Principles of Marketing *(Kotler)*
Chapter 18 - *Marketing in the Digital Age*

Learning Goals

Be able to identify the major forces shaping the new digital age.

Understand how companies have responded to the Internet with e-business strategies.

Be able to describe the four major e-commerce domains.

Understand how companies use e-commerce to profitably deliver greater value to customers.

Realize the promise and challenges that e-commerce presents for the future.

Case Study Amazon.com

Started in July 1995 selling books

One of the best known names on the Web

Profitability has been a challenge

Customer-driven company which strives to design the best customer experience on the Web

The first to use collaborative filtering technology for customer recommendations

With its slow earning, can its business model make it the Wal-Mart of the Web?

Major Forces Shaping the Digital Age

- Digitalization and Connectivity

      The flow of digital information requires connectivity

           Intranets, Extranets, and the Internet

- The Internet Explosion

      Key driver of the digital age

      Using the Web to find information on major life decisions

- New Types of Intermediaries

      The click-and-mortar business model has been highly successful

- Customization

      Firms are individualizing their products, services, messages and media

      True customization is when a consumer designs their own offering or product

Marketing Strategy in the Digital Age

- E-business:

      Uses electronic means and platforms to conduct business.

- E-commerce:

      Buying and selling processes supported by electronic means.

- E-marketing:

      Includes efforts that inform, communicate, promote, and sell products and services over the
         Internet.

E-commerce benefits both buyers and sellers

- Buyer Benefits of E-Commerce:

      Convenience

      Easy and private

      Greater product access/selection

      Access to comparative information

      Interactive and immediate

- Seller Benefits of E-Commerce:

      Relationship building

      Reduced costs

      Increased speed and efficiency

      Flexibility

      Global access, global reach

E-Commerce Domains

E-Marketing Domains

	Targeted to consumers	**Targeted to businesses**
Initiated by businesses	*B2C*	*B2B*
Initiated by consumers	*C2C*	*C2B*

Major Domains

    >>B2C

    Online consumers

      - Now more mainstream and diverse

        Has created new e-commerce targeting opportunities

        Online behavior differs by age

      - Online consumers differ from traditional off-line consumers

        They initiate and control the exchange process

        Value information highly

    >>B2B

    B2B sales far exceed B2C sales

      B2B sales are estimated to reach $4 trillion in 2005

    Open trading networks

      E-marketspace bringing sellers and buyers together

    Private trading networks

      Links sellers with their own trading partners

    >>C2C

    C2C web sites help consumers exchange goods or information

      eBay is one example

    Blogs

      Allows interchanges of information for special interest groups

      Highly credible for advertisers

>>C2B

Allow consumers to search out sellers, learn about offers, initiate purchase, or dictate purchase terms

    Ex: Priceline.com

Some sites facilitate the feedback process between customers and companies

    Ex: Planetfeed.com

Conducting E-Commerce

- Click-Only-Competitors

    E-tailers, search engines and portals, ISPs, transaction sites, some content sites, enabler sites

- Dot.coms failed for many reasons

    Lack of planning and research

    Did not develop marketing strategies and spent lavishly off-line on mass marketing

    Overemphasis on acquisition vs. retention

    Low margins

- Click-and-Mortar Companies

    Channel conflict was initially a concern

    E-commerce often created new customers, rather than cannibalizing existing ones

    Many firms now enjoy greater success than their click-only competition

        Trusted brand names, greater financial resources, larger customer base, industry knowledge, and strong supplier relationships were key advantages

---

Setting up for E-Marketing

- Creating Websites

Corporate websites

    Build goodwill and relationships; generate excitement

Marketing websites

    Engage consumers and attempt to influence purchase

Website design

    7 C's of effective website design

        Conducting E-Commerce

        Context

        Content

        Community

        Communication

        Connection

        Commerce

        Customization

- Placing online ads and promotions

Online forms of ads and promotions

       Banner ads/tickers

       Skyscrapers

       Interstitials

       Content sponsorships

       Microsites

       Viral marketing

Future of online ads

- Creating or using Web

Web communities allow members with special interests to exchange views

       Social communities

       Work-related communities

Marketers find well-defined demographics and shared interests useful when marketing

- Using e-mail

E-mail marketing

       Key tool for B2B and B2C marketing

       Clutter is a problem

       Enriched forms ofe-mail attempt to break through clutter

       Spam is a problem

Promise and Challenges of E-Commerce

- The Promise of E-Commerce

       Online marketing will become a successful business model for some companies

       The question is "how," not "whether," to deploy Internet technology

       The Internet should be used as one approach or tool in the fully integrated marketing mix

- Challenges: The Web's Darker Side

       Few B2C companies are profitable

           Limited exposure, skewed demographics

           Navigating the Web is often problematic

- Challenge: Legal and Ethical Issues

       Online privacy and security concerns

       Internet fraud, the digital divide, access by vulnerable or unauthorized groups