

## COUPONING AND SEO: CUPONATION CASE STUDY

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Accademic Year 2014/2015



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## **INTRODUCTION**

The aim of the thesis is to analyse how an online marketing company deals with SEM strategies. The analysis starts from the awareness that the online world is spreading, and that the online customers are growing. That is the reason why the companies have to set a digital marketing strategy, focusing on SEM. SEM is search engine marketing: a unified strategy that includes actions to make the company efficient in the digital market (optimization of the website, sponsor of it, etc.). The subject of the analysis is CupoNation. This is a German company, based in Munich, which belongs to the incubator Rocket Internet. It set a SEM strategy that is good, if we consider it completely, but that has some problems if go in the detail.

### **Search engine marketing**

When we talk about digital world we have to consider the actors that are in it. In particular, the two main actors, the company and the user interact among them and establish a relationship that goes behind the product. The functions of a search engine are two: crawling and indexing and giving results. As far as the first function concerns, it consists in reading and put in an archive all the collected data, in order to give a result to the user. Each search engine has “spiders” that analyse each page that is in the web, and then they index it.

In Italy the most important search engine is Google. It was born in 1998, and since that date on it affirmed because it offers a lot services, not only the search. Because of it, companies try to understand what are the parameters that Google uses to make the websites rank in the first position or in the last. It is very important to say that we can have two kinds of results: organic results and inorganic results. Organic results are outcome of SEO. Instead, inorganic results are called also paid results, and they are the outcome of SEA. The company needs to address to new customers, they belong to a new generation, the Net generation that includes young people who know the net very well. How can the company address to them, and be successful? There has to be a digital strategy, which includes three actions: SEO, SMO and SEA. They are techniques that influence the search engines and they are necessary to be important in the market. The first one regards the “free” optimization of search engines, the second the optimization of social media and the last is the “paid” optimization of search engines. Before starting the analysis of these techniques, it is necessary to understand what is a search engine and how does it work.

Therefore, starting from the here, the companies have to decide what kind of strategy they have set in order to attract the users in their pages. They can be three: SEO, SMO and SEA.

- SEO (acronym of search engine optimization) is a “free” technique that allows to rank in the SERP, without paying a fee to Google. It is composed by three actions: keyword research, content optimization and link building. The keyword research consists in the usage of the right keywords in title, meta title and URL. Then, there is the content optimization. It focuses on the content of the content on the website. It has to be the most appealing possible for the customer and Google has to appreciate it. At the end, there is the link building that is a technique, which allows giving mutual credibility.
- SMO (acronym of social media optimization) consists in the optimization of each social media, which can interest the company. In effect, as already said, now there is the Net generation. It tends to face the companies via internet and using blogs and social networks. Beginning from this statement, the company should set a SMO campaign. The first step to take is make all the social networks profiles active: it means that Facebook, Google+, Twitter have to include daily, or, at least, weekly posts. Then, the company should open, and update a blog.
- SEA (acronym of search engine advertisement): The company set a certain budget, and uses it to gain the top position in the SERPs. Actually, when the company is first thanks to a payment, we can recognise it, because we find the word “Announcement”, but, it is not very important, because users will click on the result because it is the first. SEA is not a good technique if the company looks forward, because it can last only for a short period, but if the company is developing also the others two campaigns, it is worth to do it.

### **E-commerce & digital marketing**

As said before, the techniques of SEM are important, in order to reach the customer and to keep it. If we have an overview of what’s going on in the digital world, we can see that the e-commerce is a fast growing sector. The first appearance of something similar to e-commerce was in 70’s when EDI appeared. A system allowed transmitting invoices between sellers and suppliers. It was not the best system ever. In effect, it was not interactive and, if the company wanted to negotiate the price of the goods, it could not. In 1996, in Italy, Olivetti Telemidia launched the so-called

“Cybermercato”, which was a shop where people could buy books, laptops, electronic goods and several kinds of stuffs. The website does not exist anymore, but this is the ancestor of the marketplaces.

When we talk about marketplaces and e-commerce websites, we have to introduce the numbers of this “phenomenon”. The total amount of money that people in the World spend on internet is 1316 billion of dollars. There was a growth of 22% in comparison to 2013, and researchers’ think that in 2015 there will be a growth compared with 2014<sup>1</sup>. The countries where this growth is bigger are the Asian countries, especially China. Also in Europe, the situation is not so bad, and there are some markets, like Italy, that are exploding now and everything is developing. The graph below shows how the Italian market is growing.



Figure 1 COMMERCE IN ITALY- SOURCE: CASALEGGIO E ASSOCIATI, E-COMMERCE REPORT 2015

The sector that is affirming is the leisure, followed by tourism and insurance. In addition to these sectors, international market places are going ahead: Amazon and eBay are becoming a reality and people can buy whatever they want there. In this kind of environment all the parts that play a role are doing something. Governments are creating new laws in order to help companies and customers. The companies are developing the digital part, thing that a lot of them, up until now, did not do it, because they thought it was useless. In addition, the will to become international is making them realize multilingual websites, where people all the world can buy what they want. This is a very good strategy because it can enlarge the clients’ network. As far as the customer concerns, they, as mentioned before, are growing. More and more people buy on internet. There are several reasons, for example, the fact that they can find exactly what they want, or that the product arrives directly at home. Moreover, they are starting to think more in the “digital” transactions, which represented an obstacle in the last years for the developing of the e-commerce.

<sup>1</sup> Casaleggio e Associati, E-commerce in Italia, N°8

When we talk about e-commerce, we have to introduce one more interesting thing: the distinction between B2B, B2C, B2G and m-commerce.

The B2B is the commerce between the companies and it is composed by two parts e-infrastructure and e-marketplace. Then we have B2C, which is the business between the companies and the consumers. A good example of this kind of business is Amazon. Then we have B2G, which regards the usage of internet from the governments, for administrative things. At the end, we have m-commerce, which is the mobile commerce, in other words the commerce that concerns the mobile devices.

When we talk about e-commerce, we can consider a branch of it, which is not very famous in Italy, but it growing a lot the online couponing market. This sector is a reality in the USA, and in the north Europe, but in Italy is quite unknown. It was born in the USA, when John Pemberton, in order to make people try Coca Cola, gave coupons to have a glass of Coke free. In this way, people could just taste the drink and decide. Then the market developed in the offline sector and in few years expanded also to the online sector. How does this business work (in the online world)? When people go on the website, they find offers and coupons. They choose what they want, and then they click on the coupon or on the offer. In this way, they will be redirected to the page of the shop, which they chose before. If they will complete the purchase, the online couponing market will have a percentage. This kind of business model bases on affiliate marketing.

Affiliate marketing is a type of performance-based marketing in which a business rewards one or more affiliates for each visitor or customer brought by the affiliate's own marketing efforts. The industry has four core players: the merchant (also known as 'retailer' or 'brand'), the network (that contains offers for the affiliate to choose from and takes care of the payments), the publisher (also known as 'the affiliate'), and the customer<sup>2</sup>. The image below shows exactly the meaning of this sentence

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<sup>2</sup> Ben Edelman Wesley Brandi, Risk, Information, and Incentives in Online Affiliate Marketing, Harvard Business School, June 23, 2014





Figure 2 HOW AFFILIATE MARKETING WORKS- SOURCE: COMMISSIONFACTORY.COM.AU

Therefore, affiliate marketing is a very profitable business, and it is not very difficult to start. Affiliate marketing has pros and cons: it guarantees long-term revenues to the affiliate and a bigger traffic to the merchant. Nevertheless, it is necessary to choose carefully the affiliate, because it has to concern the merchant's business, especially for the traffic.

The affiliate platforms, which take care about the relationship between publishers and merchants, measure the quantity of sales and, at the end, the percentage to give to the publisher. The most important platform are Zaonx, Tradedoubler, Webgains, Shareasale. Each one of them tends to take care about a different business.

## CUPONATION DIGITAL MARKETING STRATEGY IN ITALY

In the third chapter, we focused on the case study of CupoNation, a company that belongs to Rocket Internet, a famous German incubator, based in Berlin. Rocket internet defines itself not as an incubator, but as a company builder. In effect, the value proposition is explanatory. First, as already said, infrastructures are very important. Rocket internet puts together the expertise and the cooperation with national actors. Then rocket network: the possibility to have the overview in several countries allows exploiting strengths and avoiding weaknesses. As far as the process concerns, Rocket Internet relies on a centralized structure, which, at the same time, adapts to the regional needs. At the end, about technology, the compared analysis of markets and possibilities allows not to be wrong, and start businesses, with few investments. Rocket Internet has companies in the entire world, except in the USA and China, because they are mature markets, and there are already incubators.

About CupoNation, Rocket Internet considers this company an emerging star, in other words a company that can spread soon. The first country that hosted CupoNation was India, followed by Brazil and then it arrived to Europe. As just mentioned, this is not one of the biggest companies of Rocket Internet, but in December 2015, it received an investment of 10 million of euros, to start the expansion. We can summarize the value proposition in saving and reliability for the customer. About the business model, it is the same of American couponing websites: they earn money through percentage on sales and leads.

In Italy, as mentioned before, the sector of online couponing is almost unknown. Usually people find the couponing websites by chance and, because of this, these websites have a very high bounce rate<sup>3</sup>. The market is very fragmented, because there are many websites, but the most important players are five. The market leader is Codicesconto, which is Italian and it is the market leader because of the long presence in the market (2008). Then there are Piuodicisconto that has 130k estimated monthly views, then CupoNation, which has 110k estimated views, follows Sconti.com, with 70k views. The table below shows exactly the numbers.

As already mentioned, the most important actor in the Italian market is Codicesconto. It is in the market since 2008, and it is the top player because of the “longevity” of the URL. In effect, it does not take care about the SEM techniques mentioned before. The value proposition focuses on the possibility to make people save money with offers and coupons, and guarantees that all the codes are true. When we analyze the three pillars of the SEM strategy, we can see that there are many errors. Let us start with SEO.

When we look the SERPs, Codicesconto is always the first. However, when we analyze in depth we can see many errors. About SMO, Codicesconto has not social profile updated and the blog is full of old content. At the end, it does not perceive a SEA strategy.

Another competitor, which is not as powerful as Codicesconto, but is becoming dangerous, is Advisato. Let us divide again SEO, SMO and SEA. About SEO, Advisato is trying to develop a very good strategy, in order to steal positions to the top players. About SMO, Advisato has a blog, and it takes care about it. As far as social networks concern, they are updated too. Advisato does not have SEA campaigns already.

CupoNation is in Italy since 2014, but at the beginning, it did not exploit the potential it had. Before starting analyzing the digital marketing strategy, it is important to underline the value

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<sup>3</sup> Bounce rate is the rate that measures how customers leave the website, without doing any action.

proposition and the business model. The customers can find not only the best price, but to add to it a discount, coming from an offer or a coupon. In addition, the coupons that we can find on the websites, in all the countries are always real. From the company side, CupoNation can exploit the strength of the group. Obviously, the target is the composed by people who usually buy on internet and are willing to save money.

The Italian market is starting now to grow and know new sectors. Let us analyze SEM: SEO, SMO and SEA.

Let us start with SEO.

As already said, when the company has to set a SEO campaign, it has to realize three actions: keyword research, content optimization and link building. The first action regards the capability to find the right keywords, to insert in title, meta title and URL. The research took into consideration three categories. After analyzing the keywords used, thanks to SEO tools like AdWords and SemRush, has been possible to understand that sometimes the keywords are not right, or they do not consider also the shop.

About the content part, it is also important. In this content optimization, the company has to include the shop pages where we can find a brief description of the shop and of its business. In particular, during the analysis, we could figure it out that there are some articles, that are not clickable and they should. In addition, there should be more subpages. The positive note is that in every shop there are the basic information that the customer needs.

As far as link building concern, CupoNation is doing a very good job. In fact, it is putting together both high authority websites, and this is positive because Google perceives it.

SMO, social media optimization, is not good. CupoNation did not adopt a strategy for any social media. It could be a way to rank in the SERPs, but the potential is not exploited.

About SEA, we can find this kind of strategy for few shops, which are the top shops. This, as mentioned before, in effect, is not the best strategy to adopt because this is a short run strategy. Instead, if the company proceeds a long-term strategy, based on SEO and SMO, it could bring more results.

### **Partnership**

If CupoNation thinks to grow it is very important to start partnerships. And, the German company started an online partnership with Corriere della Sera, a famous online and offline newspaper. It seems that CupoNation and Corriere do not have anything in common, but what CupoNation can

do is exploit the strength and the reliability of Corriere to increase the users. On the other side, Corriere can exploit the users that know CupoNation, and have more readers. Therefore, this is a mutual benefit.

When we talk about this collaboration, we have to think if CupoNation exploits it well or to. How can we understand it? The first topic to analyze is the URL. CupoNation has the so-called subdomain (the website is different from the homepage, the user moves in another domain but something in the URL reminds the domain [sconti.corriere.it](http://sconti.corriere.it)). It would be better if CupoNation could have a subfolder ([focus.it/codice-sconto](http://focus.it/codice-sconto)). This is a good strategy to use the strength of the website, but to have its own “personality”. Therefore, CupoNation has to reviews this partnership, in order to make it profitable.

## **CONCLUSION**

We can say that CupoNation is one of the best companies in the online couponing market, and the reason is that it belongs to a big group, Rocket Internet, which allows exploiting strengths and avoiding weaknesses. However, the problem is that since it started. Operating in Italy, it did not exploit all the potential it has. Now it is ready and it is time to invest. In December 2015, investors planned a 10 million investment for CupoNation International, and 1 million was destined to Italy. So, from now, on CupoNation Italy can implement a new strategy, in order to become a real market leader. Now, it is necessary to point out the weakness, to think about some suggestion to be winners. It has to improve SEO, SMO and SEA.

I would like to say that some suggestions come from my personal experience in a competitor of CupoNation, where I did an internship.

- SEO: The blog is “empty” on the content side, and it could be a big source of traffic. A big list of shops that does not have the right keywords, and, for this reason, does not rank. The collaboration with Corriere is not producing the expected results, because the results are not in the first page of the SERPs.
- SMO: the social profiles of CupoNation are a bad example of social media optimization. In fact, the updates are very old (5/6 months ago). Therefore, the policy that the company

should follow is a re-building of the pages, as happened with the home page of the website itself.

- SEA: because people find CupoNation website by chance, it could be positive if the company would start a display programmatic campaign. It means that it should choose only specific websites and publish ads.

Beginning from these considerations, we can answer to the question we had at the beginning of the work: does CupoNation have the right digital marketing strategy? The answer is yes, but with some reservations.

It should because it operates in a fast growing market (+50% per month).

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**COUPONING AND SEO:  
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## INTRODUCTION

This work has the aim to examine the SEM techniques, which companies use, in order to rank in the SERP, and to have much traffic possible. It includes three different methods of acting: SEO, SEA and SMO. Each one of them is different and has a different development, but each one of them is becoming the base of companies' strategy. In particular, the chosen company is CupoNation, which is an online couponing company, which belongs to the German incubator, Rocket Internet, and that operates in more than 15 countries all over the world. The analysis focuses on the Italian company. In Italy, the business of online couponing is quite unknown; usually people find these websites by chance. However, it is becoming a reality, and it is going to affirm. That is why CupoNation has to set these actions in the best way.

The first chapter is about the digital world. In particular, in the first part we can find who the actors are in the digital ecosystem, how they act, and how they interact among them. After a brief history of search engines and explanation of how they work, there is the description of the SEM: search engine marketing. It includes SEO (search engine optimization), SMO (social media optimization), and SEA (search engine advertisement). SEO is the search engine optimization. It does not regard the paid results, but the organic ones. In particular, the company has to do in order to appear in the top positions of the SERP. They are three: keyword research, content and link building. This strategy is better than SEA, because SEA is a short-term strategy, SEO, instead can last for a long period. Then we have SMO; it consists in the optimization of social networks. Each account that the company has on the social networks needs to be active and interactive with the user. The reason is that there are always more active users on social networks and the companies have to take care about them. As far as the SEA concerns, it includes all the paid campaign that the companies can do with Google. And there are some specific metric, like pay-per-click and cost-per-click that measure how much the company has to pay, considering the user's click. At the end of the first chapter there is an introduction to e-commerce.

The second chapter is about e-commerce and online couponing market. As far as the e-commerce concerns, it is becoming a reality all over the world, and, according to the statistics, people who usually buy on internet are 1.228 million in the entire world. This



is a very important datum, especially for the companies that have to set their goals, considering it. In Italy the e-commerce is developing now. And the users who buy on internet are growing more and more. What is the reason? There are several reasons that explain it: the government is creating policies that are consumer and company friendly, people are becoming more and more demanding, and it pushes them to look for things that they can't find in the offline market, on internet. In addition the sectors that are growing are leisure and travel, which, actually, are sectors that are going good also offline. There are different kinds of e-commerce: B2B, B2C, B2G and others, but the analysis will focus on the B2B. Companies are trusting on the e-commerce, that's why the investments for the digital part, because it will be a reality in few years. In addition, the companies are trying to invest to the foreign markets. This will allow to reach people all over the world, and not to be a niche company. In order to understand the online couponing, it is necessary to understand what affiliate marketing is.

About affiliate marketing, we can define it like a performance-based marketing in which a business rewards one or more affiliates for each visitor or customer brought by the affiliate's own marketing efforts. The industry has four core players: the merchant (also known as 'retailer' or 'brand'), the network (that contains offers for the affiliate to choose from and takes care of the payments), the publisher (also known as 'the affiliate'), and the customer. In effect the model is very good: each part involved has an advantage: the merchant has visibility, the network has the capability to intermediate and close deals, the publisher can earn money and the customer can save money. Based on this affiliate marketing, we have the online couponing market. Nowadays the coupon market is very developed, both offline and online, mostly in the USA. Let's move to online couponing. It is a very huge business in countries like the USA, but we cannot say the same thing for Italy. It was born in 1886, when Coca Cola decide to print coupons, in order to make the consumers taste this new beverage, and then it spread in all sectors of the market. Since when internet is a reality, it appeared also in the digital form. What people can do is save money, using discounts and coupons present on the page of the couponing website.

The third chapter is about the Italian market of coupons, with a particular analysis of CupoNation. In Italy this sector is not very famous, and the first website that started

doing it is Codicesconto.com, in 2008. The early entrance in the market guaranteed to Codicesconto the leadership in the market. One of the biggest players in Italian market is CupoNation. It belongs to the German incubator Rocket Internet. The first launch of CupoNation was in India. It had the aim to imitate the model of the American company RetailMeNot, and sell discounts and coupon. Only in 2013 it was launched in Europe, and in 2014 in Italy. About the SEM strategies, it is important to analyze how CupoNation deals with them, because they allow to be the market leader. CupoNation is not the market leader in Italy, and the reasons are many. It should exploit all the potential it has coming from Rocket Internet network, in order to succeed. As far as SEO concerns, CupoNation since less than one year is developing a new policy. It is starting all the SEO techniques: the keyword research, the content optimization and the link building. In fact, it focuses on few shops, which are its top shops, and it is optimizing title, meta title, and URL (keyword research). In addition, it is doing a lot of landing pages that can both interest the user and make him buy the product (content optimization). As far as link building concerns, it is not very simple to do, and to structure. However, CupoNation is finding both good and not so good websites. The best of this techniques is the keyword research, because it allows to rank in the SERPS, and so, automatically to have more users. Once we rank, we have to have the best content possible. For both techniques, CupoNation is trying to develop a systematic approach and it is succeeding in it. The only two black marks are the blog, which CupoNation has and the partnership. In the first case the blog is not updated, in the second case, CupoNation does not exploit the partnership, as it should. Then there are SMO and SEA, which are not particularly important. In effect, as far SMO concerns, CupoNation didn't develop a campaign yet, and all the social profiles are not updated. The SEA is also not very much exploited, and it is active only for few shops, but it could represent a short term technique, in order to gain consumer trust.

# CHAPTER I: THE LITERATURE REVIEW

## 1.1 Introduction to the digital world

World is changing very fast. In this change, internet has a huge role. In fact in the entire world 3.010 billion people uses internet every day, and can interact with other people all over the world<sup>1</sup>. Users can have the feeling of what happens in the world, can share opinions and can have feedback from their pairs in the world. In this conditions, the consumer changes too. He becomes a digital consumer and his relationship with the company starts changing. The company has to pay attention to this kind of customer, because he is the digital customer. We can say that this kind of user belongs to the Net generation, different from the other generations because it has the control of digital tools and it knows how to push the company. How can the company handle this new kind of customer? It has to create a system where the customer is on only the customer, but he is a “prosumer”. It means that he has to participate in the creation of the brand and in its promotion. In this way the consumer feels more involved.

In order to build this relationship, it is necessary to consider three pillars<sup>2</sup>: a digital identity, a digital relationship and digital contents. When we talk about digital identity, we are referring to the new appearance that the company has to build for itself. As will be mentioned later, the company has to become a digital company, it has to make available, for the customer, all the digital touchpoints it can build and it has to make the website, and everything related to the digital content, accessible in the entire world. Therefore, the company has to become a real digital company. As far as the digital relationship concerns, it means that the company needs to establish a new relationship with the customer. What kind of relationship? The answer is simple: the company needs to convince the customer that the product it sells is the best. In this way the customer will become a loyal customer and it could advice the products to his friends and so on. In this kind of relationship building, the web plays a very important role. In fact, the smaller companies also can exploit internet, building a good content

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<sup>1</sup> Wearesocial, Report 2015

<sup>2</sup> Digital Marketing course - Maximo Ibarra- Luiss Guido Carli 2014-2015

and ranking in the SERPs. Actually this is not very, because the bigger companies invest a lot of money in digital, but the competition on search engines is becoming high.

Customers are very important for the company, not only because of the reputation they can influence, the loyalty they can give to the company and the products they can buy, but because of the so called “revolution on the big data”<sup>3</sup>. First, we can define big data as shorthand for advancing trends in technology that open the door to a new approach to understanding the world and making decisions. There is a lot more data, all the time, growing at 50 percent a year, or more than doubling every two years, estimates IDC, a technology research firm. It’s not just more streams of data, but entirely new ones. For example, there are now countless digital sensors worldwide in industrial equipment, automobiles, electrical meters and shipping crates. They can measure and communicate location, movement, vibration, temperature, humidity, even chemical changes in the air<sup>4</sup>. The phenomenon of big data is becoming always more important because companies can have the feeling of the market, if they analyze them. The quantity of data is bigger, then the data that the companies can have with market analysis or funnels. These data are also quite simple to obtain. But the problem is that they are not structured, because they come from different sources such as social networks and apps. Big data represent something very powerful for people and companies that use them. Only to show some numbers, a European retailer using big data to the full could increase its operating margin by more than 60 percent. If US healthcare were to use big data creatively and effectively to drive efficiency and quality, the sector could create more than \$300 billion in value every year<sup>5</sup>. Big data, as mentioned before, are a real resource for companies and public sectors. The report of McKinsey about this topic points out seven key insights of big data, which will become crucial in the future:

1. There is a huge quantity of big data because they burst into the consumers’ life and, at the very first moment, nobody could handle them.

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<sup>3</sup> Dr. Thomas Hill (2012), The Big Data Revolution And How to Extract Value from Big Data, Business Paper White Statsoft.

<sup>4</sup> Steve Lohr (2012), The Age of Big Data, The New York Times.

<sup>5</sup> James Manyika, Michael Chui, Brad Brown, Jacques Bughin, Richard Dobbs, Charles Roxburgh, Angela Hung Byers (2011), Big data: The next frontier for innovation, competition, and productivity, McKinsey Global Institute

2. There are several usages of big data, among them we can cite two important uses: the possibility to make better strategic decisions both at the level of management and at the level of customers (because the company knows the customer)
3. Because of their quantity and of their variety, big data will be the base for productivity and of surplus of the customers. In fact, companies will know always better their customers and this will allow to give them a surplus, and, at the same time, to have a bigger production.
4. Big firms will use big data to grow and to establish a real competition. In effect, the second step after acquisition of big data is their usage. And this will help companies to grow.
5. Some sectors will have more benefits from the big data than others, for example IT and finance.
6. Big data will produce also more jobs. In fact, there will be someone specialized in organizing data and reading them.
7. If the companies want to have access to big data, they have to wait for governments, who will rebuild the privacy policies, not to lead the citizens' rights<sup>6</sup>.

Last, but not least of the pillars is represented by the digital content. When we talk about digital content, we mean everything sold and exchanged on internet. Therefore, we can consider a song sold on Spotify a digital content, in the same way we consider a smartphone sold on Amazon a digital good.

A very important topic to analyze when we talk about digital economy is represented by the touchpoints. When we mention touchpoint, we have to refer to every possible form of contact between the company and the customer. There are both online and offline touchpoints, and both are important. Among offline touchpoints we can find billboards, TV advertisement, but also shops etc. On the other side, digital touchpoints are websites, blogs, social networks and apps. The most important touchpoint is the website. When the company builds the website, it has to think that the customer needs to have an overview of the website, without any difficulty. This will bring to a

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<sup>6</sup> James Manyika, Michael Chui, Brad Brown, Jacques Bughin, Richard Dobbs, Charles Roxburgh, Angela Hung Byers (2011), Big data: The next frontier for innovation, competition, and productivity, McKinsey Global Institute

better customer loyalty and a positive word-of-mouth<sup>7</sup>. In other words it a matter of approach to the customer. As in the offline world, the approach to the customers in the shop is crucial; in the online world, the capability to develop a good website is completely bounded to the possibility to have a good reaction from customers. In addition to the website, as mentioned before, there are blogs and social networks. About blogs, as we will see later, they represent a way to attract the user and, at the same time, to transform it in a customer. Blog, in effect, are perceived as a form of journalism, more than a “commercial” website<sup>8</sup>. So, the companies should exploit this potential in two ways: the first one is creating their own blog, in this way they could redirect to the shop page and, as said before, create customers. In addition, they could use other blogs to become more reliable to in the eyes of the users. At the end, a very important topic is about social networks. According to the statistics<sup>9</sup> 2.08 billion people are active users of social networks. We have two kinds of social networks: generalists, like Facebook, Google+, Twitter; and specialist like LinkedIn. Actually, social networks are double-edged sword<sup>10</sup>. In fact, they can be both a way for the company to communicate with the company and a method to link customers one to the other. When customers talk, they exchange opinions and talk about the products of the company. So, the aim of the company is to redirect the discussions of the customers through the mission of the company, in order to create reliability and loyalty.

In conclusion, the aim of the companies is to become interesting for the digital customer and, in order to do this, they have to start with digital campaigns. These campaigns are SEO, SMO, and SEA. Before analyzing these campaigns, it is necessary to understand how a search engine works.

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<sup>7</sup> Casaló, Luis V., Carlos Flavián, and Miguel Guinalú. (2008): The role of satisfaction and website usability in developing customer loyalty and positive word-of-mouth in the e-banking services, *International Journal of Bank Marketing*.

<sup>8</sup> Nardi, Bonnie A., et al. (2004), Why we blog. *Communications of the ACM* - 41-46.

<sup>9</sup> Wearesocial, report 2015

<sup>10</sup> Mangold, W. Glynn, and David J. Faulds (2009): Social media: The new hybrid element of the promotion mix, *Business horizons* 357-365.

### 1.1.1 Overview of search engine working

Search engines such as Google are the main way for the Internet users to find websites. In this search engine, it is crucial for any web site to appear in the search results in order to attract website visitors. Since search engine users are more likely to click on a result at the top of the result page, being present only is not the optimal situation<sup>11</sup>.

CERN Institute has been involved in the process of Web developing and it had all the changes about web news. The first search engine invented, in 1990, was *Archie*. It was an archive of files and its aim was to download all the files located in FTP (Files Transfer Protocol) and create a searchable database.<sup>12</sup> Archie didn't index the results that is why it was not so useful.

In 1991 a student of University of Minnesota, Mark McCahill, created *Gopher*. It is an archive where all files are, and where people can find what they want.

In order to make it usable, in 1992 Steven Foster and Fred Barrie at the University of Nevada created *Veronica*. Veronica (Very Easy Rodent-Oriented Net-wide Index to Computer Archives) searched through a database of over 5,500 Gopher servers and over 10 million Gopher "items" or documents whose titles contained a keyword. Veronica would then set up a temporary Gopher server containing the matches which you could browse. Veronica was much overloaded, often gave error messages for a keyword search then provided results for the same keyword search on a second or third try<sup>13</sup>.

In 1993 Rhett Jones of the University of Utah developed *Jughead* (Jonzy's Universal Gopher Hierarchy Excavation and Display). This search engine was different from Veronica because it allowed to search specific subjects in Gopher and to realize specific menus from the bigger menu of Gopher. Both Veronica and Jughead disappeared

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<sup>11</sup> Karthikeyan, K & Sangeetha, M (Page Rank based Design and Implementation of Search Engine Optimization), International Journal of Computer Applications (0975 – 8887) Volume 40– No.4, February 2012

<sup>12</sup> Tom Seymour, Dean Franstvog, Satheesh Kumar, History of search engines, International Journal of Management & Information Systems Fourth Quarter 2011, Volume 15, Number 4

<sup>13</sup> Source: salientmarketing.com

because they has been overpassed by other search engines, which contained all functions in one.

After Gopher, in late 1993, Martijn Koster announced *Aliweb*. It could be considered the first search engine: Veronica and Jughead were only indexers, Gopher had a different aim. Aliweb (Archie Like Indexing in the WEB) didn't have a web-search robot, but webmasters posted on it each page they wanted to index and then Aliweb proposed it to the web-surfer, who created its own site. The biggest problem of Aliweb was the database: each user had to submit his own page and it was not so simple because someone could not be able to do it. The consequence was the small size of the database. Moreover, Aliweb did not have even robots: they allow crawling the page, to index all the pages in a system and then to propose it to the user. This is very simple and users have only to write the keyword they want.

*Jumpstation*, the search engine that appeared after Aliweb, combined the three functions of a search engine: *crawling, indexing and searching*. The problem of this search engine was the size of archive, which was too small in comparison with the fast growing of Web.

In 1994, Oliver McBrien of University of Colorado released the *WWW worm*. It is the first search engine for World Wide Web and it used the connection between the links in each page. By following the hypertext link on the website, the worm took advantage of indexing sites that were "worthy" of a link by another site [...]. On the downside, the worm also relied on the authors of a web page for descriptive titles and other information about the site. At that time few authors were sophisticated enough to use metatags and others more current web designs that provided titles or descriptions. Consequently, web sites with little or no descriptive information could not be retrieved.<sup>14</sup>

During the early nineties webmasters developed several search engines, but each one of them combined different tools and none of them was complete. Only when *Yahoo!* appeared in the late 1994 a real search engine history started.

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<sup>14</sup> Allen Kent (1995), *Encyclopedia of Library and Information Science: Volume 71 - Supplement 34*, Crc Press, p. 152 e ss.



*Yahoo!*<sup>15</sup> was born in 1995, thanks to two students of Stanford University, who wanted to launch a website. At the beginning Yahoo! was a website for surfers because they could save their favorite sites, search what they want, and then personalize the homepage.

