

Marketing

Electronic Commerce

Objectives

- Marketing basics
- Advertising on the web
- Search engine positioning and domain name

Marketing basics

- Marketing mix: Element combination to achieve goals
 - Selling and promoting products and services
- Four Ps of marketing
 - Product
 - Price
 - Promotion
 - Place
- Marketing strategies
 - Product-based
 - Customer-based

Marketing basics

- Communicating with Different Market Segments
 - Physical world
 - Use building construction and floor space design
 - Online firm
 - No physical presence
 - Customer contact through media and Web site
 - Communications media selection is critical
 - Online firm challenge
 - Customer trust with no physical presence

Marketing basics

- Trust and communication media

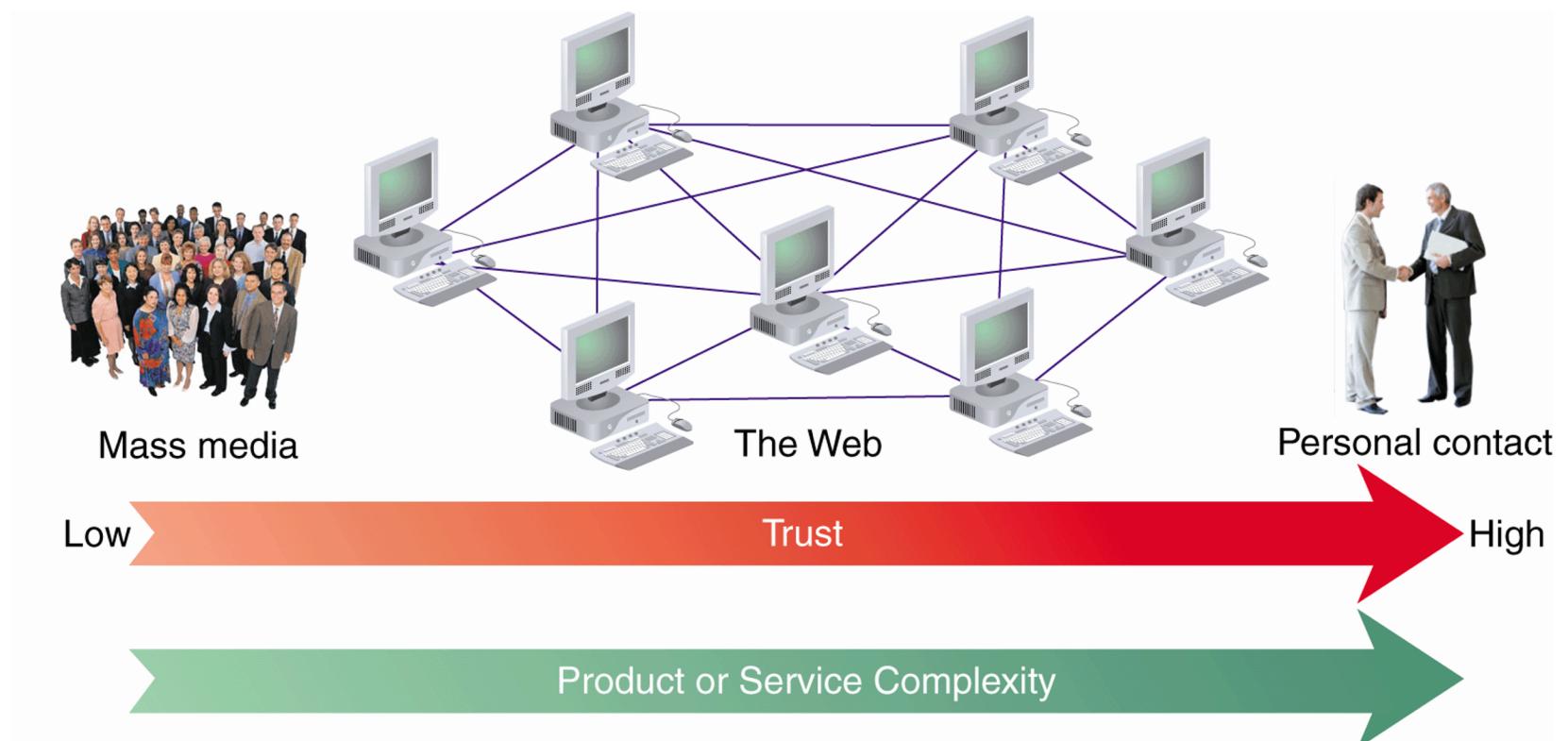


FIGURE 4-4 Trust in three information dissemination models

Market segmentation

- Identify specific portions of their markets and target them with specific advertising messages
 - Micromarketing
 - Geographic segmentation
 - Demographic segmentation
 - Psychographic segmentation
- Internet users segmentation
 - Simplifiers
 - Surfers
 - Bargainers
 - Connectors
 - Routiners
 - Sportsters

