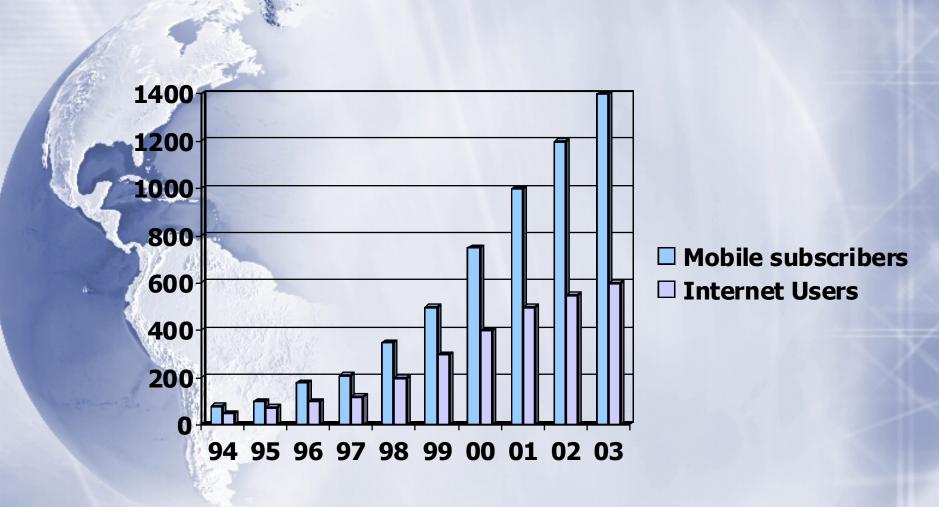
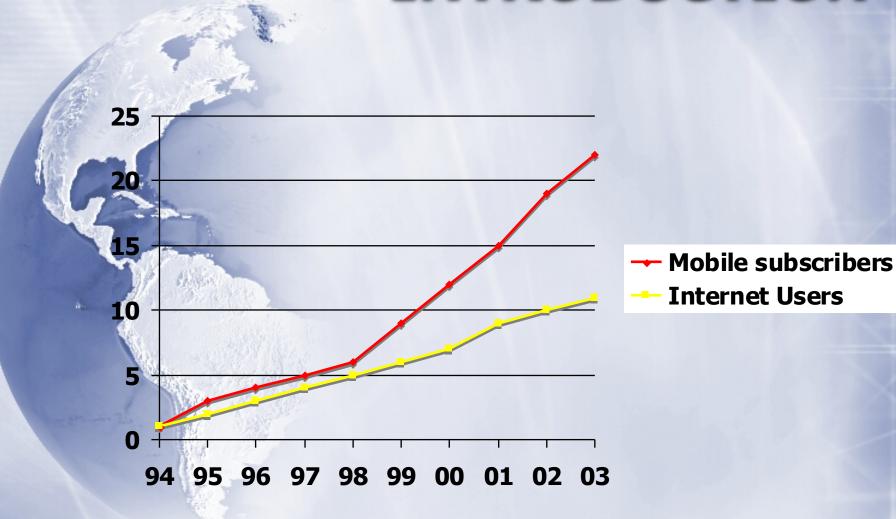


#### SITUATION

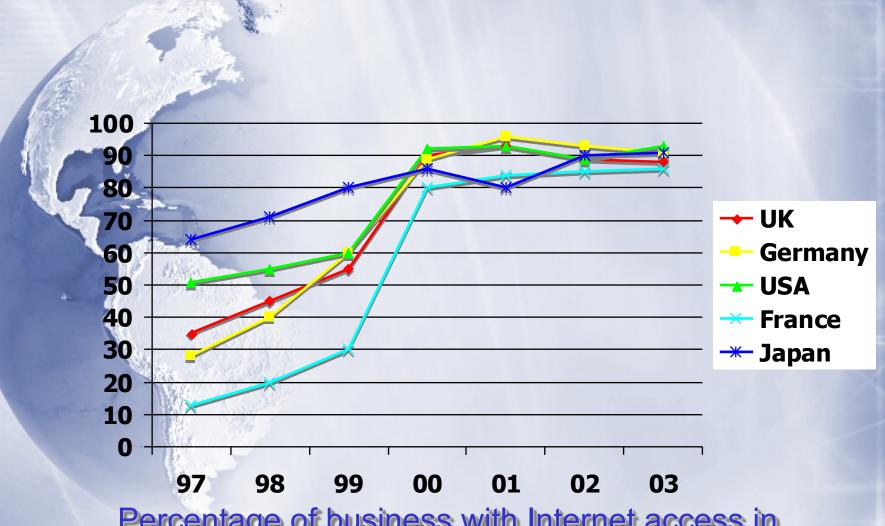
- The Internet is continuing to grow rapidly across borders and into an online world.
- The Internet is far more than just another channel to market
- Despite the vast number of people buying online, it's a little weird when we consider that millions, billions and trillions of dollars, pounds and euros pass through wires interconnecting lots of devices all around the world



Worldwide trends in number of Internet users and mobiles subscribers (in millions)
(Source ITU, 2004)



Worldwide trends in penetration per 10 adults (source ITU, 2004)



Percentage of business with Internet access in Developed countries

(source DTI, 2003)

