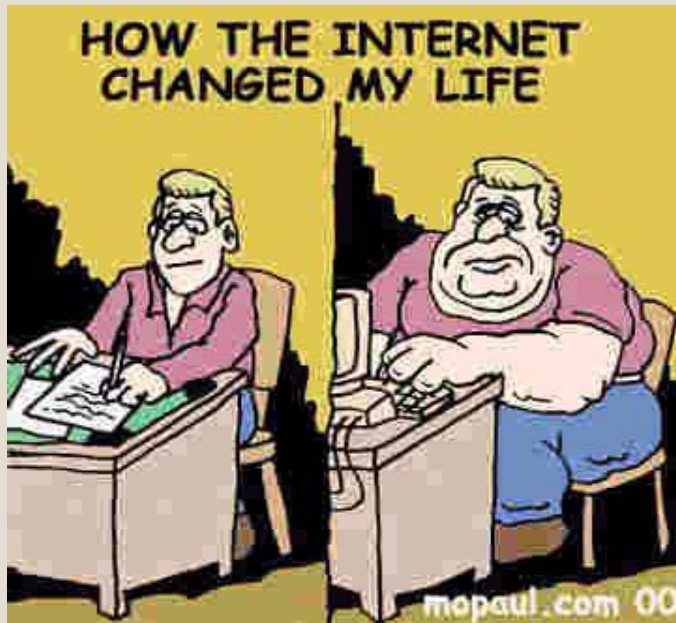


Chapter 1

An introduction to internet marketing



Learning objectives

- **Evaluate the relevance of the Internet to the modern marketing concept.**
- **Distinguish between Internet marketing, e-marketing, e-commerce and e-business.**
- **Identify the key differences between Internet marketing and traditional marketing.**
- **Assess how the Internet can be used in different marketing functions.**

Questions for marketers

- **How significant is the Internet as a marketing tool?**
- **How does Internet marketing relate to e-marketing, e-commerce and e-business?**
- **What are the key benefits of Internet marketing?**
- **What differences does the Internet introduce in relation to existing marketing communications models?**

The impact of the Internet on business

- Andy Grove, Chairman of Intel, one of the early adopters of e-commerce, has made a meteorological analogy with the Internet. He says:

Is the Internet a typhoon force, a ten times force, or is it a bit of wind? Or is it a force that fundamentally alters our business? (Grove, 1996)

- Michael Porter said:
 - “The key question is not whether to deploy Internet Technology-companies have no choice if they want to stay competitive- but **how to deploy it**”

