Marketing and the Internet

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Chapter 7

Chapter Objectives

To demonstrate why the Internet is a valuable marketing tool
To explore the multifaceted potential marketing roles for the Internet
To show how to develop an Internet marketing strategy
To illustrate how the Internet is being utilized to enhance marketing strategies
To consider the challenges of using the Internet in marketing and to forecast the future of E-marketing

Basic Internet Terminology

- The Internet is a global electronic superhighway of computer networks—a network of networks in which users at one computer can get information from another computer (and sometimes talk directly to users at other computers).

The World Wide Web (WWW)

- The World Wide Web comprises all of the resources and users on the Internet using the Hypertext Transfer Protocol (HTTP).
- It is a way of accessing the Internet, whereby people work with easy-to-use Web addresses and pages.
- Through the Web, users see words, colorful charts, pictures, and video—and hear audio.

E-marketing and E-commerce

- E-marketing includes any marketing activity that is conducted through the Internet, from customer analysis to marketing-mix components.
- E-commerce refers to revenue-generating Internet transactions.
- E-marketing is the broader concept, and it does not necessarily have sales as the primary goal.

The Internet as a Marketing Tool

The Internet is a formidable presence in the world economy because of its:
- Low cost
- Wide geographic reach
- Potentially vast array of marketing roles it can serve
The Internet facilitates interactivity among channel members and final consumers:

- **B2C** means that businesses can communicate and interact with final consumers.
- **B2B** means that businesses can efficiently communicate and interact with other businesses.
- **B2B2C** means that businesses can communicate and interact with each other regarding joint consumer ventures.
- **C2C** means that individuals can interact and communicate globally with others connected to the Web.

### Three Phases of E-Marketing and the Internet

The evolution of e-marketing includes:

- **Bricks-and-mortar firms** — those traditional companies that are not yet involved in the WWW.
- **Clicks-only firms** — those that conduct business only via the Internet and are considered to be innovators in the field.
- **Bricks-and-clicks firms** — operate both in traditional and Internet settings.

### Benefits of E-Marketing

- **Communicability**
- **Cost Efficiencies**
- **Global Possibilities**
- **Rapid, global interactivities and communications**

### Potential Marketing Roles for the Internet

1. Customer Service
2. Channel Relations
3. Continuous Interactivity and Feedback
4. Purchasing and Inventory Management
5. Information Gathering and Sharing
6. Data-Base Development
7. Advertising & Sales Promotion
8. Selling

### Developing an Internet Marketing Strategy

1. Identify the Target Audience
2. Set Objectives
3. Determine Web Site Attributes
4. Establish Internet-Based Marketing Mix
5. Implement Internet Marketing Strategy
6. Assess Internet Performance Metrics
1. Setting Objectives

- Enumerate Qualitative and Quantitative Objectives
- Attract New Customers and Improve Customer Service
- Build Loyalty Among Existing Customers
- Improve Communications
- Grow Market Share

2. Identify the Target Audience

- Newbie Shoppers
- Reluctant Shoppers
- Frugal Shoppers
- Convenience Shoppers
- Strategic Shoppers
- Enthusiastic Shoppers

3. Determine Web Site Attributes

- Web Address
- Home Page
- Site Content
- Use of Multimedia
- Web Site Links
- Shopping Tools
- Electronic Data Interchange

4. Establish Internet-Based Marketing Mix

- Product Decisions
- Promotion Decisions
- Pricing Decisions
- Distribution Decisions

5. Implement Internet Marketing Strategy

- Two Factors affect the firm’s ability to properly enact its strategy:
- Security
- Channel Relationships

6. Assess Internet Performance and Modify

- Considering such goals as image, customer service, sales, profit, web traffic, length of stay, and cost factors

- 5. Assess Internet Performance and Modify

- 6. Implement Internet Marketing Strategy
Measuring Web Site Effectiveness by Counting Eyeballs

- Many new marketing firms have emerged that evaluate Web sites and also provide recommendations for improvement.
- There is a critical need for developing similar assessment tools and measurement standards to evaluate the Web as there are for print, radio, and other electronic media.

Quality of Web Sites from User’s Perspective

- Clarity of site’s mission
- Download time
- Speed of site comprehension
- Informational value
- Ease of navigability
- Use of graphics/multimedia
- Interactivity
- Security
- Simplicity of purchasing
- Printability of site pages
- Creativity

Converting Information to Knowledge

The Internet is a bridge to the new economy.

The Internet’s Challenges and Prospects

- Corporate culture may resist change.
- The Internet may not capitalize on company’s core competencies.
- Role for E-marketing may not be clear.
- Web users may be demanding.
- Personal touch important to customers.
- Channel partners may be alienated.
- Online and offline systems may be hard to integrate.
- It may be difficult to assess and delegate functions.
- Investment costs and expenses may be difficult to predict.

Other Corporate Challenges in Using the Internet

- Consumer resistance to online shopping
- Customer service a prime consideration in current economy
- System breakdowns and technology obstacles
- Speed of site performance
- Internet connection costs
- Legal issues
- Privacy issues
- Clutter and spam

Ethical Issues in E-Marketing

- A recent judge’s ruling (based on a section of the Communications Decency Act, a federal law) states that an interactive computer service cannot be held legally responsible for material published on its network.
- This has far-reaching implications for ethical considerations and the Web.
- Protecting intellectual property, privacy issues, and developing various standards for ethical conduct on the Internet are prime concerns for the future.
Chapter Summary

- This chapter demonstrates why the Internet is a valuable marketing tool.
- It explores the multifaceted potential marketing roles for the Internet.
- It describes how to develop an Internet marketing strategy.
- It illustrates how the Internet is being utilized to enhance marketing strategies.
- It considers the challenges of using the Internet in marketing and forecasts the future of E-marketing.