Yahoo! did not develop an algorithm, and that is why is less used than Google<sup>16</sup>. So how did it work? Originally when you searched in Yahoo! Search, your query was sent to a searchable index of pages that was incorporated with its own directory of sites (Yahoo! Directory)<sup>17</sup>. From 2003 Yahoo! became the real search engine which is still now, exploiting all the strength of search engines it acquired. In February 2008 Yahoo! acquired *Msn*, and in 2009 it announced that Bing uses Yahoo! Search. Yahoo! is the third search engine in Italy, after Google and Bing, and it has a market share of 2,03 %. *Google* is the most used search engine in the world. In Italy 95% of web-surfers use Google<sup>18</sup>.

Google rules among the search engine because the algorithm it uses to structure a SERRP (search engine results page) is very difficult to understand, and nobody knows exactly what the strategies to follow to be in first positions are. It was born in 1995<sup>19</sup>, when Larry Page and Sergei Brin, two students of Stanford, decided to create a search engine for the university, *BackRub*. The search engine calculated the importance of websites considering the incoming links. Initially it was used on the Stanford platform, but in 1997 the brand *Google* was registered. Why the name Google? The word refers to a mathematic term, which indicates the number 1 and one hundred zero after it, and this is the purpose of Page and Brian project: organize and schedule more possible information. The most successful and the most popular service is Google Search: its aim is to put together all the information and pages and then give back a result. Google offers several tools and services. *Google AdSense*: companies can show relevant and engaging ads to their site visitors and even customize the look and feel of

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<sup>15</sup> E. Van Couvering (2008), The History of the Internet Search Engine: Navigational Media and the Traffic Commodity, in *Web Search Multidisciplinary Perspectives*, Amanda Spink and Michael Zimmer Editors, Springer, p. 184 and 185.

<sup>16</sup> Mark Levene (2010), *An Introduction to Search Engines and Web Navigation*, Wiley, p. 7 and fol.

<sup>17</sup> Tom Seymour, Dean Franstvog, Satheesh Kumar, History of search engines, *International Journal of Management & Information Systems* Fourth Quarter 2011, Volume 15, Number 4;

<sup>18</sup> Stastcounter Report: Usage of Search Engine in Italy 2014-2015;

<sup>19</sup> Van Couvering (2008), The History of the Internet Search Engine: Navigational Media and the Traffic Commodity, in *Web Search Multidisciplinary Perspectives*, Amanda Spink and Michael Zimmer Editors, Springer, p. 195 and fol.

ads to match their website. *Google AdWords* allows companies to put their ads on Google search page: each company can calculate what exactly the search volume of its keyword is, and then decide how to bet on each keyword if it want to realize a Search Engine Marketing Campaign. Google also offers the service of *Google Analytics*, which consists in producing website statistics.

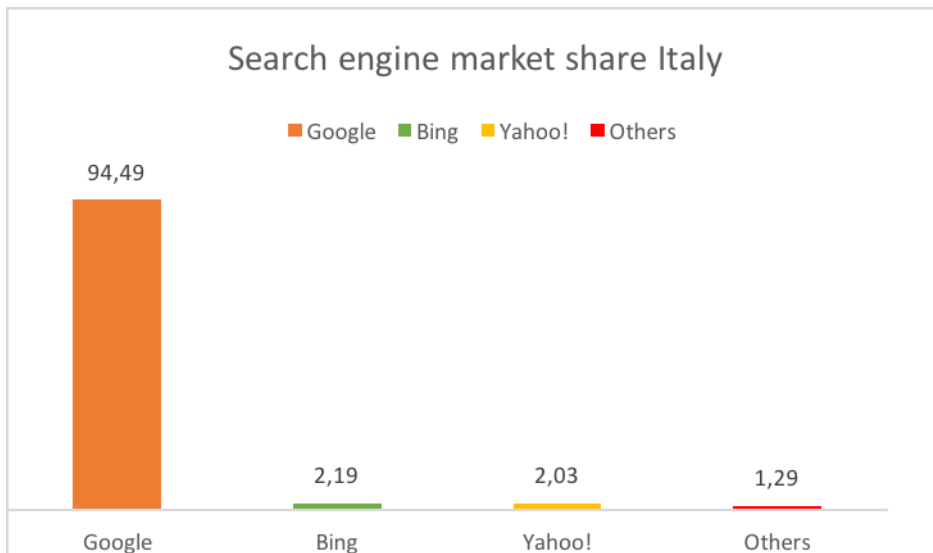
Moreover, Google is able to differentiate its offer of products: e-mail and cloud, documents, street view, earth, etc. That's why now, the company earns billions of dollars, and it is able to compete with the best IT companies.

Last, but not the least is *Bing*<sup>20</sup>. The story of Bing is the history of Microsoft, because it is the search engine of *Microsoft* itself. The first search engine of Microsoft was MSN Search, which was launched in 1998, and consisted of a search engine, an index and a web crawler. Then, in 2006, MSN Search became Windows Live Search, which was better than its predecessor was, and its contents were much better. In 2007, Microsoft decided to separate the business of search from all the others, and it allowed to develop a much better search engine. Microsoft changed the name of search engine, removing the word Live and substituting it with Bing. The name Bing is an onomatopoeia, and the company chose it, first, because it could remember a turning on light bulb, and then, because the URL (Uniform Resource Locator) is simply to remember all over the world. The name could even seem an acronym of "But is not Google", or "Bing is not Google"; this theory of acronym is not confirmed by the company. In 2009, Microsoft and Yahoo! signed an agreement, which lasts ten years, to realize a Yahoo! Search powered by Bing. Nowadays the market share of Bing is 2,19%<sup>21</sup>.

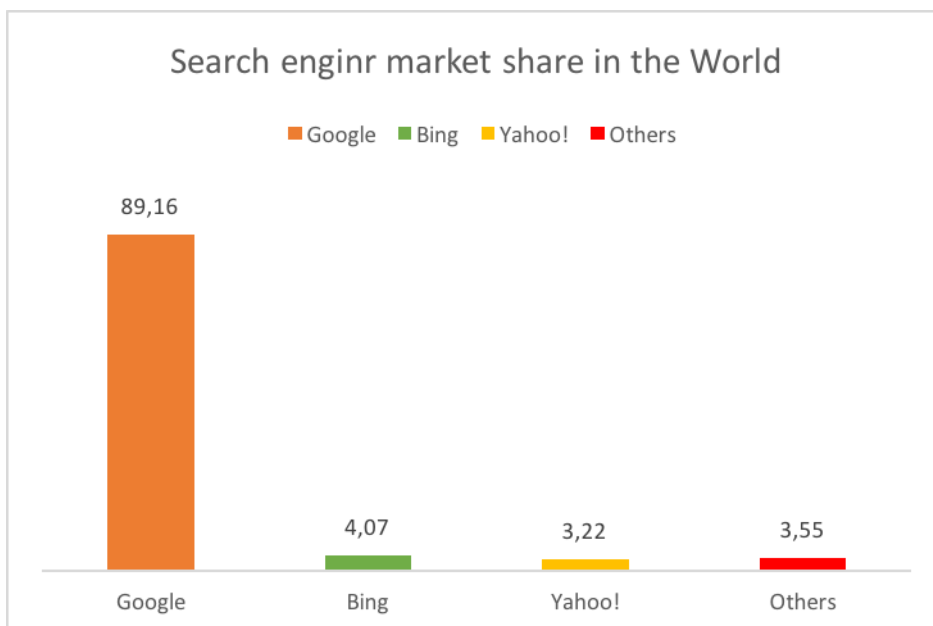
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<sup>20</sup>Mark Levene (2010), *An Introduction to Search Engines and Web Navigation*, Wiley, p. 70 and fol.

<sup>21</sup> Stastcounter Report: Usage of Search Engine in Italy 2014-2015;

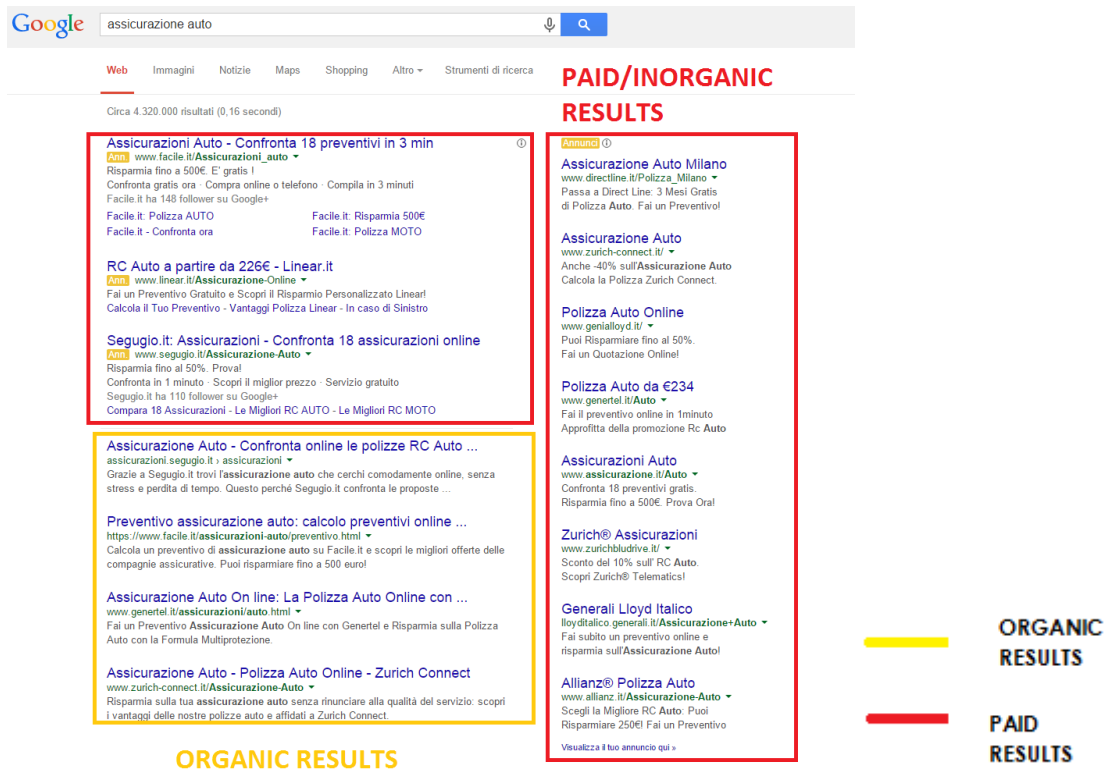


**TABLE 1.1 SEARCH ENGINE MARKET SHARE IN ITALY IN 2014 -SOURCE: ADAPTED FROM GS STATCOUNTERCOM 2014 REPORT**



**TABLE 1.2 SEARCH ENGINE MARKET SHARE IN THE WORLD IN 2014- SOURCE: ADAPTED FROM GS STATCOUNTERCOM 2014 REPORT**

When we talk about search engine and mode of operation of it, we can't forget about *SERP*. Literally it is a search engine results page, so the page where you can find all results search engine found for you, based on the keywords you wrote. Here is an example of *SERP*.



**FIGURE 1.1 ORGANIC AND INORGANIC RESULTS- SOURCE: GOOGLE- SOURCE: OWN PROCESSING ON THE BASE OF GOOGLE RESEARCH WITH THE KEYWORDS “ASSICURAZIONE AUTO”.**

The first thing to underline in the figure is the search bar where there are the words “assicurazione auto”. These words are the famous *keywords*. Keywords can be defined as words that the user writes in the search bar when he starts to look for something. Each company has a certain quantity of keywords linked to its business model<sup>22</sup>. So, if it wants to be up in the SERP, it has to use those keyword. For example when we talk about travels, generally, users write: “holiday, last minute travel, flights” etc. If the company deals with it holidays will have to use these words in a correct way: in the website itself, in the meta-title and in the meta-description.

As the figure shows, the user can have two kind of results: *organic results and paid (or inorganic) results*<sup>23</sup>. Paid results are the outcome of a SEM campaign: companies buy the most researched keywords, and, in this way, they appear on the top of the SERP or

<sup>22</sup> Aashna Parikh, Sanjay Deshmukh, Search Engine Optimization, International Journal of Engineering Research & Technology (IJERT), Vol. 2 Issue 11, November – 2013, pag. 3148

<sup>23</sup> Bruce Clay (2015), Search Engine Optimization All-in-One For Dummies Third Edition, For Dummies, Wiley Brand, p.25 and f.

on the right side of it. Organic results, instead, are the result of a SEO campaign. This is harder to realize, because the company does not buy any keyword. It has to try to understand what the most important are parameters to be on the top of the page. In order to understand them, it is also necessary to understand how a search engine operates, and why some websites are on the top, and some others are downward.

So, here it is the explanation of how a search engine works.<sup>24</sup> Except from paid results, which, as we mentioned before, allow to the company (website) to be in first positions thanks to a payment; if a company want to be in first positions of organic results has to do a hard work. Why? Because nobody knows what exactly is necessary to be appreciated by Google.

The first function that a search engine has, is *crawling*. In order to understand what this function mean, it is necessary to figure out how the World Wide Web is composed. It is set of a huge number of documents (pdf, jpeg, etc.) connected by links. In fact links are routes which relate documents among them. Search engine activates the *crawlers* (which are known also as *spiders*) and those spiders reach all the documents interconnected, following the links. Once the spiders analyze all the documents they put them in a big memory, and then, when users do a research, search engine recalls them from the memory and proposes them to the user. When we talk about crawling, it is necessary to consider the algorithm Google uses to index the SERP. There are 9 different kinds of algorithm and periodically Google updates the one that is using<sup>25</sup>. They are: Google Hummingbird, Google Mobile Friendly, Google Panda, Google Penguin, Google Pigeon, Google Payday, Google Pirate, Google EMD (Exact Match Domain), and Google Top Heavy<sup>26</sup>.

- Google Hummingbird: this algorithm was rolled out in 2013 and it gave more importance to the sentence itself and not to the single word. This could give a better result to the user. Linked to this topic there are sematic keywords (research) and semantic comprehension: Google appreciates the fact of putting all words regarding a specific topic and creates a harmonic website (and also harmonic title and meta title).

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<sup>24</sup> Sherin Babu, Relevance of search engine optimization in promoting online business, Indian Journal of Computer Science and Engineering (IJCSE), Vol. 3 No.3 Jun-Jul 2012.

<sup>25</sup> Andrea Venturi (2015), Google AdWords per PMI e liberi professionisti, Area 51 Publishing.

<sup>26</sup> Moz, The beginners guide to SEO;

- Google Mobile Friendly: through this algorithm Google rewards the website that is mobile optimized. It is used in Google mobile version and it is necessary because always more people use mobile devices (launch April 2015).
- Google Panda: this is the algorithm that Google is using now and it measures the quantity of content. Google appreciates more a well-structured website, full of qualitative content than an appropriate, but lonely use of keywords. What is important to understand is that even if the aim of the company is not give content to the user, but sell, for example, Google looks for the content, and it is one of the attributes to be on the top of the SERP. Companies don't have to undervalue the topic of content. (Launch February 2011).
- Google Penguin: links are synonym of credibility of the website. Obviously the website, which redirects to the company website has to be known and credible in turn. Then anchor text is also very important. Anchor text is the sum of words, which are underlined and redirect to the website. So it is very useful to write the nearest words to the keywords, in brief the most researched words.
- Google Pigeon: this algorithm re-align Google maps and Google search results. In particular sometimes it happens that when a user looks for something Google search and Google maps produce a different result.

Exactly now there is the matter of optimization. When a user looks for something, the system replies with a certain number of results. The order they have follows two criteria: *importance* and *relevance*<sup>27</sup>. Companies and in general websites can be in the first positions working on optimization. For years, search engine experts were convinced that the parameter to be in the first positions was the popularity of the website. The more the website was clicked, the more it was successful. Nevertheless, today this is not the only parameter the search engines have. There are several parameters and who has a website should have to know them. MOZ<sup>28</sup>, an important company specialized in SEO proposes, realized a list of factors which can be taken in consideration to have a better/ optimized website, and this list is always updated because Google algorithm changes very frequently.

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<sup>27</sup> Gurpreet Singh Bedi, Ms. Ashima Singh, Analysis of Search Engine Optimization (SEO) Techniques, International Journal of Advanced Research in Computer Science and Software Engineering, Volume 4, Issue 3, March 2014.

<sup>28</sup> Moz, The beginners guide to SEO:

The list given here is updated to 2015, and apparently, these factors are the right ones. Every two years, Moz surveys the opinions of dozens of the worlds brightest search marketers and runs correlation studies to understand better the workings of search engine algorithms. We gather this data to gain insight into the factors that may help—or hurt—a website's visibility in search engines. This year, Moz surveyed over 150 leading search marketers who provided expert opinions on over 90 ranking factors. In addition, the Data Science team at Moz, lead by Dr. Matthew Peters, ran an extensive correlation study to determine which features of websites and webpages are associated with higher search rankings.<sup>29</sup>

The figure shows what, according to MOZ, the most important factors, which influences Google algorithm, are. They are divided for area, and each one of them has a ranking from one to ten.

1. *Domain- level link features*, based on link/citation metrics such as quantity of links, trust, domain level page etc. (8,22)
2. *Page- level link features*, and this is the set of page rank, trust metrics, quantity of linking root domains, links, anchor text distribution, quantity/spamminess of linking source etc. ( 8,19)
3. *Page-level keyword and content-based features*: content relevance scoring, on-page optimization of keyword usage, topic-modeling algorithm scores on content, content quality/quantity relevance (7,87)
4. *Page-level keyword-agnostic features*: content length, readability, Open Graph mark up, uniqueness, load speed, structured data, mark up etc. (6,57)
5. *Engagement and traffic/query data*: data serp engagement metrics, clickstream data, visitors data/usage signals, quantity/diversity/CTR of queries, both on the domain and and page level. (6,55)
6. *Domain-level brand metrics*: offline usage of brand/domain name, mention of brand/domain in news/media/toolbar browser data of site usage, entity association etc. (5,88)
7. *Domain-level keyword usage*: exact-match keywords domain, partial keyword, etc. (4,97)

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<sup>29</sup> Moz, The beginners guide to SEO

8. *Domain-level keyword-agnostic features*: domain level length, TDL extension, SSL certificate, etc (4,09)
9. *Page-level social service*: quantity/quality of *Twitted* links, Facebook shares, Google +1s, etc. (3,98)<sup>30</sup>

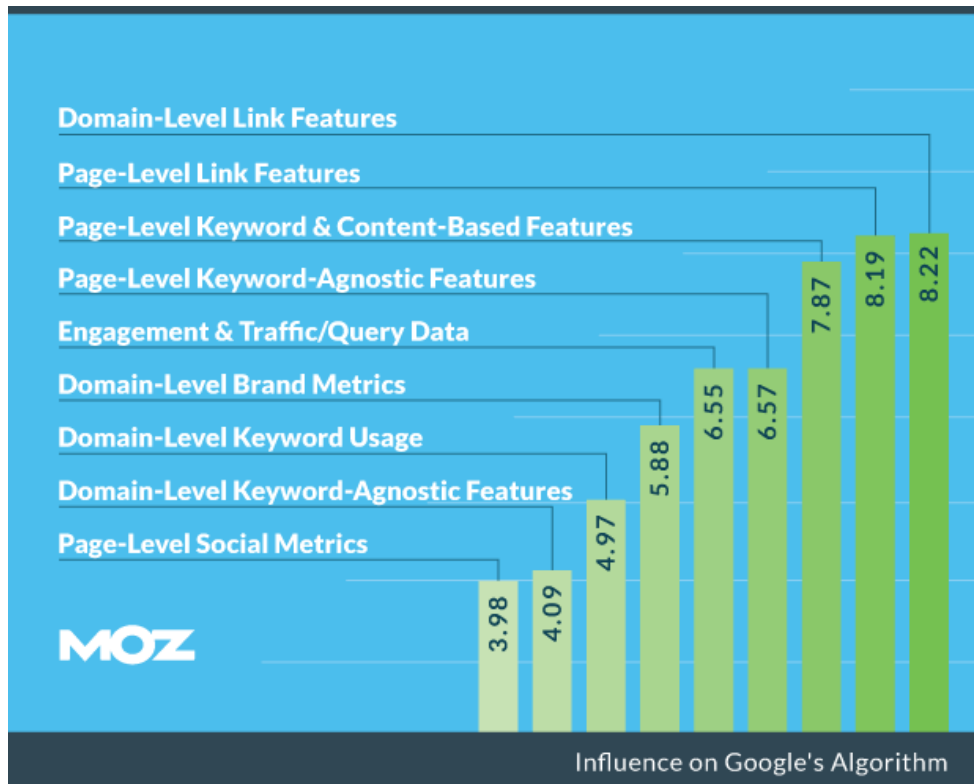


TABLE 1.3 FACTORS THAT INFLUENCE GOOGLE ALGORITHM'S- SOURCE: MOZ, SEARCH ENGINE FACTORS (2015)

Certainly, these factors are not the bible about how a search engine allows to rank better, but only a guideline for companies. In few words, what a company has to do to be in first positions is: make the website user-friendly, create a hierarchy of links and text, put content in the website, and not put a lot of links<sup>31</sup>. Being more precise, the company has to take care about the user when it realizes the website: so the structure of keywords needs to be harmonic and thought to be appreciated by the customer/user. The content part has to be always present: even if the business model of the company is not “content based”: people have to be able to read something, and this is also a plus for Google: this search engine, in fact, rewards a content that doesn't

<sup>30</sup> Moz, The beginners guide to SEO

<sup>31</sup> Alexandru Enăceanu, SEO Techniques for Business Websites, Informatica Economică, nr. 2 (42)/2007.



have keywords everywhere, but has the right keywords in the right place. Then the company can put links which redirect to several parts of the website itself. But what Google wants is a certain quantity of links, at least 100. Obviously each company can decide the quantity, but coming back to the previous statement about a user-friendly content, a huge quantity of links is not very user-friendly<sup>32</sup>.

Moz, again, in its guide to SEO<sup>33</sup> proposes an experiment in order to understand how is important to be in first positions. The company should have to create and register a website with non-sense keywords, and create a certain quantity of subpages, that contain these keywords and link them to some well-indexed pages, which have a good ranking. Then the company has to change the pages, which at the beginning were very different among them. Now it has to write down all the changes done. After the spider crawling the result is that if we have equal pages, the one which has the earliest domain to the homepage is in the first position.

## 1.2 Search engine marketing

When we talk about search, we talk about all the strategies that the company can start and develop in order to make the visibility on the website bigger. It means that each technique that involves optimization is useful. People are always influenced by the position of the website in the SERP, and, according to the researches<sup>34</sup> more or less 32% of the users click on the first result, 17% click the second result, 11% the third and so on. These are very important data because they let them think about the importance of being in top positions. Therefore, the implementation of the optimization strategy is crucial if the company wants to have success in the market. In particular we have three important techniques to rank in the SERPs, they are: SEO (search engine optimization), SEA (search engine advertising) and SMO (social media optimization). They will be analyzed, but in the meantime, there will be a short introduction.

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<sup>32</sup> Sachin Gupta, Ankit Aggarwal, Study of search engine optimization, International Journal of Research in Engineering & Applied Sciences, Volume 2, Issue 2 (February 2012).

<sup>33</sup> Moz, The beginners guide to SEO

<sup>34</sup> Chikita Report 2013

When we talk about SEO, we talk about search engine optimization and it concerns the capability of experts to make the website more appealing possible, and ensuring that Google will read and appreciate the efforts done, in order to rank. This is not a paid operation; in other words the company does not have to pay Google, it is enough to have a very good content, and the right keywords.

Then there is the the SMO. This is the acronym of social media optimization and it consists in optimizing the public profiles of company. This is a new trend, and it is due to the bigger role that the social media are playing.

In the end there is the SEA. This is the acronym of search engine advertising, and it refers the paid results of Google. In other words, when we are on Google, and we look for something, we can see a sponsored result and it is the outcome of SEA. This kind of results are regulated by the pay-per-click, which will be mentioned later.

Each one of these techniques is important, but the most important is SEO. In fact, when the company starts to optimize the website using this technique, it will set a long term strategy. This do not appear in the case of SEA, because the sponsored results can be substituted and they can change quickly. Instead implementing a SEO strategy will allow to succeed in the future.

In the following paragraphs there will be a deep analysis on each technique.

### 1.2.1 Search engine optimization

Before analyzing deeply what are the bases of SEO, and how the companies have to implement them, it is necessary to explain why search engine optimization has become so important in few years<sup>35</sup>. In Italy 60,20% of population is an active user of internet<sup>36</sup>, it means that 36,6 millions of people are in front of a screen every day and search, play, buy. Companies have to catch traffic for their website: having more traffic means having more clients and at the end having more money. How can a company carry more traffic on its website? There are many possibilities: first of all the companies can start realizing SEM activities: the company pays to be on the top of the SERP, or on the right part of it. So when a user searches some precise keywords on the

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<sup>35</sup> Sherin Babu, Relevance Of Search Engine Optimization In Promoting Online Business, Indian Journal of Computer Science and Engineering (IJCSE), Vol. 3 No.3 Jun-Jul 2012.

<sup>36</sup> Source: IntenetLiveStats, InternetWorldStats- wearesocial report 2015

top of the page, he finds the company that paid<sup>37</sup>. This kind of results, already mentioned, is the inorganic result. Then there is the possibility to realize SEO activities. In brief (to be told about them extensively later) the company makes the website simultaneously accessible to the users, who have to deem it usable and simple to access, and to “spiders”, which have to analyze the website in order to index it.

Besides the other activities, there are Link Building and Social Media Marketing<sup>38</sup>. Link building consists in put links, which redirects to the website on blogs and other websites (generally, the other websites are related to the company’s website). About the social media marketing it is the involvement of users through social media<sup>39</sup>. The last technique is very important because social media users increase always more and if the company is not in contact with them thanks to a social media, its appeal will decrease. Obviously the biggest companies can be in every social network. Instead small companies and start-up can’t. The reason is clear: it is necessary to concentrate energies on precise issues and topics, which are more important than being active in several social networks. Therefore, what is the key of success on the social networks? First, if the company has an account on social networks it has to be “active”. This means that more or less every day there has to be a post (on Facebook) or a tweet; in this way users can interact constantly with the company. Then posts need to be viral. A good example of this is Ceres Beer: it has been able to create viral posts in conjunction with turning point events. Users appreciate this and become always more involved with the company. Another important topic about social media is the possibility to target especially on Facebook. What does it mean? It means that the company can choose the group of people that wants to refer to, and this group can be divided into age, gender, job etc. In this way the post will appear on the walls of the people who has been selected. It is better than show the post to everybody and have unqualified traffic. The topic of targetization is referred only to people who see the post in suggestions (because people who follows the page, or like it on Facebook, see all updates).

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<sup>37</sup> S. Bartlett Boughton, Search Engine Marketing, Perspectives in business 2.1 (2005): 29-33.

<sup>38</sup> Sherin Babu, Relevance Of Search Engine Optimization In Promoting Online Business, Indian Journal of Computer Science and Engineering (IJCSE), Vol. 3 No.3 Jun-Jul 2012

<sup>39</sup> Blackshaw, P., & Nazzaro, M. (2004). Consumer-Generated Media (CGM) 101: Word-of mouth in the age of the Web-fortified consumer. Retrieved July 25, 2008.

So the aim of the company is to bring qualified traffic on its website, and the cheapest way to do it is SEO. As already said SEO involves not only the website itself, but also title, meta title, URL and everything related. So can start with title and meta title, then pass to URLs optimization and, at the end, take into consideration the website itself. When we are searching for a subject we write in the search bar the keywords we want, and we supposed to have the best result. Search engine gives us several results and each one of them is composed by a Title and a Meta Tile (known also as Meta Description).



**FIGURE 1.2** GOOGLE RESULT IN THE SERP- SOURCE: OWN PROCESSING FROM THE GOOGLE SEARCH YAHOO

The figure represents an example of how title and meta title appear on the SERP. In order to rank better on Google, it is necessary to optimize both of them. About the title, it has to contain a precise number of words; this number is not so simple to determine because Google makes changes frequently. Now the perfect number is 55 types (and this is the sum of letters and spaces): this number allows to make users see the entire title strip and not to have dots at the end of the line<sup>40</sup>. Nobody knows exactly what are the rules of Google, how Google decides to put a result in the first position and one in the last. SEO experts always try to guess and it seems that the number mentioned before will not be true anymore in few months. In fact, Google spiders will read all the words in the title, even if it is quite long. The problem is now the users. Obviously if a user can't read exactly the title he feels very angry and could change website. Then it is also necessary to understand how to write a title. First of all it has to contain the keywords, which the company consider being the

<sup>40</sup> Aashna Parikh, Sanjay Deshmukh, Search Engine Optimization, International Journal of Engineering Research & Technology (IJERT), Vol. 2 Issue 11, November – 2013.

best for its business. They have to be in a specific order: Google AdWords suggests the most researched combinations of words and webmasters can use them.<sup>41</sup>

The SEO expert Dan Shure proposes seven elements necessary to have an interesting title<sup>42</sup>.

- Curiosity: In the same time, users have to be informed on what they are going to buy, but not at all. Companies can choose many strategies: they can put a question mark at the end of the sentence.
- Benefit: consumer/user needs to know the benefit that the company can offer, which is unique and no one else can offer. The company could write numbers (4 reasons to choose us), or could suggest a solution to some problems (how to...). In this way the user clicks on the company's page because feels that it is the only page which can give the right answer.
- Elicit Excitement/Emotion: people can click on a title and not on another because of their emotions (fear, excitement etc.). So if the company writes some "emotional" words for sure it could have more clicks. For example it can use words like unexpected, viral, surprising etc. Moreover adverbs are well accepted and also signs. For example arrows, capital letters, asterisks etc. However, the company needs to pay a particular attention to the signs because they can annoy the customer (even if they are appreciated by Google)
- Make It Tangible: the idea can't be too much aleatory, it needs to be concrete and the user can feel by the title if it is real or not. The idea needs to be a figure in the user's mind
- Appearance & Length: it is better if the title is only one line long. This is not only for google, but also for customers who can have in one line the content of the page.
- Sound: a plus to a well-written title is the fact that it sounds harmonic when the customer reads it. A good method to make the title sounds nice is alliteration; but

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<sup>41</sup> Google AdWords is the advertising program of Google. It allows to increase the number of clients and to be visible in the serp. So companies can use it in 2 different ways: the first one is linked to the SEO, the second one is linked to SEM. About the first kind of usage companies AdWords allows to understand what the most searched words are when users look for a precise topic. Companies, which won't do any SEM activity, will use those keywords to optimize title and Meta title. About the second kind of usage, companies can build their message and put it in the sponsored space of serp. This second method guarantees a bigger number of users because they can see the company in the upper part after their research.

<sup>42</sup> Moz, The beginners guide to SEO;

there are several ways to make a very melodious title and the company has to choose the right one.

- Expectations: the company can't promise anything that can't give. At the beginning users could believe in promises, but then they will reveal not affordable. It will represent a negative matter for the company itself

It is clear that the company can have all the things just mentioned, but if it has some of them and follows some tips about url and metatitle, it can have success.