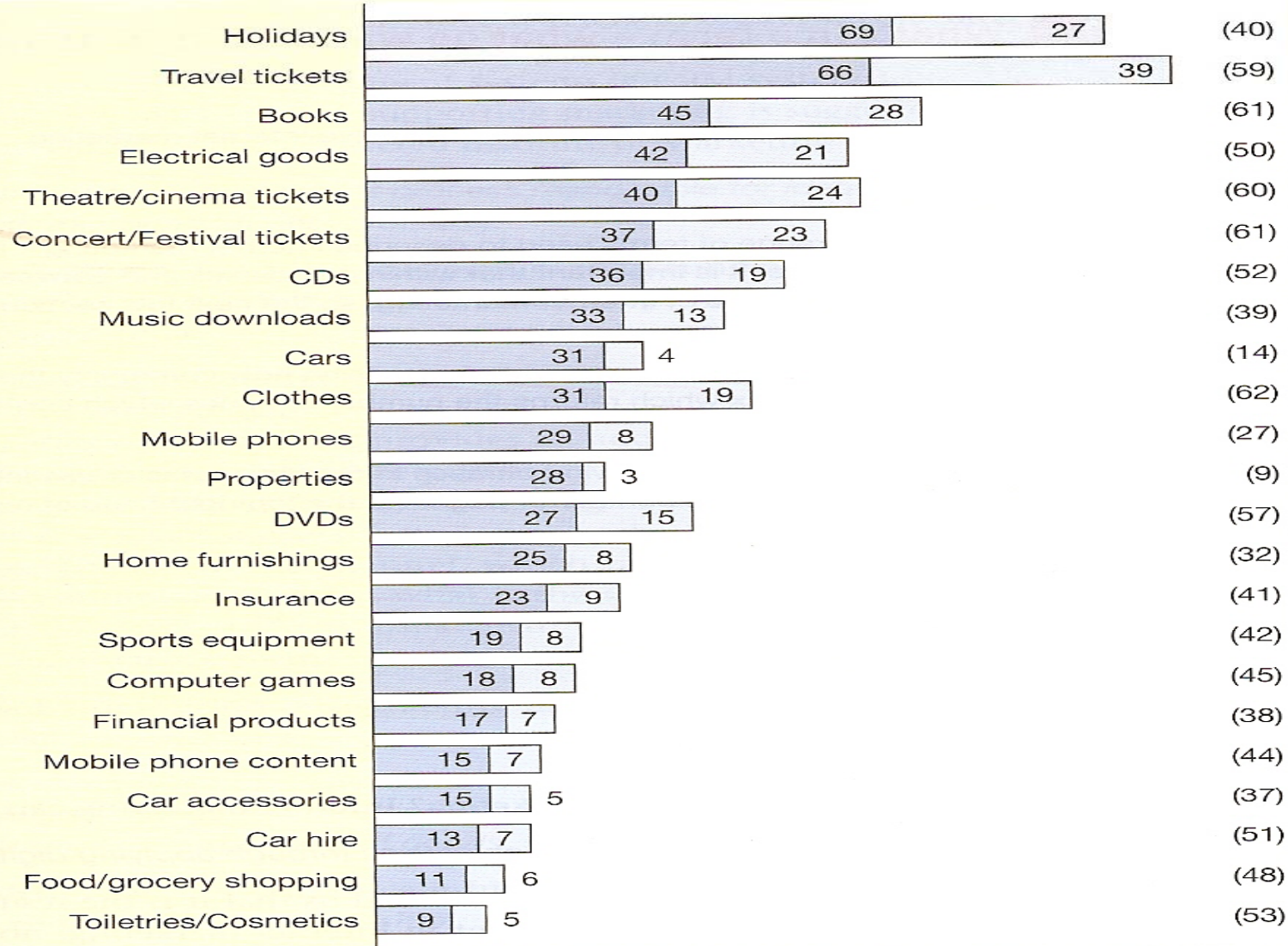
Timelines of websites using innovative business model

Year	Company / Site	Category of Innovation
1994	Amazon	Retailer
1995	Yahoo	Directory and Portal
1995	eBay	Online Auction
1996	Hotmail	Web Based email
1998	Google	Search Engine
1999	Alibaba	B2B MarketPlace
1999	MySpace	Social Networking
2001	Wikipedia	Open Encyclopedia

Year	Company/Website	Category of Innovation
2003	Skype	Internet Telephony
2004	Facebook	Social Networking
2005	Youtube	Video Sharing
2007	Joost	IPTV

The Internet's impact on you?

- How many of you have purchased something on the Internet in the last 6 months?
- How many times have you used the Internet as an information source, before buying offline?
- What have you purchased online?



