

THE PROMOTION SYSTEM AS A COMPETITION TOOL ON THE ALLEGRO.PL TRADING PLATFORM

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ABSTRACT

The purpose of the article is to identify the types of promotional tools used and their role in competition between sellers on the B2C and C2C trading platform called Allegro.pl. A case study of this electronic marketplace was carried out. The information needed to develop the case study came primarily from a qualitative content analysis of the Allegro.pl website. The analysis showed that Allegro.pl provides sellers with many different promotional tools to compete within this electronic market while maintaining a high level of user experience (UX). Price is an important tool for competing in this market, but the availability of promotional tools reduces its importance on the platform.

Key words: Allegro.pl, B2C electronic commerce, promotion on the Internet, electronic marketplace, Poland

JEL codes: L8, L81

INTRODUCTION

The Allegro.pl online shopping site is one of the oldest Polish companies in the e-commerce industry. It was established in 1999 as a website enabling products to be auctioned. Over time, Allegro.pl has evolved into a trading platform with a predominance of sales at a certain price. This website has been a major player in Polish e-commerce for many years. Over 125 thousand sellers post their sell offers of various products on the Allegro.pl platform [Puch 2019]. Over 20 million buyers are registered on this website and most of them make purchases [Ciemniewska 2019]. On this marketplace, products can be sold by manufacturers, wholesalers, retailers (both traditional and online e-tailers) as well as individuals. The multitude of sellers makes it a marketplace with a high level of competition. Therefore, they are forced to use price

and non-price variables, including promotional tools, to compete for customers.

The purpose of the article is to identify promotional tools and their role in competition between sellers on the Allegro.pl trading platform. The main research method is a case study of the Allegro.pl shopping site. Information from the content analysis of the Allegro.pl website was used to develop the case study. Content analysis is most often used as a quantitative method, but it can also be used as a qualitative method in which the number of occurrences of specific content is not counted [Neudorf 2002]. In this case, this method was used to deepen the research of one object, that is the Allegro.pl trading platform. The aim was to determine what kind of promotional tools this electronic marketplace pro-

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vides to sellers. Therefore, various types of promotional content were identified and described without counting the frequency of their use by sellers.

SALES PAGES AND THEIR PROMOTIONAL SUPPORT ON THE INTERNET

For each sales website, its relevant design and promotional support on the Internet is important, which is expressed in the concept of 6C (capture, content, community, customer orientation, commerce, credibility) [Chaffey et al. 2000]. This concept indicates that, to ensure the success of a website, it must address important factors such as: appropriate website promotion, content interesting for users, building a community on the website, designing the website with buyer segments in mind, sales support and ensuring its credibility for consumers.

Sellers have many forms of advertising to use on the Internet. Online advertising tools are constantly evolving. More and more modern banners are being created with various forms in terms of the size of the advertising space measured in pixels (px), interactivity, multimedia (e.g. video formats displaying the advertising film) and adaptations to stationary and mobile access devices [Sentance 2019]. More and more complex ad networks are emerging, bringing together many websites providing advertising sales space. Search engine advertising has a significant impact on the development of internet advertising, and is closely related to the keywords entered by Internet users in the search engine text field. The main payment models for online advertising include [Maciorowski 2013]:

- FF (flat fee) – fee for the time the ad is displayed on a website, e.g. for 10 days;
- CPM (cost per mille) – fee for one thousand ad impressions on users' screens;
- CPC (cost per click) – fee for the number of clicks on the advertisement;
- CPA (cost per action) – fee that depends on the effect of advertising in the form of a specific action by the user on the site, e.g. purchase of a product.

In Internet marketing, content posted on websites is becoming more and more important [Rancati and Gordini 2014]. The importance of content qual-

ity is so great that a new branch of marketing called content marketing has developed. A better informed consumer will feel more sympathetic to the creators of this valuable content, and may even become a loyal brand buyer. Content marketing tools can take various forms, for example, articles, reports, company blogs, instructional videos, but also good quality photos and detailed product descriptions in electronic catalogs [Muscat 2015].