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Advertising on the web

- Five-stage customer loyalty model

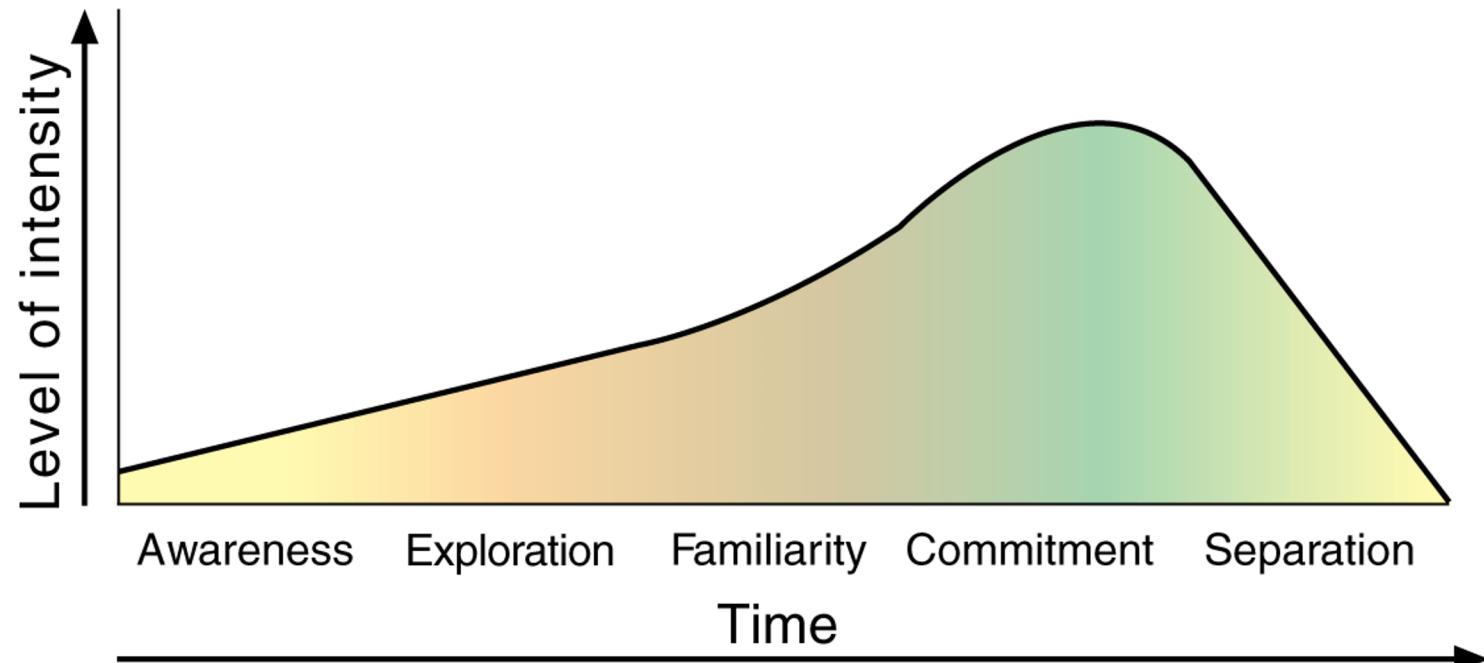


FIGURE 4-6 Five stages of customer loyalty

Advertising on the web

- Advertising: communication
- Five-stage customer loyalty model
 - Awareness stage
 - Advertising message should inform
 - Exploration stage
 - Message should explain how product, service works
 - Encourage switching brands
 - Familiarity stage
 - Message should be persuasive
 - Commitment stage
 - Reminder messages
 - Separation stage
 - Not targeted

Advertising on the web

- Banner ad
 - Small rectangular object on Web page
 - Displays stationary or moving graphic
 - Includes hyperlink to advertiser's Web site
 - Versatile
 - Leaderboard ad: designed to span Web page top or bottom
 - Skyscraper ad: designed to be placed on Web page side => Remains visible as user scrolls through page
 - Banner ad placement
 - Use a banner exchange network
 - Pay sites to carry ad
 - Use a banner advertising network

