored through structured interviews what methods and communication are considered effective by the three webshops competing and selling in the different markets based on their experiences. On the other hand, we examined the shopping habits and preferences of consumers in the form of a questionnaire. The information obtained in this way can be crucial in planning the marketing strategy for any existing or new web store. We have found that one of the most important attributes in acquiring customers is reliability. From the beginning, you should strive for positive customer reviews as well as regular value creation proficiency must be demonstrated through content production, with which the business can build a committed community.

Keywords: marketing communication, consumer habits, structured interview, questionnaire

1. INTRODUCTION

E-commerce is an abbreviation for internet/electronic commerce, which is more recently referred to in common parlance as several other synonyms, such as internet commerce, online commerce, e-commerce, online purchase, or online selling. Essentially, every concept embraces the emergence of e-commerce: The sale and purchase of goods take place via the Internet, which includes payment transactions too. E-commerce saves a lot of time and energy for the customer, as the process is much simpler than an average purchase. It is not tied to opening hours, the desired goods or services can be accessed and ordered even from the desk, we can order products or services not only from Hungary but also from the other part of the world. However, customers may find themselves in a vulnerable situation, as they cannot check the authenticity of the seller or the quality and parameters of the ordered product [1.]. On the other hand, the fact that payment transactions take place online is not the only condition for a sale to be considered as e-commerce. Often, payment transactions do not take place online but offline when the e-merchant provides the opportunity to do so. This is the case, for example, with the postpaid or in-store collection. Regardless, the process of the purchase took place in the online space. Drawing from these results, it can be concluded that all sales when the buyer and seller meet online, the buyer selects from the offered goods online and the sale and purchase are also recorded online mean e-commerce [2.]. From a legal point of view, acts relevant to electronic means by distant actors that constitute a civil law relationship between individually identified entities are referred to as e-commerce. An additional condition for this is that the provisions on electronic commerce are not excluded [3.].

In recent decades, digitalization has led to a steady increase in online shopping. In 2019, internet commerce grew by 16%, but restrictions caused by the coronavirus epidemic further increased this number. Research has shown that there is an increase in almost all product categories, but personal interviews have also shown that the limiting factors in people's minds and their reservations about online shopping have not diminished, so the sudden jump is only due to restrictions on offline shopping[4.]. During the coronavirus epidemic, global e-commerce performance has also increased. It increased from 6 percent in 2019 to 19

percent per year by 2020, according to a 2021 annual report presented by the United Nations Conference on Trade and Development (UNCTAD) [4.]

1.1 The types of webshops

In order to understand the marketing of different websites, we need to know exactly what kind of webstore we have to deal with. These fundamentally determine the target group of the company, the products it sells to, the methods it uses to reach customers, and its role in the pricing strategy.

Based on several sources, the following categories have been defined:

- From a direction point of view: According to the direction of sales, we distinguish between the B2B and B2C webshop as we discussed above. A feature of business-to-business webstores is that they sell to companies. In contrast, business-to-customer webshops sell their products and services to individuals [2.].
- Quality of the product: According to the quality of the goods, we can speak about 2 large groups, which can also be divided into 2-2 smaller groups. The first large group is the online stores that sell their products. There are online stores that sell physical products, which is practically the application of the model used in offline shopping to online interfaces. In this case, the consumer buys a product that actually exists in the physical reality, who can take it over during personal pick-up or delivery of the product he or she has ordered. There are stores that do not sell physical products. These are typically accessed by the consumer immediately after the processing and confirmation of the payment transaction, so immediately after the purchase is completed, because this product does not need to be delivered. We can talk about products purchased online which can be used in cyberspace. Such a product can be an e-book, a document, or software. The second large group is the webshops which sell services. As in the previous group, it can be divided into two subgroups. In the case of webshops selling physical services, only the order is finalized and recorded in the online space, the service is already performed offline. Among the practical examples, the most common are the various personal trainings, language courses, and wellness services that can be ordered online. In contrast, in the case of those selling non-physical services, similar to those selling non-physical products, the performance also typically begins after the end of the sale. In reality, this group includes online order packages from various mobile operators, online training interfaces, various coaching services, consulting services, etc...
- We can classify webshops according to the number of goods. There are also two extremes here. The first group includes single-product webstores, which, contrary to their name, can even sell a service on their website. In practice, we talk about this when only one product or service can be ordered on a website. This is most often the case with various books, cosmetics, food supplements, or web developers and virtual assistants when we want to speak about services. The other group is the multi-product webshops. This includes a fairly wide range of websites that sell hundreds of products in hundreds of categories, as well as a few product webshops [5.].
- We even differentiate webshops by distributors too. Often, the consumers don't even realize that during the sale and purchase, they didn't buy a product marketed by that particular webshop, but only by a partner. Such interfaces can be the "marketplaces". This means a webplaza, but its common name is even the online flea market or online marketplace. Other companies can place the products they sell on these interfaces, typically for a monthly fee or a commission. The sales, customer acquisition, and payment transactions themselves are not performed by the distributor,

but by the intermediary company. Within the same category, a smaller but occasionally larger slice is embraced by so-called “dropshipping” companies. Dropshipping is a newer agreement between a logistics company and a webshop. The logistics company undertakes to procure, store and deliver the products, and the webshop is only responsible for sales. In contrast, there are classic webshops that sell the products they produce themselves, make purchases for themselves, and make payment transactions themselves. In practice, however, the two are often mixed. This means that an online store can sell at the same time through itself and through an intermediary.

- Quantity of categories distributed: In addition, we can group online stores according to the types of goods distributed. According to this, some webshops are only interested in one type of product category, while others are present in several, even independent product categories [5.]

1.2 Marketing channels

In order for an online store to be able to choose the marketing channels that will generate the most of their revenue, two things need to be studied carefully. Firstly, the target group to whom they will sell. This is what the previous unit was about. The other is the knowledge of how possible marketing channels work. This can be divided into two major groups: offline and online channels. The first includes the print press, print magazines, television, radio, poster, and flyer. The second includes Google Ads, social media, comparison sites, and “marketplaces” [6.]. Based on the research of Szántó-Prónay (2013), it can be said that young people say that the presence of companies on social media is not essential, although they have a positive attitude towards the brand, they are willing to follow them and welcome individual communication [7.].

2. MATERIALS AND METHODS

We created a questionnaire, which was available in December of 2021. It was shared on social media and it was filled out by our acquaintances and friends. In our work, we were interested in online shopping frequencies, reasons, most frequently purchased products, average amounts of money spent, the most popular advertising sources, preferences related to online stores, shipping methods and payment systems, and how conscious and impulse buying is typical of the respondents. The data of the completed questionnaires were evaluated using Statistica Trial and Microsoft Office Excel. During processing, for the sake of simplicity, we have given values rounded to one decimal place according to the rules of rounding.

3. RESULTS AND DISCUSSION

Our questionnaire was filled out by approx. 150 people, but only 126 of them were usable. Typically, women (73%) gave answers, mainly between 18 and 25 years (54.8%) and between 26 and 45 years (28.6%). We believe that despite the lack of representativeness of the group of respondents reached, this is the segment that primarily buys in online stores.