#### B<sub>2</sub>C

**Organization sites** 

www.dell.com www.amazon.com

Consumer marketplaces

www.kelkoo.com

www.pricerunner.com

#### C<sub>2</sub>C

**Auctions** 

www.qxl.com

www.ebay.com

Consumer reviews

www.bizrate.com

www.ciao.com

#### B<sub>2</sub>B

Organization sites

www.dell.com

**Business marketplaces** 

www.covisint.com www.ec21.com

#### C<sub>2</sub>B

Customer bids

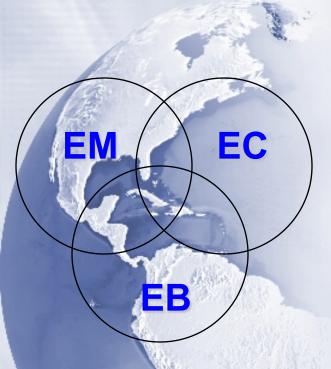
www.ebay.com

www.priceline.com

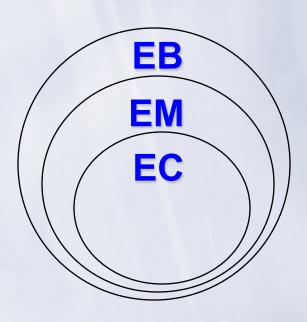
business

**FROM** 

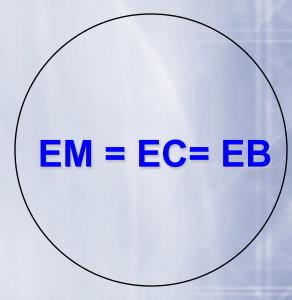
consumer



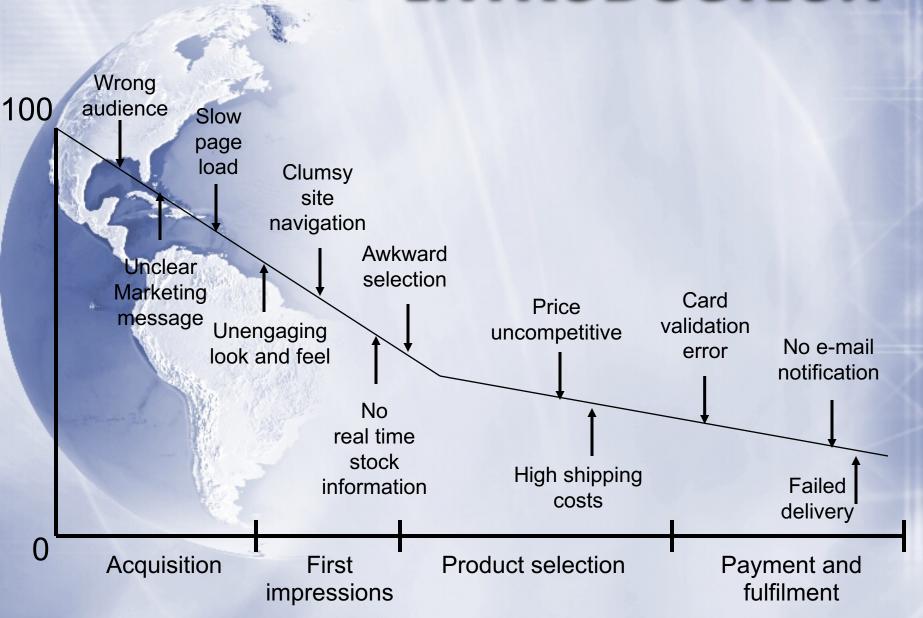
E-marketing has some overlap with e-commerce and e-business



E-marketing is broadly equivalent to e-commerce and e-business



E-business
encompasses
e-marketing and
e-commerce, but
e-marketing involves
more processes than
e-commerce



Market development

Market development

(médium risk)

New geographic markets New customer segments Diversification

(highest risk)

New markets and New products

Market penetration

(Lowest risk)

No development of Markets or products Product development

(medium risk)

New digital information services, e.g. consulting on product design

low

high

**Product innovation** 

0



# **MARKETING MIX**

PRODUCT	PRICE	PLACE	PROMOTION	PEOPLE	PHYSICAL EVIDENCE	PROCESS
Digital value Experiencing the brand	Price transparency New pricing models	Representation New distribution models	Online vs offline mix Integration	Resourcing and training Contact strategies	Online physical evidence Integration	Optimizing internal and external processes through the web

KEYS ASPECTS OF THE 7 Ps OF THE CLASSIC MARKETING MIX

- What benefits do you deliver to your customers?
- □ Can they be delivered online?
- What other benefits might your customers like?
- Can these other benefits be delivered online?
- ™What is your business?
- □ Can it be delivered online?

#### **1 Digital value 1** ■ **1** ■

- Can i afford additional information on or transaction service to my existing customer base?
- Can i address the needs of new customer segments by repackaging my current information assests or by creating new business propositions using the Internet?
- □ Can i use my ability to attract customers to generate new sources of revenue such as adverstising or sales or complementary products?
- ™ Will my current business be significantly harmed by other companies providing some of the value i currently offer

#### **2** Extended product

- **Endorsements**
- **Awards**
- **Testimonies**
- □ Customer lists
- **Customer comments**
- **™** Warranties
- □ Guarantees

The extended product contributes to perceptions of quality. Quality and credibility are linked

#### **3** Online value proposition

- Should be different to the offline proposition
- Should exploit some of the unique advantages of being online which include:
  - Immediacy
  - Interactivity
  - Depth of contents
  - Faster to buy online

  - **□** Easier
  - As well as cheaper to buy online
  - Better and new experiences online

## REMIX - Price

- □ Pricing is under pressure
- There's a continual trend toward commoditization
- Something new is commoditized almost every day
- ➤ Once buyers can specify exactly what they want and identify suppliers, they can run reverse auctions
- Price transparency is another factor
- As prices are published on the web, buyer comparison of price is more rapid than ever before

## REMIX - Price

- Prices are complex, so that options for the price package include:
  - Basic price

     Basic price
  - **□** Discounts
  - Add-on and extra products and services
  - □ Guarantees and warranties
  - Refund policies
  - □ Order cancellation terms
  - Revoke action buttons

- What is the most successful brand in the soft drinks markets?
- The answer is décompresseur TIFF (non compressé) sont requis pour visionner cetté image
- Their excellent distribution gives them the edge

You put Coke machines in places where you think people might want to drink a Coke.

On the Internet you put Amazon buttons in places where there might be people inclined to buy books.

- □ Place involves the place of purchase, distribution and in some cases, consumption.
- Some products exploit all three aspects of place online, for example digitizable products such as software, media entertainment.
- □ Other kinds of products can also been sold online like perishable goods. Customers like the increased convenience and reduced cost of ordering online and often using delivery partners for offline fulfilment.