Advertising on the web

- Text ads
 - Short promotional message
 - Usually placed along Web page top or right side
 - Simple but very effective
- Pop-up ad
 - Appears in its own window
 - Extremely annoying
- Ad-blocking software
 - Prevents banner ads and pop-up ads from loading
- Rich media ads (active ads)
 - Generate graphical activity that “floats” over the Web page itself

Advertising on the web

Online advertising cost

- Cost-per-click (CPC) Pricing – Pay only when someone clicks on your ad; best-suited to online ad campaigns where your goal is to drive traffic to your website.
- Cost-per-impressions, Cost-per-thousand impressions (CPM) Pricing – Pay for ad views (bidding for one thousand views); best-suited to brand awareness campaigns where you want your ad to be seen as often as possible by your target audience.
- Cost-per-acquisition (CPA) Pricing – Set a target CPA and pay when your ad leads to a conversion; use this option if your end goal is sales or other online transactions.
 - Cost per thousand (CPM)
 - “M” from Roman numeral for “thousand”
 - Dollar amount paid for every thousand people in the estimated audience
 - Measuring Web audiences (complicated)
 - Web’s interactivity
 - Value of visitor to an advertiser

Advertising on the web

- Some popular metrics
 - Visit: occurs when visitor requests a page from Web site
 - Trial visit: first time a particular visitor loads Web site page
 - Repeat visits: subsequent page loads
 - Ad view: occurs if page contains an ad
 - Impression: each time banner ad loads
 - Click (click-through): action whereby visitor clicks banner ad to open advertiser's page
- **Click-through rate (CTR)** is the **ratio** of users who click on a specific link to the number of total users who view a page, email, or advertisement. It is commonly used to measure the success of an online advertising campaign for a particular website as well as the effectiveness of email campaigns.
- **Conversion rate** is the percentage of visitors to your website that complete a desired goal (a conversion) out of the total number of visitors.