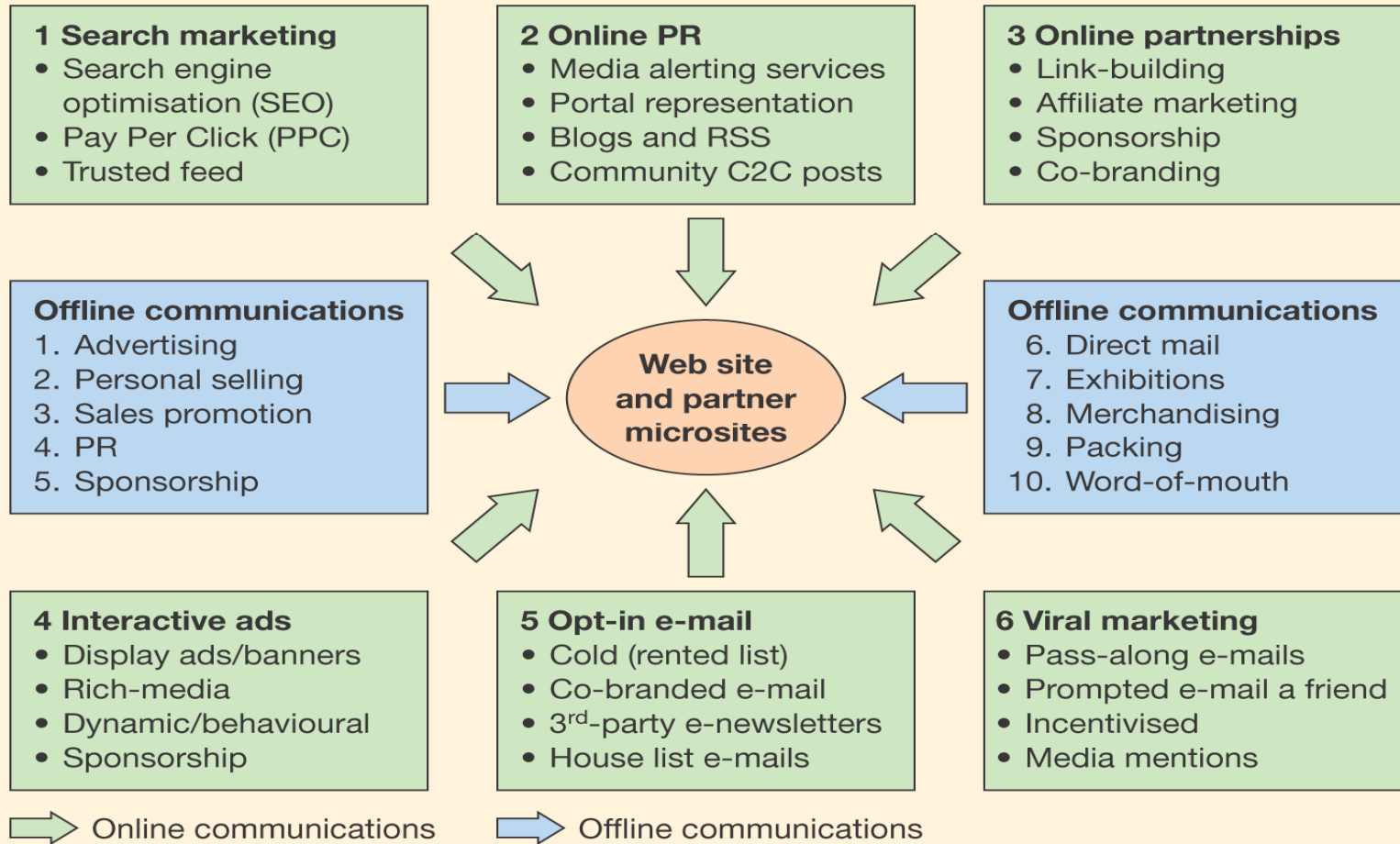
EIAA 2005 - Percentage of Internet users in the EU and Norway browsing (dark bar) and buying (light bar). Conversion percentages (shown in brackets) are the proportions of all who research the product online who buy online

Source: EIAA (2005)

Internet Marketing vs E Marketing

- Internet Marketing- the application of internet and related digital technologies in conjunction with traditional communications to achieve marketing objectives
- E Marketing- achieving marketing objectives through use of electronic communication technology

Six Categories of e Communication tools



How does the Internet contribute to marketing?

- The definition of marketing by the Chartered Institute of Marketing (<http://www.cim.co.uk/>) is:

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitability

- Identify- the internet can be used for marketing research to find out customer's needs and wants
- Anticipating- the internet provides an additional channel by which customer can access information and make purchases
- Satisfaction- achieving customer satisfaction through the e channel; easy to use site, attractive, customer-oriented