- It is essential to highlighte the importance of place in e-commerce transactions
- When many companies think about making their products available online, they tend to think only of selling direct from their web site
- However other alternatives for selling products are from a neutral marketplace and also through going direct to the customer



Traditional purchase at supplier web site

Bids and auctions through neutral intermediary

Transactions at customer site

Alternative representation locations for online purchases

#### **New distribution models**

- Reintermediation: middlemen who are brokers and unite buyers and sellers (ex:bizrate)
- Infomediation: related concept where middlemen hold information to benefit customers and suppliers
- Channel confluence: this has occurred when distribution channels start to offer the same deal to the end customer
- Peer-to-peer services: music swapping services opened up an entirely new approach to music distribution

# REMIX - Communication

TOOLS

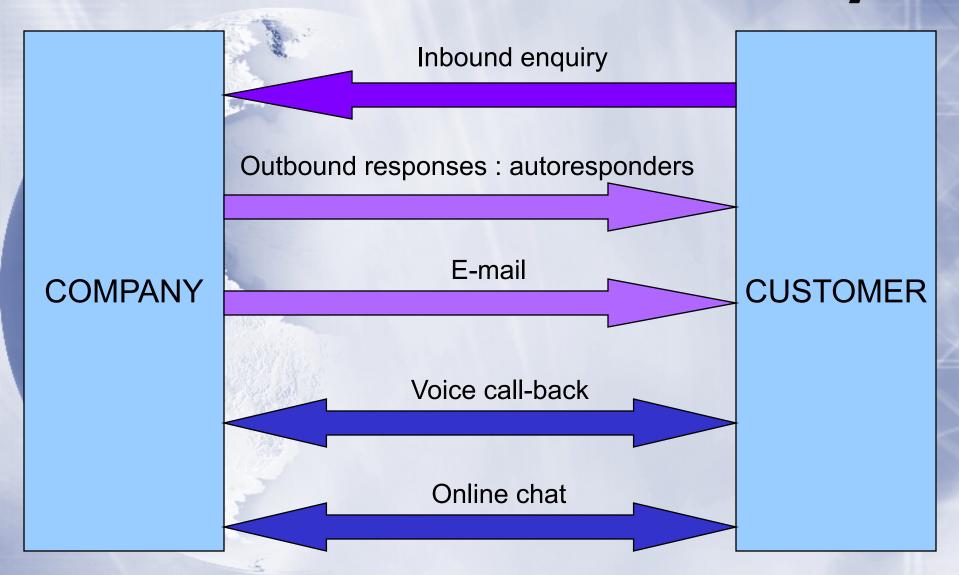
Promotional mix	Online executions		
Advertising	Interactive ads, pay per click keyword advertising		
Selling	Virtual sales staff, affiliate marketing, web rings, link		
Sales promotion	Incentives, rewards, online loyalty schemes		
PR	Online editorial, e-zines, newsletters, discussion groups, virals		
Sponsorship	Sponsoring an online event, site or service		
Direct mail	Opt-in e-mail and web response		
Exhibitions	Virtual exhibitions		
Merchandising	Shopping malls, e-tailing, the interface		
Packaging	Real packaging is displayed online		
Word-of-mouth	Viral, affiliate marketing, e-mail a friend, web rings, links		

# REMIX - People

#### Why are people important

- People/staff are important because they are the differentiating factor that has helped many « clicks and mortar » companies outperform the virtual companies
- In fact service is required if there is repeat business
- Contact strategies should be developed that give customers choice of contact, but minimize costly interactions with staff
- Automated services help but people are also required.
- It is a delicate balancing act but both must been integrated in an online and offline marketing activity

# REMIX - People



Customer contact alternatives for an inbound e-mail enquiry

# REMIX - Physical evidence

#### What is online physical evidence?

- ★ When buying intangible services, customers look for physical evidence to reassure them
- In the offline world, this includes building, uniforms, logos and more
- In the online world, customers look for other cues and clues to reassure themselves about the organization:
  - Sense of order
  - Consistent look and feel for the site, that cutomers feel comfortable with

  - □ Security
     □
  - Trade body memberships
  - □ Privacy policies
  - □ Customer lists
     □

# REMIX - Process

#### **Optimizing internal processes**

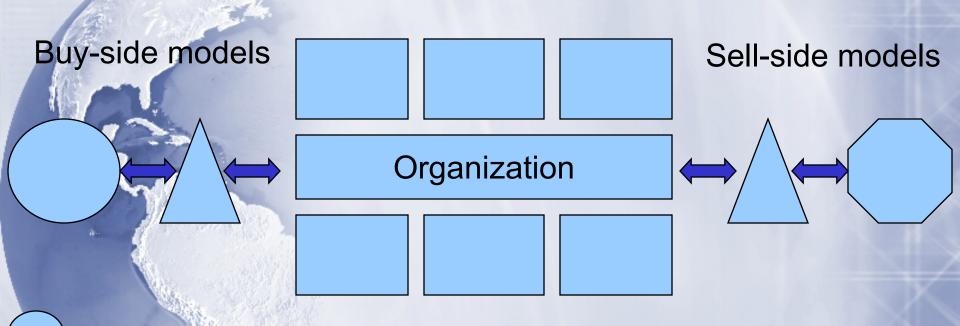
- Customer wants to check availability (does the site show number in stock and when next available if out of stock)
- Product specification or price is changed (is the change seamlessly reflected in web site and price lists)
- Customer places order (is the site updated to indicate changed number in stock? Is the customer notified by email that their order has been processed?)
- Customer makes e-mail enquiry (can the system cope when a wave of telephone calls and e-mails hit and respond promptly?)
- Produce dispatched (is the customer notified of this event by e-mail?)

# REMIX - Partnerships

#### An extra 'P'

- Marketing marriages or alliances
- We cannot do everything ourselves
- Partnerships can help
- But they required skills management

# E-MODELS- Introduction



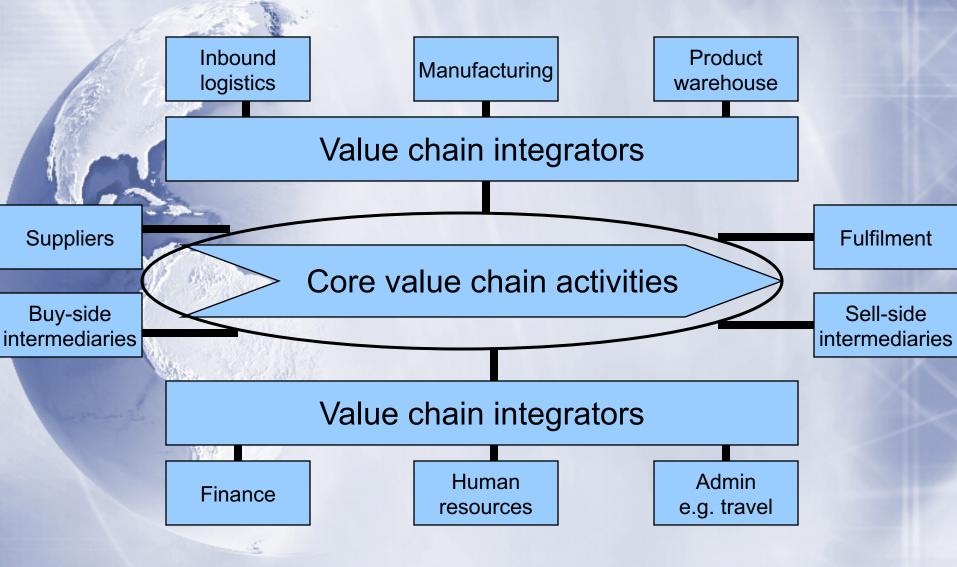
Suppliers
Intermediaries
Competitors
Customers

