

PGDM, 2018-20 / PGDM (IB), 2018-20

Digital Marketing

DM-331/ IB-315

Trimester – III, End-Term Examination: March 2019

Time allowed: 2 Hrs and 30 Min

Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No. on every page of the question paper, writing anything except the Roll No will be treated as Unfair Means. In case of rough work please use answer sheet.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5	10 Marks each	3*10 = 30
B	Compulsory Case Study	20 Marks	20
		<b>Total Marks</b>	<b>50</b>

#### Section A

- Q1. What is netnography? How is it different from ethnography? What are its advantages and disadvantages? What are its marketing applications? (10)
- Q2. While viral marketing appears to be a lucrative strategy, it is difficult for marketers to predict its success. Outline the steps you would take as a marketer to improve the chances of success for viral campaigns. (10)
- Q3. What are the sources and characteristics of bigdata? What are its business applications? (10)
- Q4a. What are the different components of Google's search algorithm? (5)
- Q4b. What is black hat SEO? Discuss some common black hat SEO techniques (5)
- Q5a. What is internet of things? Discuss its applications with 3-4 suitable examples (5)
- Q5b. Discuss the pros and cons of using mobile applications vis-à-vis mobile browsers (5)

#### Section B

READ THE "THE KING OF E-TAILING" CASE AND ANSWER THE FOLLOWING CASE

- Q1. Critically evaluate the reasons behind the success of Amazon.com? (10)
- Q2. Discuss the business model of Amazon (5).
- Q3. How the new e-commerce guidelines announced by Government of India might affect Amazon's India business (5).



## The King of e-tailing

In the early 1990s, entrepreneur Jeff Bezos saw an opportunity rather than a business problem. He decided that books were the most logical product for selling online. In July 1995, Bezos started Amazon.com and began selling books online. Over the years, the company has continually improved, expanded, changed its business model, and expanded its product selection, improving customer experience, and adding new products and services and business alliances. The company also recognized the importance of order fulfillment and warehousing early on. It has invested billions of dollars building physical warehouses and distribution centers designed for shipping packages to millions of customers. In 2012, the company started same day delivery from its new distribution centers. After 2000, the company added information technology products and services, notably the Kindle e-reader family as well as Web Services (cloud technologies). Amazon.com's challenge was, and still is, to profitably sell many consumer products and services online.

### Innovations and reaching out to customers

In addition to its initial electronic bookstore, Amazon.com has expanded its offerings to include millions of products and services. A unique example of a service they offer is Mechanical Turk (mturk.com), a marketplace for crowdsourcing work that requires human intelligence in dozens of categories. Key features of Amazon.com are easy browsing, searching, and ordering; useful product information, reviews, recommendations, and other personalization techniques; a very large selection of products, the ability to compare prices; low prices; secure payment system; efficient order fulfillment; and an easy product return arrangement.

The Amazon.com website has a number of useful services, some provided by its companies. For example, its "Gift and Wish Lists" section suggests gifts for all occasions and seasons, categorized by relationship, price, and more. Author Central is a page where customers can read about authors (such as their biography and speaking events) and even connect with some of them. Authors can discuss their work and answer readers' questions via tweeting. Amazon.com also offers support services.

Amazon Services, services.amazon.com, hosts webstores for a small monthly fee, offering small businesses the opportunity to have customized storefronts supported by Amazon.com's payment and order-fulfillment system. Customers can use mobile devices to shop. Amazon Prime offers unlimited free shipment for a modest annual fee. In 2013, Amazon announced that they had been researching the idea of using drones for fast package shipment via their Amazon Prime Air service. This idea has lots of legal and regulatory obstacles.



