

An Analysis on the Use of Google AdWords to Increase E- Commerce Sales

by Irsan Tricahyadinata

Submission date: 03-Jan-2017 02:50PM (UTC+0700)

Submission ID: 1470762230

File name: s_on_the_Use_of_Google_AdWords_to_Increase_E-Commerce_Sales.docx (253.16K)

Word count: 3195

Character count: 17156

An Analysis on the Use of Google AdWords to Increase E-Commerce Sales

Saida Zainurossalamia Za* and Irsan Tricahyadinata

Abstract

The development of information and communication technology affected many aspects of life, including economical state. E-commerce is an activity of selling or buying goods and services through the internet by using electronic media. The optimization of e-commerce could be carried out by advertising. Google AdWords is one of online advertising technologies that provides benefits in the business of e-commerce. This research was aimed to analyze and describe the improvement of the e-commerce sales by using Google AdWords. The research design was qualitative research design by utilizing secondary data from Google, Inc. Based on the result of the research, the e-commerce sites received increasing visits to the websites, increasing numbers of the new customers, increasing sales, and even business expansion. It could be concluded that Google AdWords was highly useful to enhance e-commerce. The researcher suggested to utilize Google AdWords online-advertising system in the e-commerce activities. Future researchers are suggested to use the revealed data as the basis of further research in relevant field.

Keywords: Google AdWords; e-commerce; sales.

Introduction

The development of the technology brings impact to many aspects of life, including economic and business. Internet technology becomes an important aspect in life, changes the way people learn, find information, communicate, and even shop (Google, Inc., 2007). The activity of selling and buying which was carried out in traditional way by a meeting between the seller and the buyer, nowadays could be carried out online through the internet. The huge change of the technology in the field of communication, software application and computer hardware, web browser technology, and multimedia facilitates the information search towards particular goods and services that people need.

The activity of selling and buying by using electronic media and the internet is defined as e-commerce (Franco & Regi, 2016; Gao, 1999; Gupta, 2014). E-commerce is chosen as current system of selling since it has many benefits for the customers and the seller. The advantages of e-commerce use could also be seen in a short and long period of time. By using e-commerce, the information of

the products could be spread in larger scale, which allows the consumers to choose the goods with their best price, offers unlimited, fast communication and information access, time and cost efficient, and improve the quality of the service (Gao, 1999).

Besides providing services to the customers, the focus on e-commerce activities includes the aspects of business transaction, marketing, and advertising (Franco & Regi, 2016). Advertising nowadays could be conducted easily. The customers would look for the desired goods or services by typing the keywords into the search engine. As one of mostly used search engines, Google provides advertising facility for the e-commerce users as well.

Advertising through the internet began on October 1994 in the form of banner in a web page. As a search engine company, Google changed the advertising method of a business to their customers (Mehta *et al.*, 2007). In 2000, Google released an advertising program based on the keywords, named AdWords. AdWords could be utilized to enhance marketing activities through search engine. AdWords would display the advertisement which contains a link to the e-commerce sites that match the keywords

typed on Google search engine. AdWords advertisements are displayed in the web pages from the result of searching and in another site which belongs to Google Search and Content Network.

The use of AdWords in e-commerce could increase search query and the visit rate of an e-commerce website. If the visit rate is increasing, the sales of the offered goods and services would be increasing as well. This article would elaborate the data which demonstrates the ability of AdWords in increasing e-commerce sales. Moreover, there would be elaboration on the advantages of the use of Google AdWords from different perspectives in the scope of e-commerce.

Statements of Problem

Based on the background of the study, the following are the problems that were being observed.

1. How was the influence of using Google AdWords towards the e-commerce sales?
2. What were the advantages of using Google AdWords in e-commerce?

Objectives and Significance of the Study

According to the statements of the problem, the objectives of the study were.

1. To analyze the influence of using Google AdWords towards e-commerce sales.
2. To explain the advantages from the use of Google AdWords in e-commerce.