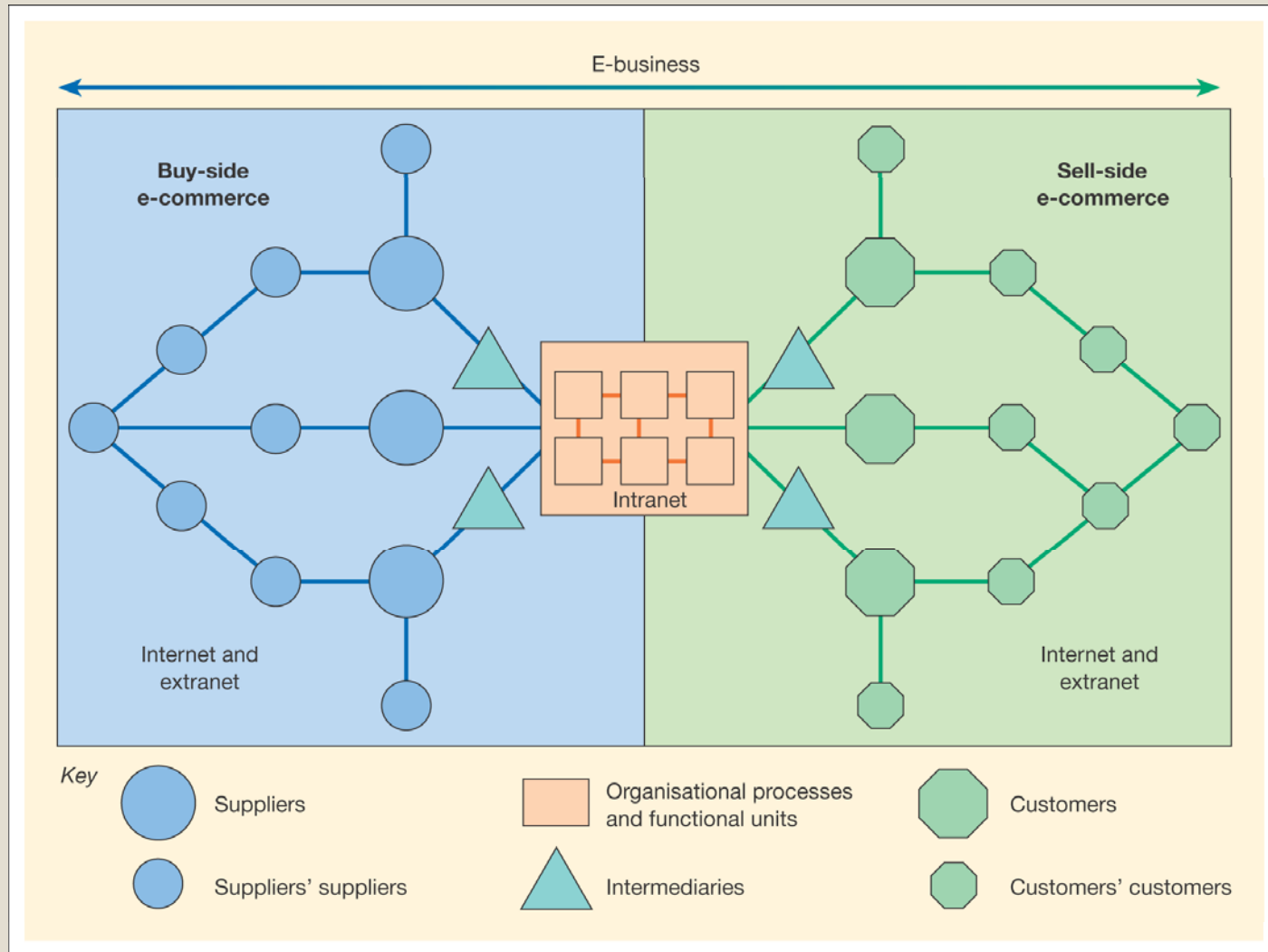
Digital Marketing

- **Customer-centric digital marketing involves:**
- Applying...
- ***Digital technologies which form online channels...
(Web, e-mail, databases, mobile, iDTV)***
- to...
- ***Contribute to marketing activities aimed at achieving profitable acquisition and retention of customers (within a multi-channel buying process and customer lifecycle)***
- through...
- ***Improving customer knowledge (of their profiles, behaviour, value and loyalty drivers), then delivering integrated targeted communications and online services that match their individual needs.***

E Business and E Commerce

- E-Commerce
 - All financial and informational electronically mediated exchanges between an organization and its external stakeholders
- E-Business
 - All electronically mediated information exchanges both within an organization and with external stakeholders, supporting the range of business processes
- What is the relationship between e-commerce and e-business?