About meta description (also known as meta title) it is under the title and it represents the description of what the website contains. Meta description needs to contain the business keywords of the company, but they have to form a harmonic text in order to have a nice description. Moreover, it doesn't have to exceed 156 characters, otherwise it will be cut by Google<sup>43</sup>. When the company writes a meta description it doesn't have to be duplicated for each page that ranks on Google. It means that uniqueness is also appreciated by google.

When we talk about meta description, there is also the matter of tags. The company can decide to have them or not and this changes the meta description a lot.



FIGURE 1.3 SERP RESULTS- SOURCE: OWN PROCESSING ON THE BASE OF GOOGLE.IT RESULTS TO THE KEYWORDS META DESCRIPTION

The image shows how a meta description appears with or without tags. In the first case there are tags, and the user can see an entire statement. Instead in the second case there are no tags and Google took some information in the page and put it in the SERP.

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<sup>43</sup> Aashna Parikh, Sanjay Deshmukh, Search Engine Optimization, International Journal of Engineering Research & Technology (IJERT), Vol. 2 Issue 11, November – 2013.

Obviously it is better to have tags, because the user can see something complete and not a statement, that doesn't have a real sense. So how to out tags in description?

Technically the company will write in this way:

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<meta name="DESCRIPTION" content="Get SEO best practices for meta description tag, including length and content.">44
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In this way there is a complete statement without dots between words.

One more thing that the company has to consider is the URL optimization<sup>45</sup>.

URL, or Uniform Resource Locator, is a subset of the Uniform Resource Identifier (URI) that specifies where an identified resource is available, and the mechanism for retrieving it<sup>46</sup>. The URL needs to be shorter than 2083 characters in order to be recognized by Google and accepted. The image below shows the "anatomy of a URL", according to Moz, a very important SEO agency.

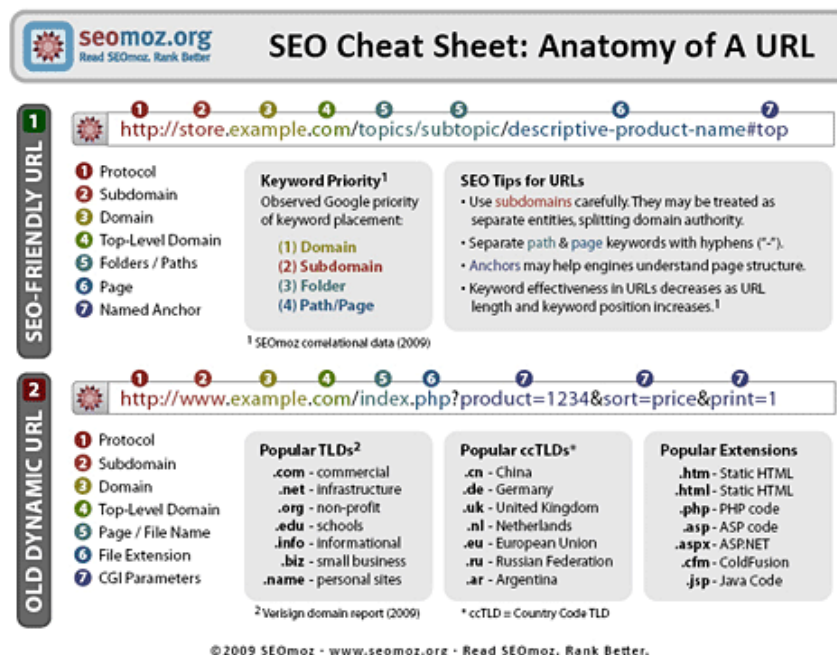


FIGURE 1.5 ANATOMY OF A URL - SOURCE: MOZ, THE BEGINNERS GUIDE TO SEO (2015)

<sup>44</sup> Moz, The beginners guide to SEO.

<sup>45</sup> Harold Davis (2006), Search Engine Optimization: Building traffic and making money with SEO, O'Reilly Media.

<sup>46</sup> Moz, The beginners guide to SEO;

So what we can say about the URLs is that they need to have at least two dynamic parameters, which are the numbers appearing in the bar and they have to be more possible descriptive. The reason of descriptivism is that in this way the user can remember the name of the page and can write it directly in the bar the next time. Moreover if a URL is well written there are some benefits. First of all it makes sense either for users and algorithms, then it can bring traffic only because it is well composed and, at the end, it can be an anchor<sup>47</sup> text itself.

Regarding to subdomain and subfolders, it is necessary to understand which of them is better to have. Let's remember that the domain is: <http://www.example.com>, the subdomain is <http://subdomain.domain.com>, and the subfolder is <http://www.example.com/subfolder>. According to the new rules of Google it is better a subfolder, more than a subdomain.

They have to contain the keywords of the company. It is necessary to rank, but it is not enough because there has to be also the name of the company.

When the company writes the URL, it must have less hyphens possible because they can be considered clarifying by the users, but google considers them spamming. So the company will use hyphens only when it is really necessary.

SEO experts recommend also not to use low quality TDLs<sup>48</sup> like: \*.biz, \*.org etc

The last topic regards the possibility to buy a domain in order to redirect automatically users which write the wrong address in the search bar. According to SEO experts, the company can buy at least two domains because google penalize a bigger number.

After URL, meta title and meta description it is necessary to consider how to optimize a website itself<sup>49</sup>.

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<sup>47</sup> About the anchor text it is a hyperlink which redirects to another page. Generally both google and users understand what is exactly an anchor text and companies can optimize it to rank better on the serps. Company can pay a website or a blog to have a link, which redirects to its page. This is not necessary for google: there have to be also the keywords. Then is not a plus for google the big amount of external links. In this case it checks and decides if reward or not. At the end is not helpful for companies have links which redirect to the same page in one page, because google considers only one of them.

<sup>48</sup> TLD are Top Level Domains, in other words are the most right part of the domain (for example \*.it, \*.com etc). TLD is the first level of domain. Then there is the SLD, which is second level domain and it represents the name of the website. There can be also more levels: a third level, a fourth level, but they are not so important.

<sup>49</sup> Berman, Ron and Katona, Zsolt, The Role of Search Engine Optimization in Search Marketing (November 6, 2012)



First of all the company has to think that the website has to be “friendly” for both users (potential customers) and crawlers. Obviously they have different ways of analyzing the website. Let’s start with crawlers. They read and analyze whatever there is in the page, so, even if there are some images, crawlers read them if they contain a description or not. There are some tools which allow to determine a really good page for crawlers. One of them is Google Cache: if the company analyzes the website, it can see how many link can be clicked, what is the name of images (if there are images in the page), which can be downloaded by users. The images below show who Google Cache works for and what a crawler sees if the page is not well done (in order to be indexed)<sup>50</sup>.

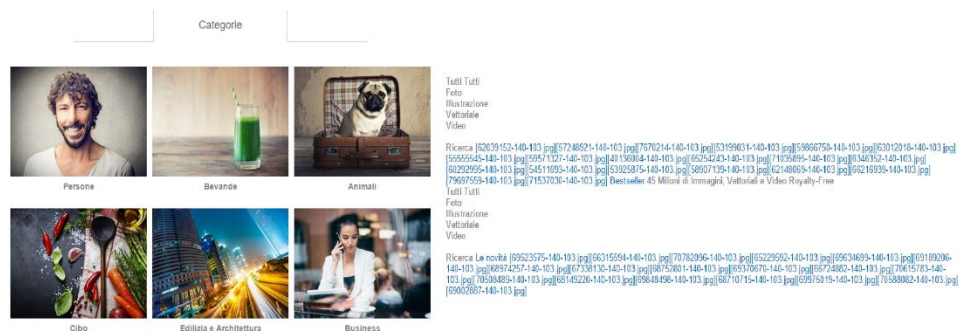


FIGURE 1.6 FOTOLIA HOMEPAGE AND LINK ANALYSIS- SOURCE: FOTOLIA.COM AND SEMRUSH.COM (2015)

In order to understand what has been described since now, it is convenient to analyse the Fotolia home page<sup>51</sup> example.

In particular in the image there is a specific part of the website, where the company shows what are the possible figures they have and they can sell. This part shows how Google gives importance to the content: if the company wants to have a better ranking in the SERPS, all the images in the page need to have a description. In the second image (the image on the right) there is what crawlers really see. As we notice, all the images have a title and are useful to rank. Companies can also use tools in order to understand what Google reads. One of them is the Moz bar, which says what is indexed and what is not.

<sup>50</sup> Andreas Ramos, Stephanie Ann Cota (2009), Search Engine Marketing, McGraw-Hill.

<sup>51</sup> Fotolia is an american photography agency, which provides images to other companies. They pay a certain amount of money and can have good quality images.

Therefore, companies cannot be able to leave the content out of consideration, but there is something else, which is important: links. If a webpage has some subpages, they have to be read by crawlers. However, it is possible that this does not happen. Why? The Moz Guide explains 7 reasons<sup>52</sup> :

- Submission-required form: when the user has to fill a form to subscribe, it can be so difficult that crawlers can't solve the form itself and can't reach the page. The page can be rich of content and indexing stuffs, but if it is not reached by the crawlers, it can't be indexed.
- Robots do not use search forms: obviously search engines index only what they see. They do not do any kind of research. In this way a lot of pages remain in the web, but they are not indexed and users can't find them.
- Link in unparseable JavaScript: crawlers sometimes cannot read the JavaScript link, or they are giving always less importance to this link. That is why companies have to substitute these links with HTML links, or the JavaScript links have to go with HTML links. Moreover people use different browsers, and HTML links and pages adapt to each different browser.
- Links pointing to pages blocked by the Meta robots tag, or robots.txt: sometimes who created the website blocked some pages, in order to obstacle the entrance of bad bot. But they didn't realize well that this could block also the inspection of crawlers and the possibility to index the page.
- Frames or iframes: for crawlers it is very difficult to read a link in frame and in iframe. So it is better to avoid this kind of links.<sup>53</sup>
- Links in Flash, Java, and other plug-ins: the site structure has to allow to crawlers to reach entirely the page of the website, because, even if users can see the page itself, crawlers can't.
- A lot links in the page: the perfect number of link in the page has to be 100. If there are more than 100 links the page is considered spam.

Keywords have already been mentioned before with their importance in order to be indexed by search engines, together with the necessity to find the right keywords to be

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<sup>52</sup> Moz-the beginners guide to the SEO

<sup>53</sup> Frames are the parts of a webpage: for example on the top where there is the menu, or in the left side, or in the right one. The iframes are contents in the frame itself. So they represent a separate content in the content of frames.

the first in the SERPs and to have the most traffic possible. Keyword research is very important because it allows to understand actual search queries. In this way the company can understand which will be the trends and the keywords to be chosen.

Now this is the moment to go to the bottom and analyze the tools and the techniques to find the right keywords.

Before introducing them, it is necessary to consider the so called “log tail”. What is it? The figure below shows the concept. It is very rare to have keywords which have thousands researches per day, but also more than five hundred. What is more realistic is having single researches which in the long tail represent the 70% of researches. So when companies, or webmasters will choose the keywords to use both in the website and in meta title and meta description, they have to take into consideration the ones which represents the 70% of researches<sup>54</sup>. The reason is that the competition will be low but the total amount of researches will be high.

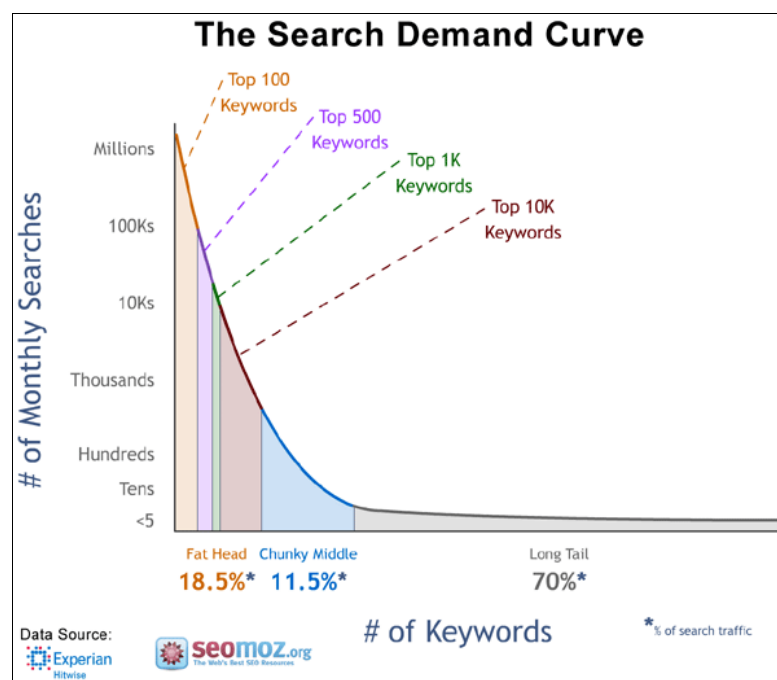


TABLE 1.5 THE LONG TAIL-SOURCE: MOZ, THE BEGGINERS GUIDE TO SEO (2015)

So what are the tools which help companies to find the right keywords?

<sup>54</sup> The long tail effect is valid both for SEO and SEM. About SEO the keyword research is one of the most important activities either for content part and “rank” part. About SEM keyword research is the most important activity, because companies they bet on each single keyword and they are on the top because they pay.

The most important is *Google AdWords*<sup>55</sup>.

AdWords allows to create a personalized campaign and to choose the perfect keywords to rank in the SERP. How does it work basically? It has two applications. The first one is the PPC use: the client will create an announcement where he can write what he sells and use the keywords that AdWords proposes. In this way he will be on the top of the SERP and he will gain clients. Once done the campaign can continue or it can finish.

The other application is to find the right keywords, even if the webmaster doesn't do any PPC campaign. When they log in in AdWords account they will find three different tools: *search for keywords and group of ideas*, *enter keywords to get estimate*, *multiply keywords to get estimate*.

About the first function (group of ideas) it is necessary when the company wants to find really the right keywords to use. When the topic is not so precise Google suggests a lot of keywords, which cannot be so precise. So first of all it is necessary to select the so called business keywords, which are the keywords related to the business of the company. Then, to be more precise, webmasters can geolocalize their research. This a quite new tool of AdWords and it allows to insert both a city and the neighborhood of it. So, for example, if I am in Rome, and my business is in Rome too, I can select the city of Rome, and then I can choose also the entire Region (Lazio). In this way I can compare the volume of search in these two parts and I can choose what kind of campaign I want to do.

The second function regards the volume of search. Once we have all the possible keywords and we can choose which the best for our business are, we have to check what the search volume is. This tool allows both to see what are the clicks for each keyword we put in the list and, if we are interested in PCC also which is the average cost of the bet. Generally the "statistic period" is six months. Obviously this period can be changed, according to our preferences. This tool is used for SEO, but especially for PCC because, there is the column for cost per click<sup>56</sup>.

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<sup>55</sup> John I Jerkovic (2010), *SEO Warrior*, O'Reilly Media.

<sup>56</sup> PCC is one of the SEM activities. The entire name is pay per click; the company will pay a certain amount of money every time a user make a click on the ad, or on the title (in SERP)

The last function of AdWords is increasing in the number of the keyword list. What does it mean? It means that if we have only one list of keywords, AdWords will create much more lists and we can use them.

This last function and the geolocalization function, mentioned before, are the consequences of an AdWords change: the keyword planner. This tool is better than the previous simple keyword research because it combines the keyword research itself and the traffic. Moreover the function of geolocalization allows to have a feeling not only in the region where the company is, but also in the entire world.

Another important tool when a company wants to find the right keywords to rank on the SERPS is *Google Trend*. It shows what the most researched topic are in each specific area, and what the comparison with the entire world is. Beginning from this, webmasters can select a specific category and see what the trends are, or write in the bar, which is on the top, the keyword they want, and take a look to the statistics. This specific function of Google Trends is very useful because we can't find it in AdWords. In fact on Trend there can be a comparison between each single place (for example in Italy between each single region) and later an evaluation on how to proceed.

In addition to Google's tools there are other tools which webmasters can use: Semrush and Moz<sup>57</sup>.

Let's start from Semrush. It is a set of tools (and it is not a tool itself) to compare the website itself with others and the SERPs position. So companies have in their hands a

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<sup>57</sup> Paul Ament-Gjenvick, Using Web Analytics and Other Tools to Improve Traffic to Archival Websites, Paul Ament-Gjevick Clayton State University 6 May 2012

really good tool to improve their SEO campaigns.



FIGURE 1.7 HOW SEMRUSH APPEARS- SOURCE: ADVENTUREFEEDS.COM (2015)

At a glance SemRush appears in this way. In the bar on the top you can write the keyword you want to use/search and you will have different results. The first section is dedicated to the comparison between organic search and paid search. About organic search there is the distinction between volume and number of results. As far as paid search concerns, there are two sections: the first one is Cost Per Click average: how much you have to pay, on average, every time a user click on the announcement, or on the title. The other entry is the competition among a word. It is very important because of the long tail<sup>58</sup>.

Under those sections there is a part dedicated to the keywords. Here you can see the related keywords. For each keyword there is the volume of search, the number of results, the cost per click, and what the trend in the researches is.

In the left side there are all the functions for “premium” users. It is very important for the company because it can take into consideration both its own website and a competitor one. In fact the company is able to know the relationship between paid

<sup>58</sup> Only to bear in mind the company has to choose the keywords considering the long tail graph: the keywords that are at the end of it (in the right side) are the right ones. The others have a very high level of competition and is very hard to rank choosing them.

search and organic search and what is the position on Google (and moreover who it changes). This last tool of Semrush is crucial: the company can understand if the words used are right or wrong because of their changes.

Then there is a section for backlinks. Backlinks are links which redirect to the website. They can be internal or external. About external links they are positive for the website itself because for Google the website becomes more reliable. About internal links SEO experts are not united: if in the page there are some links to other pages (of the website itself) it is good for Google crawlers. The reason is that crawlers are assisted in finding related pages. But there is a limit of links per page. The website should be built like a tree: the homepage should redirect to two/three pages at least, and those pages should redirect which in turn to other pages and this dynamics ends when all the pages are linked among them.

The other important website for companies is *Moz*, or better the tools it offers.

The first to analyze is the Open Site Explorer. This tool allows to know the authority of the page in terms of page authority and domain authority. The page authority is the potential page position, considering the link metrics. The domain authority is the root domain's ranking potential in search engine, based on an algorithm which combines the link metrics. In the Open Site Explorer there is also a list of websites where the external link of the website is present. And the list goes from the website with the higher domain authority to the website with lower. In this list there are both follow and no follow links<sup>59</sup>.

The keyword difficulty and SERP analysis tool allows to have an overview on the keywords world. It retrieves the top 10 rankings for any keyword, then assigns that keyword a Difficulty Score based on the pages that currently rank for that word. View search volume data for the company keywords, then pull up the SERP to see the top 10 results for each term. Competitive keyword analysis metrics show where a competitor is ready to be bumped out<sup>60</sup>. This tool has the advantages to focus on the right keywords not losing time in trying to use the keywords on which the company can't

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<sup>59</sup> In brief follow links are indexable links: it means that search engines can read them and can index them as well. Nofollow links are non indexable links. Crawlers can't read them at all. To have both follow and nofollow links it is necessary to give the function. I will talk about them later in link building section.

<sup>60</sup> Moz, The beginners guide to SEO;

compete at all. What is also important is the competitors' analysis, in order to compete better. And this tool allows to have a general overview on what they do.

The third tool is the ranking tracker. It is useful to track the evolution in SERPS of the keywords the company uses. The company can create a project which will collect all the changes in SERPS and will see if they are negative or positive. This tool is very important because the company can decide what to do in both cases (if performing good or bad).

Then there is the Moz On-Page Grader. It gives in real time the position of the website in SERPs. Moreover this is a tool which can be in the website itself (an extension of Google Chrome for example); in this way it gives also advices on what to improve in the current page.

The last, but not the least one is Moz Analytics. This is a very important tool because, even if it is similar to Google Analytics, it picks up the three most important SEO elements in only one chart. The first one is represented by search: what is the position in the SERPs, compared also with competitors. The second one by links: how many links are follow, how many are nofollow and what is the position of the competitors. The third one is the content: how the keywords are strong and what can be improved<sup>61</sup>.

The mentioned tools are the most important, regarding SEO. But they are not the only ones. There are several websites, which allow to understand how a website is strong, what is its authority, what is the bounce rate and all the related things. The most important are: *Similar Web*, which, in the standard version, gives an overview of how the website is strong, what is the traffic, what is the source of it (organic, direct, referral, etc.), what are the similar websites. This tool is important to have a complete view of the market.

Then, another important website (and tool itself) is *Majestic Seo*. It is very similar to SemRush because it is composed by a backlink checker, a site explorer and to a search explorer. The company can understand what is going wrong and decide what to change.

So there are several tools to help the company that is making a perfect website.

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<sup>61</sup> As I have already said Google Analytics is a very good tool to follow its own website. it allows to check what are the most visited subpages of the website, what is the time on the website and what is the bounce rate.



As somebody says “Content is the King”! The reason is simple: if the website has a good content people stop on it, they are willing to come back on the website and they advise to other people. So the content has to be one of the most important parts to look after. What are the strategies? First of all the keywords represent the anchor: they have to be in the text, obviously in the right way. Regarding the quantity of keywords in the entire page, according to some researches the best density for keywords combined is 5-15% and 5-6% for each keyword<sup>62</sup>. The order of the words is important too. If all the tools suggested before say that the most researched combination is for example “*seo expert*”, and not “*expert seo*”, when the user will write the first combination, if the company did everything that was necessary to do, it will be in the first positions; if the company will use the second combination (which is not so good to rank) it will be in lower positions. So the order of words is also important. About stop words (adverbs, conjunctions, etc.) they represent a non-read element, it means that for Google they don’t exist, so it is useful not to put them among keywords (and obviously avoid them in Meta titles).

In order to have a better website, the content has always to be updated. The word always can be interpreted in several ways, but experts say, at least once a week. In this way users can see an always updated content and also Google appreciates it. In his book, Jerri Ledford suggests some strategies to follow in order to have a better content<sup>63</sup>. They are:

1. Ensure that any content in the page is relevant. It has to be relevant for both crawlers and users. So in the page there have to be both keywords and internal links.
2. Use original content when it is possible. If the user finds something original, he will come back on the website, and he spends more time on the page
3. The content has to be grammatically and semantically correct. Users read everything and they see if there are errors.
4. There have to be both short sentences and short paragraphs. About the length of phrases, users do not like complicated sentences, so if the webmaster uses one, which is longer, then he will have to use much more short statements. As far as the paragraphs concern, in the books and in general in the offline world a big white space

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<sup>62</sup> Varinder Taprial, Priya Kanwar (2010), Search engine optimisation, ed. Pustakmahl,

<sup>63</sup> Jerri L. Ledford (2009 Search Engine Optimization Bible, 2nd Edition, ed. Wiley pag.232 and f.

between paragraphs is not good (a loss of space), instead in the online world this is appreciated by users. They can stop reading whenever they want, and they have “space to breath”.

5. It is better to have bullet points in the text. It give an overview of what the article is about immediately. The same is for titles, headings and sub-headings. And the user really appreciates it.
6. It is necessary not to overuse the keywords. They have to be present in the text, for sure, but the text has to be “natural”
7. Use the call to action. If the company wants that the user does something, it has to ask. So if it want that he subscribes the newsletter, it has to write “Let’s Subscribe”.

Another important topic when we talk about content is the duplication of content. Again Jerri Ledford helps us in determining what it means and when it is necessary to change the content. There are four kinds of duplicated content. The first one is reprint: it means that the content is duplicated thanks to license given by the copyright owner; the second one is site-mirroring which consist in duplicate exactly the website in a new platform because the previous site is broken; the third one is content scraping, which is the duplication of private content without any license; the last one is the website duplication, which is the duplication of content of the website itself. The most dangerous for the company are the site-mirroring and the website duplication; the reason is simple: the content is the same and Google knows it and realizes it. Moreover the content scraping could cause a legal action, so it has to be really avoided.

A real new topic, which is becoming always more interesting for SEO experts is the *latent semantic index*<sup>64</sup>. To tell the truth this topic is not son new, there are some researches, which hail from 1960, but, even if it seemed to be a good topic, after those researches, nothing more was done. Now the matter is still actual and many SEO experts are talking about it. So what is the so called LSI?

Latent Semantic Indexing is a new method for automatic indexing and retrieval. It takes advantage of implicit high-order structure in the association of terms with

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<sup>64</sup> Peter Wiemer-Hastings, DePaul University School of Computer Science, Telecommunications, and Information Systems, November 10, 2004.

documents<sup>65</sup>. What does the search engine do in concrete? It has a title tag and some recurring words for the title. Beginning from them every time the user look for some of these words, it matches the words to the website (which contain the words).

This procedure is different from before because search engine does something different: before, when a user wrote something in the query, the search engine proposed only the websites, which had that precise words. Instead now, when a user writes something the websites, which the user can see, will be all the websites that have the related words. It is necessary to give an example of what I am saying in order to be clearer.

The title tag "Apple" can have two groups of related words: one of them refers to the fruit side, the other one to the famous American brand. Through the LSI the search engine will understand what kind of websites the user is looking for, and won't give wrong results.

One more strategy which can be adopted to reinforce the content is creating a *landing page*. A landing page is a webpage where users arrive after click a link (either in the email, or in a webpage) [...]. This is an extension of these ads and is designed specifically to generate interest and persuade visitor to take an action<sup>66</sup>. So the aim of a perfect landing page is inform, intrigue and get more clients. How to realize a good landing page? Oli Gardner, a SEO expert and Co-Founder of Unbounce.com, a company which is in charge of landing pages, in his guide identifies some point to follow and not to forget:

- Attention: landing page is a call to action page that is why the user can't lose his attention seeing several ads and promotions. It is better if there is only one box to subscribe, or an item to buy etc.
- Match: there are two kinds of matches; one of them is message match. Company has to be careful not to overload the name of the brand, but it's necessary to make the user aware of what the landing page is about and what the company is in charge of. The second kind of match is design match. In this case the banner at the top of the page needs to be clear and a proper "call to action" for the user.

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<sup>65</sup> Deerwester, Scott C., et al. "Indexing by latent semantic analysis." *JASIS* 41.6 (1990): 391-407.

<sup>66</sup> Martin Harwood, Michael Harwood, *Landing Page Optimization For Dummies*, ed. Wiley

- Context: it is very important for the user, because it definitely represents the habit where he will move. So the company needs to make it warmer than possible, using familiar forms (for example: welcome, if you have any doubt just asks, etc.). Then, if the product is not so simple to use the company can put a fun video to explain how the product itself works.
- Forms “problem”: users are always scared by long forms to fill in. Even if they find the product or the service interesting, when the form appears too much long, they give up on filling it. The company can reduce the form, in order to have a bigger number of users. Moreover company could try the so called “conversion lube”: this a way to have more subscribers, who fill the form without any opposition. This strategy consists in require short answers to questions and give more to the user (not only the essential service of the form).

Summing up, a perfect landing page has to have a good content, a simple form to fill in, a clear call to action and a description of what the company does. The image below shows some examples of good landing pages.



FIGURE 1.8 LANDING PAGES- SOURCES: UNBOUNCE.COM AND IPERDIGITALCOM (2015)

In the content part, we have to mention the DEM. It is the acronym of direct e-mail marketing and is useful for companies that can deliver the message they want to a huge number of subscribers<sup>67</sup>. When we think about e-mails, we have to think about the numbers, because they are significant. In 2014 the number of e-mail account was 4.1 billion in the entire world, and in 2018 this number will become 5,2 billion<sup>68</sup>.

<sup>67</sup> Marinova, A., Murphy, J., & Massey, B. L. (2002). Permission e-mail marketing as a means of targeted promotion. *Cornell Hotel and Restaurant Administration Quarterly*, 43(1), 61-69.

<sup>68</sup> The Radicati Group, INC, (April 2014) Email Statistics Report,

Obviously the biggest part of this e-mails account belongs to the business sector. However, the numbers should make the companies think. The most important things of the email are the sender and the subject of the email<sup>69</sup>. The sender needs to be the company: it has to be clear who sent the email. About the subject, it needs to be attractive for the user, who will open the email.

Link building is a long term content marketing strategy. It is the process of publishing shareworthy content and of building relationship with people online in an effort to boost organic links and traffic to your branded online destination<sup>70</sup>.

There are two kinds of links and they are *follow links* and *no follow links*. In the first case if the company put a link, Google recognizes it and uses it to index the page; in the second case Google doesn't see the link, and actually it doesn't use it to index the page. Search engines, and in particular Google, appreciate the fact that a website redirects to another through a link. Generally if a website is cited by many other websites, it is a good website. But it is not always like this: a quality website contains referral links to other quality websites, and this makes the authority of a website higher.

When we talk about link building (and referral links), we have to consider the *page ranking*, that is how the website is positioned in the SERPS. There are some factors, which influence negatively the ranking of the website and companies have to think about them in their strategy. Google gives advice about them and list them<sup>71</sup>:

- Excessive link exchanges ("Link to me and I'll link to you") or partner pages exclusively for the sake of cross-linking
- Large-scale article marketing or guest posting campaigns with keyword-rich anchor text links
- Using automated programs or services to create links to your site

So, after this introduction, company can think about Link Building.

Even if link building is a tedious activity to realize, as Matt Bailey suggests in his book<sup>72</sup>, there are several reasons to consider it useful for the website.

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2014-2018

<sup>69</sup> Ellis-Chadwick, F., & Doherty, N. F. (2012). Web advertising: The role of e-mail marketing. *Journal of Business Research*, 65(6), 843-848.

<sup>70</sup> Susan Gunelius (2011), *Content Marketing For Dummies*, Wiley Ed.

<sup>71</sup> Google Support;

<sup>72</sup> *Internet Marketing: An Hour a Day* By Matt Bailey pag.84 e ss, Ed.Sibex

1. **Rankings:** Google analyzes a website based on various factors. One of them is the quantity of links in a website. Because of this factor webmasters started to link in several websites. But this is not the key: and what happens now is that quality websites link each other. In this way google crawlers can see that links are on important websites (popular and with high authority) and make the website be up in SERPS.
2. **Brand exposure:** if the company appears on another website, it gives visibility. If customers read articles which talk about the business of the company and there is a link to the company website, this can help them to understand what the company really does and if they are interested in that company. Moreover, if there are articles on trade magazines, this gives much more authority to the website, than expected. Articles can become viral and this ensure visibility to the company
3. **Sales and Leads:** when a website becomes important and known, people tend to visit it and to buy or sign to the services. In order to strengthen the strategy the company has to understand what is the origin of the conversions and start from this. So, if a specific website or magazine ensures conversions, it is necessary to develop a strong relationship with it.

How can the company have a good link building strategy<sup>73</sup>? The realization of this kind of strategy is not so simple, not because of the actions, but because it is difficult to understand if it is worth to write links in some pages, contact someone etc.

It can be useful, before to implement any kind of activity, to have in the page following social links (“follow us on Facebook”), a newsletter part, and services only for members (this last topic is very interesting because if the company provides a very good content for visitors, they will be stimulated to subscribe premium contents). Moreover the company can think about doing something catchy for users in order to make them return on the page, for example provides information or banners and links.

The most important actions to do, in order to realize a link building strategy are:

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<sup>73</sup> John I Jerkovic (2010), SEO Warrior, O’Reilly Media.