Different persepectives for model changes in an organization's marketplace

## E-MODELS - New models

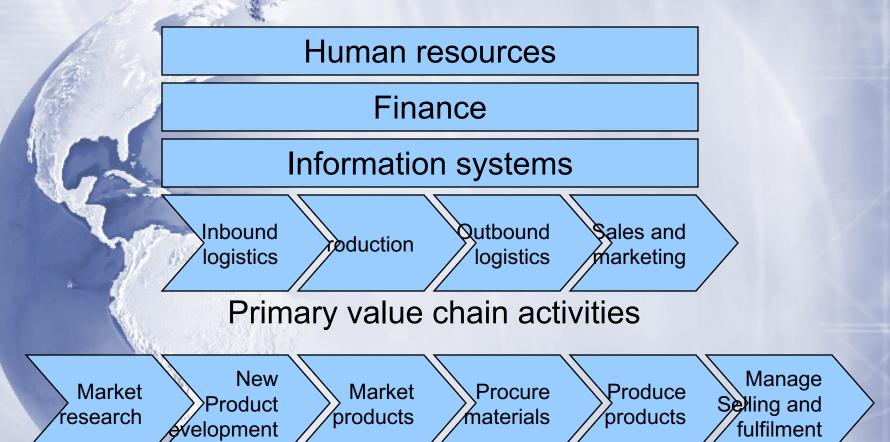
- Advertising can differentiate the brands
- Distribution can ensure competitive advantage
- Advertising + Distribution =
  Sales

# E-MODELS - Value chains



Elements of value network

# E-MODELS - Production models

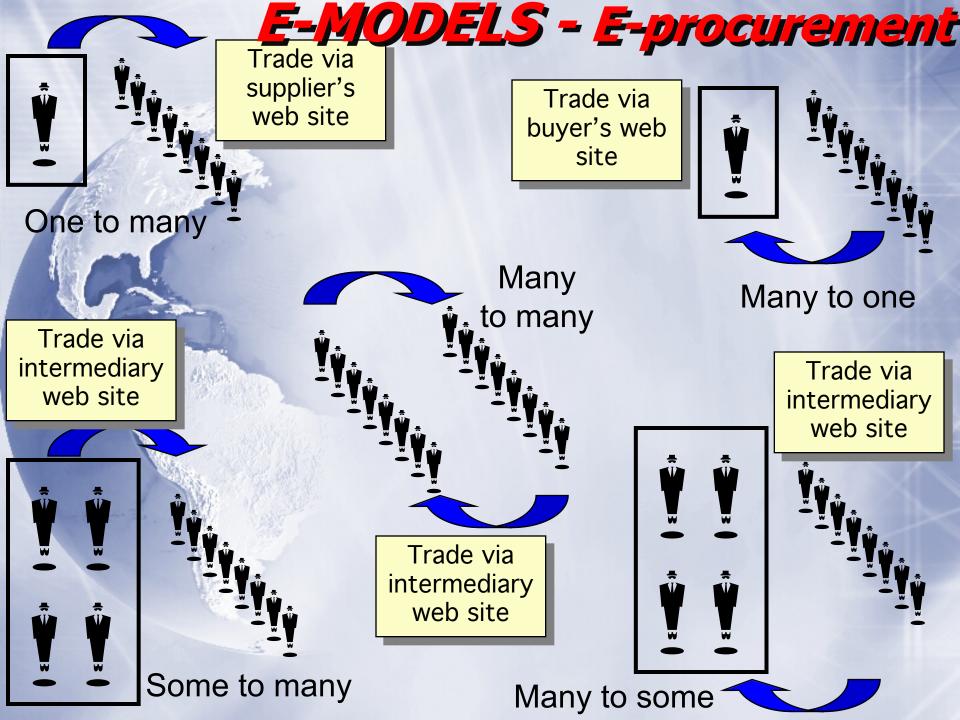


Customer-driven value chain

New versus old value chain model

# E-MODELS - E-procurement

- The 5 rights
  - Right price
  - Right time
  - Right quality
  - Right quantity
  - □ Right source



# E-MODELS - Distribution models

In the old days, it was simple: manufacturers produced, distibutors distributed and customers bought



Then, retailers grew big enough to deal directly with manufacturers

 $M \longrightarrow R \longrightarrow C$ 

# E-MODELS - Distribution models

Then, some manufacturers realized the power of combining direct marketing with Internet technology and Marketed their goods directly to the end customer.

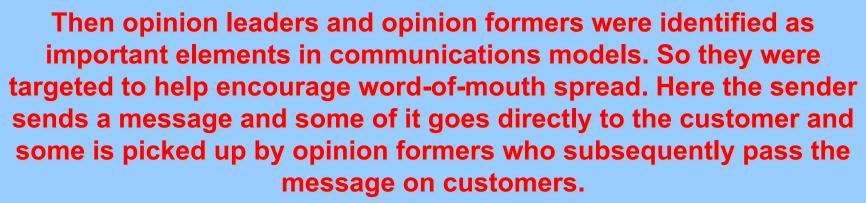
This is disintermediation

M

Disintermediation means taking out the middleman and allows 'pirating the value chain'. In reallity, many manufacturers had multi-channel policies doing some of all three.

