# ONLINE DEVELOPMENT STRATEGIES

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**Keywords**: online business, Internet, traffic, online strategies, website

**Abstract**: Adjusting a company business model or building it from scratch in order to perform on Internet platforms tends to become a classical approach. The economics world is adding a new feature and sometimes switches completely from offline to online; if this is the evolution then we experience the birth of a new specie: online business. But this switch doesn't rely on natural genetics principles; we will have to implement a well planned strategy in order to succeed. We will check the advantages of online environment, the tools that we can use and the basic principles which should be found in our strategy.

## 1. INTRODUCTION

Two related questions arise: What does it mean online business? Why should we build an online presence for our company?

Online business relates to a company which expands the availability of her products or services to Internet.[3] The physical location of products/services becomes irrelevant for your customers: they don't need to enter your store/office for transactions; you made it possible that everything is available from their home computer by accessing your website. The companies will not only improve the accessibility of their products but in this case they will also target a larger number of potential clients at a low cost.[2]

A third advantage in launching a website for your company is that you can act as a player in advertising media, the online platform will host your products/services and can offer advertising space. Even though at first look the advertising opportunity doesn't seem to be part of your strategy, we can see from several information sources that the Internet it's 3rd on share of advertising spending, very close to newspapers (trends shows that Internet will surpass Print in the near future):

| Share of total ad spend by medium 2007-2011 (%) | | | | | |
|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Newspapers | 27.0 | 25.3 | 23.3 | 22.2 | 21.2 |
| Magazines | 12.3 | 11.6 | 10.3 | 9.7 | 9.3 |
| Television | 37.4 | 38.2 | 39.3 | 39.7 | 39.9 |
| Radio | 8.0 | 7.7 | 7.7 | 7.5 | 7.4 |
| Cinema | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Outdoor | 6.6 | 6.5 | 6.6 | 6.8 | 6.8 |
| Internet | 8.3 | 10.2 | 12.3 | 13.7 | 14.9 |

*Table 1: Share of total ad spend by medium. (Zenithoptimedia.ro)*

Reaching your clients on Internet differs from the offline world and the best way of getting yourself known is by optimizing the web application for most popular search engines: Google, Yahoo and MSN. The search engines market share for Romania can be seen in the following diagram:
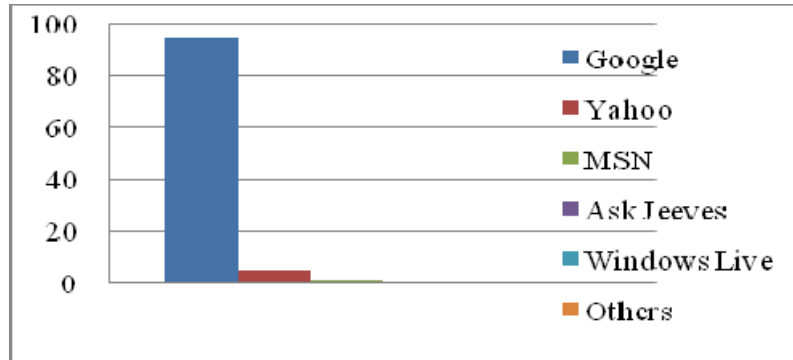
*Figure 1: Search engines market share for Romania. (gs.statcounter.com)*

## 2. STRATEGIES, TOOLS AND PLANNING

A second step, after deciding in driving an online business, is to plan your way in this new field of operation, to make a strategy for it, using the right tools that will enhance your success factor.

We have chosen, for exemplification, a simple planning system with the help of which our strategies can be expressed, implemented and exerting control throughout the life time of our web presence. The system is called SOSTAC and is an acronym for Situation analysis, Objectives, Strategy, Tactics, Action and Control. The model was created by PR Smith and it seems that an important number of online companies adopted it for its simplicity and high conversion rate of your plan into real actions.

## 2.1 SITUATION ANALYSIS

It answers the question: Where are we now? Let's assume for instance that we are in need of building a real estate classified web application. We would like to know more on the market size, a brief analysis of biggest online players in this field and, in the end, the current situation inside the company.