- a) Contact bloggers<sup>74</sup> or other websites, in order to write articles and to sponsor the website. In this case, there is a mutual benefit: the company can have visibility among a certain target and the blog can gain authority.
- b) There are blogs or websites, which ask to the company to have its link in their page. In this case the company has to decide if it is worth.
- c) In many websites there is the possibility to write comments or to sign and write something. The company can write a comment to a precise and pertinent article and gain visibility (a black hat technique of SEO is pretend to be a user, write a comment and then link the website).

There is not a precise way to measure if link building has been successful or not, but there are some parameters, which can help to understand if a company did a good or a bad link building<sup>75</sup>. They are:

- Ranking for relevant search: it is necessary to search how the page rank with target words in the page (which in general are tag titles).
- Pages should have to be a high page rank (just remember that page rank is PageRank that is an algorithm used by Google Search to rank websites in their search engine results. PageRank is a way of measuring the importance of website pages).
- The company has to have several links in its website. This represents a plus for Google, which recognizes the authority of the website (moreover, if there are some links which have a higher authority Google perceives it).
- It is also important to have internal links: it means that if a page of the website redirects to another page of the website itself, it can make the page rank better.
- Companies have to realize link building, taking into account both search engine and users. In particular if the company has to promote itself on websites, it can increase actual traffic. So it has to choose the right websites.

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<sup>74</sup> T. Poell (2009), Conceptualizing forums and blogs as public spheres, Amsterdam School for Cultural Analysis (ASCA).

<sup>75</sup> Moz, the beginners guide to SEO

## 1.2.2 Social media optimization

According to the researches<sup>76</sup>, there are 2.08 billion of people in the world that are active social media users. This is a very significant datum because it is the “cause” of the social media optimization. When we talk about SMO, we talk about creating a network of people, and users that talk about the company and make its reliability bigger<sup>77</sup>. Therefore, companies should build their pages and from there they should interact with their customers. A really good example of social media optimization is the company Ceres. This is a beer company, and it animate its own page with comic strips that attract the customer. But, the second step to do is to interact with the customer. In other words, the company has to make the user feel understood, so it has to replay to him.

Actually the companies do not give a lot of attention to the social media, because they say that they cannot measure the effect of this strategy. However, the topic is not about the ROI (return on investment), but about how many customers can the company get. Handling the measurements this way makes much more sense. It takes into account not only short-term goals such as increasing sales in the next month via a social media marketing campaign or reducing costs next quarter due to more responsive online support forums, but also the long-term returns of significant corporate investment in social media<sup>78</sup>.

Therefore, the company does not have to measure the money earned after a specific campaign, but the number of visits, the time on the website, the interactions on Facebook and Twitter (shares, tweet, etc.), and everything regarding the social side. What are the concrete actions to realize? First of all, it is necessary to have a brand awareness. Every time that a person uses an app, a content, or something related to the company, he is linked to the company. In this frame the user becomes more conscious about the company, and its existence. If the company is able to handle its digital presence, when users will face it, it will succeed. In order to have success, the

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<sup>76</sup> Wearesocial, Report 2015.

<sup>77</sup> Kirtiş, A. Kazım, and Filiz Karahan. (2011): To be or not to be in social media arena as the most cost-efficient marketing strategy after the global recession. *Procedia-Social and Behavioral Sciences* 24: 260-268.

<sup>78</sup> Hoffman, Donna L., and Marek Fodor, (2010): Can you measure the ROI of your social media marketing, *MIT Sloan Management Review* 52.1: 41-49.



company has to develop internet events, social shares, etc. Then there is the brand engagement: once the user knows the company, it is necessary to engage the user. The company has to make the social pages always interesting, the customer cannot be annoyed, and interact with him.

At this point there will be the word of mouth. In fact, what happens in this kind of digital reality is the rapid exchange of opinions and ideas on specific topics. Therefore, if the company did a good job, soon it will have more traffic, and users will become customers. The figure below shows an example of SMO.



**FIGURE 1.9 CERES PAGE ON FACEBOOK IN OCCASION OF STAR WARS IN THE CINEMAS- SOURCE CERES OFFICIAL PROFILE ON FACEBOOK 16/12/2015**

### 1.2.3 Search engine advertising

We can define search engine advertising as the strategy that brings the companies to be in top position in search engines, paying a fee. The search engine advertising is not very simple, because it is not only a matter of payment, but there are a lot of shades that typify it. In fact it is composed by keyword advertising, display campaigns, affiliation etc., and there are specific metrics that the companies has to consider. Going in depth, let's start with the keyword advertising. When the company decides to build its own campaign on Google, it has buy a space on it. Actually, what the company pays is not the space itself, but the keywords that compose its announcement. As mentioned before, in order to appear on Google, it is necessary to have a title and a meta title, and they have to have the right keywords, that the user will search.

Nowadays, the companies are developing a new trend. It regards the keywords and their research. In particular they are trying to use non-obvious words, which cost less, but are not very used. They are trying to take the niche<sup>79</sup>.

So, considering Google AdWords, and the possible keywords that users will search, the company will set a budget. The budget can be distributed for many days, or it can last for a short period. It is up to the company. And in this moment, we can talk about the metrics that exist. First, we have the pay-per-click, it measures the click that the users do, and every time a user clicks on the sponsored ad, the company pays. The amount of money, in this case, is fixed. Then, we have cost-per-click. In this case we refer to the amount of money that the company has to pay every time the user clicks on the ad. The difference between the cost-per-click and the pay-per-click is that in the first case there is not a fixed amount of money, it depends on the campaign we are doing; instead in the second case the company has to pay a fixed amount of money. There are also some other metrics, such as cost-per-action. The first regards the actions that do. The world action is very big, and it includes a lot of actions, like subscription of the newsletter, registration to a form etc., so the company has to set the campaign and then structure the possible actions.

As mentioned before, the search engine advertising is a very big canvas, and it does not include only the keywords advertising. There are also display campaigns and affiliation. As far as display campaign concerns, it consists in putting advertisements on websites. They are banners, pop-ups, everything that does not concern the search engine itself<sup>80</sup>. There can be two kinds of display advertising: one of them consists in publishing in all the websites, the other is called programmatic campaign. The reason is simple: the company chooses exactly what the website is where it wants to be. The choice comes from the knowledge that the website is exactly the website of its clients, and the target is exactly the target it has. In this way, the company won't be wrong, and it should have success. The company can measure the success of its campaign, and can use a very important metric: cost per new website visitor. This metric measure

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<sup>79</sup> Joshi, Amruta, and Rajeev Motwani (2006), Keyword generation for search engine advertising."Data Mining Workshops, 2006. ICDM Workshops 2006. Sixth IEEE International Conference on. IEEE.

<sup>80</sup> Cavallo, Ruggiero, R. Preston McAfee, and Sergei Vassilvitskii.(2011): Display advertising auctions with arbitrage. Proceedings of the Workshop on Ad Auctions, EC. Vol. 12. 2012.

how many visitors there have been and, consequently, if the campaign is having success.

The last, but not the least is the affiliation. This topic will be examined later, but now there will be a short mention. Affiliation consists in measuring the performance, considering another website<sup>81</sup>. In other words, sometimes the company can start a business links itself with another company. The first company redirects to the website of the second company, and if something happens, the first company earns money. The most important case is the e-commerce. Usually a company A can sponsor some products, and when the consumer wants to buy these products, will do the purchase on the website of the company B. In this way the company B earns money, and the company A earns a certain percentage. This kind of business is growing, because it is very simple, and very profitable.

### 1.3 E-commerce environment

E-commerce or electronic commerce is a broad concept that covers any commercial transaction that is effected via electronic means, and would include such means as telephon [...] Internet, etc<sup>82</sup>. The first appearance of something very similar to e-commerce is in the first part of 70's, when companies started to implement the EDI system. The word EDI is the acronym of Electronic Data Interchange: it is an electronic communication method that provides standards for exchanging data via any electronic means. By adhering to the same standard, two different companies or organizations, even in two different countries, can electronically exchange documents (such as purchase orders, invoices, shipping notices, and many others). This method lasted more than 30 years because it represented a valid system to automatize sales and purchases. Therefore, this system had pros and cons. Starting from the pros, first of all, when it was developed there was not a real web (or better the web we know today), but in spite of this, the connection and communication among people was private and good. Moreover, producers, suppliers and sellers had an immediate overview of what was going on in the respective warehouses. Nevertheless, it was not enough, because

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<sup>81</sup> Ben Edelman Wesley Brandi, Risk, Information, and Incentives in Online Affiliate Marketing, Harvard Business School, June 23, 2014

<sup>82</sup> Subhajit Basu (2007), Global Perspectives on E-Commerce Taxation Law, AshGate

there were also cons in this system. During the years, the system was often modified, and represented a problem for users, who had to adapt constantly to changes. In addition, it was not interactive: people could not communicate among them and this was not useful because there was not possibility to negotiate the price of goods. Therefore, because of the cons of EDI, it gradually “died”.

In 1994 Netscape, an American agency of internet services launched a web browser. This browser allowed a safe and rapid navigation and people could see all the websites in a very short term. However, this web browser lost its authority in a very short time. The reasons are many, but the most important are the lack of grants and the rise of Microsoft. This competitor became quickly a market leader and Netscape could not compete at all against him.

In 1996, in Italy, Olivetti Telemedia launched the so-called “Cybermercato”<sup>83</sup>, which was a shop where people could buy books, laptops, electronic goods and several kinds of stuffs. In order to buy people had to have an internet connection (obviously) and they had to key [www.mercato.it](http://www.mercato.it). The partners of this venture were famous brand like La Rinascente, McGraw-Hill, Apple, Olivetti and others. Now the website does not exist anymore, but it can be considered, for sure, the ancestor of actual marketplaces. In 1995 were born Amazon and eBay, which still exist and are the biggest marketplaces in the world.

It is very important to understand what it the situation in Italy and in the entire Europe because everybody says that Italy is not so in line with the other countries. Therefore, in the next chapter there will be the analysis of European and Italian situation.

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<sup>83</sup> Adkronos, Nascita del Cybermercato.

## CHAPTER II: E-COMMERCE AND DIGITAL MARKETING

### 2.1 Definition and classification of e-commerce

E-commerce in the world moves quickly. In 2014, the total amount of money, which people spent for goods and services, is 1316 billion of dollars. There was a growth of 22% in comparison to 2013, and researchers' think that in 2015 there will be a growth compared with 2014<sup>84</sup>. The reasons are many: first, the countries where this sector was strong continue growing (USA, West Europe), then there are new markets where e-commerce is becoming always more important, as China and East Asia.

In 2014 in USA the total amount of money which the e-commerce produced was 359 billion of dollars, +11,5% compared to 2013<sup>85</sup>. Even if USA is a mature market, researchers say that it will grow in next years. North America represents a huge part of e-commerce market, but China and, in general, East Asia represents a new player.

Then Asia is revealing an example of growth: according to digitalmarket, an important digital marketing agency, in the period between 2016 and 2017 the sales in China will be 4 billion RMB. In addition, in 2018 revenues of Chinese e-commerce will be 40% of the total amount of revenues. This important phenomenon is developing very fast. Today one Chinese out of six buys something on internet weekly and, obviously, this number will grow.

The biggest retailers as Amazon are exploiting this phenomenon. In particular, Amazon is in China since 2004 and it did an agreement with Shanghai Free Trade Organization to allow Chinese people to buy everything not in China, in order to avoid taxes and restrictions.

About Europe, it is composed by mature markets and non-matures ones. United Kingdom, France and Germany are the biggest players in Europe, in particular as far as the retail trade concern, UK is the first country (13%), and then there are China and Norway. In the other countries this kind of trade is not very developed. Moreover, in order to grow and not to lag behind companies try to merge (a good example is the

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<sup>84</sup> Casleggio Associati, E-commerce in Italia, N°8

<sup>85</sup> Satista Dossier (2015), E-commerce in the Usa 2000-2014

Italian group Yoox that in 2014 merged with Net-a-Porter to increase revenues) or to quote to the stock exchange (as Zalando did).

The European Union is helping companies to develop an e-commerce platform and to be much more international, but this is not so simple. People have to learn to buy not only from national retailers, but also from international ones, because the shipping system is becoming much safer than in the past.



TABLE 2.1 E-COMMERCE IN THE WORLD- SOURCE: WEARESOCIAL, REPORT 2015



TABLE 2.2 MOBILE COMMERCE- SOURCE: WEARESOCIAL-REPORT 2015

In Italy the population is 60,8 million of people. Among them, 36,6 million of people use internet (60% are active internet users), and there are 82,3 million of mobile

connection<sup>86</sup>. In spite of numbers, Italy is placed 66 for internet penetration, after Malawi and Marocco.

About e-commerce, the total turnover is more or less 24 million of Euros, this number in 8% more than 2013, and it will grow in 2015<sup>87</sup>. The companies that have the biggest market share are international, but the government is trying to help national companies to launch and to improve an e-commerce platform, which can be very competitive. Moreover, 34% of internet users purchase on internet, in particular something for the house or for sport. In addition, the trend is very positive: in past ten years, there was a constant growing and this phenomenon will last in the future.

The figure below shows the numbers related to the ecommerce growth, and it is very meaningful.



FIGURE 2.1 E-COMMERCE IN ITALY- SOURCE: CASALEGGIO E ASSOCIATI, E-COMMERCE REPORT 2015

As we can see since 2004 to now, the percentage became much bigger. The reason is that Italians are very skeptical about buying on internet. In particular, they are afraid of not receiving the product, or to lose the money they have in the digital wallet etc. Nevertheless, this attitude is changing, because of ads on televisions and a lot of word

<sup>86</sup> Digital Social and Mobile in 2015, We Are Social's Compendium of Global Digital Statistics, 2015 Edition.

<sup>87</sup> Casleggio e Associati, E-commerce in Italia, N°8

of mouth. The most important sectors are leisure and tourism<sup>88</sup>. In particular, the biggest part of it is the digital game (gambling), and then follows everything else regarding leisure. About tourism, it is growing always more, people tend to book hotels online, or the entire holiday; they can save money and choose the place they like. In addition, international marketplaces are getting ahead: Amazon and eBay are two of the most important marketplaces, where people can find everything. The image below shows exactly what just said.

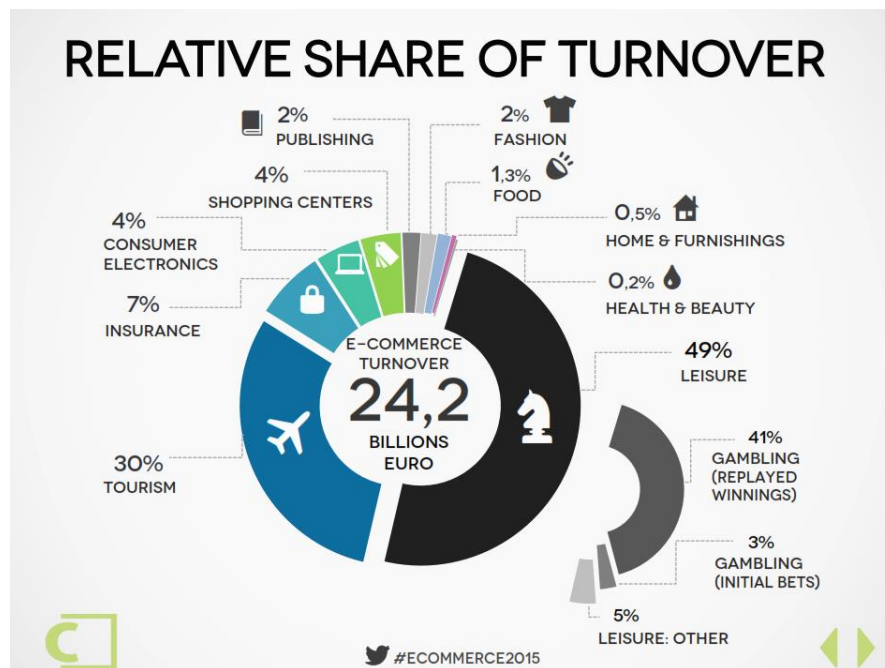


FIGURE 2.2 E-COMMERCE SECTORS IN ITALY- SOURCE: CASALEGGIO E ASSOCIATI- REPORT E-COMMERCE 2015

In Italy, the government implemented some rules in order to simplify the e-commerce and the approach of costumers to it.

First, the client has 10-14 days to decide if the product satisfies his expectations, and, if not, he can give the product back without additional costs. Moreover, in order to make a fairer competition among e-shops, the sales will have a tax in the country where it happens, and this rule is valid not only for goods, but for services too. About the invoice, before January 2015 it was not necessary any kind of invoice, for digital services. Instead, now, when a shop sells a service (music, film, insurance), it has to ask to the consumer fiscal code, and all sensible data. The last, but not the least, from

<sup>88</sup> Casleggio e Associati, E-commerce in Italia, N°8



January 2015, consumers do not pay commissions if they use the credit card for payments.

We know for sure that e-commerce represents the new horizon for companies: each shop should have to have a digital part, and sell online. As said before, Italy is not a leader in e-commerce; could the problem be the companies (or better their will to have an e-commerce channel)?

The Observatory of Engineering School of Milan realized a very good research, which analyzes this topic. In Italian's life e-commerce has always a bigger importance: people buy using the laptop and the smartphone, and total amount of money spent on internet (using the phone or tablet) is 16,6 billion of Euros<sup>89</sup>. So, a growing market, but why the companies are so skeptical about e-commerce? In order to answer to this question we can take into consideration a good report of Confartigianato (an Italian association of companies)<sup>90</sup>. The report shows that Italy is the last place if we talk about sell on internet (only one company up to 100 sells on internet, contrary to the rest of Europe, where the average is 14 up to 100, and in some countries the number is 27 up to 100). If we consider, instead, buying on internet the number grows, but it is not very promising (14% of the companies). An encouraging datum is about small companies (3-9 workers), that sell on internet: in this case, the number is higher, 25,1% of the small companies use e-commerce, and this number grows if we analyze the northern regions (Valle d'Aosta, Piemonte, Lombardia), in southern regions the number is significantly lower.

After numbers, we can ask: why the companies are so skeptical about this topic? In the report, Confartigianato blames consumers. What does it mean? Because companies answer to what clients ask, and if there is not a huge request of e-commerce, they do not activate any platform; to confirm the datum there is another one: small companies have 58% of their sales in a small area, near them. Therefore, internet has not a great importance. However, this is not the only reason there are two more reasons. First of all Italians do not use the credit card, as other Europeans do (they are skeptical, and afraid of losing their money), secondly the time for a legal process (to protect and

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<sup>89</sup> Social? Mobile? Multicanalità? Sì, Ma Sono Servizio E Convenienza La Linfa Dell'ecommerce In Italia, Osservatori Digital Innovation del Politecnico di Milano

<sup>90</sup> Va Dove Ti Porta Il Digitale, Ufficio Studi Confartigianato, Assemblea Pubblica Giovani Imprenditori Confartigianato, Digital Network Artigiano - Dna Dei Giovani Imprenditori Milano, 9-10 Maggio 2015

revenge rights) is very long –more or less 1180 days, 125% more than Europe, where the average is 580 days-.

Hence, we cannot blame only the companies, but the entire social fabric, that is not ready to buy on internet.

Nevertheless, what about the trends? The “Casaleggio e associati”<sup>91</sup> research explains some trends, which are very interesting to consider.

- First marketplaces are growing very fast in the market. Two examples of this are United Kingdom and China. In United Kingdom, marketplaces generate 1/3 of total turnover and in China half of transactions came from marketplaces. Why do the consumers choose marketplaces? There are several reasons, but the most important is that people can find everything they need, not analyzing many websites. However, in order to survive, small companies are going to implement specialized services, to reach more consumers.
- Second topic is logistics. People want that their products will arrive very soon, after the purchase. Therefore, companies should have to organize in order to make it possible and to increase the customer satisfaction. There some examples of how companies are dealing with this theme. The “lockers” allow to take and to deliver a shipping 24h, or to entrust to privates the shipping (and those people use their own car and can ship the product whenever they want). Moreover, some couriers make a partnership with small shops or kiosks, which represent for people “the shop to trust” and can offer them to pick up the order there. A very interesting service is “click and collect”: this service consists in ordering the item online and collecting it directly in the shop. This could seem a step back, considering the business model of e-commerce, but it is not like this. In effect, sometimes people are very bored if they do not receive the product, or if they have to wait deliveryman at home. This system increases the customer satisfaction and is very profitable for companies.
- The third important tendency is exploiting big data. What does it mean? Companies can have an overview of the customer and, in this way, they can adapt the product they have to him. In Germany, Zalando already uses a service like this: if the client buys something or sees something on the website, Zalando proposes similar articles for next purchase. Moreover, some other companies developed apps, which analyze the

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<sup>91</sup> Casleggio e Associati, E-commerce in Italia, N°8

customer in deep (build, hair, color of the skin etc), and then they create a look for the customer. In this way, they can propose some websites and shops that have a partnership with them. Related to the topic of big data, there is the definition of the price. What does it mean? It means that if the company knows the customers, it can suggest a certain price, which theoretically the customer wants. It is enough, for the company, make the customer perceive a discount, or a smaller price; the customer will perceive a saving and will award the company, buying the product.

- Fourth trend is the subscription model. Companies are trying to make the customer always more loyal, and they can realize this thing through a subscription model. In effect, they will learn the preferences of the customer, and propose him to deliver the product to precise time intervals. The customer does not have to buy the product off-line, and can exploit this service. This kind of service is positive for consumer goods companies and health and beauty companies, because customers are very loyal to products in these two businesses.
- Fifth trend regards the business model of the companies. In order to explain this trend is necessary to take an example. Spotify represents the new frontier of the digital music. This company implemented a freemium model: there are people who listen the music through a free account, this kind of service includes ads and some restriction in mobile usage; other people listen the music through a premium account: they pay a monthly fee and they can listen the music without any kind of restriction. So, the freemium model, especially for companies, which sell digital contents, works. There is a very high customer satisfaction because customers can choose which kind of service they want. On the other side, companies can earn money through premium service and ads.
- The last trend is the competition among sellers. Amazon is one of the biggest player in the worldwide scenario, but there are other players, who want to fight against him. Nevertheless, how to be like Amazon? In addition, how to compete against it? Many companies are trying to rely on the shipping. Sephora (a big company of cosmetics), for example, implemented a flash shipping service, which allows to the customer to receive the products the day after. This is the same service of Amazon Prime, but Amazon make its customer pay an annual fee of 49€, instead Sephora has a much

lower fee of 10€. This should motivate customers to have a premium service with Sephora<sup>92</sup>.



FIGURE 2.3 E-COMMERCE TRENDS IN ITALY- SOURCE: CASALEGGIO E ASSOCIATI, E-COMMERCE REPORT 2015

A very important topic for e-commerce is about categories. In order to give a real overview I will take into consideration the book “E-Commerce: An Introduction”<sup>93</sup>. They are:

- B2B: this is Business to Business. It is only in the only world and it represents the commerce between companies. It composed by two parts: e-infrastructure and e-marketplace. About e-infrastructure, it concerns all logistics and service providers, which make the business work. About e-marketplace, it is the digital place where contents and stuffs are exchanged. Because of we talk about digital, things can be money, goods and services. Some examples of B2B companies are Cisco, IBM, HP.
- B2C: this is Business to Consumer. This kind of business regards selling to consumers everything. A good example of this is Amazon: people can find everything, then they can order the product and receive it at home. This is a fast growing sector, because involves also logistics and customer services.
- B2G: in other words business to government. This kind of business includes the use of internet for government reasons. For example to have permissions, documents and

<sup>92</sup> Casleggio e Associati, E-commerce in Italia, N°8

<sup>93</sup> Amir Manzoor (2010), E-Commerce: An Introduction, Ed.Lambert,

everything regards the administration. Government uses this kind of business also to receive proposals for supplying offices, in order to reduce costs and times.

- C2B: this is consumer to business. In this business, consumers make a price and companies can accept it or not. It is made by three parts: consumers, who decide how much they want to spend, companies, how evaluate the offer and intermediary, how are in the middle, and brings the offer from the customer to the company. A very good example of this business is Fotolia. This website sells figures to companies that use them for business, and they are intermediary between owners of figures and clients.
- C2C: consumer to consumer. In this case, only consumers are involved. It means that a consumer will sell to another consumer everything. So, one of them is seller, the other is buyer and the intermediary is the platform where they exchange things. In order to make this business work, it is necessary that buyers trust sellers and both trust in the platform. An example of this kind of business is Subito.it, an Italian website that puts into contact sellers and buyers.
- M-commerce: this kind of business involves the mobile side of e-commerce. Therefore, it regards sell and buy trough a smartphone. This kind of business is growing a lot, and very fast. Companies have to consider it, because it will represent the new horizon of e-commerce.

Continuing with the analysis, it necessary to consider the critical success factors. They are defined as essential factors that helps business to achieve its defined goals<sup>94</sup>. They can be internal, and it means that the company can control them, or they can be external, in this case company cannot control them. Let begin from internal factors. There are a lot of them, but the most important are five:

1. The consumer has to believe in the product, and in the fact that it is good. It means that when the user buys on internet, he has to do it because he trusts that it is worth to buy the product. In this context, the company can increase the credibility of the product, or the service in many ways. One of them (the most important) is the free product return: if the item does not satisfy the costumer's expectations, he can give it back for free. This kind of service increase both customer satisfaction and company reliability.

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<sup>94</sup> Amir Manzoor, E-Commerce: An Introduction, Ed. Lambert, 2010

2. Company has to bet a lot on the e-commerce. The platform needs to become one of the most important sources of revenues. In order to have it, it is necessary to a certain level of the website and of the platform itself. How to do it? First of all the company has to provide to the customer a huge quantity of products to the customer (a good example is Amazon, which allows to merchants to exploit the platform and to put their products; in this way Amazon has a lot of products and merchants a lot of visibility). Secondly, the company should have to reach many people, all over the world, and it can be possible if the company set more than one language in the website.
3. In order to make customers loyal, companies should have to incentive them to buy. There can be many incentives, but the most important are trial of a product, or additional services. In the first case customer feel not forced to buy, and, more or less "safe". In the second case, the customer feels important and tends to buy more.
4. Companies can have consumer data; they have to use them in order to make an adapt proposal to the customer. How to do it? Nowadays companies through cookies<sup>95</sup>, and other systems can understand what the customer preferences are, and on the basis of them they can build a personalized offer. Customers are happy, when it happen and they become more loyal to the shop.
5. Outsourcing: as in the offline world, also in the online world is good to outsource some processes. For example, the company should outsource the delivery of items, or the human resources part. Outsourcing creates benefits for the company, for example, it reduces costs.

The other part of critical factors of success are external ones. They are the factors, which the company cannot control, and there are six:

1. Internet usage: internet is becoming more and more important. Many people all over the world have in an internet access, and can buy on the web. This is something that companies have to take into consideration. If they will develop an e-commerce platform, everybody can buy (thanks to a multilingual website, and to a huge amount of items), and this will increase the company's revenues.

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<sup>95</sup> Cookies are an identificative coin, used by server, which allows tracking the movements of users. They are very useful because companies can understand customer preferences.

2. Another aspect of internet that is becoming very important is mobile. Last year in Italy (2014) 52,8% of the population use a smartphone<sup>96</sup>. And the range of age is very wide (both teenagers and adults use a smartphone). For this reason, companies should not have only a mobile friendly website, but also an e-commerce platform for mobile devices. People will become, in next years, more familiar with mobile e-commerce, and companies, who developed this service in time will benefit of it.
  3. A good topic is the achievement of critical mass of sellers and buyers. What does it mean? It means that there is a right number of actors and there can be qualitative results. Start-ups can exploit this trend: they can reach customers that are already ready to e-commerce, and, on the other side, suppliers who have experience in e-commerce.
  4. When people buy on internet, they have to realize some actions, which include searching, evaluation, comparison, etc. Therefore, not every consumer is ready to do something like this. When companies think about the audience they want to address, it is necessary to evaluate this. Usually impulse buyers do not buy on internet, or they do it, but only focusing on specific products.
  5. About the payment, there should be an international agreement on payment, because each company allows paying in different way. Nevertheless, in Italy not everybody is ready to use the online payment. A report of Paysafecard<sup>97</sup> underlines that more or less 50% of interviewees wants to pay cash. The problem is that people do not feel safe in buying on internet, and the government should implement some services in order to make people feel safer.
  6. The legislation in e-commerce sector is very slow, especially when many countries are involved. How to face this problem? Maybe it is necessary to realize an international legislation and avoid bureaucratic problems in each single state.
- Last, but not least topic is the distinction between marketplace and e-commerce website<sup>98</sup>. The marketplace sells a lot of items, they can belong to different categories and the categories can be really opposite one from one other. The e-commerce

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<sup>96</sup> Dodicesimo Rapporto Censis-Ucsi sulla comunicazione, L'economia Della Disintermediazione Digitale, Censis, Unione Cattolica della Stampa Italiana.

<sup>97</sup> Paysafecard is the market leader company in prepaid cards sector. It is based in Austria, but has branches all over the world. The report was made in 2015, and interviewed a cross-section among 16 and 70 years.

<sup>98</sup> Hossein Bidgoli (2014), MIS5, Management Information System, Cengage Learning

website has specific products that belong to the same category or to similar categories. An example of marketplace is Amazon, an example of e-commerce website is Zalando, which sells fashion.

## 2.2 Online advertising trend

Once companies created an e-commerce platform, it necessary to reach the customer. There are several ways to do it, and they belong to online marketing techniques. According to the report of Casaleggio and Associati<sup>99</sup>, 51% of companies consider the online promotion difficult. This is not a good datum, in a moment of fast growing of internet, and companies should have to implement different policies to change it.