This study is expected to transfer theoretical and practical significance as the following.

1. This study is expected to deliver information to the people about the advantages of using Google AdWords to support e-commerce activities.
2. This study is expected to deliver information to the people who would like to increase e-commerce sales by using the technology of Google AdWords.
3. The result of this study is anticipated to be the source of useful information and reference for similar studies.

Theoretical Framework

The Development of Technology and E-Commerce

The internet is an effective means of advertising and information distribution of the products. Trading through the internet has been popular alongside the development of technology nowadays. Through the internet, the selling of goods and services could be carried out globally. There are lots of different definitions about e-commerce. The following are some of the definitions (Gao, 1999).

- According to Riggins and Rhee (1998), e-commerce is an activity of selling and buying goods and services through the internet.
- According to Zwass (1996), e-commerce is an activity to share business information, maintain business relation, and carry out a business transaction by using telecommunication network. Therefore, e-commerce is not only about selling and buying products through the internet, but also about various business progresses between organizations to achieve the goals.
- According to Treese and Stewart (2003), e-commerce is a global use of the internet to sell and buy goods and products, including the service after the sales. In this case, internet is an active mechanism to advertise and distribute the information about the products.
- According to Minoli and Minoli (1999), e-commerce is a selling activity through the internet, especially website.

E-commerce is well-known as an activity of buying and selling products through the internet. However, any transaction which is carried out through electronic devices could be defined as e-commerce (Niranjanamurthy *et. al.*, 2013).

Based on those definitions, electronic commerce or e-commerce is an activity of selling and buying goods, services, or another business matter which utilize the internet or website. E-commerce might include different types of business. There are lots of business that run through the internet, that in the past five years, e-commerce has been developed as one of important aspects of internet and it is predicted that it would be gradually developed (Franco & Regi, 2016).

The main characteristics of e-commerce, especially the e-commerce website-based are: (1) include the exchanges and processing of information through communication and computer network, including e-commerce software; (2) the majority of transactions are automatic; (3) include various business services such as email across organizations, online directory, order service, and management system and statistic report (Gao, 1999).

The Strengths of E-commerce as a Selling Means Nowadays

The main difference between e-commerce and traditional commerce is in terms of the way to exchange information and the sales process. In traditional commerce, the sales are carried out by direct meeting, by telephone, or correspondence, while the sales in e-commerce are done by the means of internet or another communication network. Moreover, the transaction in traditional commerce is processed manually, but in e-commerce, the

transactions are automatic. Besides giving service to the customers, the e-commerce activities include many aspects such as business transaction, marketing, and advertising.

Some advantages obtained from the use of e-commerce could be seen from consumers and business side (Franco & Regi, 2016).

- a) It is more comfortable since the customers' only need to look for the desired products in the internet through search engine and the result would be displayed in a few seconds.
- b) The customers have more options since they could compare the products without visiting the stores.
- c) Easier to compare the products because the specification of the products are available online.
- d) Easier to find a review to a product. There are lots of reviews which explain the strength and weaknesses of the products, so that the consumers would feel more convinced in buying the product.
- e) The consumers could get the best price since there are many e-commerce sites that compete to give the best prices.

On the other hand, the advantages of e-commerce for business side are:

- a) Increasing the numbers of the consumers because the people from all over the world could access the products anytime.
- b) Increasing the sales and the profits rate.
- c) The products could be accessed anytime, for 24 hours, every day, throughout the year. This non-stop service allows permanent contract with the customers (Liliana, 2006).
- d) Expanding the business by appropriate presentation of information and suitable marketing strategy.
- e) The transaction is easier and faster.
- f) There is no third-hand person or retailer because the seller directly communicates with the buyer (Rajaraman, 2000).

The Efforts to Increase E-commerce Sales

To increase e-commerce sales, there are 10 steps that could be carried out (Able Solutions Corporation, 2016). The following are the 10 steps:

- a) Make use of the mobile technology to create a website or responsive application.