E-business and e-commerce



The distinction between buy-side and sell-side e-commerce

		From: Supplier of content/service		
		<i>Consumer or citizen</i>	<i>Business (organisation)</i>	<i>Government</i>
To: Consumer of content/service	Consumer or citizen	Consumer-to-Consumer (C2C) <ul style="list-style-type: none"> • eBay • Peer-to-Peer (Skype) • Blogs and communities • Product recommendations 	Business-to-Consumer (B2C) <ul style="list-style-type: none"> • Transactional: Amazon • Relationship-building: BP • Brand-building: Unilever • Media owner – News Corp • Comparison intermediary: Kelkoo, Pricerunner 	Government-to-Consumer (G2C) <ul style="list-style-type: none"> • National government transactional: Tax – inland revenue • National government information • Local government services
	Business (organisation)	Consumer-to-Business (C2B) <ul style="list-style-type: none"> • Priceline • Consumer-feedback, communities or campaigns 	Business-to-Business (B2B) <ul style="list-style-type: none"> • Transactional: Eurooffice • Relationship-building: BP • Media Owned: Emap business publications • B2B marketplaces: EC21 	Government-to-Business (G2B) <ul style="list-style-type: none"> • Government services and transactions: tax • Legal regulations
	Government	Consumer-to-Government (C2G) <ul style="list-style-type: none"> • Feedback to government through pressure group or individual sites 	Business-to-Government (B2G) <ul style="list-style-type: none"> • Feedback to government businesses and non-governmental organisations 	Government-to-Government (G2G) <ul style="list-style-type: none"> • Inter-government services • Exchange of information

Summary and examples of transaction alternatives between businesses, consumers and governmental organisations

Benefits of online marketing

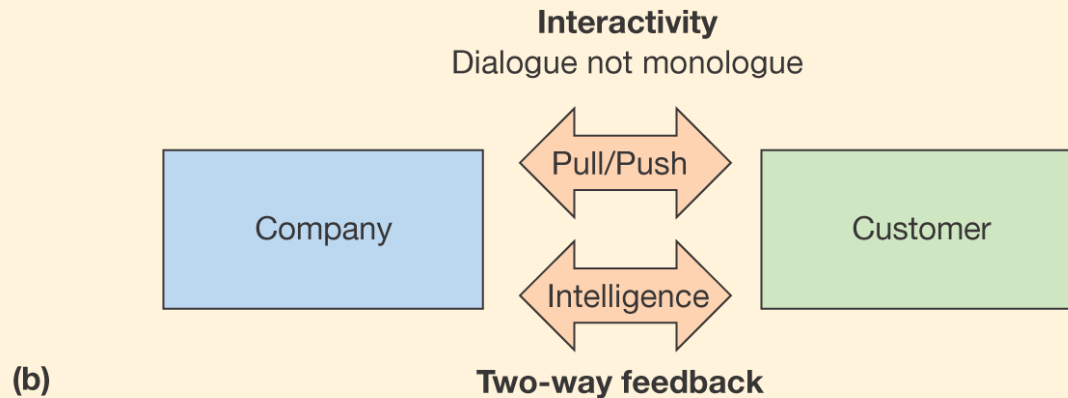
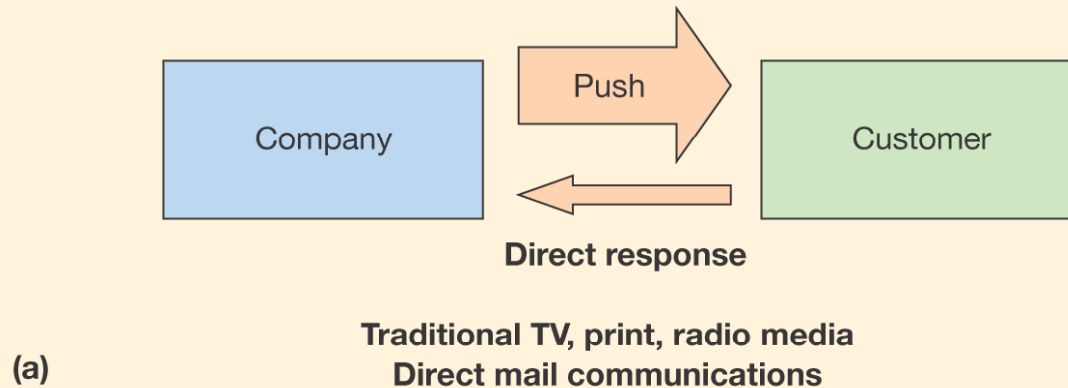
Benefit of e-marketing	How benefit is delivered	Typical objectives
Sell – Grow sales	Achieved through wider distribution to customers you can't readily service offline or perhaps through a wider product range than in-store, or lower prices compared to other channels	<ul style="list-style-type: none"> • Achieve 10% of sales online in market • Increase online sales for product by 20% in year
Serve – Add value	Achieved through giving customers extra benefits online or inform product development through online dialogue and feedback	<ul style="list-style-type: none"> • Increase interaction with different content on site • Increase dwell-time duration on site by 10% (sometimes known as 'stickiness') • Increasing number of customers actively using online services (at least once per month) to 30%
Speak – Get closer to customers	This is creating a two-way dialogue through web and e-mail forms and polls and conducting online market research through formal surveys and informally monitoring chat rooms to learn about them. Also speak through reaching them online through PR	<ul style="list-style-type: none"> • Grow e-mail coverage to 50% of current customer database • Survey 1000 customers online each month • Increase visitors to community site section by 5%
Save – Save costs	Achieved through online e-mail communications, sales and service transactions to reduce staff, print and postage costs	<ul style="list-style-type: none"> • Generate 10% more sales for same communications budget • Reduce cost of direct marketing by 15% through e-mail • Increase web self-service to 40% of all service enquiries and reduce overall cost-to-serve by 10%
Sizzle – Extend the brand online	Achieved through providing a new proposition and new experience online while at the same time appearing familiar	<ul style="list-style-type: none"> • Improve branding metrics such as: brand awareness, reach, brand favourability and purchase intent