Amazon.com is also recognized as an online leader in providing personalized services and CRM. When a customer revisits Amazon.com, a cookie file identifies the user and says, for example, "Welcome back, Sarah Shopper," and then proceeds to recommend new books on topics similar to past purchases. You may receive recommendations for cheaper products. For example, a customer who buys printer toner for \$30 a unit regularly might be directed to a vendor that sells four units for a total of \$65. Amazon also provides detailed product descriptions and ratings to help consumers make informed purchase decisions. The site has an efficient search engine and other shopping aids. Amazon.com has a state-of-the-art warehousing system that gives the company an advantage over the competition. Amazon.com is known for its **business strategy and the acquisition of its successful competitors** in niche markets (e.g., [kivasystems.com](http://kivasystems.com), [zappos.com](http://zappos.com)). The company also acquired supplementary companies such as [alexa.com](http://alexa.com), [jungle.com](http://jungle.com), and Digital photography Review ([dpreview.com](http://dpreview.com)).

Customers can personalize their accounts and manage orders online with the patented "1-Click" ordering feature. 1-Click includes an electronic digital wallet, which enables shoppers to save time paying for their orders, since all the shopping information, including preferred method of payment and default address, is stored online. In 1997, Amazon.com started an extensive associates program (a method of affiliate marketing). The company has millions of affiliates worldwide that refer customers to Amazon.com. These associates can earn up to a 15% referral fee if the referral ends with a sale. Amazon.com also is becoming a Web fulfillment contractor, even for large competitors. Other services Amazon offers include: AmazonFresh ([fresh.amazon.com](http://fresh.amazon.com); a grocery delivery service); Amazon MP3 store (music downloads, some free, others for 69¢ per song); and Prime Instant Video (thousands of movies and TV episodes available for purchase, rental, and streaming).

Amazon.com offers many Web 2.0 social shopping features (e.g., customer reviews). It acquired Woot! ([woot.com](http://woot.com)), a social networking company known for its daily deals. Amazon is continuously adding innovative services. In 2011, the company introduced Price Check which enables customers to compare prices in physical stores with a **smartphone app. Notable in 2012 are the same day delivery initiative, the myhabit.com clothing site (designer brands at reduced prices), and the ability to use mobile devices while you are inside a physical store to compare prices using the Price Check App.** The Amazon strategy is to provide the best customer satisfaction, make large investments in the short run at the expense of profit, and promote innovations

### **The Results**

In 1999, *TIME* magazine named Bezos "Person of the Year." In January 2002, Amazon.com declared its first profit – for the 2001 fourth quarter. Since then, the company has remained profitable despite its huge investments in distribution centers



and other initiatives. Amazon.com reported that despite adverse U.S. and global economic conditions, its annual profit for 2011 had doubled from 2007, with a 41% revenue increase in one year. Revenues continue to rise every quarter.

In 2012, *Fortune* magazine selected Bezos as the "businessperson of the year". Annual sales increased consistently by 30–40% each year due to the addition of more products and services, going global, and the increased volume purchased by existing customers. Amazon offers about 20 million books, music, and DVD/video titles to millions of customers. In 2012, Amazon had over 1 million e-books for sale. Finally, its investors are rewarded with rapidly increasing stock prices. Data from 2014 show Amazon.com as #12 on Alexa (global rank) and #5 (U.S. rank). It has over 23 million "Likes" and over 84,000 "Talking about this" on Facebook. As of February 2014, Amazon has 1.01 million followers on Twitter.

Despite increased competition from thousands of e-tailers in the online market, Amazon.com has been holding its place as the number one B2C e-tailer and money-making EC site in the world (some Chinese sites are getting closer to Amazon, but they are not competitors). Due to its order fulfillment system, Amazon.com can offer very low prices. Add this to high customer satisfaction and the selection of quality products, and one can understand why Amazon.com sells more than three times the products compared to its nearest U.S. competitor. Amazon.com also offers several features for international customers, including over 1 million Japanese language books. Amazon.com operates in 12 countries but it can ship its products to other countries. Each country has a website in its own language (for example, Amazon China amazon.cn). Amazon.com generated revenues of about \$75 billion in 2013, with an operating income of over \$745 million. As of Q4 2013, the company employs over 117,000 full-time and part-time employees. Amazon.com is considered as the "king of e-tailers." The company has been ranked by the U.S. National Retail Federation, as the #1 fastest-growing large retail organization in the U.S.