- b) Prioritize the access speed of the website as maximum as possible. Pay attention to the factors which affect the speed of loading the page.
- c) Optimize the visitors' experience by facilitating the steps of shopping and establishing good policy.
- d) Sell more products.
- e) Utilize the advertising which use PPC (pay per click) system. One of online advertisings which uses this system is Google AdWords.
- f) Conduct a remarketing by making the use of the advertiser, including Google AdWords.
- g) Improve the quality of the pages that display the products.
- h) Use seasonal events that could increase e-commerce activities to the busiest state.
- i) Optimize the display of buy button to help the customers to buy the products.
- j) Understand the concept of micro moments. A micro moment is a marketing concept initiated by Google about how to understand consumers' behavior alongside the changes of media and technology.

Google AdWords and Its Advantages in E-commerce Sales

Google AdWords is an online advertising from Google which uses bidding system so that the advertisement made by the owner of e-commerce appears in the Google webpage search. The display of the advertisement would appear on the top or right part of the searching results. When a user types a keyword or phrase on Google search, Google would display any related advertisements. Google AdWords users would pay if there is a customer who clicks the displayed advertisement. The clicked advertisement leads the customer to the website of e-commerce owner (Ireland, 2012). Fig. 1 shows the place of Google AdWords advertisement on the searching page.

The increase of sales through AdWords happens since the advertisement is displayed on the Google search page or another page belongs to Google Network. Google AdWords could be selected as good marketing tools because it could introduce the products on sales. Moreover, we do not need expensive invest to advertise the products by Google AdWords. Google AdWords allows the owner of e-commerce to reach the customers in many countries which have less contact, so that it could support the increase of the sales (Erkkilä *et al.*, 2003).

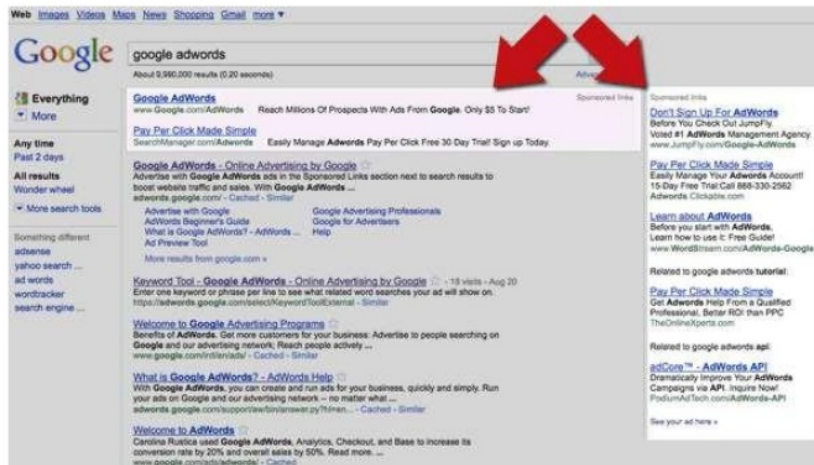


Fig. 1: The position of Google AdWords advertisement on the Google search page
(Source: Ireland, 2012)

There are 10 aspects that should be noticed in using Google AdWords (Alcouffe, 2013). Those aspects are important to increase the income and win the competition on sales. Those 10 aspects are elaborated as follows:

- a) Make sure to choose and set the keywords well. Selected keywords and query should be relevant and include all of the potential keywords search.
- b) Make sure to set the match type and search terms monitoring to the search terms must be conducted regularly to increase or decrease relevant keywords in the account.
- c) Increase the Ad rank by designing and organizing the groups of keywords.
- d) Create an attractive advertisement. Attractive advertisement is an advertisement which shows advantages that would be obtained by the customers so that they would be interested in seeing the advertisement.
- e) Try to use RLSA Campaigns. The use of RLSA campaign could increase the conversion volume and conversion rate.
- f) Set a bid to defeat the competitors.
- g) Take profits from mobile traffics in AdWords.
- h) Let AdWords automatically set the bid to increase conversion to achieve the set goals.
- i) Create the display as attractive as possible to establish the account.
- j) Increase the performance by setting the campaign with private setting.