The market size could be estimated by the number of real estate transaction, some of the transactions could have as an initial online presence stage.
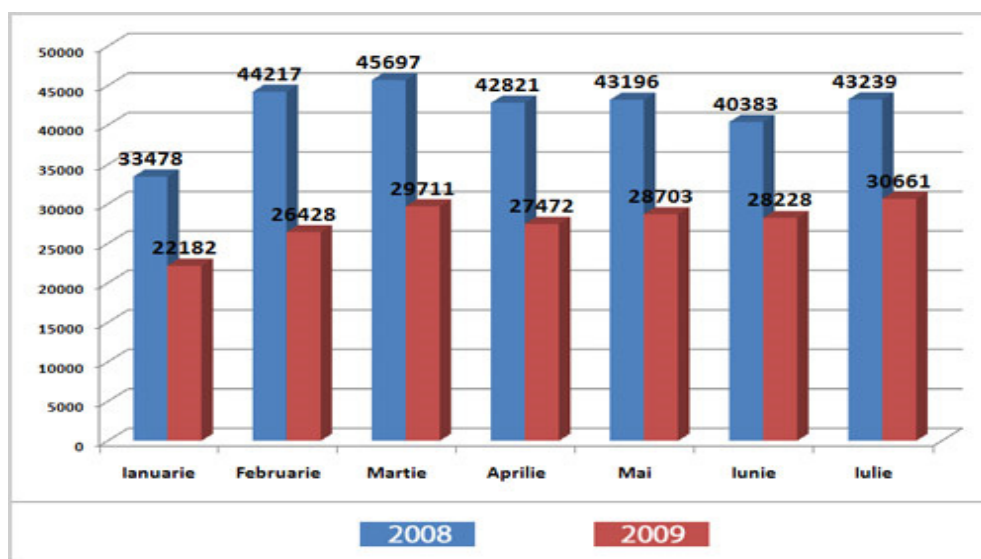


*Figure 2: Romanian real estate transactions 2008-2009. (e-transport.ro)*

We have to add the situation of big web players which are acting in classified real estate market. We will use 2 online tools from where we can extract this kind of information.

The first tool is offered by trafic.ro and sati.ro in real estate section from where we are building the ranking based on number of online visitors.

| | Unique visitors/ month | Visits/ month | Page impressions/ month |
|---|---|---|---|
| www.incasa.ro | 340.000 | 475.000 | 2.700.000 |
| www.imopedia.ro | 215.000 | 370.000 | 2.000.000 |
| www.gradinamea.ro | 212.000 | 283.000 | 950.000 |
| www.imobiliare.ro | 200.000 | 380.000 | 3.700.000 |
| www.casesigradini.ro | 194.000 | 317.000 | 2.300.000 |
| www.infoconstruct.ro | 160.000 | 212.000 | 700.000 |
| www.practicmagazin.ro | 156.000 | 208.000 | 760.000 |
| www.misiuneacasa.ro | 116.000 | 170.000 | 770.000 |

*Table 2: Real estate classified web sites traffic ranking. (traffic.ro, sati.ro)*

We can extract the trends over larger periods of time by using Google Trends application:
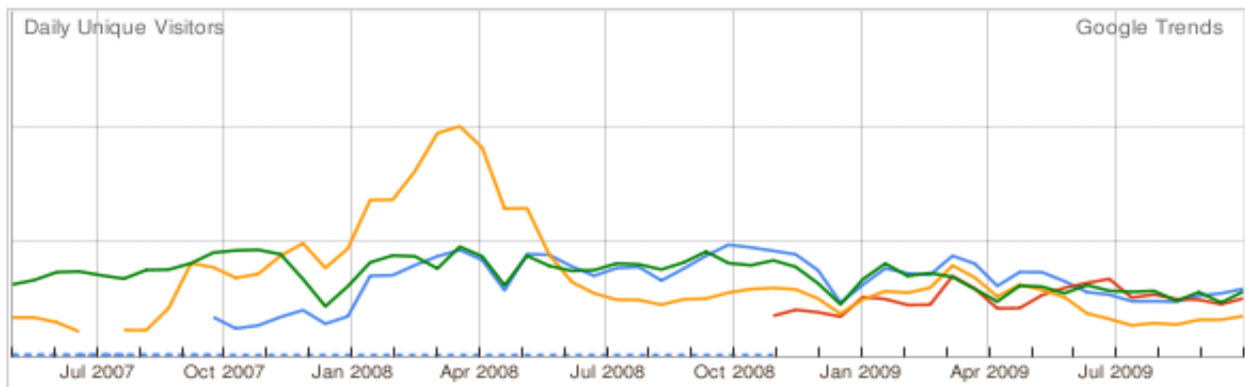