Also, the element of community building is closely related to the possibility of achieving sales success. Consumers are already accustomed to various technologies and mechanisms supporting communities such as e.g. making friends (e.g. by sending messages to a given person), online interest groups, the ability to share content, expressing approval (e.g. likes) and disapproval, posts and blogs, ratings, comments and reviews [Turban et al. 2018]. These instruments contribute to the development of the community on sales pages, but also to ensure the credibility of the seller and increase transaction security [Pavlou and Dimoka 2016].

From the perspective of the quality of sales websites, the concept of UX (user experience) is also of great importance. Important elements of the UX concept are consistency and readability [Katlubeck 2014]. Consistency means that a website should be designed according to a specific template that will not confuse the user and allow him to quickly find the information he needs. In turn, readability refers to the readability of the interface, which should not be of low-importance information and unnecessary decorations.

An important feature of UX is also the utility for the internet user visiting the website [Hartson and Pyla 2012]. Therefore, the website should be interesting or allow other benefits, such as purchasing the needed product. The site should also be characterized by the right strength of persuasion, and this in turn may depend on, for example, the quality and detail of product and company information provided on it.

A component of the UX concept is also the usability concept, covering such features of websites as productivity, ease of learning, ease of use [Joo et al. 2011]. Usability refers to a situation in which a person with average skills and experience can easily guess how to proceed to perform specific tasks.

PRODUCT SEARCH AND ELEMENTS OF AN OFFER ON ALLEGRO.PL

Allegro.pl is a specific type of online sales website. When characterizing the business model of this company, such features as buyers, products, business processes, resources, place in the supply chain, income model and value proposition can be used [Turban 2006]. This is a sales website for many different consumer segments. There is also a large variety of product categories available on it. The transactions conducted are primarily of B2C nature, although C2C transactions are also common here. This service provides buyers and sellers with technical infrastructure and all the most important elements of sales pages, so that transactions can take place effectively. Allegro.pl also provides the regulatory sphere as it organizes transactions and relationships between market participants through rules, regulations, and good practices. It can therefore be concluded that it is an organized electronic market in which individuals and companies are both buyers and sellers. In the Allegro.pl distribution channel, it occupies the place closest to the consumer because it acts as an intermediary in making transactions between suppliers and consumers, most of which are transactions between retail stores and consumers. The main method of generating income through this website are commissions (transaction fees from sellers) and fees for advertising on the website. Value for consumers at Allegro.pl is that it has a large selection of products from many suppliers at a low price. Allegro.pl, like most electronic markets, is subject to a network effect. This means that as the number of users of a technology increases, the value of the technology for an average user increases [Lee 2001].

The Allegro.pl homepage is designed in such a way that potential buyers searching for products can use the search engine by entering the name of the product or its category in the text box at the top of the page. Another option is to view cataloged offers. On the left side of the screen is a list of product categories. Products are grouped thematically into categories, such as electronics, fashion, home and garden, child, beauty and health. After selecting one of the items, by clicking on it, we go to more detailed

categories. The product search engine is more useful when the potential buyer already has a specific purchase target. In turn, the catalog in which the products are grouped thematically is more useful when the purchase target is less specified and the buyer is looking for an idea for a product.

Regardless of whether we are looking for a product through a search engine or through a catalog, in the next step we find the offer list page. To the left of the list of offers there are so-called section filters. This is a tool that allows buyers to narrow down the search results of the list of offers. The criteria for narrowing the search in the filters are adapted to the type of product.

Each item on the offer list consists of a miniature of the offer, i.e. a miniature product image (which is further expanded by hovering over the image) and basic information from the offer, such as: product name, price, price with delivery, several key product features, and a “buy now” button. If the offer is issued by a Super Seller or is covered by the SMART free delivery program, this information will also appear here.

By clicking on one of the list items (miniatures of offers), buyers are transferred to the offer page. The offer is structured in such a way that there is a large product picture on the top left. If the seller has added more photos of this product, they can be moved using the arrows. To the right of the photo is the most important information about the offer: product name, price, badge of Super Seller, average product rating on a scale of 1–5, percentage of buyers recommending the seller, SMART program sign, information about the time of shipment and whether the delivery is free with a link to delivery details, a field to enter the number of items that we want to purchase, a button to add the product to the shopping cart, and a “buy now” button. Scrolling down the page, there are sections about other products of this seller, parameters of the product being sold, similar products of other sellers, product reviews, terms of delivery, payment, warranty, complaints and returns as well as detailed information about the seller along with comments and ratings of the seller posted by buyers.