Source: Smith and Chaffey, 2005

Types of web presence

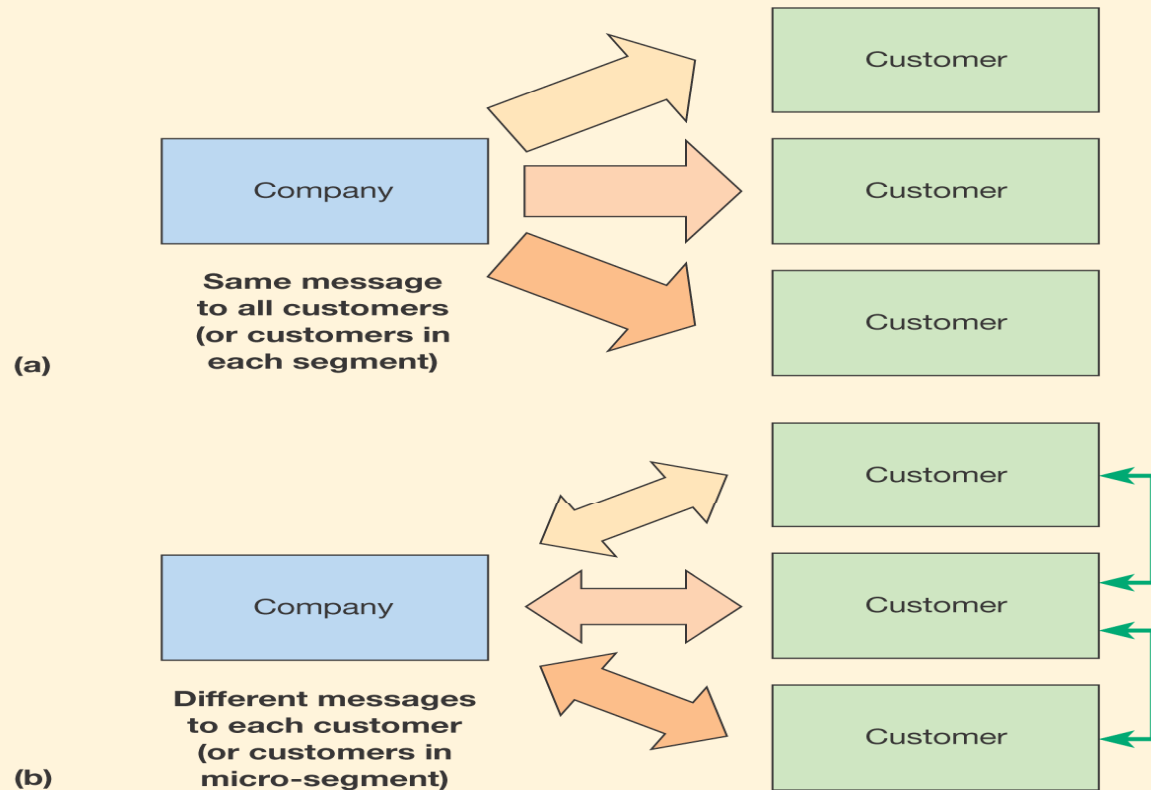
- 1. Transactional e-commerce site:
Examples – Amazon, Dell
- 2. Services-oriented/relationship building
 - Accenture, British Gas
- 3. Brand Building site
 - Tango, Guinness
- 4. Portal or media site
 - Yahoo!, Silicon.com
- Note that these types overlap