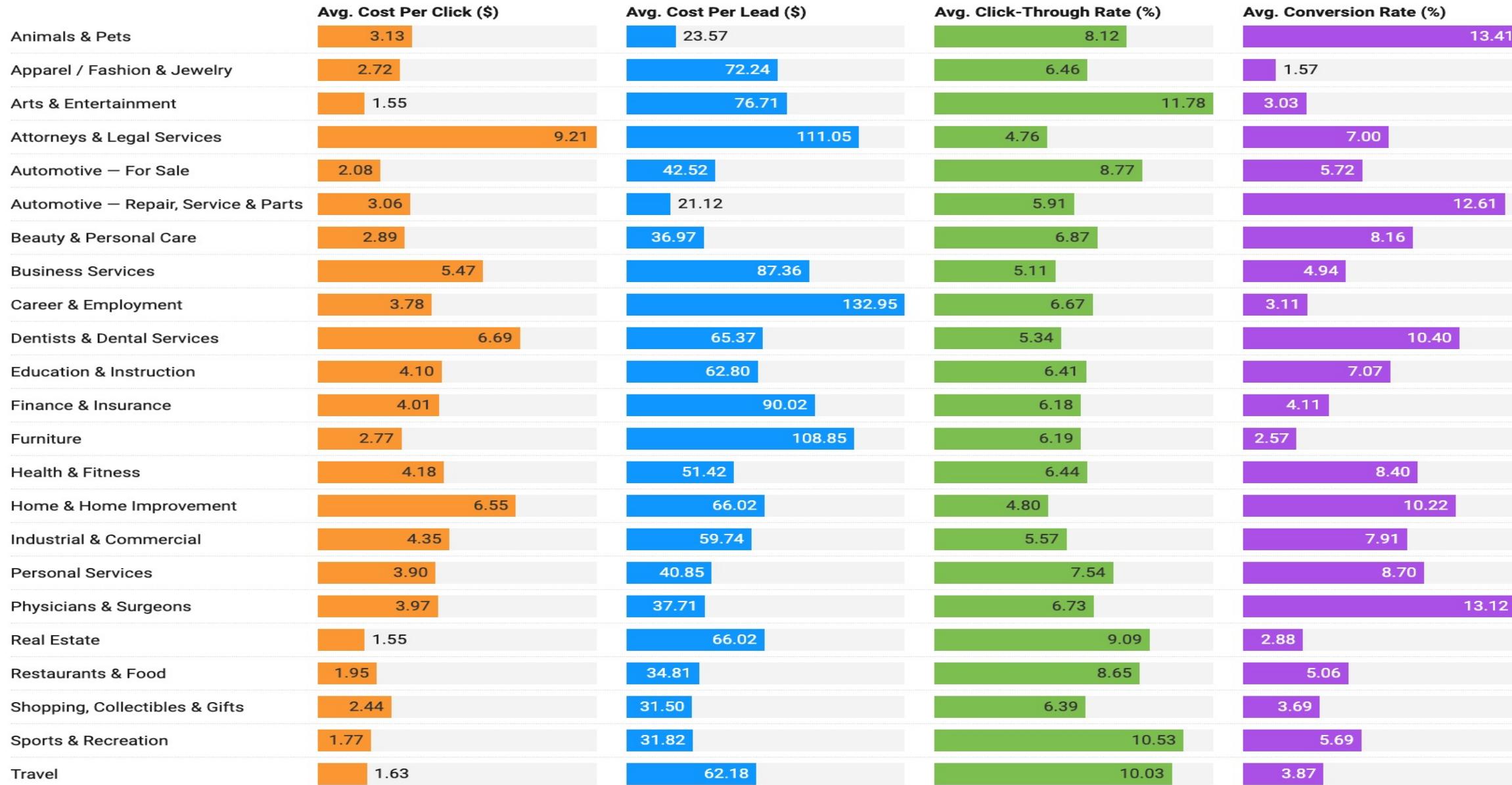
Advertising on the web

Medium	Description	Total cost	Audience size	Cost per thousand (CPM)
Network television	30-second commercial	\$80,000–\$600,000	10 million–20 million	\$5–\$30
Local television station	30-second commercial	\$1000–\$50,000	50,000–2 million	\$3–\$25
Cable television	30-second commercial	\$3000–\$10,000	100,000–500,000	\$8–\$20
Radio	60-second commercial	\$200–\$1000	50,000–2 million	\$1–\$18
Major metro newspaper	Full-page ad	\$20,000–\$80,000	100,000–600,000	\$80–\$130
Regional edition of a national magazine	Full-page ad	\$5000–\$50,000	50,000–900,000	\$40–\$80
Local magazine	Full-page ad	\$2000–\$10,000	3000–80,000	\$100–\$140
Direct mail coupon pack	Mailed in letter-sized envelope	\$100–\$3000	10,000–200,000	\$15–\$20
Billboard	Highway billboard	\$5000–\$25,000	100,000–3 million	\$2–\$5
World Wide Web	Banner ad	\$100–\$2,000	10,000–50 million	\$1–\$50
World Wide Web	Rich media ad	\$200–\$1 million	10,000–50 million	\$18–\$50
World Wide Web	Text ad	\$100–\$2,000	10,000–50 million	\$1–\$200
World Wide Web	Site sponsorship	\$300–\$2 million	10,000–50 million	\$30–\$75
Targeted e-mail	Single mailing	\$50–\$150,000	10,000–10 million	\$5–\$15

FIGURE 4-9 CPM rates for advertising in various media

Search Advertising Benchmarks 2023

Average CPC, CPL, CTR, CVR



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- Search engine positioning and domain name

Search engine positioning and domain name

- Ways that potential customers find Web sites
 - Referred by friend
 - Referred by affiliate marketing partner
 - See site's URL in print advertisement, television
 - Arrive unintentionally after mistyping similar URL
 - Use a search engine or directory Web site

Search engine positioning and domain name

- Search engine
 - Web site that helps people find things on the Web
 - Contains three major parts
 - Spider (crawler, robot, bot): program automatically searches the Web to find potentially interesting Web pages for people
 - Index (database): storage element of search engine
 - Search utility: takes terms, finds matching Web page entries in index

Search engine positioning and domain name

- Search engine ranking
 - Weighting of factors: factors to decide URLs that appear first on searches for a particular search term
- Search engine positioning (search engine optimization, search engine placement)
 - Results from the combined art and science of having a particular URL listed near the top of search engine
- Paid placement (sponsorship, search term sponsorship)
 - Option of purchasing top listing on results pages for a particular set of search terms

Search engine positioning and domain name

- Website naming issues
 - Companies would like URLs for their Web sites to reflect name or reputation
 - Troublesome domain names
 - Purchase more suitable domain names
 - Companies often buy more than one domain name
 - In case user misspells URL: redirected to intended site
 - Have different names or forms of names

Search engine positioning and domain name

- Buying, selling, and leasing domain names
 - Recently, higher prices have prevailed in the market for domain names

Domain name	Price
Business.com	\$7.5 million
Altavista.com	\$3.3 million
Loans.com	\$3.0 million
Wine.com	\$3.0 million
Autos.com	\$2.2 million
Express.com	\$2.0 million
WallStreet.com	\$1.0 million

FIGURE 4-16 Domain names that sold for more than \$1 million



End of chapter 4