Below this information is placed a scrolling list of miniatures of offers that similar consumers have often viewed and which therefore could be interesting for buyers.

From the buyers' perspective, an important part of the information that can be checked before making the purchase can be found in the social comments and seller ratings left by previous buyers after their purchase. A low number of comments, a high percentage of negative comments, or a low rating for various aspects of the transaction may discourage buyers from making a purchase with a given seller.

COMPETITION BETWEEN SELLERS USING PROMOTIONAL TOOLS ON THE ALLEGRO.PL ELECTRONIC MARKET

As in the case of many other electronic marketplaces, on Allegro.pl, due to the easy comparability of offers and the number of market participants, price is a significant tool for competing. Offers with lower prices are more likely to win customers than those with higher prices. However, due to the fact that the majority of sellers on this platform are retail stores, in addition to traditional methods of competition for retailers, such as the appropriate selection of products and inventory management, they can use other tools of competition, e.g. a high level of customer service, quick order processing and fast deliveries. Sellers also have at their disposal various methods and tools for promotional sales support and competing with other sellers.

At Allegro.pl, a very important element of sales is an offer. According to Allegro.pl good practices, the seller should follow specific rules in creating offers [Allegro.pl 2017a]:

- take care of the offer page so that it encourages the buyer to become familiar with it;
- avoid too many decorations and bright colors so that the page is legible and does not distract attention;
- ensure good visibility of the product name and price, and a detailed description of the product, which contains important information for buyers;
- include important additional information needed for the purchase, such as information about the company, its contact details, bank account number, important regulatory information regarding product security in transport, returns, complaints, warranty.

Allegro.pl has special requirements for such elements of the offer as [Allegro.pl 2017b]: product pho-

tos, product parameters, title, product description. In Allegro.pl offers, it is also prohibited to create references to external product offers not listed on their platform or to advertise other products sold outside the website.

The quality of offers and their compliance with the rules is monitored by Allegro.pl on an ongoing basis. In some cases, failure to comply with them may result in warnings to sellers and even account blocking. Creating offers against the rules is also bad for sellers. The content of these offers is of lower quality, which may negatively affect the purchase decision of buyers. It could also be more difficult for buyers to reach the offers because the position on search results also depends on their quality assessed on an ongoing basis by Allegro.pl.

Advertising tools are available to sellers in the Allegro.pl Ads Panel. It is a tool enabling the implementation of advertising campaigns within the trading platform (on Allegro.pl websites) and outside of it (in Google search engine and other advertising networks).

Advertising is an important income source of Allegro.pl, which is why sellers are encouraged to advertise. At the beginning of their sale on this site, they have a 50% price reduction for the use of certain advertising tools. Using advertising tools on Allegro.pl is often accompanied by various start-up bonuses, as is the case e.g. with Allegro.pl Ads graphic advertising. An example of encouraging advertising on the site is also the introduction of a simple, convenient and time-saving advertising system called Ads Express. Allegro.pl also encourages intensification of advertising activities and rewards users who are active advertisers. Users who spend higher amounts of money on advertising on this website have access to additional functions in the Allegro.pl Ads Panel, such as the campaign planning tool called Campaign Planner.

There are several ways of promoting offers and products on Allegro.pl. These are Allegro Ads, distinctions, graphic advertising, Google Ads and display advertising. Allegro.pl Ads consists of displaying the offer miniature first in (at the top) the offer lists. It is marked with the sign "Sponsored". It is a type of advertisement calculated in the model for the number of CPC clicks and matched to the keywords entered in the search engine by buyers.