Monthly online purchases (64 people, 50.8%) stand out from the answers, half of the respondents indicated this. In addition, there is a significant proportion of purchases every six months (30 people, 23.8%). In contrast, the option „I have never bought online” (2 people, 1.6%) and the „only bought once / twice” (15 people, 11.9%) was indicated by a low proportion of respondents. From these proportions, it can be deduced that online shopping is now an integral part of the majority of people and they regularly take advantage of the opportunities offered by online commerce. However, frequent (daily or weekly) response options have also been marked at a low rate, so it is also clear that the online option does not replace

offline shopping, it probably only complements it for certain products. In the following, we looked for the answer to what is the reason why someone chooses to shop online instead of offline. As an answer we have given the following: cheaper, more reliable, faster, more convenient, more choice, I can compare the products. In this case, several outstanding results were achieved. The convenience was the most highlighted (100 people, 79.4%), while the second most popular benefit of online shopping, according to respondents, was the larger amount of products found online (66 people, 52.4%). Almost as many indicated that it was cheaper (44 people, 34.9%), faster (45 people, 35.7%) and the possibility to compare products (46 people, 36.5%). In addition, although it was not one of the options, several people wrote that it is also common for them that what they want to buy is not available near their place of residence or cannot be purchased offline at all. It is clear that for the vast majority of respondents (more than 2/3), convenience is the biggest benefit of shopping online.

In the following, we tried to find out how much they are willing to spend on average online for each purchase. The information obtained in this way can help to shed light on the question of what price range is likely to be sold in the largest volume. The responses can be found in figure 1 in summarizes. It can be stated that the significant majority were those who spend between HUF 5,000 and HUF 20,000, while the answer was at least HUF 20,000+ (9 people, 7%). From the results obtained, it can be seen that consumers are happy to turn to online shopping for products with a value between HUF 5,000 and HUF 20,000.

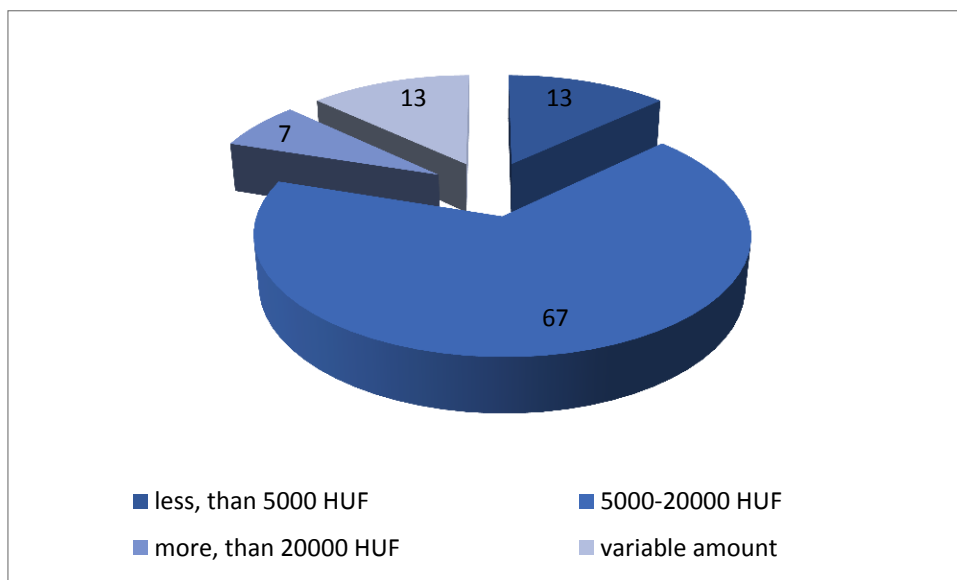


Figure 1.: Distribution of respondents based on the amount spent each time on online shopping (N = 126,%)

When we asked about the product category, we found out that the highest proportion of clothing (61%) is bought, followed by services (55%) - e.g., cinema, theater, followed by technical articles (42%), followed by cosmetics (32%) and books (31%). Food is in 10th place with 18%.

It should be noted that clothing stores can also be found in many places offline, but here it is worth recalling that based on answer 2, consumers like to be able to compare the products of different online stores and sticks in a short time. In the case of clothing, it can be especially helpful for the shopper to find the most appropriate piece of clothing at the best price, relatively quickly, and online. In addition, with the low prices of Chinese and other fast-fashion products, it is difficult for branded garments to compete.