FIGURE 2.4 ONLINE BRAND PROMOTION SOURCE: CASALEGGIO E ASSOCIATI, E-COMMERCE REPORT 2015

About marketing activities, in the report I mentioned before, there are important data about it and about the usage companies do of them. They divide the entire budget they have as follows:

- 29% keywords advertising, on the rise, in comparison with previous years,

<sup>99</sup> Casaleggio e Associati, E-commerce in Italia, N°8



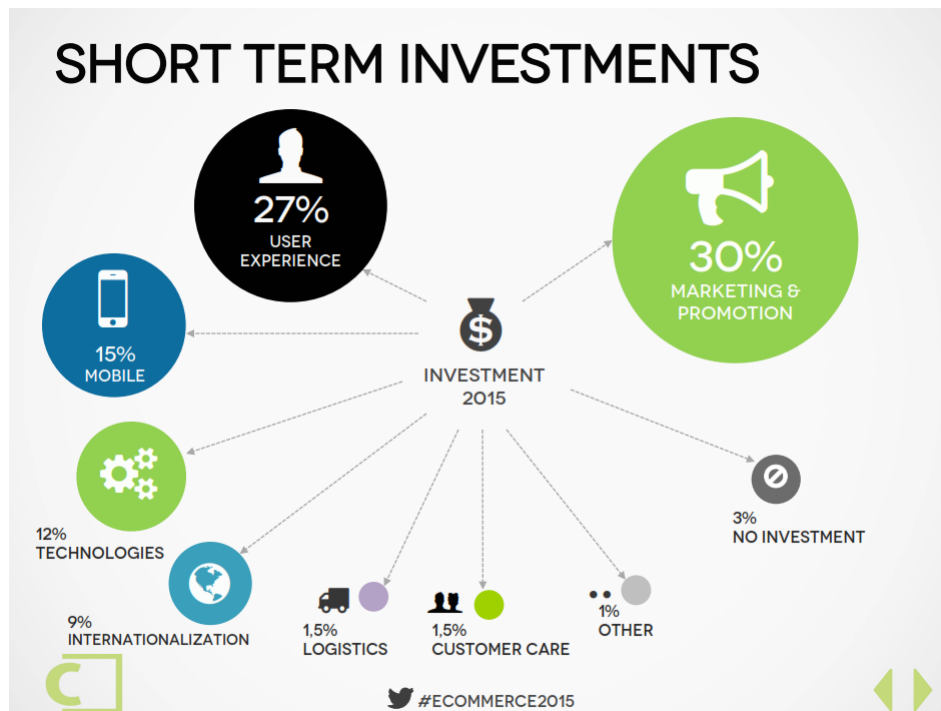
- 12% email marketing declining comparing last years
- 12% social media, declining in comparison with 2014
- 21% SEO (search engine optimization), on the rise, because Google judges much more this aspect
- 7% comparison websites, they are decreasing a lot, because is not very worth to spend a lot of money on them
- 5% banners: they include banners on several websites
- 4% affiliation

The remaining part is dedicated to offline promotion. It means that only 10% of the budget is for offline campaigns. And this part is absolutely necessary because actually a lot of Italians consider offline advertising.

It is also important to understand what the future investment plans are. On the basis of the report I mentioned before, companies prefer investing in usability and user experience: the user is becoming always more aware of internet of what he buys, so also the website made this experience better. Then companies are investing on mobile<sup>100</sup>: as said before, mobile is becoming one of the most important aspect of online world. Therefore, companies are developing the mobile friendly website, Google also appreciates this, and reward mobile friendly websites making them rank on the SERPs. Then, even if in the rank is going down, it is important the improvement of IT structure. Companies are not ignoring it, but they prefer something else. Last, but not the least, is internationalization. It has be also important because companies can earn more money only being international. The figure below shows in numbers what I have just said.

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<sup>100</sup> The mobile will be taken into account later



**FIGURE 2.5 SHORT TERM INVESTMENTS IN ADVERTISEMENT- SOURCE: CASALEGGIO E ASSOCIATI, E-COMMERCE REPORT 2015**

Two important topics of ecommerce are mobile and social networks. Let's start from mobile<sup>101</sup>. In the most mature European markets, the mobile e-commerce represents one of the biggest source of revenues. If we take into consideration some mature markets as UK, we see that mobile is 1/3 of total sales, and in China for example, according to BI intelligence, in 2017, 25% of sales will be mobile<sup>102</sup>. And in both cases what dominates is marketplace (Amazon in Europe, and Alibaba in China). About devices, people prefer smartphones to tablets, when they buy on internet. There is a significant trend in USA, where in 2014, smartphone sales exceed tablet sales and, about the products, the most developed sectors are food and home living.

About Italy, there are promising trends, even if the market is very young. According to Audiweb report (January 2015)<sup>103</sup>, 17 million of people connected on internet through a digital device, and about sales, 13% of them came from mobile. This datum is very important because, in comparison with previous years, it grew a lot and it intended to grow a lot in the future.

<sup>101</sup> Cindy Krum (2010), *Mobile Marketing: Finding Your Customers No Matter Where They Are*, Pearson Education Inc.

<sup>102</sup> ABI Research's *Mobile Money and Shopping Research Service*, ABI Research

<sup>103</sup> Total digital audience, Audiweb powered by Nielsen, January 2015.

All around the world, what pushes mobile sales are applications. The most important example is the app WeChat. This app is very popular in China and in Asia, in general and less popular in Europe. Users, who have this app, can scan the QR code of the item, when they are in the shop and then buy it. Ubox, which is a company for smart solutions, allowed paying through WeChat, and this mechanism increased the number of clients. In addition, WeChat offers two functions. One of them is social sharing; what does it mean? It means that when a person realizes a purchase, he/she can share it on the social media immediately. In this way, we have a social purchase. The other tool WeChat implemented is the marketplace. Shops can put on WeChat their products and sell them through this app. In Italy the app, as said before, is not very famous. Nevertheless, the website Advisato<sup>104</sup> allows to the users of WeChat to have special coupons to download. The most important messaging apps in Italy are WhatsApp and Facebook. About WhatsApp, it does not have an e-commerce service, instead, as far as Facebook concerns, it is starting to have an e-commerce side. According to the report of Casaleggio and Associati<sup>105</sup>, companies will invest in mobile (65%) and the number of companies, who will not do this, will decrease (13% in 2014, 24% in 2013). So, in the end, mobile will be a fundamental point in companies' policy.

Social media will have an important role, too. Actually, Facebook is the most important social network: 65% of the companies prefer considering and using this social media. The second social media is YouTube. In this case, 35% companies choose it and use it to promote itself. The other social networks are not very popular, except from Instagram, which is growing in importance. Even if companies understand that social networks could help them, therefore they do not have a strong impact on ROI. The return on investment, in effect, is very difficult to measure, and companies cannot divide for sure revenues originate from social network and revenues originate from the website itself (they can measure at least the traffic). Nevertheless, social network are a growing reality and companies invest on them. According to the Casaleggio and

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<sup>104</sup> Advisato is an online couponing website. In Italy is not the market leader, but it is doing many white labels. There will be an analysis later.

<sup>105</sup> Casleggio e Associati, E-commerce in Italia, N°8

Associati report<sup>106</sup>, 50% of the companies will increase the investment, 35% will keep it constant, 12% will not invest on social network, and only 3% will reduce investments. Another important topic is the payment. Italians are loath in buying on internet because they would like to pay cash, but actually, it is not possible (or only sometimes). In this moment, the payment system Italians use more is credit card, followed by digital wallets (paypal), and cash on delivery. Italy is realizing laws, which make “digital payments” convenient either for buyers, sellers and banks. About banks, government is thinking about a law that could give them 0,3% each sale immediately. In this way, banks are willing to realize a good service for customer. E-commerce represents a growing sector, and Italian companies should exploit it. The better way to do it is trying to explore both the Italian market and the international market (because Italian market has possibility to grow, but actually, it takes time). What is the actual situation? According to the researches<sup>107</sup>, 31% of the revenues come from the international market, and this number is bigger than the past. Nevertheless, in order to sell, it is necessary to adapt the website (have a multiple language website), or use marketplaces, which have already visibility. Poste Italiane (the company that is in charge of shipping in Italy) built a report where, through some graphs, it explains how is profitable being in Europe, either for big companies, and for small ones (considering that in Italy most of the companies are small). Italy is one of the less developed e-commerce market in Europe, but is growing. That is why companies should invest on Europe. As said before, one method to do this is change the language of the website, one more is selling in international marketplaces. Another way is increase the offline presence in countries where the company wants to grow. About non-European markets, two countries are particularly important: China and Russia. China is a fast growing market, both for import and export. Chinese people are always more willing to buy products made in Italy, and in this context, Italian companies should go in. Obviously, there is a model they can follow, when they want to approach the market. At the beginning, they will do an indirect investment, then it can be direct, and, after some time, they can think to have a joint venture with Chinese

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<sup>106</sup> Casleggio e Associati, E-commerce in Italia, N°8

<sup>107</sup> Vincenzo Pompa Amministratore Delegato, Postecom e Posteshop, Gruppo Poste Italiane, Il Gruppo Poste Italiane e il processo di internazionalizzazione delle aziende Italiane, 20 maggio 2014, Milano

companies. The last step is WOFE<sup>108</sup> (Wholly Foreign-Owned Enterprise): a not-Chinese company that creates revenues.

About Russian market, in past years companies invested on it, because it was a promising market, but from 2012 the investments decreased a lot. There are two reasons: Rublo, the Russian currency, is becoming less strong, than the past, and the government is implementing restrictions to export and e-commerce.

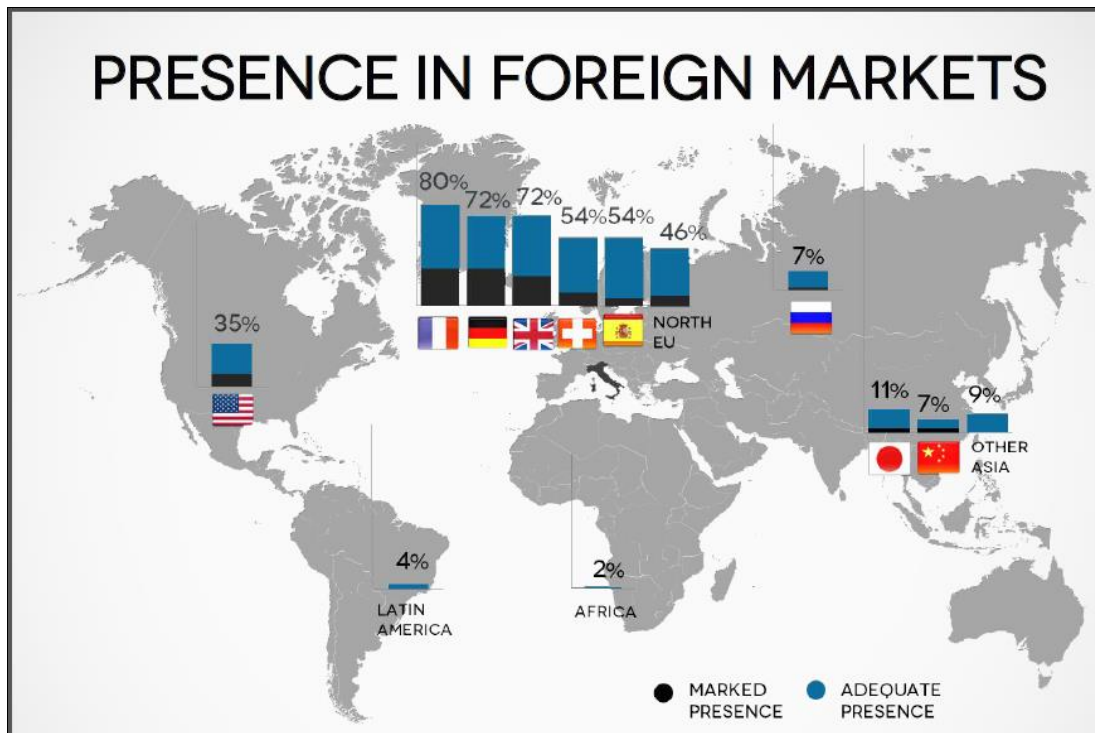


FIGURE 2.6 ITALIAN COMPANIES IN FOREIGN MARKETS- SOURCE: CASALEGGIO E ASSOCIATI, E-COMMERCE REPORT 2015

The last topic to analyze, when we talk about e-commerce, is the consumer. In order to make a profile of online consumer, we can use the research of Casaleggio and Associati<sup>109</sup>. According to this report the typical online buyer is 34 years old (more or less), has a master, or a bachelor, and the annual salary is quite high (35k Euros). Obviously starting from this profile, there are different online consumers, depending on the sector and on the item. For example, woman buy fashions on internet, man,

<sup>108</sup> A Wholly Foreign-Owned Enterprise (WFOE, sometimes incorrectly WOFE) is a common investment vehicle for mainland China-based business wherein foreign parties (individuals or corporate entities) can incorporate a foreign-owned limited liability company. The unique feature of a WFOE is that involvement of a mainland Chinese investor is not required, unlike most other investment vehicles (most notably, a sino-foreign joint venture). -source .com

<sup>109</sup> Rapporto Settembre 2011: L'utente italiano dell'e-commerce, Casaleggio e Associati

instead buy electronics. In the North Italy, people are more willing to buy travels; in the South Italy, they buy technological things. A real good trend is the approach to e-commerce of old people. In particular, in a report, eBay wrote that around 700.00 people from sixty years on buy on internet. This is significant datum, especially for marketplaces.

Why consumers buy on internet? There are several reasons<sup>110</sup>, but the most important is saving money in comparison with the offline price. However, we do not have to forgot, among the reasons:

- The possibility to buy from the house, and avoid going out,
- The possibility to compare the prices before to buy,
- The possibility to buy items that are not in Italy.

Obviously, different reasons to buy on internet are different, as far as the category concerns. For example, people who buy clothes on internet are more interested in saving money than time. And, each sector has a specific balance among reasons.

In addition, it is important to understand how a consumer decides to buy on internet (what are the actions that lead to the purchase itself). First, people who want to buy can both look for what they need on Google, or go directly to the website they know. Nevertheless, those are not the only actions consumer can do; they can look for what they want on websites that compare prices, or take care about the web says. Statistics<sup>111</sup> say that 30% of people look for the product online, 26% go directly to the website, 25% use dial gauge websites, and the rest of the people take advice from other users (friends or web users). Obviously, each sector is different (the speech is the same of the reasons of purchase): people who want a new insurance look for it on internet, “fashion” users go directly on the website they already know, who buy electronics uses dial gauge websites. About the annual expenditure, 48% of Italians spends among 100€ and 500€, the other 52% has a lower expenditure. As far as the purchase frequency concerns, in Italy it is not very high: it is among two and five times per year (50%), it increase to 6-10 times or more than 10, but numbers are not so big<sup>112</sup>.

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<sup>110</sup> Girish Punj, Consumer Decision Making on the Web: A Theoretical Analysis and Research Guidelines, *Psychology and Marketing*, Vol. 29(10): 791–803 (October 2012), Wiley Periodicals, Inc.

<sup>111</sup> Rapporto Settembre 2011: L'utente italiano dell'e-commerce, Casaleggio e Associati

<sup>112</sup> Rapporto Settembre 2011: L'utente italiano dell'e-commerce, Casaleggio e Associati

Once the consumer finds the product, he has to buy it. How can he choose on website, instead of one other? In most of the cases, users choose a website because it gives special offers, sometimes because there they can find what they want (that there is not in offline market), and because they can choose among several products.

In conclusion, consumers use internet not only to buy, but also to make purchase decisions. They see what they like on internet and they go shopping in shops.

## 2.3 Online couponing

### 2.3.1 Definition

When we talk about couponing market, we talk about coupons. However, what are them? In marketing, a coupon is a ticket or document that can be redeemed for a financial discount or rebate when purchasing a product. Customarily, coupons are issued by manufacturers of consumer-packaged goods or by retailers, to be used in retail stores as a part of sales promotions. They are often widely distributed through mail, coupon envelopes, magazines, newspapers, the Internet (social media, email newsletter), directly from the retailer, and mobile devices such as cell phones. Since only price conscious consumers are likely to spend the time to claim the savings, coupons function as a form of price discrimination, enabling retailers to offer a lower price only to those consumers who would otherwise go elsewhere. In addition, coupons can also be targeted selectively to regional markets in which price competition is great.

A bit of history of coupons. The first company who started to print coupons was Coca Cola. In 1886 started its business, but nobody knew it; that is why John Pemberton decided to print coupons, which gave the opportunity to have a free glass of Coke, to taste it. It seemed to be a good marketing strategy and in 1909, when the entrepreneur Charles William Post decided to start the breakfast cereal sector, he decided to give visibility to this through coupons. And it really worked because in a short time both coupons and breakfast cereals became famous.

Actually, in the USA, couponing market is very famous and millions of consumers save money thanks to coupons. According to Inmar<sup>113</sup>, an important statics company, in 2013, in the USA, 329 billions of coupons were distributed. And, this number is bigger than the number of 2012 (317 billions). Therefore, in 2013 people saved 3.7\$ billions of dollars. Digital is becoming very important in couponing market, both for distributing and redemption. People look for those kind of discounts on internet, or they use it on internet. About products, more than half of the market is nonfood (192\$ of dollars), the rest is food (129,8\$ millions of dollars). The mobile is becoming always more important, and companies are adapting their websites to this new horizon. The most important website of coupon in the United States is *RetailMeNot*. It has 21,7 million estimated monthly views and a very low bounce rate<sup>114</sup>, in this kind of market (34%)<sup>115</sup>.

About Europe, the situation is quite different, and the reason is the development of the online market. Usually there are companies, who distribute offline coupons. They are the biggest companies, such as Nestlè, Coca Cola, and McDonald. Nevertheless, on the online side Europe is quite weak. United Kingdom and northern European countries have a big ecommerce sector and, consequently, important online couponing websites. In the UK, the most important online couponing website is *myvouchercode.co.uk*. It has 840k estimated views per month a bounce rate of 71%<sup>116</sup>.

In the end the offline couponing is very important, but because of ecommerce is becoming much more important, I will focus on online couponing.

### 2.3.2 Affiliation Program

As said before, there are several choices, when a consumer wants to buy something. One of them is look for a special offer on the web, in online couponing websites. When we talk about online couponing market, it is necessary, before to start, introduce the *affiliate marketing*, because this is the basis of online couponing.

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<sup>113</sup>Inmar 2014, Coupon Trends, 2013-Year End Report

<sup>114</sup>Bounce rate measures the time on the page, but not doing any actions. Source of Data: Similar Web.

<sup>115</sup>Inmar 2014, Coupon Trends, 2013-Year End Report

<sup>116</sup>Source: Similar Web



Therefore, what is affiliate marketing? Affiliate marketing is a type of performance-based marketing in which a business rewards one or more affiliates for each visitor or customer brought by the affiliate's own marketing efforts. The industry has four core players: the merchant (also known as 'retailer' or 'brand'), the network (that contains offers for the affiliate to choose from and takes care of the payments), the publisher (also known as 'the affiliate'), and the customer<sup>117</sup>.

About the history of affiliate marketing, the first company that started this kind of business model is CDnow. In 1994, this company tried to put links its own link on review's webpage; in this way users could read the review and then buy the CD in CDnow page. A real good idea, considering that it happened twenty years ago. Some years later P&G decided to do something similar, exploiting Yahoo! website: in addition to banners, they put links on the website, and in this way people were redirected to P&G webpage. But, the first player to start affiliate marketing was Amazon in 1996. It opened an affiliate program: each affiliate could have a personal account, and put recognizable links on its own webpage. In this way, every time a user did a purchase using the link on the website of affiliate, Amazon would have recognized it, and would have given it a commission.

These models become "famous" and actually, there are platforms that provide visibility to merchants, and earning (because of a percentage on sales) to affiliates. So, what are the actors of affiliate marketing? They are three<sup>118</sup>:

- Merchants: the owner of a website, which sells online, is a merchant. Examples of merchants are Nike Store, Zalando, etc. For merchants, the website itself is not enough. So through an affiliate marketing campaign, they can have a visibility on other websites: this will bring qualified traffic and most of the times this traffic will become a sale. And, the sale is interesting both for merchant and affiliate, because merchant will earn, and affiliate will have a percentage on the sale.
- Affiliate: the website will host the ads of merchant. Both websites and blog are merchants, what distinguish one from one other is that the website has a real business model built on affiliation programs. There are several examples of this websites; the

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<sup>117</sup> Ben Edelman Wesley Brandi, Risk, Information, and Incentives in Online Affiliate Marketing, Harvard Business School, June 23, 2014

<sup>118</sup> Ben Edelman Wesley Brandi, Risk, Information, and Incentives in Online Affiliate Marketing, Harvard Business School, June 23, 2014

most famous are in the USA (Retailmenot), but there are some websites also in Europe (Cuponation).

- Affiliate programs: there are platforms that are in the middle, between affiliate and merchants. Their aim is to give the knowhow to the customer and, on the other side, helping merchants to find affiliate to promote their website. Some examples of affiliate platforms are Zanox, Commission Junction etc.

The image below shows exactly how affiliate marketing exactly works.

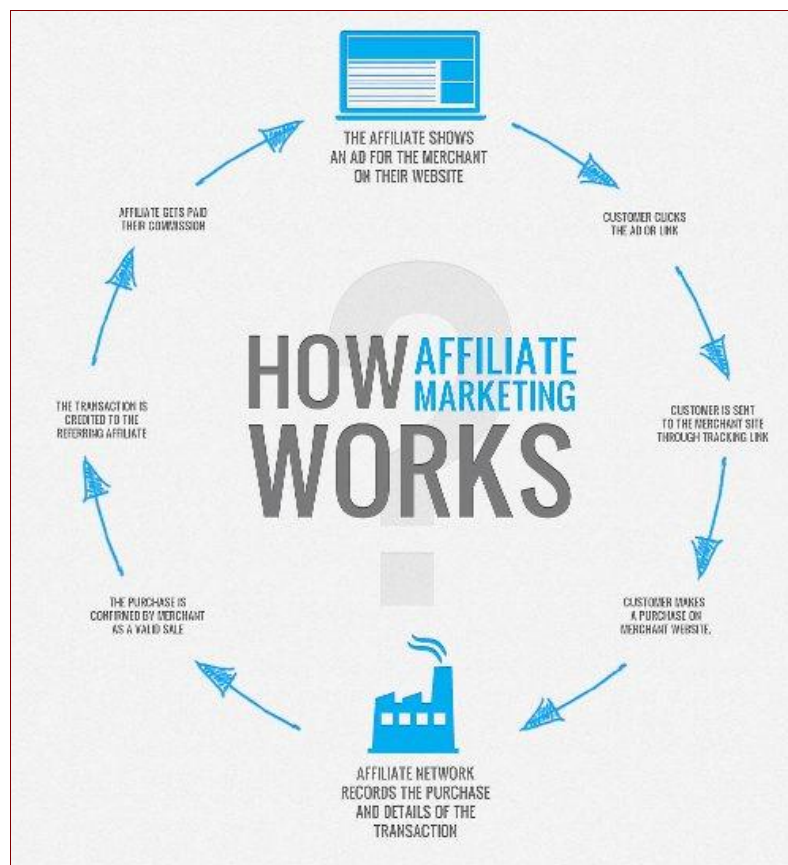


FIGURE 2.7 HOW AFFILIATE MARKETING WORKS- SOURCE: COMMISSIONFACTORY.COM.AU

There are three kinds of affiliate marketing<sup>119</sup>: cost per click, cost per action and cost per mille. Each one of them works in a different way. CPC (cost per click) consists in paying a certain amount of money to the affiliate every time there is a click. Therefore, if a user click on a banner, it is a click. About CPA (cost per action), it is different from cost per click: every time a user does an action, affiliate gets money. The action can be

<sup>119</sup>Bruce C. Brown (2009), The Complete Guide to Affiliate Marketing on the Web: How to Use and Profit From affiliate Marketing Programs, Atlantic Publishing Group, Inc.

a lead, a sale, or something different (action does not mean click). At the end, CPM (cost per mille) consists in the payment of a fee each 1000 views. This method was very popular before, but now it is not very used.

According to the International Marketing Academy, a famous school in London, there are several reasons to “join” the affiliate marketing, both for merchants and affiliates. First, affiliates can have a fixed fee from merchants, in order to promote the merchant and this guarantees a long-term revenue for it. Merchants will receive more traffic than not receiving it without promotion. This promotion can bring clicks, but also purchases. Moreover, when the merchant chooses the affiliate, it has to be careful. I will do a concrete example of this. If I am a merchant and I sell computers, probably I have to choose an affiliate that concerns computers. It is better not to be on an affiliate that deals with food or animals. Moreover, it is not convenient being on an affiliate that deals with smartphones: our customers want to buy laptops, and if we can be on a website that gives advice on laptops, on their prices etc. it can help to have qualified traffic. This topic is about targetization. It is very important to address the right people in order to have the right traffic.

Then there is the matter of ROI<sup>120</sup>. It is Return on Investment, in other words how much money the company can earn from the investment it did. In general, the company cannot measure what is the ROI, because it cannot know how much money came from each campaign. Instead, if the company uses the affiliate marketing, it will improve a system that will give money on the basis of performances. Therefore, if the ROI is high, it means that the campaign has been successful and the publisher will receive a certain amount of money. Nevertheless, there is a topic to keep in mind: sometimes the company (merchant) can invest in visibility, and not give money on the basis of performance, but on the basis of a budget to spend. This seems to be different from affiliate marketing, but it is not because merchant and affiliate track sales. This is another advantage of affiliate marketing. Merchant knows what sales each affiliate does. On the other side, affiliate can check what the most sold products are and push them. Moreover, if the merchant or the affiliate realizes that the relationship is not going in the right direction, they can end it. The last advantage is, again, for both, merchant and affiliate. It is the frame. In effect, if the merchant is present on several

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<sup>120</sup> Shawn Collins, Frank Fiore (2001), *Successful Affiliate Marketing for Merchants*, Que

websites, customers will appreciate it, and they will know better the website, if is not very popular. On the other side, if the affiliate promotes famous websites, consumers will consider it very reliable. Therefore, both will have an image coming back.

What can happen in affiliate marketing is that merchants and affiliate can interact among them, not involving a third party (affiliate marketing agency), or they can involve a third party agency. In the first case, the reason of the “exclusion” is that both merchant and affiliate are very small, so they do not need a third party. In the second case, there are three parts. The first part is the merchant (the shop) and it relies on affiliate platforms. These platforms are in contact with the affiliates and give them the knowhow to manage campaigns and daily promotion.

This is the model, which the online couponing market follows.

### 2.4.3 Online couponing market

Once I have analyzed various affiliate platform I will analyze the couponing market in Italy.

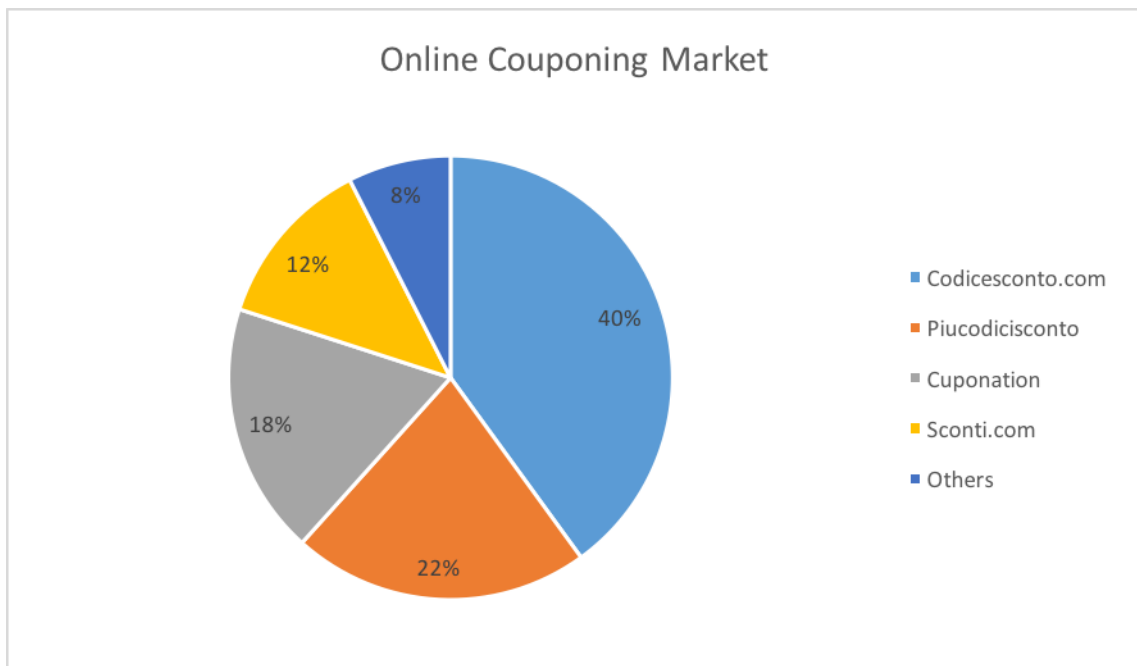
In Italy e-commerce, as already said, is not very big, neither very popular. The reasons are many: consumers are skeptical in paying on internet; companies are not so much interested in being on internet. But, what is happening, is that internet represents the new horizon to save money. That is why from 2008, the online couponing website are increasing. In my analysis I will consider especially online coupon (and not printable ones), so all the websites in charge with this business.

In Italy the birth and the development of this sector is quite new. In 2008 Codice Sconto.com was born. This has been the first online couponing website, and now it is the market leader (it has 240k estimated monthly views, and in 2014, it produced 13 billion euros of turnover for publishers<sup>121</sup>). After Codice Sconto, other websites were born. The first, after Codice Sconto is Piùcodicisconto, this website has 130k estimated views per month, then there is Cuponation (110k estimated views per month), and Sconti.com (75k estimated views per month)<sup>122</sup>.

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<sup>121</sup> Sources: Similar Web and Codicesconto;

<sup>122</sup> Similar Web Data



**TABLE 2.3 COUPONING MARKET SHARE IN ITALY- SOURCE: OWN PROCESSING ON THE BASE OF SIMILAR WEB DATA (2015)**

According to *Repubblica* a famous Italian newspaper, the turnover is 10 billion euros in 2015, that means +19% in comparison with 2014<sup>123</sup>. In addition the words “codice sconto”, which are the keywords for this business grew of 30% in 2015, in comparison with 2014, a very good result, for companies, who are in charge with this business.

Therefore, what we can say is that the online couponing market is a fast growing market and right now it developing.

What is the business model of this kind of websites? How they earn money? I have already talked of this, but now I want to go quite deeper. First, I would like to remember that there are three parts in this business in this sector: one of them are shops, one are publishers and the last are affiliation platforms<sup>124</sup>. Now I will focus only on the last element: publishers.

In their websites, they pick up all the offers and codes of some shops. These shops are related to some affiliate platforms and every time they sell something, they know if the sale come from the online couponing website. How? It is simple; the link contains a tracking id, which redirects to the website itself. Therefore, if I am Amazon, and I sell a

<sup>123</sup> Giuliano Balestreri, E-commerce, i coupon sconto conquistano anche l'Italia, *LaRepubblica*, 17/05/2015

<sup>124</sup> Ben Edelman Wesley Brandi, Risk, Information, and Incentives in Online Affiliate Marketing, Harvard Business School, June 23, 2014

pair of shoes I know if the consumer bought them, only looking for me on the SERP, or if they come from this kind of website.

Then each shop can require a bigger visibility on the website, and publishers will give it to them, through the payment of a certain quantity of money of a fee. In order to be more attractive the shop can decide to give to the website an exclusive deal (a code or a promotion), and this will help both the website and the shop.

In addition, thanks to affiliate platform, the website can check what the best shops are, therefore what shop needs to be in the homepage.

The website can earn money through coupons/offers or leads. In the first case, the user click on the discount or on the coupon and receive it at the end of the transaction, the website (publisher) will have money every time there is a sale. In the second case, if the user wants to see what the articles on the website are, it has to sign in. The website will receive a percentage every time the user subscribe to the shop. And, if the user is already signed, the website will receive a commission if he will buy something.

Then, another way to get money is the DEM. This is the acronym for direct e-mail marketing and usually the publisher prepares it with exclusive codes or deals of top shops. The website can sell the DEM. This is a way to let the shops have more visibility and, if there are exclusive codes, to give to website itself more credibility.

Only to have in mind, when the company send an e-mail it has to focus on the sender and on the subject<sup>125</sup>. And the figures below show that the sender is clear.

