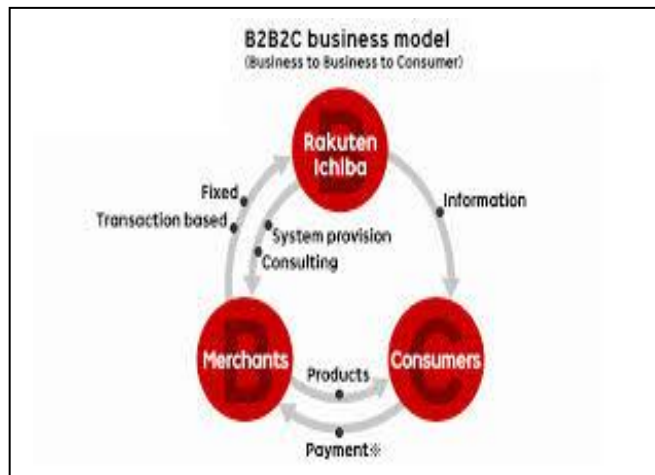


Bazaar Experience in E-Commerce

E-Commerce throws opportunities and challenges in Online Marketing. Companies have to provide better online-store shopping experience to exploit the opportunity

Rakuten's CEO Hiroshi Mitikani equates Amazon's customer experience with a vending machine without a humanizing experience. He has built Rakuten around a personalized customer experience as seen in a bazaarlike place.

Rakuten (\$4.7 billion) is the world's third largest E-commerce company after Amazon (\$61.09 billion) and eBay (\$14.07 billion). Rakuten believes that customers expect online shopping experience to be as true as personalized, bazaar like shopping experience. The features of Rakuten business model B2B2C are as follows.



- Rakuten allows owners of small shops for online merchandizing and personal interaction with customers. It charges \$650 a month to set up online store
- Rakuten focuses more on communication and connection with the customer rather than speed and convenience

Opportunities and challenges in online marketing mean the existence of both opportunities and challenges in online media. Online marketing provides a galore of opportunities. It helps even small companies approach customers located in any part of the world and reach maximum number of customers at the minimum cost. Online marketing also throws challenges such as online clutter, marketing costs, low switching costs of customers, etc. Online marketers have to make use of opportunities and face challenges to attract and retain customers on social media.

- Rakuten business model is a merchants-driven model which empowers merchants to customize their online presence rather than fit into already designed format. IBM discontinued 'World Avenue' project because merchants were unhappy for IBM dominant designed format.
- A farmer sells fresh eggs online through Rakuten who tells product stories through a daily chick diary such as using special diet for chickens for good egg quality etc.
- Rakuten encourages merchants to interact directly with the customers with their product stories. Personalized selling is good for certain product categories

- Rakuten sells all types of categories such as wine (10%), cars, art, houses, clothing (70-80%), food, costly chocolates etc.
- Many E-commerce companies use algorithms to provide recommendations but Rakuten believes human being's recommendations are more effective. Rakuten converts E-commerce into social-commerce.
- The curators who merchandize know more about products and recommend better hence, over a period of time they provide personal recommendations. Rakuten's research proves that shopkeeper's recommendation is fundamental.
- The research proved that shoppers are not supersensitive to small price margins but are influenced more by design, passion and personal relationship with merchants.
- Rakuten follows a strict screen policy for merchants to open a store on its website. Customers feedback is regularly monitored and poor raters are ousted. Customers are refunded if products don't reach them
- A merchant, Fab and Esty offers highly curate merchandising to provide personalized service where customers feel they are interacting with a human seller.

Rakuten is proving that 'Communication and interaction are crucial for online selling than price, efficiency, speed and accuracy'

Topics	Course
Opportunities and challenges in Online Marketing: Direct and online marketing: Unit 24.12	Marketing Management

Source: Mikitani Hiroshi, Rakuten's CEO on Humanizing E-Commerce, Harvard Business Review, November, 2013