Distinctions is a collection of advertising methods that help distinguish the seller's offer from competing offers. These include [Allegro.pl 2018]:

- displaying a miniature of the offer at the top of the list of items in the section “List of promoted offers”;
- backlight of the offer miniature with light blue background color;
- bold title font;
- posting a miniature of the offer in the section “Zone of opportunity”;
- marking the offer miniature by the icon of coins – Allegro.pl Coins is a loyalty program targeted at buyers. When buying products marked with coins, consumers can exchange the collected coins for discount coupons;
- Super Seller icon – the status of Super Seller is granted to sellers applying for it and meeting specific requirements, such as the number of ratings issued by buyers (min. 100 for the last year), the number of completed transactions (min. 20 in the last 30 days), average of the graphic ratings 4.95, no warnings and account locks for violations of the regulations, and other things. This is a very important distinction of the offer because thanks to this badge placed on the offer, buyers immediately realize that they are dealing with a seller who meets high quality requirements. In addition, Super Sellers offers have better positions in offer search results. Super Sellers still have many other benefits from having this status in the form of e.g. bonus coins, access to new functions in platform systems, exclusive training, priority assistance;
- SMART icon – SMART is a free product delivery program targeted at buyers. Customers for the annual fee of PLN 49 are guaranteed free delivery of shipments from offers of sellers covered by this program. It is a program co-financed by Allegro.pl. A seller wishing to participate in this program must also meet certain requirements, particularly regarding the timely delivery of products bought.

Payments for promoting offers through distinctions are most often charged for the number of days of using it. Distinctions can also be bought in packages, e.g. displaying promoted offers (miniatures) at the top of a list + highlighting background + bold title, in one

package, payable for each day of using the tools. The exception is the offer distinction with the Super Seller badge, where fees are charged on the completed transaction. Distinction with the SMART icon does not involve any fees for sellers.

Graphic advertising is the second basic type of advertising on the platform [Allegro.pl 2019c]. This is a type of Allegro.pl Ads advertisement, however, it differs from the basic format in that it is an advertisement displayed above the search results (above the list of offers), and not in the first position of the list of offers. It consists of a brand logo, an advertising slogan and two miniatures of the seller's offers. This ad is labeled “Sponsored”. Payment for this graphic advertising is calculated in the CPM model as opposed to Allegro.pl Ads sponsored offers, which are paid in the CPC model. It is a solution proposed to companies that want to increase the recognition of their brand among consumers. This advertisement is managed in the Allegro.pl Ads panel, where the seller selects offers for the advertisement, determines the keywords at which it will be displayed, and sets the maximum rate in PLN for thousand impressions.

Another type of advertisement available in the Allegro.pl Ads Panel is the Google Ads campaign. The purpose of this advertisement is to promote Allegro.pl offers on Google [Allegro.pl 2019a]. A text ad with a photo of the product will appear in Google search results when an Internet user types in keywords related to the offered product. To run the campaign, sellers choose offers for advertising and set the budget and duration of the campaign. Payment for this form of advertising is calculated according to the CPC model. It is a tool that allows advertising of offers outside Allegro.pl and targeted at those Internet users who are looking for information about products in Google search engine.

The main forms of advertising discussed above have the form of miniature offers, but display advertising is also available on Allegro.pl [Allegro.pl 2019b]. This is a banner campaign settled according to the Flat Fee or CPM method depending on the type of display format. Advertising formats can both link to pages inside Allegro.pl and outside to other websites. There are several dozen graphic formats available for both desktop and mobile devices, also in

video format. For example: showcase 960×252 px (for desktop), showcase mobile RWD 600×200 px (for mobile devices), half page video 300×600 px (video display).

When analyzing the website of the trading platform, it should also be noted that an important way of creating content on Allegro.pl is thematic cataloging of advertisements for miniature offers. This can be seen on the home page, where most of the space is occupied by thematically grouped ads in the form of miniature offers in terms of various criteria. These groups of offers are marked with headings such as “Worth seeing”, “Every hour new hits”, “Toys”, “For players”, “Zone of opportunity”, “Selected for you”. Groups of offer miniatures also accompany articles written by professional authors that are created on Allegro.pl about products. They represent the product category described in the article. Links to articles can be found on many pages of the website and their role is to interest consumers in products and help them make a good purchasing decision.

CONCLUSIONS

The business model of the Allegro.pl trading platform is a cybermediary model for B2C and C2C transactions. This model is implemented by organizing an electronic marketplace in which buyers find sales offers posted by sellers and enter into transactions with them. Allegro.pl as the organizer of the electronic marketplace, acts as an intermediary in transactions, providing market participants with technical infrastructure enabling transactions on the Internet and regulates this market by creating rules of conduct for participants on this platform, monitoring this behavior and enforcing compliance with established rules.