Our next question was about what kind of communication affects customers. The answers are shown in Figure 2.

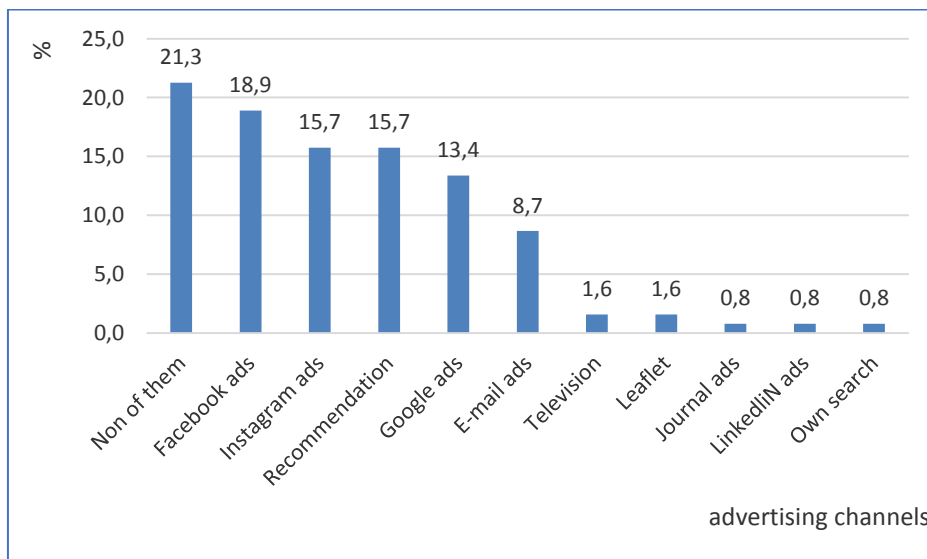


Figure 2. Distribution of questionnaire respondents based on influencing advertisements (N = 126,%)

According to the first category of response, none of the advertisements played a role in the person's choice of the given webshop when shopping online. Among the offers that will be specifically mentioned, we would like to highlight those acquired by acquaintances. In addition, ads on social media have a motivating effect.

Factors most influencing the choice: shipping cost (56.3%), reliable delivery (56.3%), wide product range (53.2%). these factors were important to more than half of the respondents. In addition, almost half of the respondents consider special prices (49.2%), advanced search, filter (57.6%), and various payment methods (47.6%) to be extremely important.

Based on the results, an online store should pay special attention to the following:

- The widest possible choice, even within a product (color, size, etc.),
- Existence of filtering and search criteria,
- Transparent structure,
- Low additional costs (such as transport),
- Reputable transport providers,
- Multiple payment options
- Favorable prices (even advertised with frequent promotions).

Examining the payment options further, we collect the following result: most respondents prefer cash on delivery (47, 6 percent), so almost half of the respondents choose this if possible. Of the card payment providers, Simple Pay stands out from the crowd (23%), PayPal (11.1%), and other card providers (12.7%) performed similarly. In light of this, it is definitely recommended for webshops to provide cash on delivery

in the webshop despite the extra costs and logistical problems. The high rate can be explained by a lack of trust in online stores. In the case of cash on delivery, they do not have to deal with the recovery of the purchase amount in case of non-performance or incorrect performance of the webstore or the delivery service provider. Lack of cash on delivery can easily lead to the loss of customers.