*Figure 3: Real estate web sites traffic trends. (trends.google.com)*

## 2.2 OBJECTIVES
It answers the question: Where do we want to go? There is one golden rule for organizing and building a web site: Content is king. We can be more precise by adhering to Quality content is king. That means we have to offer a significant number of items in order to give weight to our online presence. What does content mean for a job portal for instance? No doubt that content in this case is given by the number of job ads and CVs hosted on the job platform. If we compare the most successful job sites from Romania we can see that their success relates primarily to the job ads and secondly by CVs. Job seekers will look on the first, while companies will place their ads usually on platforms with biggest numbers of visitors and from where they can have access to skilled professionals. So we will put quality content as our first objective.
Having the content doesn't mean much if we don't have visitors. So our second objective is traffic increase, and we will concentrate especially on search engine optimization (SEO). As we have shown Figure1, search engine market in Romania is dominated by Google so we will concentrate mostly on SEO for Google.

We will add the objectives related to market share we would like to achieve and the desired level of revenues as it is exemplified in the next table.

| Objectives | |
|---|---|
| Estimated # of job ads for 2010 | # job ads |
| Estimated # of CVs for 2010 | # CVs |
| Estimated # of unique visitor for 2010 | # UV |
| Estimated Google traffic for 2010 | #% |
| Estimated revenue for 2010 | # RON |

*Table 3: Job portal objectives exemplification*

## 2.3 STRATEGY AND TACTICS

It answers the question: How we are going to get there? The online users of a web platform will be differentiated by demographic and behaviors which are not the same as in offline environment. Another important aspect will be defining the online products and services offered for your customers. Based on this we will define 2 strategies:

- Segmentation/Targeting strategy
- Positioning/Differentiation strategy

We have also the option of using or replicating existing offline segmentation, differentiation and targeting in the online environment.

The metrics covering these aspects can be extracted from Google Analytics application and it requires a small addition of Urchin scripts into your web pages. As you can see bellow Google Analytics makes available detailed reports for different aspects of your website.



*Figure 4: Advanced segmentation report. (analytics.blogspot.com)*

## 2.4 ACTIONS AND CONTROL

The last topics we have to cover are related to implementation and monitoring the results:

- Implementation – putting the plan to work.
- Measurement.
- Monitoring.
- Reviewing.
- Updating.

- Modifying.

We will exemplify this part by assuming we would like to implement and control the search engine optimization for an online book store. The first action is finding the most relevant keywords for this kind of web platform. The starting point will be the Google Keywords Tool from where we can get information regarding search volume for different keywords. There seems to be 2 relevant keywords: "carti" and "librarie" - below you can see details regarding these keywords and Google suggestions:

| Keywords | Advertiser Competition ⑦ | Local Search Volume: September ⑦ | ▼ Global Monthly Search Volume |
|---|---|---|---|
| Keywords related to term(s) entered - sort by relevance ⑦ | | | |
| carti | | 450,000 | 450,000 |
| librarie | | 40,500 | 49,500 |
| carti online | | Not enough data | 40,500 |
| libraria | | 40,500 | 40,500 |
| cartii | | 33,100 | 18,100 |
| despre carti | | Not enough data | 14,800 |
| download carti | | Not enough data | 14,800 |
| carti gratis | | Not enough data | 12,100 |
| librarii | | Not enough data | 12,100 |
| carti pentru | | Not enough data | 8,100 |

*Figure 5: Keywords suggestions for online book store.*
*(adwords.google.com/select/KeywordsToolExternal)*

After having the list we will identify the actions that must be fulfilled by the teams involved in development and SEO.

| Action/Control | Responsible | Deadline |
|---|---|---|
| Establish keywords popularity | | |
| Implement keywords on website | | |
| Test keywords density | | |
| Implement Google Sitemap | | |
| Generate inbound and outbound links | | |
| Measure key figures | | |
| Define next steps | | |

*Table 4: The list of identified actions*

## 3. CONCLUSIONS

As we have seen the strategies and tools dedicated for online environment are different from those dedicated in offline world and even though the quantity of available tools and opportunities are higher we will have to carefully plan our way and use the most suitable helper application in order to succeed.

Several teams will be involved in the project: software development team, online marketing team, sales team, portal managers and system hosting administrator team. We will have to implement a clear and unified planning for all of teams and synchronize all efforts in getting the tactics correctly implemented.

More and more companies are going online – with this entering a new approach for which they should be prepared and where the most important thing could be that they must always improve and learn new strategies for evolving into a success story.[1]

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