### E-MODELS - Communication models

In the last millenium, mass communications models were popular - and the simple model looked-like:



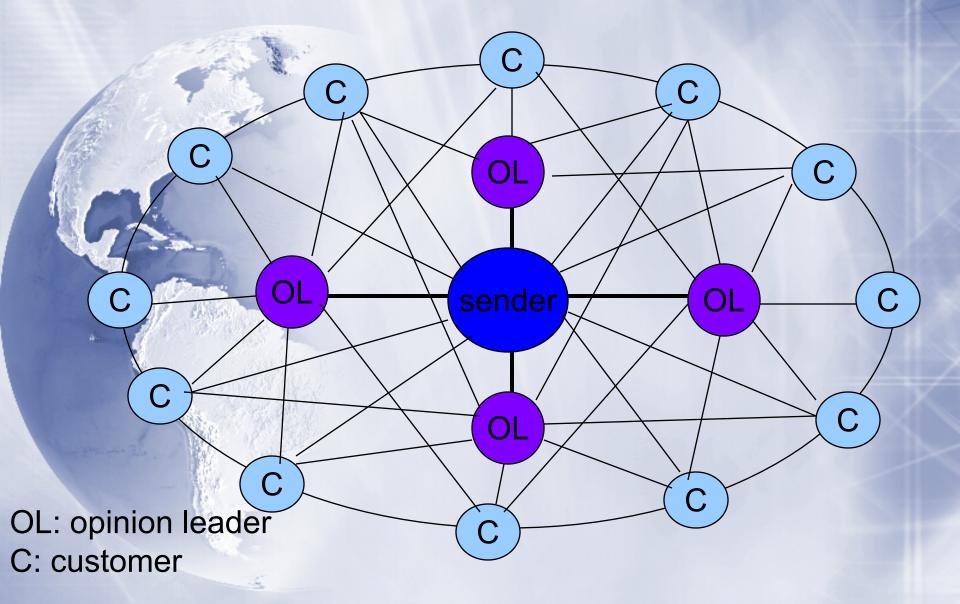
Add in some feedback and interaction and you've got converstations







### E-MODELS - Communication models



A web of conversations - accelerating word of mouth

#### E-MODELS - Communication models **m1** m2 m1m **m**5 m4 (A) (B) (C) C3 C3 content **INTERNET MEDIUM** M M

### E-MODELS - Buying models

#### **ISEE**

(online seminars and webcasts explaining the benefits of the product)

#### **¤TRY**

(online demonstrations of the suite)

#### **BUY**

(online purchase)

# E-MODELS Customer information processing

- **EXPOSURE** 
  - (is the message there long enough for a customer?)
- **ATTENTION** 
  - (what grabs the attention movement, colour, ...?)
- **COMPREHENSION** and PERCEPTION
  - (how does the customer interpret the stimulus?)
- **YIELDING** and ACCEPTANCE
  - (is the information accepted by the customer?)
- **RETENTION** 
  - (how well can the customer recall their experience?)

### E-MODELS - Loyalty models

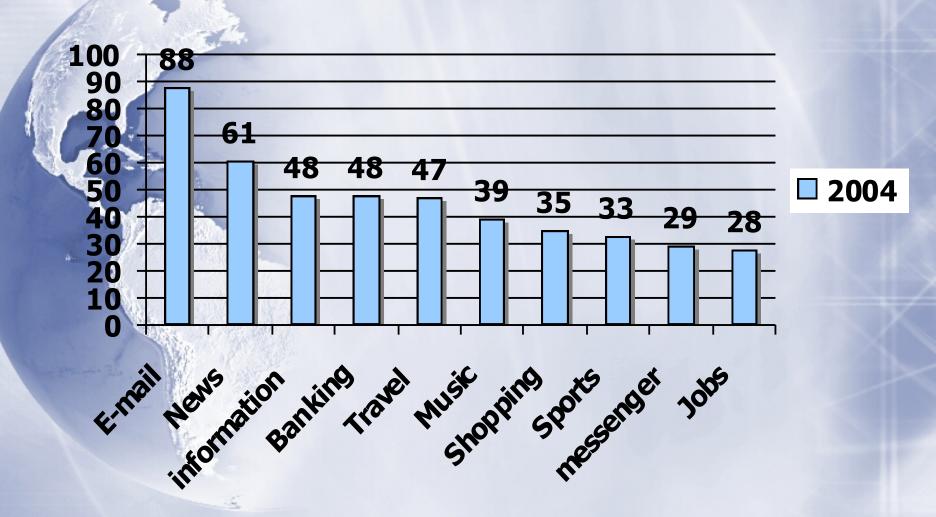




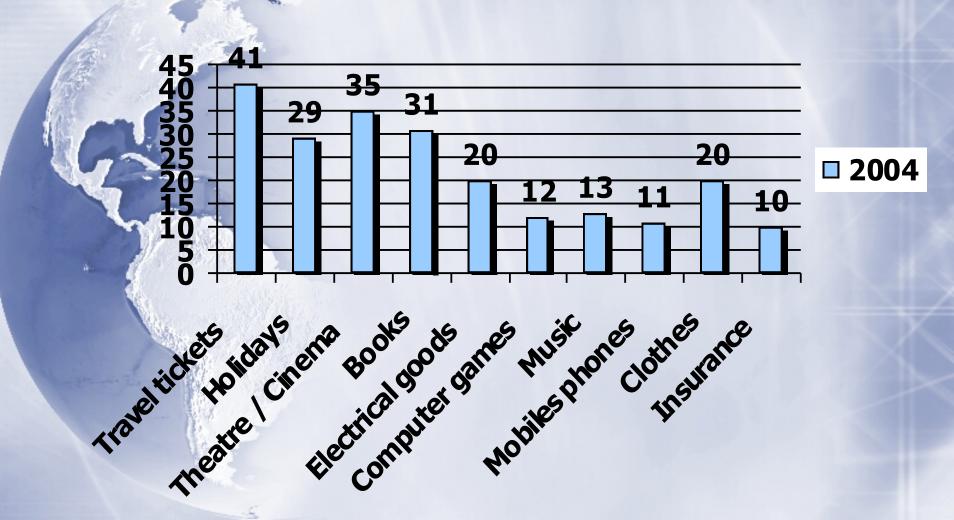








Popularity of online activities in Europe



Percentage of Internet users buying

#### **Responding to customer motivations**

Once you know why people go online:

- Find out why people buy and what are their aspirations and expectations
- Reflect the reasons, aspirations and expectations in your communications
- 3. Of course you have to be able to deliver the promised benefits
- 4. Otherwise repeat sales die

#### **Responding to customer motivations**

You have to consider the 6 Cs of customer motivation to help define the OVP (online value proposition)

- 1. Content
- 2. Customization
- 3. Community
- 4. Convenience
- 5. Choice
- 6. Cost reduction