Interactivity and intelligence



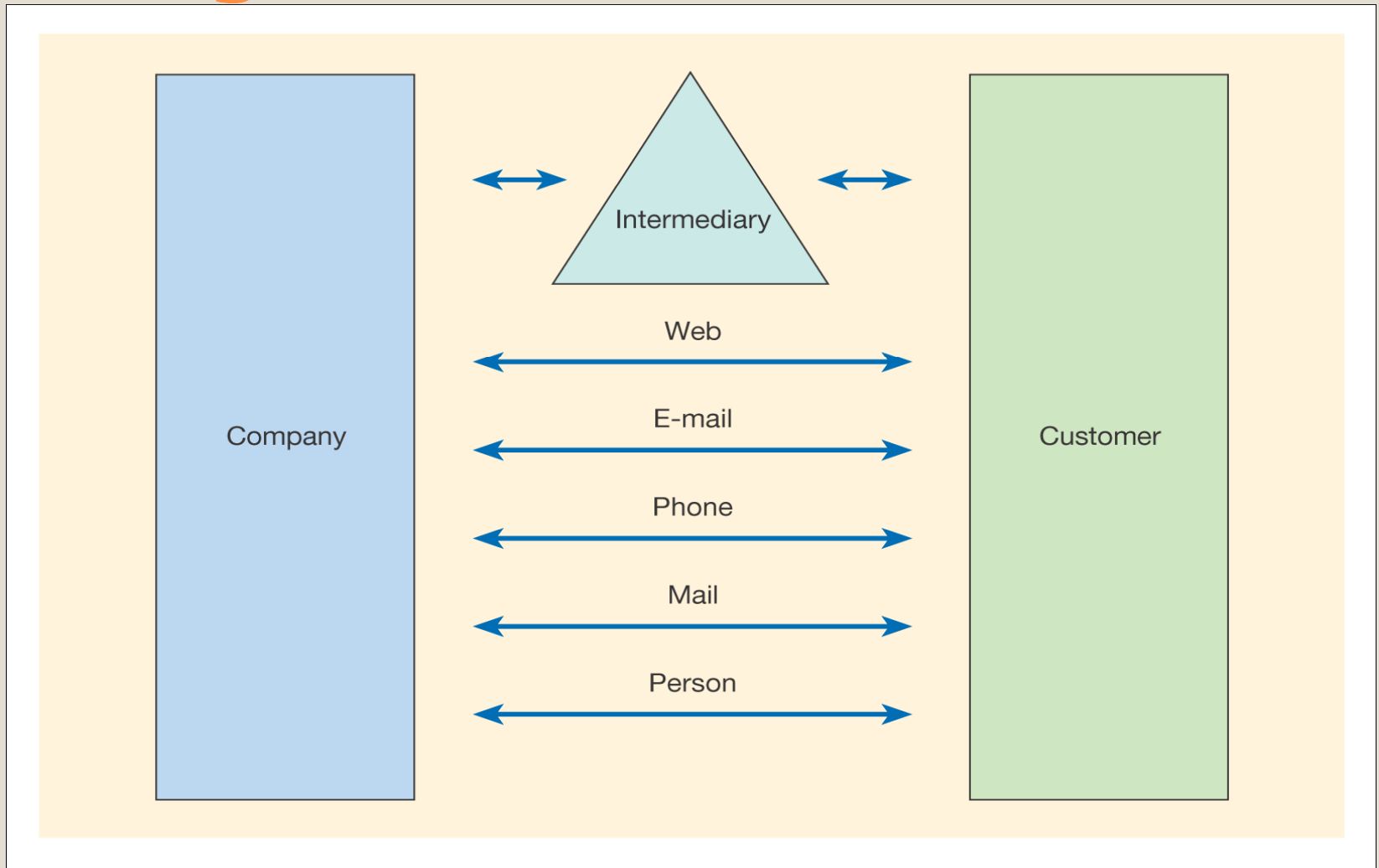
Summary of communication models for: (a) traditional media,
(b) new media

Individualisation



Summary of degree of individualisation for: (a) traditional media (same message), (b) new media (unique messages and more information exchange between customers)

Integration



Channel requiring integration as part of integrated e-marketing strategy