

Why e-commerce has become the main focus in the digital world

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In the early 1970s, a group of Stanford students arranged a drug sale with students of the Massachusetts Institute of Technology. They used a predecessor of the internet, called Arpanet, to make this possible.[i]



Yes - you read it right. The starting point of global e-commerce was a drug deal.

Today, e-commerce has evolved into a trillion dollar industry[ii], although the exact number of online stores is hard to calculate.[iii] Either way, it is obvious that e-commerce has become a vital component of the digital advertising industry as a result of its endless opportunities:

E-commerce publishers can build up an audience based on their browser history and retarget users who have for example had a look at the music section, by displaying a banner enticing users to go back offering 30% off the latest Justin Bieber CD. It's hard to resist, even if you're not a Belieber.

Abandoned carts provide another opportunity to remind users of the products they 'left behind': by sending out a newsletter with a reminder of the products not (yet) purchased. Many online shopping sites have added extra temptation by including a coupon code with a discount on the product the user initially showed an interest in. Some users may still be naïve enough to see the received coupon of the desired product as a total coincidence, yet the savvy of online shoppers purposefully abandon their cart, and then wait for the coupon code before finishing the purchase. In true blackmail fashion these shrewd shoppers often refuse to complete the purchase process to the checkout unless a discount is offered. Like everywhere else, it's a matter of survival of the fittest (or savviest) as publishers will need to continue thinking of new ways to lure users into purchasing their products at full price before they are coaxed into selling their products at ever-increasing discounts.[iv]

Display advertising on e-commerce websites also offers the chance to test different creatives and find out which kind provides the highest click-through rate. From offering discounts to prizes to games to play, by rotating several different versions of the same creative with different click-through URLs, publishers and advertisers can analyse the most effective bait that may lead to a successful catch (also known as a click-to-action or, in this case, a purchase).

Furthermore, e-commerce allows for two different kinds of targeting: ads can be shown when users enter certain search terms, or on set pages such as the DVD section. Often products or brands that are advertised on the site are also sold in the web shop. The ad then clicks through to another page of the same site where the products of this advertiser or brand are sold. This ensures the visitors stay on the site while the publisher is still able to generate extra revenue through advertising. When an ad does click through to an external website (that of the advertiser), it is sensible to allow the click-through URL to open in a new tab in the user's browser. This way, publishers can ensure users will still stay on their site even when checking out the advertiser's site, and the shopping process is while interrupted, not ceased altogether.

Yet regardless of the many advertising opportunities offered to e-commerce publishers, it also comes with its challenges. Publishers should beware not to put the user experience at risk in return for a few extra sales. Slow page loading times or ads that distract from the content - or worse: annoy the user - can damage the publisher's reputation with e-shoppers and even lead to a total rejection of their website, regardless of the deals offered.

To appease users, native display ads have become a popular choice among many e-commerce publishers. Unobtrusive as

they are, native ads easily blend in with the website, fooling even the most clued-up visitors into thinking that the ad is simply part of the site's content.[v] Using geo-targeting and retargeting by using (first or third party) audiences further ensures that users see advertisements that are relevant to them, thereby reducing their annoyance with the ads.

At the same time, users are increasingly worried about their privacy, especially since they are constantly reminded of publisher's usage of cookies as publishers now have to display their cookie policy on their site. This raises questions whether publishers will still respect and protect their privacy, even if not doing so may allow for more revenue.

Importantly, considering the vast number and variety of e-commerce websites, publishers cannot risk their reputation or losing their visitor's trust in return for some extra advertising dollars. Short-term thinking could be the death of the industry as ad blockers become more popular and online users more savvy and selective when browsing the World Wide Web. In addition, if publishers fail to respect their users' privacy or fail to make the user experience a main priority, the future of digital advertising will most certainly see governmental bodies further involved. Governmental laws could curb publishers' ability to monetise their sites according to its fullest potential. It is therefore vital that publishers continue to gain and retain the trust of the visitors to their site.

Online advertising is a rapidly growing, always challenging yet at the same time very exciting industry. With the growing popularity of hassle-free online shopping, it is no wonder that e-commerce has become the main focus of the digital world.

[i] <http://www.theguardian.com/science/2013/apr/19/online-high-net-drugs-deal>

[ii] <http://www.emarketer.com/Article/Ecommerce-Sales-Topped-1-Trillion-First-Time-2012/1009649>

[iii] <https://www.internetretailer.com/commentary/2014/12/04/how-many-online-stores-are-there-world>
<https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/>

[iv] https://www.brightpearl.com/sites/default/files/resources/ca101/CloudiQ_Ca101%20whitepaper.pdf

[v] <http://dfp-native-demo.appspot.com/2>

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