### E-CUSTOMERS - Expectations

#### Online customers have raised expectations

- 1. Higher standards in terms of service
- 2. Convenience
- 3. Speed of delivery
- 4. Competitive prices
- 5. Choice
- 6. They also want to be in control, secure and safe

### E-CUSTOMERS - Expectations

#### **Customer expectations for an online retail purchase**

- 1. Easy to find what you're looking for by searching or browsing
- 2. Site easy to use, pages fast to download with no bugs
- 3. Price, product specification and availability information on site to be competitive and correct
- 4. Specification of date, time and delivery to be possible
- 5. E-mail notification when order placed and then dispatched
- Personal data remains personal and private and security is not compromised
- 7. Verification for high-value orders
- 8. Delivery on time
- 9. Returns policy enabling straightforward return

### E-CUSTOMERS - Fears & Phobias

## There is a some really fears associated with Internet:

- 1. Stolen credit card details
- 2. Hackers
- 3. Hoaxes
- 4. Viruses
- 5. SPAM
- 6. Lack of privacy (big brother syndrome)
- 7. Having his computer taken over remotely
- 8. ....

### E-CUSTOMERS - Fears & Phobias

## Guideline to achieve reassurance, gain trust and build loyalty:

- 1. Provide clear and effective statements
- 2. Follow privacy and consumer protection guidelines in all local markets
- 3. Make security of customer data a priority
- 4. Present independent site certification
- 5. Emphasize the excellence of service quality in all communications
- 6. Use content of the site to reassure the customer
- Leading-edge design

### E-CUSTOMERS - Online buying process



#### **REWARDS**

Loyalty schemes
Competitions
Newsletters
Reminder service
Extranet



#### **AWARENESS**

Featured products On-site banner ads Opt-in e-mail



#### SEARCH modes

Keyword Product code Browse



#### **SUPPORT**

E-mail notification FAQs Order history Knowledge base Diagostics tools



Personalized Re-buys 1-click



#### **DECISION**

Security guarantee
Service promise
Discounts
Store locator
Call to action



#### **EVALUATION**

Online products guides
Product configurations
Detailed infosheets
Product picture
Price, availability

### E-CUSTOMERS - Information processing

The best web site designs take into account how customers process information:

- 1. Exposure
- 2. Attention
- 3. Comprehension and perception
- 4. Yielding and acceptance
- 5. Retention

### E-CUSTOMERS - Loyalty

### 5 primary determinants of loyalty:

- 1. Quality customer supports
- 2. On-time delivery
- 3. Compelling product presentations
- 4. Convenient and reasonably priced, shipping and handling
- 5. Clear trustworthy privacy policies

### E-CUSTOMERS - Loyalty

#### Then delight the customer with:

- 1. Extra service and added value
- 2. Personalization
- 3. Community creation
- 4. Integration
- 5. Incentivization

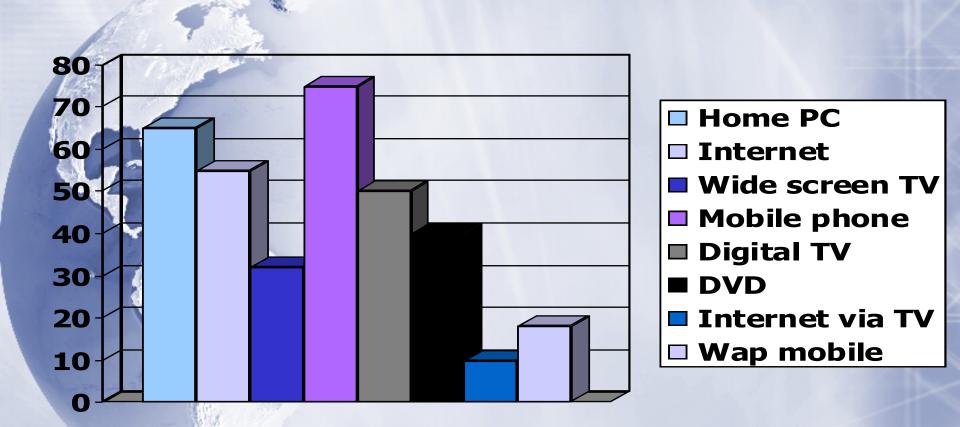
### E-CUSTOMERS - Communities

#### 8 useful questions to ask to create a community for customers:

- 1. What interests, needs or passions do many of your customers have in common?
- 2. What topics or concerns might your customers like to share with each other?
- 3. What information is likely to appeal to your customers' friends or colleagues?
- What other types of business in your area appeal to buyers or your products and services ?
- How can you create packages or offers based on combining offers from 2 or more affinity partners?
- 6. What price, delivery, financing or incentives can you afford to offer to friends that your current customers recommend?
- 7. What types of incentives or rewards can you afford to provide customers who recommend friends who make a purchase?
- 8. How can you best track purchases resulting from word-of-mouth recommendations from friends?

#### E-CUSTOMERS - Researching online **customer** Methodology Secondary **Primary Online** Offline Online Offline Quantitative Qualitative associations companies interviews observation surveys directories focus groups web analytics E-mail governments

### E-TOOLS - Introduction



#### What is Interactive Digital TV (IDTV)?

- It delivers more channels
- It delivers better pictures
- There is more interaction
- For marketers, this means better targeting and immediate opportunities to sell, to collect data and to develop relationships
- More chanel means a huge selection
- There is a channel for almost everyone
- Many niche TV channels will emerge as markets fragment and splinter into discrete interest groups (or microsegments) such as Manchester United TV

- More interaction means more shopping, browsing, banking, gambling, games, programme participation voting, text information services and e-mail.
- It's user-friendly, you don't have to be computer literate
- •i't's simple, intuitive navigation through remote control or console should make it easy for everyone to acces both programmes and the Internet.