In conclusion, what is very important for those websites is having traffic. This traffic should be qualified, because, if is not, it will produce bounce rate (in other words people who do not do any kind of action, and abandon the website). In order to have it, it is necessary to focus on SEO.

In the images below, I show what I talked about before.

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<sup>125</sup> Ellis-Chadwick, F., & Doherty, N. F. (2012). Web advertising: The role of e-mail marketing. *Journal of Business Research*, 65(6), 843-848



FIGURE 2.8 PIUCODISCONTO HOMEPAGE- SOURCE: PIUCODISCONTO.COM (2015)

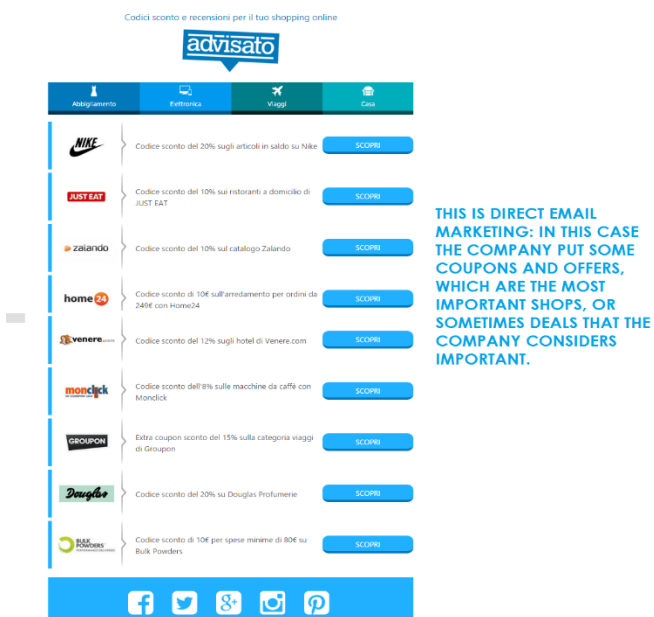


FIGURE 2.9 ADVISATO NEWSLETTER (2015)



FIGURE 2.10 CUPONATION NEWSLETTER-SPECIFIC FOR ONE SHOP (2010)

### 2.3.4 The anatomy of an online couponing website

How does an online couponing website works? The figure below shoes how this kind of website appears.

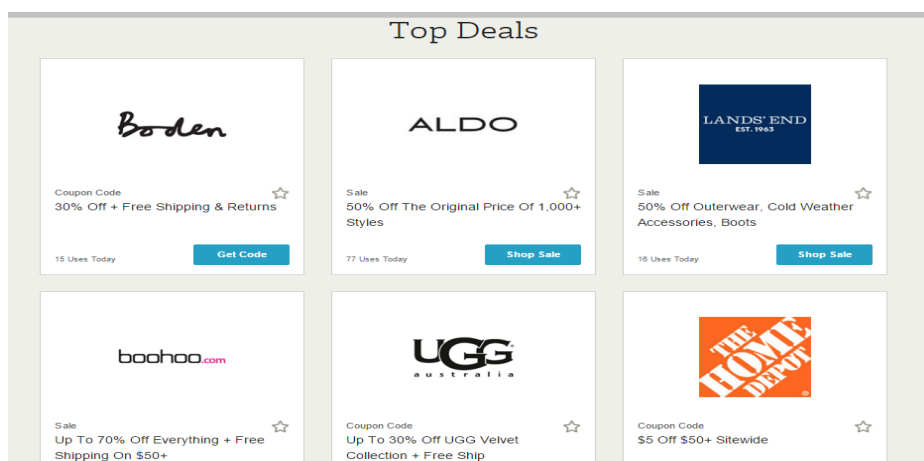


FIGURE 2.11 RETAILMENOT HOMEPAGE- SOURCE: RETAILMENOT.COM (2015)



In the page, there are deals, which can be both offers and coupons. People can choose what they want, the shop they want to visit, or the item they want to buy and click on the discount. Apparently, it seems that after the “proposal” the website lose its importance, but when the user click on the offer, the shop, will know where the user itself is coming. I mentioned this affiliate marketing strategy before. Let us do a concrete example.

When I click on *boohoo*, for example, the website redirects me on the boohoo home page, but the link in the URL is this:

[http://www.boohoo.com/usa/page/home?cj\\_linkd=12426218&cj\\_webid=2210202&cj\\_sid=uuu099748BC-8DCB-7AA0-5614511F3E30A943&cj\\_affid=1932205&cj\\_affname=WhaleShark+Media%3A+RetailMeNot.com&utm\\_source=COMMISSIONJUNCTION&utm\\_medium=affiliates&utm\\_term=2210202&cm\\_mmc=affiliates\\_-\\_commissionjunction\\_-\\_2210202\\_-\\_alpha&source=CJ](http://www.boohoo.com/usa/page/home?cj_linkd=12426218&cj_webid=2210202&cj_sid=uuu099748BC-8DCB-7AA0-5614511F3E30A943&cj_affid=1932205&cj_affname=WhaleShark+Media%3A+RetailMeNot.com&utm_source=COMMISSIONJUNCTION&utm_medium=affiliates&utm_term=2210202&cm_mmc=affiliates_-_commissionjunction_-_2210202_-_alpha&source=CJ)

Marked in red the most important things to analyze. The first one is “commission junction”, what is this? This is the affiliation platform. In other words, it is the intermediary between the shop and the affiliate (the website). This affiliate program allows to recognize that the user comes from the website and to give him a commission, based on the sale, or on the lead. The second thing is “retail me not”, this is the name of the shop and it is necessary, as said before, to make the affiliate program understand where the traffic comes from.

On the platform, we can find some top offers and, usually, shops paid to be top.

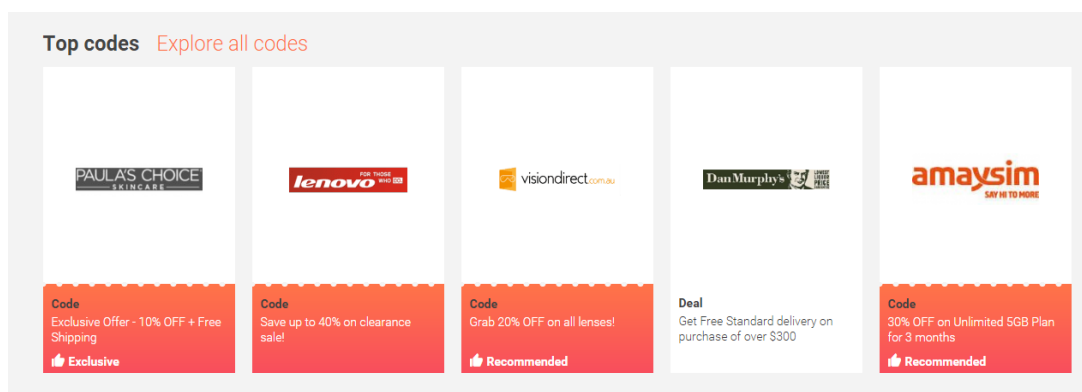


FIGURE 2.12 CUPONATION HOMEPAGE- SOURCE CUPONATION.COM.AU

In this case, for examples Lenovo, Vision Direct, Amaysim Dam Murphy's and Paula's Choice paid to be in the top position (in this case, this is the page of Cuponation).

How can the shops have visibility? First on the website they can be top (be top shops or have top codes), but there are also other ways. If the website has banners or sliders, the offers can appear there and these banners and sliders have to redirect to the offer itself. The reason of banners and sliders is that usually are very catchy and people are more willing to buy. Then there is the newsletter. Only to have it in mind, newsletter is the service, which people subscribe to receive periodically news they are interested in (direct email marketing). In this case, for example, the website sends weekly discounts and coupons to the subscribers, and in the email, there can be also shops that paid. In addition, this kind of contact with clients is very important and companies should exploit it.

In conclusion, the platform gives visibility to various shops, and those shops are affiliated to an affiliation program. This program is the intermediary between shops and couponing website. It gives support both to shops and platforms. As far as shops concerns, it will show different platforms, will make the tracking possible, and manage the relationship with them. Instead, on the online couponing website side, affiliate platforms help them in tracking links, manage the percentage they can earn, and are intermediary with the shops, which sometimes are very big.

When the online couponing websites want to start their business, they look for affiliation platforms. In Europe, some platforms are very important. They are<sup>126</sup>:

- ZanoX: is the leading performance advertising network in Germany and Europe. With over 700 employees across the globe, the ZanoX Group – comprising the companies, ZanoX, Affiliate Window and eProfessional – supports companies from all industries and of all sizes in the effective marketing of products and services on the internet.<sup>127</sup> ZanoX allows online couponing website to monetize their traffic. It is focused on travel, consumer goods, clothes, insurance and telco.
- Tradedoubler: it is one of the biggest affiliate platforms in Europe, and recently it is present in Brazil. It is not as big as ZanoX is, but it manage many merchants.

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<sup>126</sup> Revenue Performance, Issue 13, Winter 2013, Revenue.Mthink.com, Top 20 Affiliate Network, Top 20 CPA Network.

<sup>127</sup> LinkedIn- ZanoX page;

Tradedoubler is a leading international performance marketing company that drives results through high quality traffic, technology and expertise<sup>128</sup>.

- Commission Junction: is the leading affiliate-marketing network, specializing in pay-for-performance programs that drive results for businesses around the world. The CJ Network helps to reach and connect with millions of online consumers every day by facilitating productive partnerships between advertisers and publishers<sup>129</sup>.
- Webgains: it is a platform, which was born in the USA, and then, it expanded in Europe. It manage big shops such as Nike, but also niche shops.
- Shareasale: a revelation for Europe. It is a platform, which was born in the USA, and then it expanded to China, and, at the end, to Europe. It deals especially with Chinese shops, so it is very important for Europe, where Chinese shops are always more important.

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<sup>128</sup>LinkedIn-Tradedoubler page;

<sup>129</sup>LinkedIn-Webgains page;

## CHAPTER III: CUPONATION-ROCKET INTERNET CASE STUDY

### 3.1 About Rocket Internet, the German incubator

Rocket Internet SE is a German internet company headquartered in Berlin. The company builds online startups and owns shareholdings in various models of internet retail businesses. The company model is known as a startup studio or a venture builder. It provides office space to new companies at its headquarters in Berlin, with IT support, marketing services and access to investors. The company aims to operate outside the US and China, with holdings in several countries, and more than 25,000 employees.

It was born in 2007, and since this date, it grew day by day. It created many companies, based on affirmed business models. This company is a reality in Europe, and it is affirming in East Asia and Africa. The mission of the company is “to become the world’s largest Internet platform outside of the United States and China.”<sup>130</sup> The numbers of the company are the proof that it is a winning company, and that is gaining a lot of success. The approximate market value of the company is 8 billion euros <sup>131</sup>(April 2015).

What about its international presence? As already said, Rocket Internet operates all over the world, in more than 110 countries. This is a real strength for the company itself, because it has different experience in different markets that face ecommerce in different ways. A big problem to face in each country is the infrastructures. In order to manage this problem, Rocket internet creates its own infrastructures. From the order to the delivery and the payment process, everything is under its control, in this way there cannot be (or better could not) errors in the system.

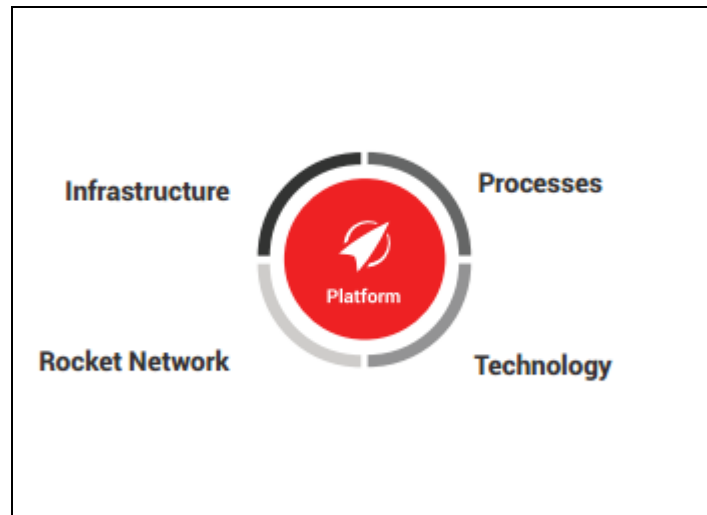
About the business model<sup>132</sup> of the platform the image below, realized by Rocket Internet itself is very explanatory:

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<sup>130</sup> Rocket Internet page;

<sup>131</sup> Bloomerong Business;

<sup>132</sup> Rocket Internet Annual Report 2014



**FIGURE 3.1 ROCKET INTERNET BUSINESS MODEL- SOURCE: ANNUAL REPORT ROCKET INTERNET 2014**

First, as already said, infrastructures are very important. Rocket internet puts together the expertise and the cooperation with national actors. Then rocket network: the possibility to have the overview in several countries allows exploiting strengths and avoiding weaknesses. As far as the process concerns, Rocket Internet relies on a centralized structure, which, at the same time, adapts to the regional needs. At the end, about technology, the compared analysis of markets and possibilities allows not to be wrong, and start businesses, with few investments.

About the sectors where Rocket Internet operates, they are e-commerce, marketplaces, financial technology and travel<sup>133</sup>. In the first category we can find companies that sell grocery, fashion, home and living; the most important companies are Zalando, West Wing, etc. About marketplaces, they want to be the intermediary among sellers and buyers; in this sector, we can find travel companies (Wimdu), food delivery ones (Foodpanda), etc. As far as financial technology concerns, they are companies, which make the payment sampler, and help both people and entrepreneurs; the most important companies are Oaymill and Lendico. At the end, about travels, they regards the online booking, and the most important are Traveloka and Travelbird.

Each region has a proven winner company. I will analyze each region, and the most important company.

<sup>133</sup> Rocket Internet Annual Report 2014

The most important company in Europe is *Zalando*: this company replicates the business model of the American company Zappos.com, and it is a concrete reality in Europe. It was founded in 2008, and in 2014, it was listed in Frankfurt Stock Exchange. The model is retail of clothes, accessories and shoes. At the beginning, Zalando sold only shoes, but then the number of products increased and it became a big company. Actually (last update is December 2014) its revenues are 2.214 billion €, and its employees are 7600<sup>134</sup>. There have been controversies about Zalando, some of them where about work conditions<sup>135</sup>, and some others about marketing strategy (in order to convince consumers to buy)<sup>136</sup>.

In Africa, the biggest company that belongs to Rocket Internet is Jumia. This company is the most important marketplace in the continent, and it has the aim to do the same job that Amazon does. The revenues of this company are very high: according to the Rocket Internet Annual Report of 2014, the sum of revenues is 35,8 million of euros. The company started in 2012, and in few years, it received funds by African investors and expanded in the entire continent. This is, for sure, a successful case: in only two years, it spread in more than ten nation. In addition, people quickly trusted the company and the service it provided, and the company increased its revenues very fast.

In Asia, the most important company of Rocket Internet is LaModa. This company was born in 2010, and, at the end of 2014, the revenues are 138 million of euros<sup>137</sup>. This company has the same business model Zalando, and it was very successful in Russia, Kazakhstan and Ukraine. The aim of the company is to propose to the customer a big range of items, both of small fashion houses and of known brands. The strength of this project is the capability to deliver in the entire Russia without long waiting times. As said before, this is the result of good technologies in the place.

In the end, about the American market, what we can say is that USA is a mature market, so it does not have space for new competitors; or better, the competition is too high. That is why Rocket Internet decided to concentrate on South America. Here it invested on a company called Linio. This is the biggest marketplace, and in 2014 its

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<sup>134</sup> Rocket Internet Annual Report 2014

<sup>135</sup> Alex Hofmann Ist bei Zalando „Sitzen verboten“?, Gruender Szene, 21. October 2013;

<sup>136</sup> Maria Sheahan and Nadine Schimroszik, German private-sector watchdog accuses Zalando of false advertising, Reuters Nov 5, 2015;

<sup>137</sup> Rocket Internet Annual Report 2014

revenues were 61,9 million of euros<sup>138</sup>. It was born in 2012, and quickly its numbers became big. The estimated viewers are 1 million and this number is destined to grow, because of the potential of the market. Linio has offices in all the Latam countries, where it is present also online, and it is necessary to have the market feeling immediately. However, the headquarter is in Berlin.

In conclusion, we can define Rocket Internet not an incubator, but moreover, a company that builds companies. Among these companies, there is CupoNation.

### 3.2 CupoNation

CupoNation is Rocket Internet Company, and it was found in 2011. Actually, it operates in 15 countries all over the world, but they are especially European.

Surprisingly, the first country to “host” Cuponation was India. The surprise derives from the fact that Indian market is quite full, and, usually, Rocket Internet starts businesses where there is a virgin market. For his part, Shubhendu Parmar, the business development manager at CupoNation India, in an interview to TechInAsia, a famous Asian technology website, affirms that: “Even when the saturation point for [Indian] e-commerce sites arrives, coupon websites will only continue to grow. We can observe that from the already developed markets such as Germany or the US. Although the e-commerce sphere is very much matured in these countries, coupon websites such as Meingutscheincode, Gutscheinpony or RetailMeNot have only grown and still continue to expand at a growing rate. Thus, e-commerce maturity would only point to a growing trend and a larger market share for coupon websites.”<sup>139</sup> Therefore, what is very important in India is continuing in the business, because, as he says in the same interview, more than 70% of people buy on internet, and most of the m are between 20 and 30 years.

The second market that hosted CupoNation is Brazil. In 2013 Rocket internet invested 11\$ million dollars in this creating CupoNation and in few years it became a big company of online couponing. The reasons are many: first, the amount of partners CupoNation has (on the website, many shops give discounts), then the expertise of

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<sup>138</sup> Rocket Internet Annual Report 2014

<sup>139</sup> Steven Millward, How Rocket Internet is Encouraging Coupon Clipping in India, TechInAsia, Jul 23, 2013;

Rocket Internet (this company had already some companies on the territory). When the business began, the CEO, Maria Fernanda de Azevedo Antunes Diniz Junqueira, was very confident, and she said to the press: “Our expectation is to surpass the mark of 1,000 partners in the next six months. We want to redeem the original voucher code concept, originated in the United States, through which brands offer discounts to improve customer loyalty and increase sales. Consumers also benefit from this in being able to find discounts from their favorite brands on the site.”<sup>140</sup> And, in effect, provisions are becoming real, and the ecommerce sector is growing a lot (+368% in 2014).

After these two markets, Rocket Internet focused on Europe. It started the business in Poland, Italy, Spain and Austria. About Poland and Italy, Rocket Internet decided not to invest a lot, because the market is not ready to host this kind of business. Therefore, the website exists, but it is not the market leader. About Spain, there the market is bigger and more mature. That is why CupoNation appears also different: it promotes single products, and compares prices.

One important consideration is also about North Europe. In particular, in 2013, Rocket Internet announces to start its online couponing business in Sweden, Finland and Norway. These countries, especially Finland, are very mature markets, and they seem to be in decline. Nevertheless, what the country manager of Finland says to Artic Startups is “discounts and vouchers will always play a factor to choose one product over another. This is nothing new. It has always worked throughout history and will also in future. Only because some players show signs of fatigue at the moment, it does not mean that the market is exceeded and has no space for something new.”<sup>141</sup>

In addition, in April 2015, the German incubator, tried to launch this platform also in Denmark. In this country, the online couponing market is not very famous, and people are not used to buy through this kind of platforms. Therefore, the mission of CupoNation in this country is to educate people to look for discount and good deals before buying on internet. And, starting from this, they can get used to visit these kinds of websites.

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<sup>140</sup> Anna Heim, Rocket Internet-backed CupoNation brings its e-commerce coupon service to Brazil, TheNextWeb, 9 Jan. 13 ;

<sup>141</sup> Dmitri Sarle, Rocket Internet Is Heading North - Launches CupoNation in Finland With Norway And Russia Next On The List, 23 Apr. 2013 ;



CupoNation is present in Italy since 2013, when an Italian guy, Andrea Puzo, presented the idea to Rocket Internet. As said before, CupoNation was launched first in India and in Brazil, and then it arrived in Italy. In two years, CupoNation did not explode, but it is an important player in the market. Since it was born, it had already many partners, more or less 300 among brand and retailers, but it has a lot of potential to exploit. Actually, the country manager is Emmanuel Molla, and the headquarter of this company is in Munich (but everything is moving in Madrid) and the team is composed by more or less ten people. In many interviews Mr. Molla did to the press, he said that the presence of CupoNation in Italian market is very important. There are many reasons. First, the e-commerce sector is growing. In addition, consumers are not aware of online couponing sector. Usually they find couponing websites by chance. Therefore, CupoNation is ready to do the jump, to be the market leader<sup>142</sup>.

### 3.2.1 Value proposition

As we know CupoNation offers coupons and vouchers from leading online retailers. The company operates, among others, in Austria, Germany, Poland, Italy, Spain, Sweden, Finland, Norway, France, Russia, Brazil and India. CupoNation collects all available online coupons on one website and allows customers to discover discounts in the respective online shops.<sup>143</sup> Starting from this point we can think about the advantages that the consumers have, when they use CupoNation. First of all, the business model of the company allows to the customers not only to find not only the best price, but to add to it a discount, coming from an offer or a coupon. So, people who take care about saving are satisfied. In addition the coupon that we can find on the websites, in all the countries are always real, and this is a fact on which the user can count. Moreover, when we go on the shop pages, we can find articles and news about the shops. They are very interesting for the user, who is going to buy something. He can know the trends and what's going on related to the shop. At the end, the customer can create his own profile, using Facebook. Therefore, is not necessary to

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<sup>142</sup> Ludovico Fontana, Esplora il significato del termine: A caccia di sconti sul web nella nazione dei coupon, Corriere-Corriere Innovazione, 24 Jun. 2015;

<sup>143</sup> Cuponation Website

subscribe long forms that can make the user lose time. In this way, he will receive updates from CupoNation and good deals.

As far as the company side concern, we can focus on the advantage that being part of big group guarantees. We can refer to the model mentioned before, which points out the strength of the entire group. The first is infrastructure: Rocket Internet tries to use the present infrastructures, but, at the same time, if it necessary, they creates their own. Then we have the Rocket Network, and it consist in the international presence of the group all over the world. Each company can analyze and exploit the strengths of other markets. In addition there is the process, which is the possibility to have a centralized structure, but also offices in each country. At the end we have technology, in other words the possibility to compare ones with one other.

Therefore, CupoNation has a lot of advantages to make the experience of the customer the best possible.

### 3.2.2 Target

As mentioned before, the target of CupoNation are people who buy usually on internet. Being more specific, they are people who take care about the price of things they are going to buy. In fact, they are not only looking for comparison shopping websites, but also for real discounts. In conclusion we can describe the costumer of CupoNation as someone who is between 25 and 45, which likes fashion, technology and everything related to this, and wants to have the trends, but saving money.

### 3.2.3 Geographic footprint

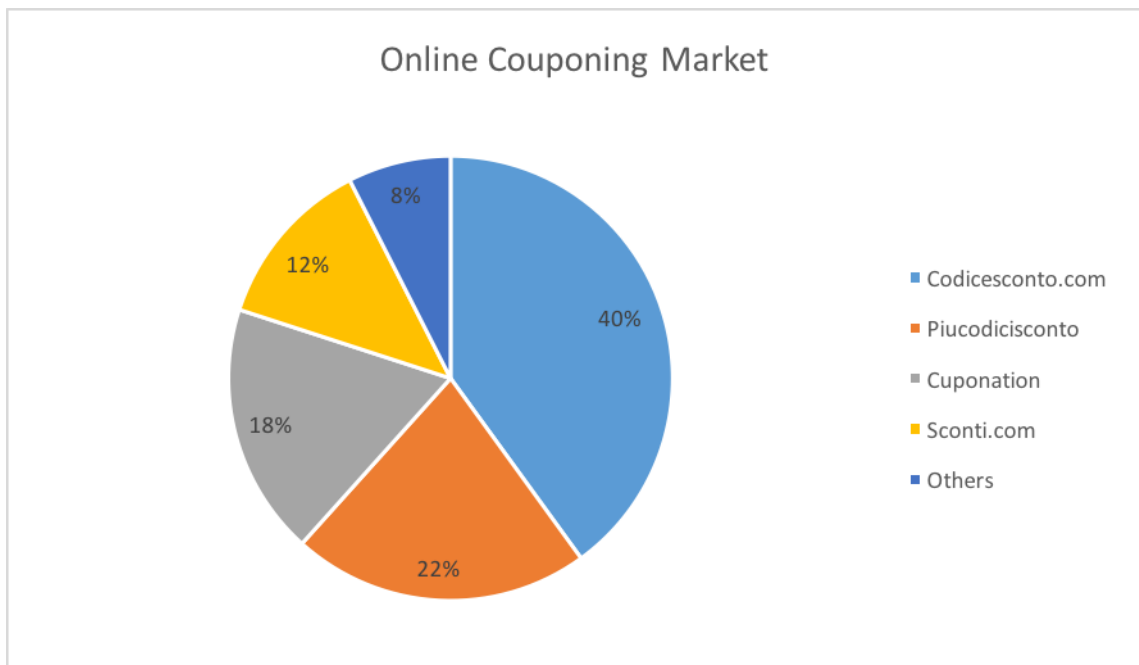
As far as the presence concerns, as mentioned before, CupoNation is present in 15 countries. Among them we have both European and non-European countries. The two extra-European countries are Brazil and India, and in both of them the business is very developed. In Europe the countries are Austria, Germany, Poland, Italy, Spain, Sweden, Finland, Norway, France, and Russia. The policy in each one of them is different, because of the “preparation of the market”. The image below shows the countries where CupoNation is.



**FIGURE 3.2 CUPONATION IN THE WORLD- SOURCE: CUPONATION.COM**

### 3.3 Italian market analysis

In Italy, as mentioned before, the online couponing market is not very developed, and usually people find the coupon websites by chance. In addition the market is very fragmented and there are a lot of competitors that share the market. But there is one stronger and a lot of followers. The table below shows what mentioned. Below there will be a deeper analysis.



**TABLE 3.1 ONLINE COUPONING MARKET IN ITALY- SOURCE MY PROCESSING ON THE BASE OF SIMILAR WEB DATA**

### 3.3.1 Competitors overview

In order to be in the Google top positions, it is necessary to implement the SEO rules. How this company handles SEO? I will start with the presentation of the home page, and then I will analyze, deeply the SEO techniques (keyword research, content and link building).

In the macro-sector on e-commerce, there is the online couponing market. This is a quite new sector, and there are few competitors. The market leader is Codicesconto.com. Present in the market since 2008, it has the leadership. In the last year, many other websites are becoming important, and sometimes they exceed the market leader. Its value proposition is very similar to the CupoNation one, and it focuses on the possibility that the customers have to save money, when they visit the website. In particular this company has been the first in the market and it knows that very well. It can have shops that competitors can't have, exclusive deals and discounts. In addition when we read on the description they do about their selves, we can read that they have a lot of partners, all the coupons and discounts on the website are totally free, and there is not any necessity to register to the website. Therefore, people who are addicted to online shopping and who want to save money can use this website that is completely an Italian project.

Then another important competitor is Advisato. About its value proposition we can talk summarize it in this way: it is a community, where everybody can find the perfect discount for its online shopping. Let's be more precise. First of all, all the coupons and offers that Advisato offers are completely free. It means that nobody has to pay, if he wants a discount. In addition the registration is not necessary and there can be a very simple registration via Facebook. In addition Advisato describes itself like a community, and this is real, because customers can exchange opinions about the shops and the deals, and can share everything. This guarantee a very big reliability to the website. Moreover, each shop has all the information that the customer needs to know: the return policy, the shipping costs, etc. So, Advisato seems to be a very user friendly website.

### 3.3.2 Competitors analysis

In the next two paragraphs we will analyze what the market leader does, and then one of the competitors, Advisato that is becoming always more dangerous. Codicesconto is the biggest player in Italian market and according to what they say in their website, they make shops earn 13,2 million euros each year to their affiliates. It is in the market since 2008, that's why it is the market leader. However, is the real leader in the action it does? In order to know it, we have to analyze the three pillars of SEO; and how Codicesconto deals with them.

First, there is the keyword research. As already said, it involves the usage of the right keywords, in the right position in URL, title, and meta title. It is very significant to analyze the best shops Codicesconto, and check the keyword research. I chose three shops Codicesconto considers the best shops: Amazon, Groupon and Unieuro. They are very good examples, not only because they represent best shops for Codicesconto, but also because they represent good and bad examples of SEO.

Let's start from Amazon.



FIGURE 3.3 GOOGLE SERP-SOURCE: MY PROCESSING ON THE BASE OF THE KEYWORD RESEARCH CODICE SCONTO AMAZON

This is the SERP of Amazon. As we can see, CodiceSconto is the first not paid result. The keywords it uses are right. After some researches, in fact, I can affirm that the first three keyword to use are "codice sconto", "codice promozionale" and "coupon". And, actually, Codicesconto uses these keywords. A thing to underline is the URL. As we can

observe, there is the keyword. The only problem is the plural, instead of “codice sconto”; we find “*codici sconto*”. Nevertheless, this is not a very big problem because the algorithm Google uses now does not take care a lot of this.

Therefore, this is good example: all the keywords are in the title, meta title and URL, the length of meta title is respected, and the stars represent a good sign for the user, who trusts the shop.

Then there is Unieuro. This is a very bad example of a good keyword research.



**FIGURE 3.4** GOOGLE SERP-SOURCE: MY PROCESSING ON THE BASE OF THE KEYWORD RESEARCH COUPON UNIEURO

The most important things to analyze are title, meta title and URL. The title is “*codici sconto unieuro*”, and if we search on Google AdWords we notice that this is not the first keyword to use, it is “coupon unieuro”. About the meta title it should contain the keywords and the business keywords<sup>144</sup>. In this case, it contains the address of the shop, and this is wrong. There are neither keywords, nor the business keywords. The last topic regards the URL. It contains the wrong keyword, that is the keyword of title, but, as said before, it is wrong.

The last shop to analyze is Groupon.



**FIGURE 3.5** GOOGLE SERP-SOURCE: MY PROCESSING ON THE BASE OF THE KEYWORD RESEARCH CODICE SCONTO Groupon

<sup>144</sup> Business keywords are the keywords related to the business of the shop. For example, the business keywords of Unieuro are computers, laptops, electronics, and everything related to technology.

It is both a good and a bad example. It is a good example because it contains the right keywords in the title and meta tile, even if they in plural and not in singular. But the URL is not optimized. In fact, in the place, where we should find the keyword of the shop and there is “scheda negozio”. And this is not Google friendly, because crawlers could read something that actually they do not read.