The development of this marketplace was subject to the phenomenon of network effect. As the first such online trading platform in Poland, it managed to attract a large number of sellers and buyers, which facilitated its development. It has become the most popular shopping destination for Poles on the Internet. To further develop and cope with growing competition in online retail sales, this market must constantly ensure the best shopping conditions for consumers and sales condi-

tions for its sellers. Competition in retail electronic commerce means that Allegro.pl must strengthen its position in competition for consumers. Consumers (buyers on Allegro.pl) are the main factor that this company follows in its strategy. It is consumer loyalty that may decide in the future whether this platform will retain its strong position in domestic e-commerce and defend itself against competitors. Ensuring that consumers want to buy products on this shopping site sets Allegro.pl development directions in ensuring full satisfaction of users with all forms of interaction with their website. Allegro.pl is constantly improving its processes in order to satisfy users through ease of choosing the right products, making quick and secure transactions, and fast delivery. This also involves some obligations for sellers who must adapt to these developments in the electronic marketplace. Sellers are obliged to comply with the rules regarding the appropriate methods of preparing offers in accordance with the Allegro.pl guidelines. The standardization of offers in some aspects affects the ease of using this marketplace and the good experience for buyers. Despite a certain degree of standardization of the appearance and structure of the offer, sellers have the opportunity to compete for buyers with content in the offer through greater attention to detail of the product description and quality of photos, and the number of described specific product features. The competition tools are also comments and ratings issued by buyers to sellers. In turn, they are a derivative of the quality of customer service by sellers. This information is very important for buyers to make the final purchase decision.

To ensure good UX of the entire electronic market, sellers were provided with some subtle tools to promote offers within this market and thus compete with other sellers. The more important methods of this type include better and more visible positions of offer miniatures, distinguishing the appearance of miniatures of offers e.g. through a different background color, bold title font. An important element of competing is also the ability to mark offer miniatures with the Super Seller and SMART icons. The result is that after seeing the miniature of the offer signed by the icons in the list of offers or as an advertisement in other parts of the site, buyers can quickly realize the benefits that

accompany these offers in the form of a purchase from a reliable seller or free delivery of the product.

Content marketing by Allegro.pl on the websites of its electronic market is also of great importance for the promotion of sellers on this platform. There are two types of content marketing on this shopping site. The first is the thematic grouping of offers in sections of the page with text headers. The second is articles on products and lifestyles, which are very often accompanied by offer ad groups in the form of their miniatures. For salesmen, content marketing carried out in this way provides attractive places to advertise offers within the website, and provides a lot of valuable information about products and thus helps to encourage product purchase or make the right buying decision.

It can therefore be concluded that Allegro.pl provides sellers with promotion tools that co-create a promotional system that is compatible with a high level of content quality, website integrity, consistency and good user experience (UX). Although price competition is important in this trading platform, promotional tools available to sellers reduce the importance of price as a tool of competition.

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SYSTEM PROMOCJI JAKO NARZĘDZIE KONKURENCJI NA PLATFORMIE HANDLOWEJ ALLEGRO.PL

STRESZCZENIE

Celem artykułu jest identyfikacja rodzajów narzędzi promocyjnych i ich roli w konkurowaniu sprzedawców na platformie handlowej B2C i C2C zwanej Allegro.pl. Przeprowadzono studium przypadku tego rynku elektronicznego. Informacje potrzebne do jego opracowania pochodziły przede wszystkim z jakościowej analizy treści strony internetowej tego rynku. Przeprowadzona analiza pozwoliła stwierdzić, że Allegro.pl zapewnia sprzedawcom wiele różnych promocyjnych narzędzi konkurowania w obrębie rynku elektronicznego przy zachowaniu wysokiego poziomu doświadczenia użytkowników (UX). Cena jest ważnym instrumentem konkurowania na tym rynku, ale dostępne narzędzia promocyjne zmniejszają znaczenie ceny w konkurowaniu.

Słowa kluczowe: Allegro.pl, handel elektroniczny B2C, promocja w Internecie, rynek elektroniczny, Polska