#### **Benefits for marketer**

- Direct response mass market advertising
- Highly targetable
- Moves buyers through the complete buying process
- Audience engagement through interaction
- Brand building and positioning reinforcement
- Brand building through community building
- Customer service bottleneck reduction
- Security less risk associated with TV than web sites
- Controllable highly measurable
- Cost savings

	E-mail	Information searching	Browsing for fun	Buying products	Buying services	Downloading music/video	Sport news	Listening to radio	Online games	TV programme	Voting in TV shows
Via web	82	78	55	55	54	40	30	25	23	20	10
Via iDTV	3	2	10	3	3	1	10	20	10	30	15

### E-TOOLS - Digital radio

#### What is Digital radio?

- There are 2 types: digital radio and web radio
- Both are interactive
- Digital radio is also available through iDTV, mobile and in-car
- Digital radio is known as Digital Audio Broadcasting (DAB) radio
- Web radio is when existing broadcasts and streamed via the Internet and listened to using plug-ins such as Real Media or Windows Media Player

### E-TOOLS - Digital radio

#### What are the benefits?

Let's look these benefits in terms of the '4 Ss of e-marketing':

#### SELL

- Web radio is radio with a buy button!
- Hear and ad for CDs, concert or merchandise click immediatly and you have it

#### SIZZLE

- Radio has always been a good brand builder for the marketer
- Now it offers additional routes via new syndication and content deals, that mean new programmes ans also new sponsorship opportunities and even new radio station opportunities

### E-TOOLS - Digital radio

#### **SPEAK**

- There is already a dialogue with traditional radio (people phone in, e-mail in and snail mail in)
- Now they can click and respond instantaneously and marketers can see what's working and what's not instantaneously)
- They can continue the conversation later or join in a group discussion

#### **SERVE**

- Digital radio allows you to get extra information on a track
- Buy the track
- Interact with live shows
- vote

### E-TOOLS - Mobile (wireless) devices

#### WHAT'S WHAT

- •1980s : first generation of mobile phones : big bulky expensive analogue mobile
- These almost accidently created a new phenomenon called text messaging or SMS (short message service)
- Then came WAP, I-mode, GPRS, and EDGE, all offering greater speed and more interaction
- •And finally came the fird generation or 3G, mobiles which have a Single global standard wireless system called UMTS

### E-TOOLS - Mobile (wireless) devices

#### SMS

- Database building / direct response to ads / direct mail or on-pack
- Location-based services
- Sampling / trial
- Sales promotions
- Rewarding with offers for brand engagement
- Short codes
- Offering paid-for WAP services and content

### E-TOOLS - Interactive self-service kiosks

- Compact and robust, they can be placed virtually anywhere that attracts passing footfall of customers.
- This makes them ideal not just for sales and maketing, but public Information purposes and corporate communications.
- They can also be used in store by sales staff for demonstrations

### E-TOOLS - Interactive self-service kiosks

#### SELL

Kiosks can widen distribution and ultimately boost sales of both products and services.

#### SERVE

An interactive kiosk with full multimedia facilities can do everything a web site can do, better and faster.

#### **SPEAK**

Kiosks can trigger a dialogue with a customer by answering FAQs, engaging interactions and collecting data from customers which can be integrated with the Internet

### E-TOOLS - Interactive self-service kiosks

#### SAVE

Kiosks provide physical presence without the associated costs of staff and buildings

#### SIZZLE

Kiosks can simultaneously double up as brand icons and represent the brand in some manner, shape or form

### E-TOOLS - Convergence

# It's not so long ago tht a phone was a phone and computer a computer. Not any more CONVERGENCE IS HERE

PHONE PDA TV PC



- May be the same
- Can talk to each other with Bluetooth technology
  - Are media convergence

### SITE DESIGN - Introduction

#### WEB SITE DESIGN =

Function + Content + Form + Organization + Interaction

How can my web site help my customers?

- Help them buy something they need
- Help them find information
- Help them to save money
- Help them to talk to the organization
- Help them to enjoy a better web experience

### SITE DESIGN - Introduction

#### The 5 Ss

SELL: Growing sales can be achieved through effectively communicating our proposition and through making e-commerce facilities straightforward

SERVE: We can add value through designing easy-to-use interactive services that help customers in their work and customer

SPEAK: We can use the site to converse with and get closer to customers by providing tailored content and designing interactive facilities to create a dialogue

#### The 5 Ss

SAVE: Costs are saved through delivering online content and services that may have previously been achieved through print and post or face-to-face service and sales transactions.

SIZZLE: An excellent site design helps build the brand and reinforces the brand values through the type of content, interactivities and overall style, tone or feel.

#### **DESIGN PRIORITIES**

Customer acquisition - acquisition means winning customers, converting prospects into customers on site

Customer retention - retention means keeping customers, ensuring they repeat buy. Timely, personalized and relevant e-mails and offers can bring them back to you via the site

<u>Customer extension</u> - extension means extending the share of wallet. Selling other relevant products and services to the same customer

#### **KEY VARIABLES**

High quality content

Ease of use

Quick to download

**Updated frequently** 

#### **AIDA**

<u>ATTENTION</u>: the site must grab attention when th visitor actually arrives

INTEREST: the site must provide more detailed to gain interest

<u>DESIRE</u>: choose → buy → fulfilment

**ACTION**: action should be clear and easy to use

# SITE DESIGN - Aesthetics

Aesthetics =

graphics

- + colour
  - + style
- + layout and typography

- Compagny name and logo for identify
- Menus and submenus for navigation
- •Footer for reference to copyright and privacy information
- Page title for content

Logo Page title Main content Menu Footer

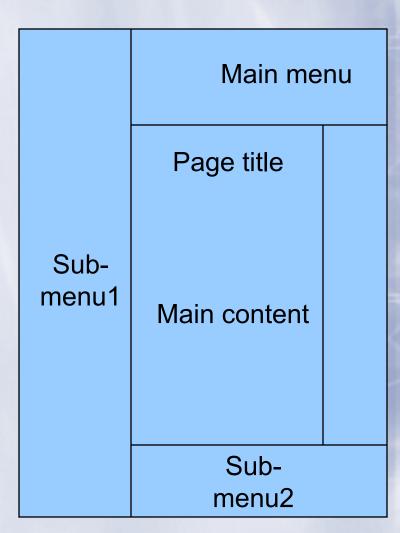
Logo	Main menu
	Page title
Sub- menu	Main content
	Footer