UNIEURO	GROUPON	AMAZON
<b>TITLE</b> Codici sconto Unieuro   2016 Risparmiare con i buoni...	<b>TITLE</b> Codici sconto Groupon	<b>TITLE</b> Codici sconto Amazon   2016 Risparmiare con i buoni ...
<b>META TITLE</b> Contatti. Unieuro.it. Strada Statale n. 231, zona Industriale n. 2, 12066 Monticello d'Alba (CN) Italia Tel: +39 199 155 133. Guida uso coupon. Tutti i codici sconto ...	<b>META TITLE</b> Tutte le offerte deals di Groupon raccolte in questo sito grazie al quale puoi applicare riduzioni extra con i codici sconto Groupon. Scopri le offerte della tua città ...	<b>META TITLE</b> Qui trovi i codici sconto e i codici promozionali per Amazon. Vuoi comprare su Amazon sempre con lo sconto? Preleva qui i tuoi codici sconto attivi e funzionanti!
<b>URL</b> www.codicesconto.com/codici_sconto_Unieuro.asp	<b>URL</b> www.codicesconto.com/scheda_negozio.asp?id=611	<b>URL</b> www.codicesconto.com/codici_sconto_amazon.asp

**TABLE 3.2 COMPARISON BETWEEN COMPETITORS-SOURCE: MY PROCESSING**

Summing up what I have just analyzed, we can conclude that CodiceSconto is the market leader, but not only because of SEO reasons. It is often in first positions, even if title, meta title and URL are wrong. In addition, it overpasses many valid websites, and the reason, in this case, in the long presence in the market. Therefore, SEO strategies are very important, but, at the same time, reliability of users is important.

About the content, we have to analyze the shop pages and the other forms of content. It is not very good. I analyzed one of the best shops that is Zalando, and I noticed that the text focuses on the shoes, and, actually, this is not the business anymore, or better, this is not the core business anymore. In effect, Zalando sells dress, accessories

and everything related to fashion. In addition, there are some shops without this SEO text. A real good thing for the user is the explanation of how to use coupons.

The content part of Codicesconto includes also a blog. As said before, a blog represent a valid source of traffic, because we could rank. In addition, if the website has a blog, it could sell ads spaces.

This blog includes many articles, but this is not very updated. There are articles for the most important events, like Easter, Christmas etc., but there are not daily articles. If the blog would include daily articles, this can represent an interesting blog for the user. In addition, Google appreciates the updated content. The blog is a problem also for CupoNation.

At the end the link building. Codicesconto has a lot of articles, which refer to it. As said several times, this website was born in 2008, and in the period of monopoly, it exploited this privilege, and the newness. Nevertheless, we cannot find significant articles, which let us say that Codicesconto.com is doing a very great job.

The last thing to say is that Codicesconto did not do any collaboration.

Now let's move to Advisato.

Advisato is a small company, and it was born in Milan at the end of 2013. The corporation stock is 10.000€ and in the first year of their activity they had a loss<sup>145</sup>. Even if this is happening, Avdivato is becoming a real competitor for other websites. In fact, the SEO part is very well done, and the relationship/communication part.

The three most important thing to consider, as always, are the keyword research, the content part, and, at the end, the link building<sup>146</sup>.

About the keyword research, I will analyze three shop. Two of them are shops, I already analyzed for Codicesconto, the other, is one of the most important for Advisato. They are Home24, Amazon and Unieuro.

The first shop I analyze is Amazon. According to the keyword research that I mentioned before; the first keyword to use is "codice sconto amazon", the second is "codice promozionale amazon". The image below shows what Advisato did.

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<sup>145</sup> Advisato Financial Statement 2014

<sup>146</sup> Gurpreet Singh Bedi, Ms. Ashima Singh, Analysis of Search Engine Optimization (SEO) Techniques, International Journal of Advanced Research in Computer Science and Software Engineering, Volume 4, Issue 3, March 2014



## Amazon - Codice Sconto Amazon e Opinioni: gennaio 2016

[www.advisato.it/siti/amazon](http://www.advisato.it/siti/amazon) ▼

Scopri i giudizi di chi ha acquistato e risparmia con i codici sconto Amazon. Lo shopping online è più conveniente e sicuro con advisato.

**FIGURE 3.6** GOOGLE SERP-SOURCE: MY PROCESSING ON THE BASE OF THE KEYWORD RESEARCH CODICE SCONTO AMAZON

In this case, Advisato is in the 6<sup>th</sup> position of the 3<sup>rd</sup> page. Actually, this is not a good positioning, because, as we know, people click on the first, second, at least third result of the first page. What can be wrong? Why this positioning? The first thing we notice is the meta title. It does not include any graphic sign, such as arrows, exclamation marks, etc. Then, it does not include all the most important keywords it should (codice promozionale amazon, coupon amazon, etc.). In addition, there are not the business keywords, such as technology, clothes, and everything deals with Amazon business model. In the end, the URL is also wrong. In fact, it should include the keywords of Amazon; at it does not.

The other shop is Unieuro.

## Codice Sconto Unieuro e Coupon 2015 con Opinioni Affidabili

[www.advisato.it/siti/unieuro](http://www.advisato.it/siti/unieuro) ▼

Scopri i giudizi di chi ha acquistato e risparmia con i codici sconto Unieuro. Lo shopping online è più conveniente e sicuro con advisato.

**FIGURE 3.7** GOOGLE SERP-SOURCE: MY PROCESSING ON THE BASE OF THE KEYWORD RESEARCH CODICE SCONTO UNIEURO

In this case, Advisato is the last result in the 2<sup>nd</sup> page. This is not a good result because, according to the statistics only 4,8% of people go in the second page<sup>147</sup>. About the title, it is not wrong, but we cannot define it right. In fact, the first keyword is the second; in this way, Google consider it the most important. Then, the meta title is the same of Amazon, and it does not include any keyword, and business keyword. Actually, Google does not appreciate the duplicated content, as in this case. At the end, the URL is wrong too: it does not include the keywords that could help ranking.

The last example I want to show is Home24.

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<sup>147</sup> Chikita Report Percentage of Google Traffic by Results Page, 2013;

**Scheda negozio Home24 - Codici sconto**  
[www.codicesconto.com/scheda\\_negozio.asp?id=888](http://www.codicesconto.com/scheda_negozio.asp?id=888) ▼  
 ★★★★★ Valutazione: 3,6 - 67 voti  
 Tutti i codici sconto Home24 e i buoni acquisto per applicare sconti extra alla tua spesa di mobili, arredamento ed oggettistica di design. Oltre ai codici ...

**Home24: Mobili e arredamento online per la tua casa**  
[www.home24.it/](http://www.home24.it/) ▼  
 Acquistare mobili e complementi online: sicuro e conveniente su home24.it. ✓  
 Spedizione e reso gratuiti ✓Diritto di recesso entro 30 giorni ✓Alta qualità.  
 Soggiorno - Camera da letto - Armadi - Divani

**Home24: Buoni Acquisto 10€ di Sconto e Opinioni Affidabili**  
[www.advisato.it](http://www.advisato.it) > Casa e arredamento > Mobili ▼  
 Scopri i giudizi di chi ha acquistato e risparmia con i codici sconto Home24. Lo shopping online è più conveniente e sicuro con advisato.

**FIGURE 3.8 GOOGLE SERP-SOURCE: MY PROCESSING ON THE BASE OF THE KEYWORD RESEARCH CODICE SCONTO HOME24**

In this case, Advisato is in the third position, but there is something to notice. First, title and meta title do not include the first keyword. And, it very wired the fact that it ranks in good positions. In addition, the meta title is the same of Amazon and Unieuro, and it is not positive because of the duplication of the content. Then, the URL does not show the name of the shop, but a sub category of products.

The conclusion we can deduce is that there are not too much competitors for this shop.

The table below sums up the most important topics of Advisto.

UNIEURO	HOME24	AMAZON
<b>TITLE</b> Codice Sconto Unieuro e Coupon 2015 con Opinioni Affidabili	<b>TITLE</b> Home24: Buoni Acquisto 10€ di Sconto e Opinioni Affidabili	<b>TITLE</b> Amazon - Codice Sconto Amazon e Opinioni: gennaio 2016
<b>META TITLE</b> Scopri i giudizi di chi ha acquistato e risparmia con i codici sconto Unieuro. Lo shopping online è più conveniente e sicuro con advisato.	<b>META TITLE</b> Scopri i giudizi di chi ha acquistato e risparmia con i codici sconto Home24. Lo shopping online è più conveniente e sicuro con advisato.	<b>META TITLE</b> Scopri i giudizi di chi ha acquistato e risparmia con i codici sconto Amazon. Lo shopping online è più conveniente e sicuro con advisato.
<b>URL</b> <a href="http://www.advisato.it/siti/unieuro">www.advisato.it/siti/unieuro</a>	<b>URL</b> <a href="http://www.advisato.it">www.advisato.it</a> > Casa e arredamento > Mobili	<b>URL</b> <a href="http://www.advisato.it/siti/amazon">www.advisato.it/siti/amazon</a>

**TABLE 3.3 ANALYSIS OF COMPETITORS. MYPROCESSING**

In all the cases Advisato uses the same meta title, it is something standard. The reason why it ranks good with Home24 is that there is not so much competition. Instead, as far as Amazon and Unieuro concern, there is a lot of competition, therefore Advisato, which is quite new in the web, does not rank so good.

About the content, Advisato is doing a good job. Each shop has a short description, which concerns the business of the shop, and includes the keywords of the shop itself (not only the business keywords, but also the keywords users search more, related to the shop). Then, in the left side, we can find the most important information, regarding the shop: shipping costs, returned goods policy, etc. One of the most important thing that we find are opinions. They are important both for users and for Google. In effect, if the user reads good opinions, it considers the website reliable. Google make the website rank with this opinion, because they are useful for the user. In this way the website can have more traffic, than before. Actually, this traffic is double-edged sword, because these users are interested in knowing the opinions and we are not sure they buy something.

One more thing to consider in Advisato content strategy is the blog. As said several times, it represents a valid source of traffic, because the website can rank through each article there is in the blog, and get involve more people. The blog has daily articles, about several topics. What we can say is that Advisato counts on the blog, as a resource, unlike the bigger competitors.

At the end, after analyzing the content, we can move to link building. During the years it did more than 100 articles, and posted them in blogs and websites<sup>148</sup>. But, actually, there is not a real noteworthy website or blog.

The last thing to mention regards the collaborations Advisato did. The most important is the collaboration with eDreams. The home page is the same of the main website, as the figure below shows.

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<sup>148</sup> Sorce: SemRush Report



FIGURE 3.9 ADVISATO PARTNERSHIP WITH EDREAMS, HOMEPAGE- SOURCE: EDREAMS.ADVISATO.IT

The difference between the main website and this smaller version is the quantity of shops and the lack of the top shops. This is something that we can expect because it is not the main site.

The biggest problem of this collaboration is the URL. In fact, it is a subdomain and not a subfolder (<http://edreams.advisato.it/>). As said before, Google appreciates more the subfolder than the subdomain, because the strength of the website stays<sup>149</sup>. In other words, when we have the subdomain there are domains, instead when we have the subfolder, there is another folder. Therefore, the subdomain Advisato has, does not allow it to rank. In addition in the subdomain does not include any keyword, only the two websites and this represent a problem, because it is very hard to rank, without having the keywords inside.

### 3.4 CupoNation digital marketing strategy in Italy

After the analysis of competitors it is necessary to focus on the digital marketing strategy of CupoNation in Italy. In particular, it concerns the techniques of optimization for search engines. As mentioned before, they can influence both paid and organic results. In addition the company can decide to appear on specific websites, and, in this case we talk about display campaigns. In all these cases the company has to understand the target and then build the best campaign possible. What kind of strategy CupoNation adopted for the Italian market? We can analyze each single part of it. Regarding SEO (search engine optimization), CupoNation since few years is doing a good job. In particular it is taking care about the title and meta

<sup>149</sup> Moz, The beginners guide to SEO

title, that, as mentioned before, are the most important part to rank in the SERPs. Also the content is very important, and, in this field they are doing a good job. The only sore point is the blog, which should be always uploaded<sup>150</sup>. About the link building, it is a very complicated. In effect, it regards the capability to give and take importance from other websites. It costs a certain quantity of money, and it is necessary to choose the right website. CupoNation has both good and bad websites, and this is good.

As far as affiliation concerns, this is the base of CupoNation business and it consists in making money through links that redirect to shops. In other words, if the company promotes another company, and let it make money, the first company receive a percentage on sales.

The SMO is the social media optimization. It consists in the capability to use and exploit the social media. In fact, there are always more active users, who want to interact with the company, and one of the ways is through social network. So, the company has to make the consumer involved and has to interact with him, every time he requires it. The CupoNation page of Facebook seems to be not very active and updated. CupoNation has also a blog, but it is not updated. The reasons can be a lot. For example the quantity of people that work in the team, or the fact that the strategy foreshadows a preference of SEO. Actually, as already mentioned, this is not a very good strategy because the number of active social media users is increasing a lot. Later, we will do a deep analysis of this.

About SEA (search engine advertisement), CupoNation focuses on keywords advertisement. It means that when the user looks for something, CupoNation will be in the top position, because it paid to be there. As mentioned before, the company can have a budget and decide to use it for few days or a longer period. In both cases the SEA is the best way to act. The reason is simple: it lasts for a precise period and then it stops. That's why is much better to have other forms of campaign, like SEO and SMO.

### 3.4.1 CupoNation Home Page

The homepage represents, for sure, the business card of a company. It is what the user finds when it arrives on the website, and the homepage gives him the first impression

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<sup>150</sup> T. Poell (2009), Conceptualizing forums and blogs as public spheres, Amsterdam School for Cultural Analysis (ASCA).

of the website<sup>151</sup>. Therefore, if the homepage is catchy, the user is willing to stay on the website itself.

The homepage of CupoNation needs a deep analysis.

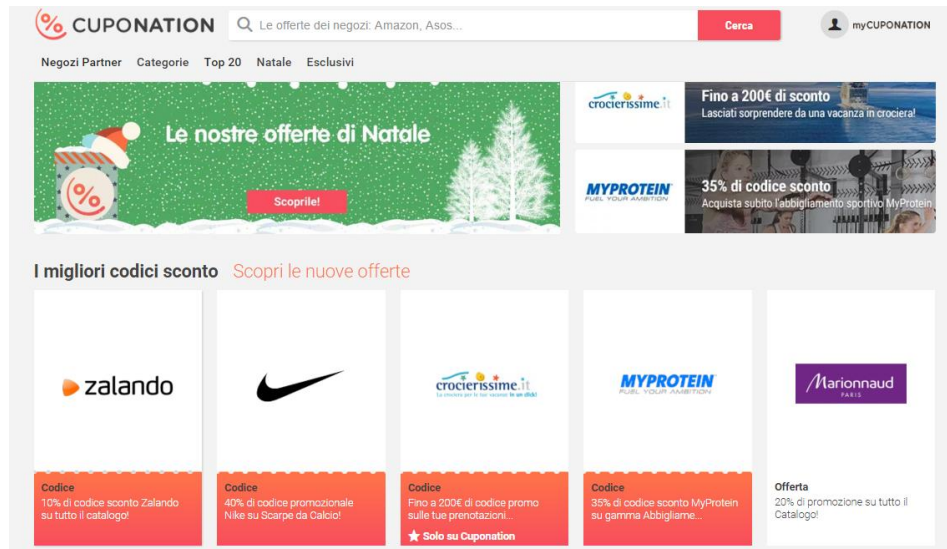


FIGURE 3.10 CUPONATION HOMEPAGE- SOURCE: CUPONATION.IT

This is the first part of the home page of CupoNation. It contains the top shops and a slider. In this case, CupoNation sponsors the Christmas page, but, usually, in that place (slider place), there are shops that paid (to be there). In the right side, two coupons are exclusive of CupoNation. Under the slider, there are the best coupons. They are the best coupons for CupoNation, in other word, they give a high commission to it, or they paid to have that position in the page.

<sup>151</sup> Jakob Nielsen & Marie Tahir (2002), Homepage Usability: 50 Websites Deconstructed, Indianapolis New Reader

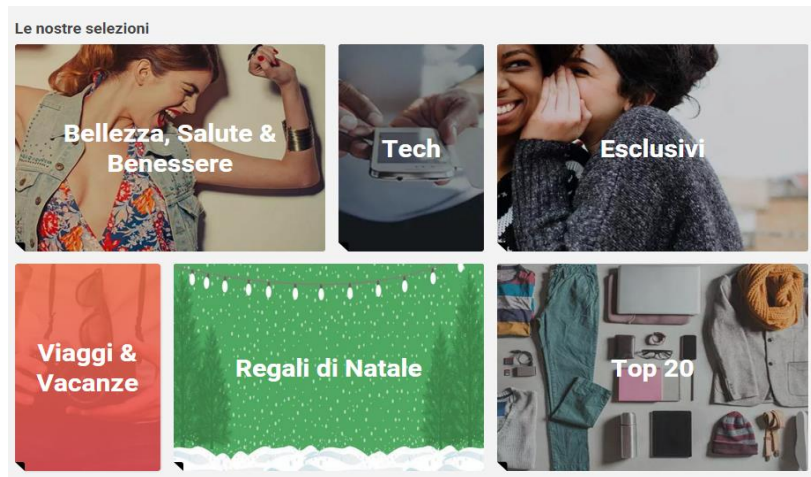


FIGURE 3.11 CUPONATION HOMEPAGE- SOURCE: CUPONATION.IT

This part is dedicated to the sections users can find in the website. Actually, not every shop can be in the section CupoNation wrote, but ostensibly, they chose the most appealing sections for the consumer. Two important sections are “top 20” and “exclusive deals”. The first section include the best codes, which are the most attractive for the user, but at the same time for CupoNation. The “exclusive deals” section includes the coupons that only CupoNation has. They are the result of a negotiation between affiliate marketing platforms and the website itself.



FIGURE 3.12 CUPONATION HOMEPAGE- SOURCE: CUPONATION.IT

This is a very important part for SEO. The reason is that, first, the text we can find helps CupoNation to rank in the SERPs, because it includes the keywords, strictly linked to the business. Then, the subpages we can find in the three columns are recognized by Google, and help the website to rank. In the end, an important thing is the link among various countries. It represents an external linking and it is very positive for the website.

### 3.4.2 Business Model

As far as the business model concerns, we can use the famous business model canvas<sup>152</sup>, in order to have a clearer idea. It has 9 parts:

1. Key partners: they are people suppliers and partners, who allow to make the business working. In other words they are actors who lives in the environment of the company. In our case we can define key partners: affiliate networks, which help the company to have a relationship with merchants and merchants their selves, who want the visibility from the publisher. In addition CupoNation did a partnership with Corriere della Sera, an Italian newspaper, and it uses a page, created only for it, where it can put coupon and discounts. Obviously, part of the revenues belong to Corriere.
2. Key activities: this topic concerns the core business of the company. In our case, as already mentioned, CupoNation selects and uploads every day offers and discounts. Therefore its core business is the capability to attract the customer and to make him finalize the purchase. Actually this activity is not very simple, and it is necessary that the company does a good digital strategy. In effect, there are not a lot of consumers who know the business. The majority of them finds the website by chance.
3. Key resources: these are the basic resources that the company needs to have if it wants to start. As stated before, CupoNation has a big network behind: Rocket Internet. So it can exploit the knowledge acquired from the previous experiences, the infrastructures it created in several countries, and the very low possibility to commit an error. Therefore, CupoNation has very strong resources.

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<sup>152</sup> Beopeople, Piazza del Triolore 1 – Milano



4. Cost structure: with this words we mean the kind of costs the company has to afford in order to be as it wants. We can have two kinds of companies: one value based and the other cost based. In the first case the company has high prices, but high value of products, in the second case the price is very competitive, but the service can be influenced. In the case of CupoNation we cannot totally apply this way of structuring the costs, but we can tend for the first solution. In fact, analyzing the website, we can say that it is very good cared and it has a very nice appearance.
5. Value proposition: this consists in the value that the client has from the company. In other words, what the company can give him, more than other companies. As said before, CupoNation has two big pros, which other companies do not have. First, all the coupons and the offer proposed on the website are totally free. Second, CupoNation belongs to a strong network that can give to it know-how
6. Customer relationship: in this case, we mean all the actions that the company does in order to increase and to keep the relation with the customer. There are a lot actions that the company can take: create a community, assist directly the customers, realize a co-creation project, etc. When we think about CupoNation we can see that one of the actions is the newsletter. It should make the customer save money and, for sure, it can be mentioned as a customer relationship action. Then two topic that have to be mentioned are the section of contacts and the possibility to log in with Facebook. As far as the "contacts" part concerns, it includes both the address of the company and a form that people can fill if they want to talk to CupoNation team. As regards Facebook, this is a very nice way to allow customers to receive news and updates from CupoNation. Last, but not least are the videos. In fact, in many landing pages we can find a lot of videos that explain how to use the coupons. They are undoubtedly amusing and user-friendly.
7. Channels: they are the ways to reach the customers and then keep the relationship. In particular how can the company attract the customer to buy and then not letting him change company. The business of coupons is not very simple, and usually people find these website (like CupoNation) by chance. For

this reason CupoNation started a relationship with *Corriere della Sera*, a famous Italian newspaper, which can give to it more reliability. Once the customers know CupoNation, they have to become loyal. And CupoNation tries to do something like this sending the newsletter that is very attractive.

8. Customer segments: it corresponds to the people who buy or could buy from the company. In the case of CupoNation, as mentioned before, it has to focus on customers who are internet buyers, and who takes care about saving money. Therefore, we can consider the target of CupoNation in this way: males and females who are between 25 and 50, have an economic independence, and are really interested in saving money. And this group of people is growing.
9. Revenues stream: the price is the base of this piece. In particular, how the users pay. In our case, as said before, the coupons and the offers are completely free, and the customer does not have to pay something to use them. So the only way to make money is let the customers complete the purchase and, in this way, receive a percentage of the money from the transaction. Therefore, what CupoNation can do in concrete is to update the offers and make the user experience on the website the best possible.

After analyzing the business model of the company, it is necessary to analyze all the actions that CupoNation does in order to rank and to be one of the best companies in the market.

### 3.4.3 SEO

Before introducing how CupoNation handles with the SEO techniques, let's remember quickly which the SEO techniques are. The first one is the keyword research. This consists in searching keywords that fit with the business of the company, and that, at the same time, users search. Therefore, this operation is a match between users and website itself<sup>153</sup>. Then, there is the content part. This part is the most important part because, as all the experts say, "content is the king". The website needs to include SEO friendly and user-friendly texts, it has to be appealing for both (Google and user), and

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<sup>153</sup> Moz, The beginners guide to SEO

the image the company choose needs to be attractive<sup>154</sup>. The last part is link building. This part is very important, even if actually experts say the contrary. It consists in posting articles with follow links on important pages in the web. Obviously, the article does not have to be spam, but it has to create customer awareness. Therefore, let's start with the keyword research. The keyword research is the base of SEO, and it allows to consumers to find the website itself. In order to do a systematic analysis, it is necessary to understand what the best shops for CupoNation are, and how CupoNation manage their keywords. In this analysis, Google AdWords will be essential and SemRush will be very important too. This the analysis of three categories, which are the most important in e-commerce, and six shops (there will be a comparison), that belong to them.

The first sector is "travel". In this specific sector, there are many shops, which include shops to book flights, or trains, to compare prices etc. In the list of CupoNation, there are two important websites: Venere and Expedia. Let start from Venere.

This a travel website, in particular it allows to book hotels, b&b, and holiday houses all over the world. The monthly views are more or less 600k and the domain authority is 79 (the website is good). After analyzing the website, it is necessary to look for the keywords on AdWords. We can use certain quantity of keywords and check what the best are. Once I include the words in Google AdWords this is the result.

Parola chiave (per pertinenza)	Media delle ricerche mensili	Concorrenza	Offerta consigliata	Quota impressioni annuncio	Aggiungi al piano
venere	90.500	Bassa	0,21 €	-	»
codice sconto venere	590	Bassa	0,34 €	-	»
coupon venere	210	Bassa	1,64 €	-	»
sconto venere	110	Bassa	0,57 €	-	»
venere codice sconto	90	Bassa	0,21 €	-	»
codici sconto venere	90	Bassa	0,40 €	-	»
venere coupon	70	Bassa	0,72 €	-	»
sconti venere	40	Bassa	0,56 €	-	»
buono sconto venere	30	Media	0,20 €	-	»

**FIGURE 3.13 GOOGLE ADWORDS- SOURCE- MY PROCESSING ON THE BASE OF KEYWORD RESEARCH ON ADWORDS**

<sup>154</sup> Gurpreet Singh Bedi, Ms. Ashima Singh, Analysis of Search Engine Optimization (SEO) Techniques, International Journal of Advanced Research in Computer Science and Software Engineering, Volume 4, Issue 3, March 2014.

The word users search more is "*codice sconto venere*". Obviously, this is the best word for this kind of business: each business has different keywords (as already said). Monthly this word has a research volume of 590 researches, it is not very high, but considering the business model, it is good. Then there is "*coupon venere*", which has 210 researches per month and other words, less important follow. When we look for "*codice sconto venere*" CupoNation in the fourth result we have. This is not very positive, considering the numbers. According to AOL<sup>155</sup>, an important agency that elaborates data, the position in rankings influences the user attitude through the website. If it is in the first position, 40% of users will open it, if it is in the second position, the number of user interested in the link decrease to 12%, and then in third position only 8% of users are interested in the link and so on. Therefore, it is very important being in the first or in the second position. The user considers the website much more reliable if it is in the first position. In our case, this theory has a higher value because this business is not famous yet and, usually, people find these websites by chance.

Let's move to Expedia. This website allows to the users to book hotels, flights, cars, and everything necessary for a travel. So, it gives more services of Venere. The monthly views are 830k. I used the matrix to generate the keywords and the most important keyword è "*offerte expedia*". However, this is not the perfect word for CupoNation business model, because it does not allow ranking: the competition is too high. In this moment, we can quote the "long tail". It is worth taking the keyword in the end of the long tail, in order to have less competitors<sup>156</sup>. Therefore, in this case the second useful keyword is "*codice sconto expedia*". And, it is the keyword CupoNation uses. Using this keyword, CupoNation is the second result in the SERP after CodiceSconto.

Let's try to make a comparison between these two shops and to understand why one is in the fourth position, and the other is in second position.

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<sup>155</sup> Chikita Report Percentage of Google Traffic by Results Page, 2013;

<sup>156</sup> Moz, The beginners guide to SEO

<b>VENERE</b>	<b>EXPEDIA</b>
<b>TITLE</b> 10% Codice Sconto Venere dicembre 2015   Cuponation	<b>TITLE</b> Codice Sconto Expedia 100€ Dicembre 2015   Cuponation
<b>META TITLE</b> Risparmia il 10% su tutte le prenotazioni con il codice sconto Venere   9% di coupon sugli alberghi ed hotel. ✓ 3 codici disponibili a dicembre 2015.	<b>META TITLE</b> Prenota le tue vacanze e risparmia con il codice sconto Expedia! 100€ su volo+hotel per New York con i coupon Expedia. ✓ 2 codici e 7 offerte verificate.
<b>URL</b> www.cuponation.it/venere-codice-sconto	<b>URL</b> www.cuponation.it/expedia-codice-sconto

TABLE 3.4 ANALYSIS OF SHOPS- SOURCE: MY PROCESSING

Apparently, everything seems to be the same. In both titles, there are a number (percentage or money), the month and the brand name. In both meta titles there are graph signs, which Google appreciates. And in both URLs there is the first keyword.

Therefore, in the first case (Venere), CupoNation competes with the market leader and with focus/codice-sconto, which is a subfolder of Sconti.com, and has a very big page authority. In the second case focus does not rank.

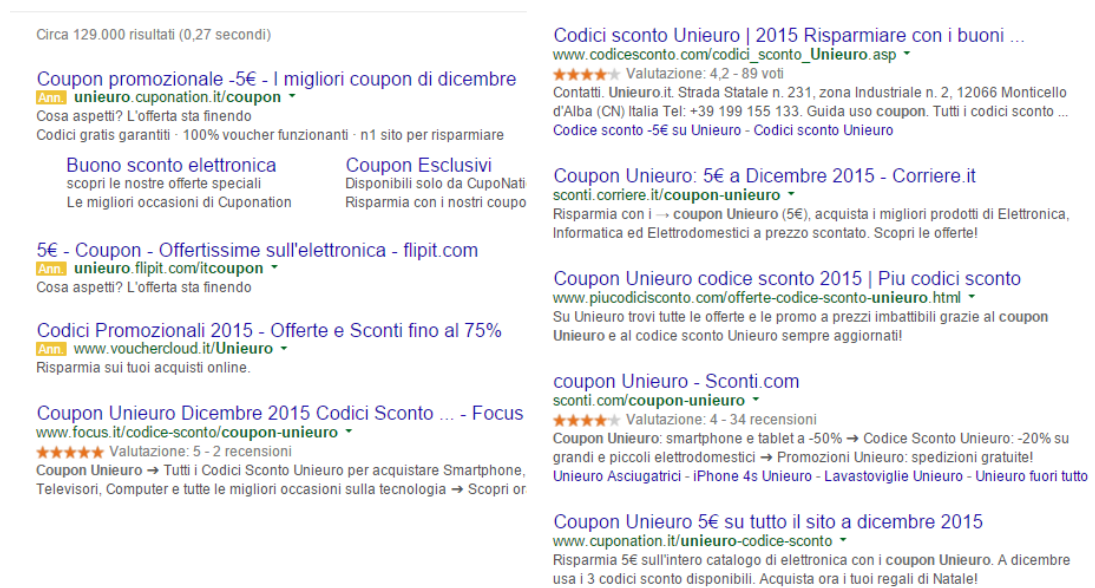
What CupoNation can do is update title and meta title with new offers and discounts, and, in addition, keep on writing numbers and percentage.

Let move to the fashion sector. In this case, two important websites are Zalando and Asos. Those shops are not offline, but are only online, that is why they have a big traffic and high domain authority. Let start form Zalando (that belongs to Rocket Internet too). In this case, the keyword to use is “*codice sconto Zalando*”. The first one that AdWords suggests is “*saldi Zalando*”. Nevertheless, as far as the long tail concerns, it is not the word we prefer, because it does not allow to rank. And, CupoNation, using this word is the third. But, the second is *sconti.corriere*, which is a subdomain of CupoNation itself. Therefore, CupoNation is second and third. In the second case

(Asos), the keyword to use is “*codice sconto Asos*”, and CupoNation, using this keyword is third, after CodiceSconto and MagicoSconto.

The last sector to analyze is the electronic one. Among the shops CupoNation chose as top shops, I chose, for my analysis, Unieuro and Euronics. Both of them are present offline, but, both of them have a big traffic. Let start from Unieuro.

Using the keyword generator, we can that the first prior keyword is “*coupon unieuro*”. Also in this occasion, the most searched word is “*offerte unieuro*”; obviously this is not the best word to use because CupoNation has to compete with shops that have a different business model (also Unieuro itself). That is why this is the best word to use. Considering this analysis, even if CupoNation uses the word AdWords suggests, it does not rank in the first positions. Because of it, and because it is very hard to rank CupoNation does SEM. We can give a sight to the SERP.



**FIGURE 3.14** GOOGLE SERP-SOURCE: MY PROCESSING ON THE BASE OF THE KEYWORD RESEARCH COUPON UNIEURO

Analyzing this image, we can see the difficulty to rank in this SERP. In particular, on the left side there is the paid announcement of CupoNation, on the right side the natural result. What we can say, to explain better the reason of this position is also that the URL is the wrong (it does not include the correct keyword), in addition, neither in the meta title, nor in the meta description there are graph signs, what, instead, there is in

the first result. Because of the reasons CupoNation does SEM. In this way, it is the very first result.