Research Method

This study utilized qualitative research design. It was aimed to analyze and describe the use of Google AdWords to increase e-commerce sales. The source of the data was secondary data from the previous researches in relevant field. The use of secondary data was due to the limitation

of time of the study and the existed sources (Johnston, 2014). The data was in the form of the percentage of increasing sales from several e-commerce sites after using Google AdWords obtained from Google, Inc. The data analysis was conducted by comparing and describing the percentage of increasing e-commerce sales and interpreting with existing theoretical supports. The result of interpreting was utilized to draw the conclusions.

Findings

The increasing e-commerce sales obtained from success stories Google, Inc (2013) could be seen in the Table 1

According to the data in Table 1, it was known that through the use of AdWords, there were increasing numbers of some e-commerce aspects. The increase could be indicated from the query volume, increasing numbers of visits, increasing numbers of the customers, and increasing sales. The data which demonstrated the increasing query volume could be seen in the website of Liberty Insurance was 300%. The data which indicated the increasing number of visits could be seen from ST701, CVWorks, and Songhuong.co.vn. The highest level of the visits was obtained by Songhuong.com.vn about 200%.

Meanwhile, the data of the increasing numbers of the customers was demonstrated by Asiatravel.com, PYOTravel.com, and SupermanSupermove.com. The highest increasing numbers of the customers was SupermanSupermove.com which got 97%. The most increasing aspects was the increasing numbers of sales. E-commerce sites with increasing sales were Samsung Singapore, Qoo10, Amari Hotels, babytown.com.sg, Diem Sang Viet, HBM, IT WORKS, PassionAsia.com, PT Wahana Indonesia Transport, and Adorable Baby Clothing. The highest increasing numbers on the aspect of sales was Adorable Baby Clothing which obtained 610%...

Table 1: The Increase of E-commerce Sales Using Google Adwords
















S.N.	E-commerce Name	Increasing Aspect	Increasing Rate
1	Samsung Singapore 	Increasing sales rate	60%
2	Qoo10 	Increasing sales rate	10,2%
3	ST701 	Rapid increase on the aspect of the visit to the website	-
4	Amari Hotels 	Increasing sales rate from the website	44%
5	Asiatravel.com 	Increasing numbers of new customers in each month	10%
6	babytown.com.sg 	Increasing income after using AdWords	2 times
7	Cworks 	Increasing daily traffic on the website	70%
8	Diem Sang Viet 	Increasing sales of distributed cellular phone	100%
9	HBM 	Increasing sales in less than a month	50%

Table 1: The Increase of E-commerce Sales Using Google Adwords

S.N.	E-commerce Name	Increasing Aspect	Increasing Rate
10	IT WORKS 	Increasing sales	200%
11	Liberty Insurance Vietnam 	Increasing inquiry volume	300%
12	Lunch Actually 	Business expansion in other countries	3 countries
13	PassionAsia.com 	Increasing sales	500%
14	PT Wahana Indonesia Transport 	Increasing sales and business expansion	50%
15	PYO Travel.com 	Increasing numbers of new customers	>50%
16	Songhuong.com.vn 	Increasing numbers of traffic to the website	200%
17	SupermanSupermove.com 	Increasing numbers of new customers	97%
18	Adorable Baby Clothing	Increasing sales	610%

(Source: Success Stories Data from Google, Inc., 2013)

Discussions

1 *The Use of Google AdWords to Increase E-commerce Sales*

The result **2** of the analysis demonstrated that the use of Google AdWords could increase e-commerce sales. The sales rate in each e-commerce websites were different, however, those increasing sales provided great advantages for the business. One of the factors which affected the increasing sales was due to the increasing visits to the e-commerce websites.