Logo Menu

Page title

Main content

Footer



10 good deeds in web site design

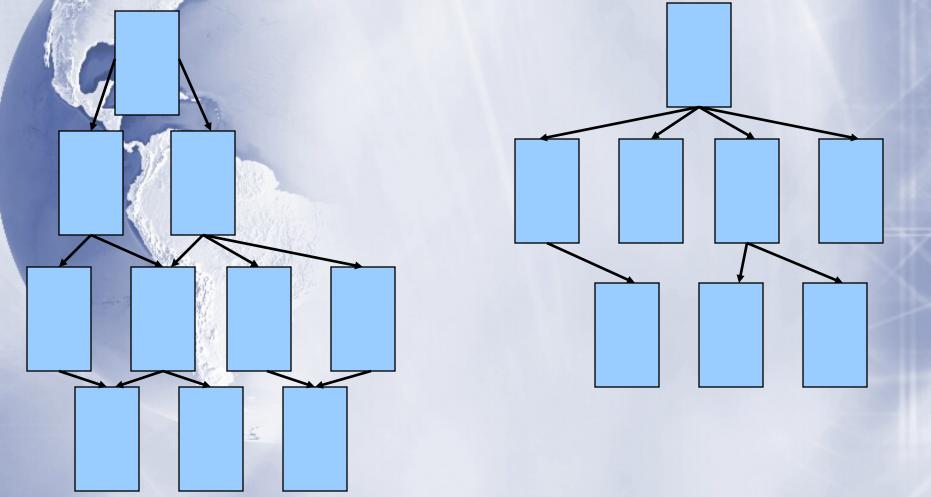
- 1. Place your name and logo on every page and make the logo a link to the home page
- 2. Provide search if the site has more than 100 pages
- 3. Write straightforward and simple headlines and page titles that clearly explain what the page is about and that will make sense when read out of context in a search engine results listing
- 4. Structure the page to facilitate scanning and help users ignore large chunks of the page in a single glance: for example, use grouping and subheadings to break a long list into several smallers units

- 5. Instead of cramming everything about a product or topic into a single, infinite page, use hypertext to structure the content space into a starting page that provides an overview and several secondary pages that each focus on a specific topic
- 6. Use product photos, but avoid cluttered and bloated product family pages with lots of photos
- 7. Use relevance-enhanced image reduction when preparing small photos and images: instead of simply resizing the original image, zoom in on the most relevant detail and use a combination of cropping and resizing

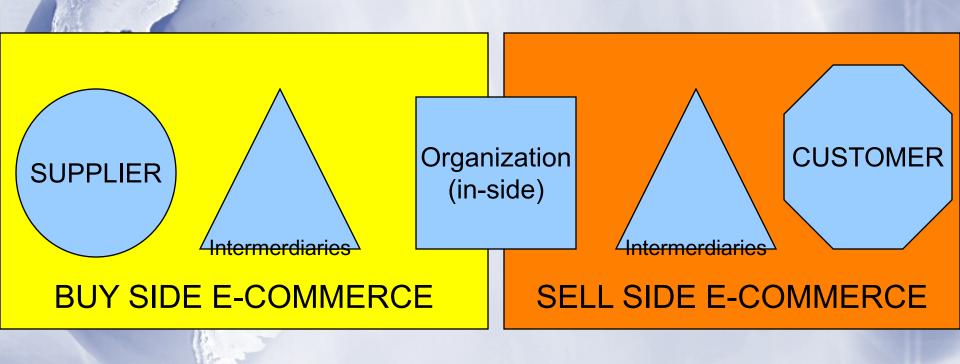
- 8. Use link titles to provide users with a preview of where each lonk will take them, before they have clicked on it.
- 9. Ensure that all important pages are accessible for users with Disabilities, especially visually impaired users
- 10. Do the same as everybody else: if most big websites do something in a certain way, then follow along since users will expect things to work the same on your site

# SITE DESIGN - Navigation & structure

Ease of use = structure + navigation + page layout + interaction



### E-BUSINESS - Framework



### E-BUSINESS - Framework

#### Eleven different types of business model

- 1. E-shop mkt of a company or shop via web
- 2. E-procurement electronic trendering and procurement of good and service
- 3. E-malls a collection of e-shops.
- 4. E-auctions these can be for B2C
- 5. Virtual communities these can be B2C or B2B communities
- 6. Collaboration platforms collaboration between businesses or individuals
- 7. Third party marketplaces
- 8. Value-chain integrators offer a range of services across the value-chain
- 9. Value chain service providers
- 10. Information brokerage providing information
- 11. Trust and other services authenticate the quality of service

### E-BUSINESS - Framework

#### Marketplace position

Manufacturer or primary service provider

Reseller / retailer (intermediary)

Marketplace / exchange (intermediary)

Supply chain provider or integrator

Not-for-profit organization

#### Revenue model

Direct product sales of product or service

Subscription or rental of service

Commission-based sales (affiliate, auction, marketplace)

Advertising (banner ads, sponsoships)

#### Commercial model

Fixed price sale

Brokered or negociated deal

Auction or spot

Alternative perspectives on business and revenue models

### E-BUSINESS - Creating

#### Seven steps to e-business

- Establish the vision
   Where you want to be, how you want your business to grow?
- 2. Get senior management support Brand new, mixed mode clicks and mortar, pure play dotcom
- 3. Select a project team and analyse requirements Strong project leader and cross-functional team
- 4. Revisit the value network
  What business are we in & what are our core competencies?
- 5. Design an E-business architecture
  What are the processes involved in running the business?
- Develop, pilot, train and roll out Integrated applications obviously have to be developped
- 7. Benchmark, measure and monitor

### E-BUSINESS - success criteria

#### Nine success criteria

- 1. A clicks and mortar parent provides cash flow and resources
- An existing brand provides brand awareness and a customer base
- 3. Existing management team and structure
- 4. Value network already in place
- 5. If not, ability to find suppliers and partners to create the value network for fulfilment
- 6. E-business enables re-engineering of existing business
- 7. Realistic pace of development
- 8. E-business operates in a marketable niche
- 9. Additional benefits of bricks and mortar

### E-CRM - relationship

### **Building one-to-one relationship**

- 1. Customer identification
- 2. Customer differentiation
- 3. Customer interaction
- 4. Customized communications

### E-CRM - relationship

### Relationship marketing is at the heart of e-crm.

It requires:

- 1. A longer term perspective
- 2. A life-time value perspective built on permission
- 3. Trust, listening and responding to customers to build longer
  - 4. Lasting success



All relationships can get stale unless you work hard at it

**DRAMA** 

- 1. Dialogue
- 2. Relevancy
- 3. Accuracy
  - 4. Magic
  - 5. Access



### E-CRM - relationship

### **CRM** cycle

- 1. Attract
- 2. Capture data
  - 3. Get closer
- 4. Embrace them
- 5. Golden handcuffs

### E-CRM - relationship