As far as Euronics concerns, the keyword to use is “*codice promozionale*”. The most searched keywords are “*offerte euronics*” and “*sconti euronics*”, but those keywords are not linked to the business model, and it is not very simple to rank, using them. In this case, CupoNation is the fourth result in the SERP, but it competes with the market leader and with focus. It is very important to underline that the URL is not right one, because it is “*offerte euronics*”, and, in addition, the meta description is not catchy.

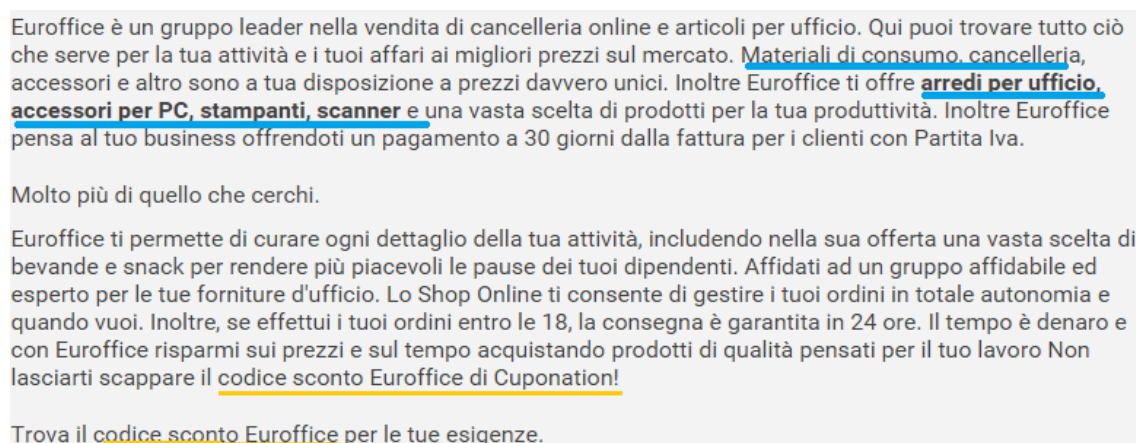
Therefore, I can do a summary using a good example and a bad example, among examples I have just now analyzed. In this way, I can explain success and failures of the German company.

GOOD EXAMPLE: ASOS (3 <sup>rd</sup> )	BAD EXAMPLE: UNIEURO(6 <sup>th</sup> )
<p><b>TITLE:</b> 10% Codice sconto ASOS dicembre 2015   Cuponation</p>	<p><b>TITLE:</b> Coupon Unieuro 5€ su tutto il sito a dicembre 2015</p>
<p><b>META TITLE:</b> Approfitta ora del codice sconto ASOS e risparmi il 10% su tutto il sito. ✓ 4 coupon disponibili a dicembre 2015 e ottieni la spedizione gratuita.</p>	<p><b>META TITLE:</b> Risparmia 5€ sull'intero catalogo di elettronica con i coupon Unieuro. A dicembre usa i 3 codici sconto disponibili. Acquista ora i tuoi regali di Natale!</p>
<p><b>URL:</b> <a href="http://www.cuponation.it/asos-codice-sconto">www.cuponation.it/asos-codice-sconto</a></p>	<p><b>URL:</b> <a href="http://www.cuponation.it/unieuro-codice-sconto">www.cuponation.it/unieuro-codice-sconto</a></p>

**TABLE 3.3 SHOP ANALYSIS- OWN PROCESSING**

Let’s explain the table. Asos is the good example of how SEO can work; instead, Unieuro is the bad example. In the title, Asos has the percentage of discount, Unieuro too; but the difference is that Asos has in the title the name of the website, and, in this way, it is stronger. In addition, Unieuro has an amount of money, that represents the

discount, but it is not very appealing for the customer. About the meta title, the Asos's one has graphic signs, that Unieuro does not have. Moreover, there is the percentage, that is not present in Unieuro meta title. The only "plus" is the url, that has the keyword. Nevertheless, this is not a real plus, actually, because the keyword is wrong. As many SEO experts say, "Content is the King". What does it mean? It means that when the company is going to build the website it has to be worried to the content. Content is what makes the company rank<sup>157</sup>. Everything we can find in the website is content. Therefore, let's start by analyzing the homepage. The CupoNation's homepage includes some texts and descriptions that include the keywords to rank. Nevertheless, in addition to the homepage, the most important thing that allows ranking are the single shop pages. Let's make a concrete example.



Eurooffice è un gruppo leader nella vendita di cancelleria online e articoli per ufficio. Qui puoi trovare tutto ciò che serve per la tua attività e i tuoi affari ai migliori prezzi sul mercato. Materiali di consumo, cancelleria, accessori e altro sono a tua disposizione a prezzi davvero unici. Inoltre Eurooffice ti offre arredi per ufficio, accessori per PC, stampanti, scanner e una vasta scelta di prodotti per la tua produttività. Inoltre Eurooffice pensa al tuo business offrendoti un pagamento a 30 giorni dalla fattura per i clienti con Partita Iva.

Molto più di quello che cerchi.

Eurooffice ti permette di curare ogni dettaglio della tua attività, includendo nella sua offerta una vasta scelta di bevande e snack per rendere più piacevoli le pause dei tuoi dipendenti. Affidati ad un gruppo affidabile ed esperto per le tue forniture d'ufficio. Lo Shop Online ti consente di gestire i tuoi ordini in totale autonomia e quando vuoi. Inoltre, se effettui i tuoi ordini entro le 18, la consegna è garantita in 24 ore. Il tempo è denaro e con Eurooffice risparmi sui prezzi e sul tempo acquistando prodotti di qualità pensati per il tuo lavoro Non lasciarti scappare il codice sconto Eurooffice di Cuponation!

Trova il codice sconto Eurooffice per le tue esigenze.

FIGURE 3.15 EUROFFICE PAGE ON CUPONATION- SOURCE: CUPONATION.IT/EUROFFICE-CODICE-SCONTO

This is the description that we can find when we look for Eurooffice. I underlined with a yellow line the keyword necessary to rank, considering the business model, and in blue, the keyword related to the shop.

In effect, what is necessary to understand is the latent semantic indexing<sup>158</sup>. This kind of analysis, as already said in the chapter one, allows to ranks with related words. What does it mean exactly? It means that if I write apple, Google will be able to understand, considering the context, if I am addressing to the fruit or to the company.

<sup>157</sup> Sherin Babu, Relevance Of Search Engine Optimization In Promoting Online Business, Indian Journal of Computer Science and Engineering (IJCSE)

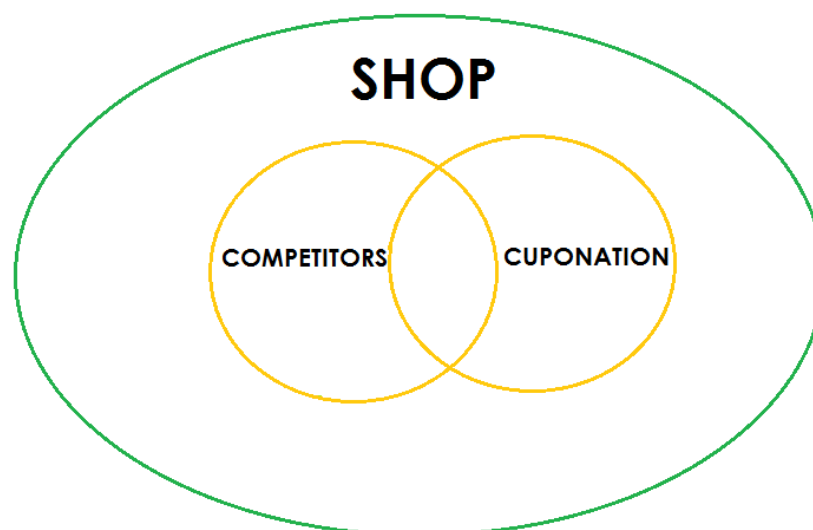
<sup>158</sup> Latent Semantic Analysis, Peter Wiemer-Hastings, DePaul University School of Computer Science, Telecommunications, and Information Systems, Chicago, November 10, 2004



Actually, the topic seems to be normal for people, because if we are talking about the fruit (apple) we could use adjectives (red, big, tasty), if we are talking about the company we will use that are related to its business (iPhone, mac, smartphone, etc.). In the case of Eurooffice the topic is the same. It is a stationery website, and the words I underlined are related to this kind of business. Therefore, in order to rank there are two processes to do. The first is to put in the text keyword related to its own business. In our case these words are codice sconto, coupon, offerta, buono sconto, etc. Then, it is worth to add keywords linked to the business of the shop. In the case of Eueoffice they are arredi uffici, stampanti, toner, cartucce, snack.

Now the question is: how can we find these keywords? About the keywords related to CupoNation business model, we can use Adwords, the tool of Google that compare the search volume and choose the perfect keywords<sup>159</sup>. As far as the company's keywords concern, we can use SemRush. This tool allows discovering what the most searched keywords are, when users are looking for the shop itself. Once, we found the keywords, we can write a text. As said the text has to include the keywords related to the shop, and, in addition, the keywords for CupoNation business model. In order to compete is not enough to have a nice and SEO optimized text. We have to think about the competitors and the shop itself.

The figure below represents a strategy we could implement.



**FIGURE 3.16** HOW THE COMPANY ACT IN ORDER TO BE THE MARKET LEADER-SOURCE OWN PROCESSING

<sup>159</sup> John I Jerkovic (2010), SEO Warrior, O'Reilly Media

First of all, it is necessary to concentrate on their selves: choose the keywords to use, in order to rank, using, in this process Google AdWords. This tool, as said before, allows finding the best keywords, considering the monthly researches. Then, the second step to take is analyze the competitors. How to do it? The best website to use, in this case, is SemRush. Here we can find many tools, and among them, we can choose the best for us. I think that in this kind of analysis it is worth to use two tools: domain vs domain and keywords analytics. In the first case, what the tool does is analyzing our website and the website of the chosen competitor and finding the keywords that are not in common. After getting the keywords, we can analyze the keywords we miss, and why we do not have them. Actually, this analysis is not very good, because this tool does not allow seeing the URL. It is very important to know where the keyword is in the URL in order to see if it is worth to use the keyword, if we can compete against that competitor, and how the URL of our competitors is. That is the reason why we should change tool (keeping in mind that also the domain vs domain tool is useful sometimes). The tool we have to use is keyword analytics. This tool does not compare websites, but it analyzes each domain, the keywords it uses and the URLs where these words appear. In this way, the company can do a systematic analysis of the website itself and of the competitors.

The last part that we have to analyze in the image is the shop part. In effect, after the competitor analysis, it is necessary to have an overview of the shop and its keywords. In this case, we can use the simplest tool of SemRush: it is enough to know the related researches and the related keywords. Then we have to do a compared analysis between the keywords we use and shop's keywords and, in the end, try to use the keywords we did not use before.

In addition, what CupoNation can do in each single shop page, and actually is what already does, is to redirect to other shop pages. Obviously, they have to be related shop pages; for example, in the page of Asos, we can find Zalando, or in the page of Amazon, we can find eBay.

A very important stone for content are subpages. They are secondary pages, which has a different URL from the principal page, and include the keywords both of the shop and of the business model. If we go in a shop page of CupoNation, where we should

find something like this, we find some articles, but they are not clickable. The image below shows the articles.



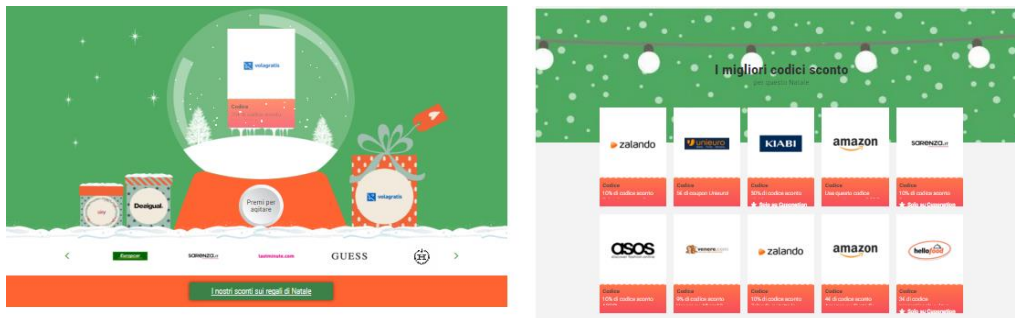
FIGURE 3.17 AMAZON PAGE ON CUPONATION- SOURCE: CUPONATION.IT/CODICE-SCONTO-AMAZON

Even if we can see that each news says “vai all’articolo”, this is a fake information. When users click on the articles, they do not redirect anywhere. This can be a real big problem for two reasons. The first reason is obvious: the user that sees a news but cannot read it will be very disappointed from this. Then, the subpage, if it has the right keywords, the right URL, and the right content, can rank, and, redirect traffic in the shop page. Actually, what CupoNation does in Spain for example, is to redirect the user to an external page, where the news are. This is neither a “happy” move, because it increase the bounce rate. Just to remember, the bounce rate measures how many people left the website, without doing any kind of action. Therefore, this action is not good. What CupoNation Italy can do is make the article clickable, and let this article redirect to a subpage. The results can be two: the first is that Google indexes the page; it ranks and people, people click on it and arrives on CupoNation website. The second result is the conversion of users into buyers. In effect, what CupoNation can do is include in the subpage coupons and offers related to that shop.

Landing pages are as important as subpages. They are different from the subpages. A landing page is a webpage where users arrive after click a link (either in the email, or in a webpage) [...]. This is an extension of these ads and is designed specifically to generate interest and persuade visitor to take an action<sup>160</sup>. In the website of CupoNation there are not exactly these kind of pages, but we consider a landing page

<sup>160</sup> Martin Harwood, Michael Harwood, Landing Page Optimization For Dummies, ed. Wiley

also as a page dedicated to a particular topic, for example Christmas, Black Friday, etc. this page are very useful because they rank very well and bring traffic to the website. Companies can exploit it, making the page appealing and including discounts and offers. The figure below shows the two landing pages CupoNation did for Christmas.



**FIGURE 3.18 CUPONATION CHRISTMAS LANDING PAGE**

The figure on the left represents the page where users arrive, if they search the Christmas page on Google. As said before the page this page has to be much attractive possible, and can include what the company wants. In our case, CupoNation received special deals from Sky, Desigual, and Volagratis that is why they are present in the page, in a special position. When the user click on “I nostri sconti per I regali di Natale”, that is below the Christmas ball, it is redirect to a page rich of discounts and coupons. The image in the right side shows exactly this. In this page, CupoNation included all the discounts and coupons that concern Christmas, and users can use. This landing page respects the requirements for a good landing page: it is very appealing and funny; there is the call to action, because the user can play with the ball and take that discount, or go over and look for other discounts.

First, it is important to remind what we mean for link building<sup>161</sup>.

Link building describes actions aimed at increasing the number and quality of inbound links to a webpage<sup>162</sup>. Even if SEO experts says that it is not very important, instead, this is one of the most important techniques, if the website wants that Google appreciate it. More the website where the article is reliable, more Google will appreciate this. Let’s make a concrete example: if CupoNation posts an article on LaRepubblica, a very important newspaper in Italy, and, actually, a very important

<sup>161</sup> Danny Dover, Erik Dafforn (2011), Search Engine Optimization (SEO) Secrets, Wiley Publishing

<sup>162</sup> Susan Gunelius (2011), Content Marketing For Dummies, Wiley Ed.;

website, Google will reward it and this article will rank very well, as CupoNation itself. Therefore, is very important to do a good link building.

As all the other competitors, CupoNation publishes a lot of articles, and many of them are included in websites that have a low domain authority. It is necessary to consider this kind of authority because, when Google rewards the reliability of a website, it consider the domain authority of the website, where the article is. The domain authority is the sum of many variables (traffic, time on site, bounce rate, etc.), and it is important for people, who post. I will give concrete examples of CupoNation link building: one of them is the best possible, the other, instead, is not very good.



Tra questi, sicuramente, spicca il portale **CupoNation** che, nato appena due anni fa da un'idea del giovane bocconiano

FIGURE 3.19 CUPONATION ARTICLE ON VANITY FAIR- SOURCE: VANITYFAIR

The image shows where CupoNation did link building. The name of the website in Vanity Fair; it is a very important magazine in Italy, which concerns fashion, lifestyle, technology, and the target is constituted by women that are around 25 and 50 years old. In addition, the online version of this website is very popular in Italy. The domain authority is 94/100 the estimated monthly views are 1.9 Millions, but the bounce rate is quite high. Therefore, this article is a plus for CupoNation: many people saw it and were redirected on the page, and, in addition Google perceived it and let it rank. Moreover, I circled with pink the word CupoNation. It is very important: the link is follow; it means that Google can read it, and give a reward (instead, when we have a no-follow link, it will appear in the page, but Google cannot see it).

The other article I want to quote is a blog, “facciadistelle”<sup>163</sup>. In this blog the author talks about make-up in general, fashion and there is a small market of clothes. In this case, the blog has a very low domain authority (23), the estimated monthly views are 500, and there is not possibility to calculate the bounce rate because there are not enough information. Considering this information, the consequence is clear: Google will read the link (because it is follow), but it will also consider the importance of the website. As said before, we have to consider that Google appreciates the link building because it is a mutual “sign of reliability”. CupoNation receives reliability from Vanity Fair, and in exchange, Vanity Fair receives reliability from CupoNation (of course from the users of both websites).

One more thing to add is the budget. In effect, link building is not free, even if it seems to be an exchange. The website, which publishes the article, wants a certain amount of money that can be very low (100€), but also very high (1000€). It depends on the importance of the website.

#### 3.4.4 SMO

SMO is the optimization of social media. Only to have in mind, social media are social networks, blogs and YouTube. CupoNation didn’t adopt a strategy for none of them. About the, in fact, it is not uploaded, as it should. In this way people that wants to read something, don’t find what they really want. It could be a way to rank in the SERPs, but the potential is not exploited.

About social networks, instead, each account was updated a lot of time ago. The last update of Facebook, for example, was in September, and we can say the same for Instagram, Twitter, and Google+.

#### 3.4.5 SEA

As far the SEA (search engine advertisement) concerns we can see that CupoNation does not do a strong campaign. In particular we can find this kind of strategy for few shops, which are the top shops. This, as mentioned before, in effect, is not the best strategy to adopt because this is a short run strategy. Instead, if the company proceeds

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<sup>163</sup> Facciadastile.it, Beauty inspiration and Sephora discount with CupoNation, 19 Mar. 2014 ;

a long term strategy, based on SEO and SMO, it could bring more results. Anyway, what the company exploits in addition to the keyword advertisement, is the cookies policy. It means that when a user looks for something, the company registers the preferences and suggests similar products when the navigation is ended. This is a very good way to attract customers, not being invasive. The figure below shows a case of SEA.

The image shows a Google search result for 'Coupon Unieuro Gennaio 2016 Codici Sconto ... - Focus'. The top result is from 'unieuro.cuponation.it/coupon' with a title 'Coupon promozionale -5€ - I migliori coupon di gennaio'. Below the title, there is a yellow 'Ann.' badge and a dropdown arrow. The text below the title reads 'Cosa aspetti? L'offerta sta finendo', 'n1 sito per risparmiare - 100% voucher funzionanti - Codici gratis garantiti', and two columns of text: 'Buono sconto elettronica' (scopri le nostre offerte speciali, Le migliori occasioni di Cuponation) and 'Buono sconto moda' (Non perdere questa occasione, Guardaroba nuovo con CupoNation). The second result is from 'www.focus.it/codice-sconto/coupon-unieuro' with a title 'Coupon Unieuro Gennaio 2016 Codici Sconto ... - Focus'. It has a green star rating of 5 stars and 2 reviews. The text below the title reads 'Coupon Unieuro → Tutti i Codici Sconto Unieuro per acquistare Smartphone, Televisori, Computer e tutte le migliori occasioni sulla tecnologia → Scopri ora le ...'.

4 FIGURE 3.21 GOOGLE SERP-SOURCE: MY PROCESSING ON THE BASE OF THE KEYWORD RESEARCH COUPON UNIEURO

### 3.4.6 Partnership

In the growing prospective, it is very important to create partnerships. And, this is what CupoNation did with *Il Corriere della Sera*.

First of all, I will analyze *Il Corriere della Sera*. This is an offline Italian newspaper. It belongs to the RCS group and it was born in 1876 in Milan. For that date on, the newspaper started growing. Actually, it is in a group that deals with the entire communication in Italy and it is one of the biggest group. In addition, it has some columns, which concern several topic.

According to Audipress<sup>164</sup>, *Corriere della sera* is the most read newspaper in Italy. 2.617.000 people read it. Most of them are offline readers, but more or less, 230.000 reads the newspaper from their tablet, laptop, or smartphone.

<sup>164</sup> Audipress, Edizione 2015/I, Dati di Scenario

This number is very encouraging. Both for the newspaper and for CupoNation, that did the partnership with it. What about the partnership?

It seems that CupoNation and Corriere do not have anything in common, but what CupoNation can do is exploit the strength and the reliability of Corriere to increase the users. On the other side, Corriere can exploit the users that know CupoNation, and have more readers. Therefore, this is a mutual benefit.

When we talk about this collaboration, we have to think if CupoNation exploits it well or to. How can we understand it? We can observe content and keyword research together. The first topic to analyze is the URL. I have already talked about the possibility to have a subdomain or a subfolder, in addition to the homepage. In the first case, the website is different from the homepage, the user moves in another domain, but something in the URL reminds the domain ([sconti.corriere.it](http://sconti.corriere.it)). In the second case, the homepage URL is the same and, in addition, there is a slash, which divides the domain from the subpage ([focus.it/codice-sconto](http://focus.it/codice-sconto)). And it is better to have the subfolder, in comparison with the subdomain.

Therefore, what CupoNation has, is the subdomain: **sconti.corriere.it**. This kind of URL does not help to rank, because Google does not appreciate it, it seems to be a loss of authority of the website. About the subfolder, a good example is [focus.it/codice-sconto](http://focus.it/codice-sconto); this is the discount page of [focus.it](http://focus.it), a famous scientific newspaper, and belongs to [sconti.com](http://sconti.com), a competitor of CupoNation. [Sconti.com](http://sconti.com) has been able to exploit the strength and the reliability of [focus](http://focus.it), and to reach the top positions in the SERP. This is not what happened to [sconti.corriere](http://sconti.corriere.it). The subdomain make the authority of the website lower and the website itself has less power.

Let us move to the keyword research and to the content part. About the keyword research, CupoNation does not do a good job, because it focuses more on the website itself and less on the partnership. Usually, it is not in the top positions with [sconti.corriere](http://sconti.corriere.it). I would like to show two examples: one is good (I mean CupoNation ranks well), and one bad.



Codici sconto Zalando | 2015 Risparmiare con i buoni ...  
[www.codicesconto.com/codici\\_sconto\\_Zalando.asp](http://www.codicesconto.com/codici_sconto_Zalando.asp) ▼  
★★★★★ Valutazione: 4,5 - 339 voti  
Qui trovi i codici sconto e i codici promozionali per Zalando. Vuoi comprare su Zalando sempre con lo sconto? Preleva qui i tuoi codici sconto attivi e funzionanti!  
Codice sconto -10% su Zalando - Codici sconto Zalando - Coupon Abiti

Codice Sconto Zalando: 10% Dicembre 2015 - Corriere.it  
[sconti.corriere.it/zalando-codice-sconto](http://sconti.corriere.it/zalando-codice-sconto) ▼  
Approfitta del → codice sconto Zalando (10%) e risparmia su tutto il catalogo di Moda.  
Le migliori offerte per l'Abbigliamento con il buono sconto Zalando!

10% Codice Sconto Zalando Dicembre 2015 | Cuponation  
[www.cuponation.it/zalando-codice-sconto](http://www.cuponation.it/zalando-codice-sconto) ▼  
Attiva subito il codice sconto Zalando e risparmia il 10% sugli acquisti su tutto il sito con Cuponation. ✓ 6 codici verificati a Dicembre 2015.

FIGURE 3.20 GOOGLE SERP-SOURCE: MY PROCESSING ON THE BASE OF THE KEYWORD RESEARCH CODICE SCONTO ZALANDO

The figure shows the results of the search “codice sconto zalando”. In this case, [sconti.corriere](http://sconti.corriere.it) is the second result in the SERP. Actually, this is a good result, considering the subdomain, and the lack of graphic signs.

The bad example is Unieuro. In this case, when we search “codice promozionale unieuro”, [sconti.corriere](http://sconti.corriere.it) appears in the second page. As already said, it is necessary to be at least in the first page, because it attracts 32.5% of users; instead, 17.6% of users switch to the second page<sup>165</sup>.

About the content, it should replicate the CupoNation ones, but it does not. When we are in the home page, we do not find any landing page, and there are few sliders and banners.

The only thing we can find is the shop description. It is necessary in order to rank, and to be appreciated by Google.

### 3.5 Future plans and suggestion for improvements

We can say that CupoNation is one of the best companies in the online couponing market, and the reason is that it belongs to a big group, Rocket Internet, which allows to exploit strengths and avoid weaknesses. But, the problem is that since it started

operating in Italy, it didn't exploit all the potential it has. In fact, in many interviews the actual country manager, Emmanuel Molla, said that the market was not ready. But now it is ready and it is time to invest. In December 2015 investors planned a 10 million investment for CupoNation International<sup>166</sup>, and 1 million was destined to Italy. So from now on CupoNation Italy can implement a new strategy, in order to become a real market leader. Now it is necessary to point out the weakness, to think about some suggestion to be winners.

The first negative aspect concerns SEO, and in particular the content. CupoNation has a blog, which is very positive for the content, because it can make the website rank in the SERPs, in the organic results and, in addition, it can be interesting for the user, who can complete the purchase, moving from the blog to the shop page. One more thing to add is about the "pure" SEO. In effect, there are a lot examples that proves that sometimes title and meta titles are not the best. Therefore, it is necessary to focus also on this strategy. In the main time, CupoNation could use SEA campaigns. As stated before, this is a short run investment, but is the better thing, because SEO improvements take a lot of time.

Then there is the social media side. In this case CupoNation does not have a much updated page, for this reason users cannot interact with the company. CupoNation team should post frequently on Facebook and make the page very nice for the user.

About SEA, it could be a good idea to start a serious SEA campaign in order to make people know the business and the company and then reduce the expense for it.

Another important suggestion regards the collaboration that CupoNation started with *Corriere della sera*. When we analyzed the URL, as said before, we can see that there is a subdomain. It is not a good solution when we want to start a partnership. In fact, Google appreciate more the subfolder, than the subdomain. The best thing to do is to switch from subdomain to subfolder.

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<sup>166</sup> Press Conference 10th December 2015, Munich

## CONCLUSION

The research points out what is the digital strategy to set in order to become a successful company in the online couponing market. The goal of the thesis was to analyze the Italian couponing market, and to understand how CupoNation operates in this market. What we saw, before to arrive to this topic, is that the e-commerce in Italy is growing very fast. A lot of companies are trying to develop the digital part, and this is very important, because, in this way they can increase their earnings. One of the reasons is the fact that the State is giving support to these companies, creating new laws that incentive people buying on internet and companies selling. In addition people are giving always more trust to the digital commerce: they can buy whatever they want, and the item quickly arrives at their houses. Moving from the consumer to the companies, it is necessary to understand how they can get the users. And this is a matter of SEM strategies. They include SEO (search engine optimization), SMO (social media optimization) and SEA (search engine advertisement).

The first strategy SEO is the best strategy. In fact, it is a long term strategy and it is "free". It consists in selecting the best keywords, in the view of the business and of the competitors, and then applying them to the title, meta title, URL and to the content. In addition, there is the technique of link building, which is a mutual way to have credibility: one website publishes an article that regards itself, and gives authority to the website where the article will be. SMO is a long term strategy too. In fact, it consists in interacting with the potential and already customers thanks to the social accounts. This is a very good strategy because the number of people who use social networks grows every day. At the end, SEA is a short term technique that allows to be the first result in the SERP, paying a certain amount of money. In addition, the company can appear on specific websites, selected on the base of target.

After the analysis of the strategies to follow to be the first result in the SERPs, and in general the market leader, there is their application to the Italian online couponing market. Let's remember that when we talk about coupon, we mean a physic or not code that allows to have a discount on a specific item. In the USA this sector is flourishing, but also in the North Europe people uses coupons in their daily routine. In

Italy this is a sector almost unknown, in the offline word, and in the online world as well. When people are looking for something else on Google, they find these websites by chance. Therefore, all the companies that belong to this sector have to set a really good digital marketing strategy, in order to be famous and known.

The market leader is Codicesconto, an Italian company that is in the market since 2008. Its strategy is not very good, because it has all the top positions, because of the “age” of the URL. So, if it does not start to improve the SEM strategy, it will start to be overpassed by the competitors. The only positive note is the SMO strategy: in its social profiles Codicesconto publishes always something. Then, a new company, which is growing fast is Advsiato. It is an Italian company too, and it is acting very well, as far as the SEM strategy concerns.

Then we have CupoNation. It is a strong company, especially because it is part of a big group, Rocket Internet, and it helps the company with money and know-how. We can split the actions of CupoNation, considering the three single strategies to follow. The first one is SEO. In this case, CupoNation is starting now to have a good and regular way to follow. In fact, as far as the top shop concerns, it is doing very well. There are the shops that belong to the long tail, which are not very much cared.

To sum up we can gather pros and cons of CupoNation digital strategy in four points:

- SEO: The pros include the capability to structure good title, meta title and URL. In addition also a good content for the most important shops and articles on reliable websites. The cons are: the blog is “empty” on the content side, and it could be a big source of traffic. There is a big list of shops that do not have the right keywords, and, for this reason, do not rank. The collaboration with *Corriere* is not producing the expected results, because the results are not in the first page of the SERPs.
- SMO: the social profiles of CupoNation are a bad example of social media optimization. In fact the updates are very old (5/6 months ago). Therefore, the policy that the company should follow is a re-building of the pages, as happened with the home page of the website itself. CupoNation should exploit the Facebook profile, because it can be a real source of traffic and revenues too. The blog is a very good source of traffic, and CupoNation should exploit it.

In fact, it is enough to publish one article per day, and, in this way both Google and users are happy.

- SEA: because of the time that the SEO improvements take, this could be a good temporary situation, not only for few shops, but a bigger lists of shops. In addition because people find CupoNation website by chance, it could be positive if the company would start a display programmatic campaign. It means that it should choose only specific websites and publish ads.
- Partnership: as regards the collaboration, it should be a very big resource for CupoNation, but, actually, it does not have the traffic it should have. The reason is that it has not good positioning in SERP. The reason is that CupoNation has a subdomain in the URL, and, as mentioned before, it afflicts negatively the possibility to rank well. Therefore, the company should exploit the strength of Corriere and, actually, its authority, even if the revenues will be shared.

Beginning from these considerations, we can answer to the question we had at the beginning of the work: does CupoNation have the right digital marketing strategy? The answer is yes, but with some reservations.

It should because it operates in a fast growing market (+50% per month).

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