2 AdWords is a program which displays the advertisement based on the keywords that the users type on the Google search engine. When a shopper looks for goods or services in google.com, he would type specific keywords and Google would display an advertisement in which that if it is clicked, it leads to the e-commerce website. The following is the mechanism of Google search.

6 When a user visits google.com, he would type a keyword and click Google search button. This stage is named search query. As a response, Google would display the search webpage which consists of the website list related to the search query. The most relevant websites shows up first. Besides the websites in the search list, Google also displays relevant AdWords advertisements. Those advertisements are labelled sponsored links, which appear on top or on the right side of the search page.

5 AdWords advertisements not only appear on the Google search page. Google distributes the searching results and advertisements to the partners that belong to Google's Search and Content Network (Google, Inc., 2007). Consequently, the advertisement spreads largely and its chance to be seen and accessed by the shoppers would be higher as well. The result of the research reveals that the visits to the observed e-commerce websites was rapidly increasing, such as in ST701, CNWorks, Liberty Insurance, and Songhuong.com.vn.

One of e-commerce sites which took as a part of e-commerce **1** success stories in the use of AdWords was Qoo10. Qoo10 had 10.2% increasing sales and increasing search traffic for more than 15% (Google, Inc., 2013). Qoo10 which was known for the pioneer of Asian e-commerce could sell various products such as books, cosmetics, and electronic devices in six countries: Singapore, Malaysia, Indonesia, China, Hongkong, and Japan. In a day, Qoo10 carried out 30.000 transaction and integrated 1.000.000 users. Until now, by the use of Google AdWords, those numbers keep increasing.

The Benefits of Google AdWords in Increasing Many Aspects of E-commerce

Based **4** on the data presented in the findings, it is revealed that the use of Google AdWords possesses beneficial roles

in e-commerce business. Those benefits could be categorized into four aspects: increasing query volume, increasing numbers of visits to the websites, increasing number of the customers, and the most essential thing is increasing sales.

Increasing query volume indicates the numbers of search to the keywords which are relevant to the e-commerce sites. The use of AdWords is highly related to the selection of the keywords (Alcouffe, 2013). The keyword used in AdWords would be utilized as a basis of the compatibility between the keyword which is typed by the user. Moreover, there are also increasing numbers in the aspect of visits to the e-commerce websites. The visit from the users to the website is an important factors since it gives the chance to the shoppers to see the products. If they are interested in the products, display and the service, they could be a customer. Those aspects are highly related to each other and possess a role in increasing the sales.

Conclusions and Suggestions

Based on the result of the analysis and the discussion, the conclusions are drawn as follows:

1. Google AdWords could be utilized to support e-commerce activities. The use of Google AdWords is beneficial to increase e-commerce sales.
2. Google AdWords possesses many benefits that could be utilized to increase the numbers of visits to the e-commerce websites, the numbers of new customers, and to expand the business.
3. Based on the results of the study, the following are the recommendation from the researcher:
4. Due to the benefits and advantages, the people are suggested to use Google AdWords to support their e-commerce activities and to increase the sales.
5. According to the results, the future researchers in the similar field of study are recommended to conduct advanced study, by comparing Google AdWords and another advertising media in increasing e-commerce sales.

An Analysis on the Use of Google AdWords to Increase E-Commerce Sales

ORIGINALITY REPORT

9%

SIMILARITY INDEX

0%

INTERNET SOURCES

0%

PUBLICATIONS

9%

STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to Universiti Malaysia Sabah Student Paper	2%
2	Submitted to University of Wollongong Student Paper	2%
3	Submitted to Trinity College Dublin Student Paper	1%
4	Submitted to IUBH - Internationale Hochschule Bad Honnef-Bonn Student Paper	1%
5	Submitted to RMIT University Student Paper	1%
6	Submitted to Central Washington UNiversity Student Paper	1%
7	Submitted to Mont Blanc Palace Student Paper	<1%
8	Submitted to Middlesex University Student Paper	<1%



Exclude quotes Off

Exclude matches Off

Exclude bibliography Off