Those who fill in the questionnaire - based on their own judgment - typically make a conscious purchase (53%), while 21% have implemented unplanned spending only once and 26% have implemented it more than once. The majority of respondents (49.2%) highlighted the discount prices as a reason for impulse buying, while those who bought based on their emotions accounted for 31.7%. It is worth drawing attention to the contradiction that only 27% of the respondents said that they had never bought like this here, while 53% had previously declared themselves to be conscious consumers. We can resolve this antagonism with the following line of thinking: no matter what promotion appears, the purchase of an item that is not previously planned due to the special prices is not an emotional decision, but an economically correct decision. Many people are aware that they are able to buy a discounted product without planning to buy it in advance, but because they think it is economical, they still feel conscious. Customers can be encouraged to make impulse purchases with various special offers so that the buyer continues to feel conscious afterward. Consistent with this theory are market trends that sales fall sharply in the weeks leading up to well-known promotional periods and then sales jump sharply during promotional periods. (e.g., Black Friday).

Examining the different responses based on demographic characteristics, we found the following:

- The frequency of purchases was not affected by either age group or economic situation
- 18- to 25-year-olds are more likely to pay attention to ads on Instagram (26.1%), while in the circle of 26- to 45-year-olds the ads are equally effective on Google (16.7%) and Facebook (19.4%) and ads received via email (16.7%). For them, Instagram advertisements are not enough effective - according to their own admissions
- In terms of gender, Facebook (20.4%) and Instagram (20.4%) are the most effective for women. In contrast, for men, the „none” responses dominated (35.3%). In addition, recommendations (17.6%) and Facebook ads (14.7%) matter more.
- For payment methods, the breakdown by the group is in line with the frequency findings.

4. CONCLUSIONS

Based on the above mentioned, we make the following suggestions: Before starting a business, every webshop should develop a detailed plan for both marketing and logistics. The necessary information must be obtained either from an external specialist or through in-house training. The primary marketing channels for customer acquisition should be online marketing channels. Depending on the target group, the usage of Instagram and Facebook are recommended for younger women, and Facebook, Google, and newsletters are recommended to use for older people. From the beginning, webshops should strive to gather positive customer feedback and demonstrate proficiency in the product by producing value-creating content on a regular basis, which can also build a committed community. They can be more easily encouraged to buy again later. It is worth providing a clean, transparent interface where those interested can easily find your products and information, as well as choose from a variety of payment and shipping methods. Ensuring cash on delivery is especially important. By maintaining consumer awareness, special offers and upsells can be used to effectively encourage consumers to increase the value of their shopping cart so that it does not appear to be an impulse purchase.

REFERENCES

- [1] Bányai Júlia – Novák Péter (2016): Online üzlet és marketing. Akadémiai Kiadó
- [2] Papp-Karkas Kitti (2019): E-kereskedelelem: Jelentése, legnagyobb előnyei – és merre tart? <https://webshippy.com/blog/e-kereskedelelem-jelentese/> / (2021.04.08)
- [3] Kondricz Péter és Tímár András (2000): Az elektronikus kereskedelem jogi kérdései, Complex Kiadó
- [4] Németh Péter, Lázár Erika, Szűcs Krisztián, Töröcsik Mária (2020): Vásárlási szokások változása a koronavírus okozta járványhelyzet hatására - az online vásárlási magatartás vizsgálata
- [5] Portfólió (2020): A szektor, amely hatalmasat nyert a koronavíruson: e-kereskedelelem <https://www.portfolio.hu/gazdasag/20200518/a-szektor-amely-hatalmasat-nyert-a-koronaviruson-e-kereskedelelem-432490> (2021.04.12)
- [6] Gál Péter (2017): Webáruház indítás lépésről lépésre Galocaffé Kft
- [7] Horváth Dóra, Nyirő Nóra, Csordás Tamás (szerk.) (2016.): Médiaismeret Reklámeszközök és reklámhordozók. Akadémiai Kiadó
- [8] Szántó Szilvia, Prónay Szabolcs (2013): „A Facebook nem a reklámnak lett kitalálva” - A fiatalok viszonyulása a cégek, márkák jelenlétéhez a Facebookon in Dr. Király Éva (szerk.): „Kiterjesztett” marketing. Budapesti Gazdasági Főiskola: Budapest. ISBN: 978 963 715 9 pp. 271–283.