MKTG 306 EXAM REVISION

Final exam: 6 short answer questions
3 hours + 10 minutes reading time
1 page, double sided, handwritten

LECTURE 1- Introduction to E-business marketing: Past, present, future

What is e-marketing?

'E-marketing is the use of information technology for the marketing activity, and the process for creating, communicating, delivering and exchanging offerings that have value for customers/clients/partners and society at large.'

Core marketing concepts
- Needs, wants and demands > products > value, satisfaction and quality > exchange, transactions and relationships > markets

Marketing process
Create value for customers and build customer relationships > capture value from customers in return
Understand the marketplace and customer needs and wants > design a customer-driven marketing strategy > construct an integrated marketing program that delivers superior value > build profitable relationships and create customer delight

> Capture value from customers to create profits and customer equity

Strategy and the Internet
Powerful tool that can support or damage your firm's strategic positioning; creates new industries and reconfigures existing ones

How important is the Internet in marketing?
- Faster, cheaper, more personalised interactions
- Reduces customer search costs
- Seamless communication over any distance
- Everywhere, anytime 24/7
- Transforms a predominately one-way broadcast model

What fundamental changes has the internet brought to marketing?
- The **balance of power is shifting to buyers**—one of the most fundamental changes to marketing. Marketers have practically lost control of brand images due to blogs, online bulletin boards, and other online communication, and must consistently underpromise and overdeliver. Other changes:
- **Market fragmentation.** The Internet put finality to this trend by extending to its ultimate—a market size of one customer—and prompted marketers to create products and communication to small target groups.
- **Death of distance.** Geographic location is no longer a factor when collaborating with business partners, supply chain firms, or customers, or just chatting with friends.
- **Time compression.** Time is not a factor with Internet communication between firms and their stakeholders. Online stores can be open 24/7; people can communicate as their schedules permit; times zones disappear for managers collaborating with partners on other continents.
- **Critical knowledge management.** In the digital world, customer information is easy and inexpensive to gather, store, and analyze. Managers can track marketing results as plans are implemented, receiving play-by-play reports. However, turning huge databases into meaningful knowledge to guide strategic decisions is a major challenge.
- **Interdisciplinary focus.** Marketers must understand technology to harness its power. They do not have to personally develop the technologies, but they need to know enough to select appropriate suppliers and direct technology professionals.

How e-marketing has shifted control from the company to the customer

- Customers are more demanding than ever as they are just one click away from a plethora of global competitors, all vying for their business > broader marketplace with increased amount of choice, comparison shopping for best prices, access to information is greater than ever

- The Internet's social media (social networks, blogs, wikis) provide a communication platform where individual comments about products can spread like wildfire in a short time and quickly enhance or damage a brand's image thus consumers are more in charge and this power shift means companies must be transparent, be authentic, monitor online discussion about brands and engage customers to help improve products (a strategy called crowdsourcing)

- Consumers and business customers' word of mouth has long been a powerful market force but now individuals are not limited to their friends, colleagues and families > internet allows a disgruntled customer to tell a few thousand friends

with one mouse click- consumers trust each other more than companies > found to be more credible and trustworthy as they are viewed as people who share values and interests and not focused on making a profit

- Marketers are less able to capture the attention of consumers with traditional media such as television and with digital video recorders and entertainment and information available on demand through websites such as Netflix, iTunes and TV network websites; consumers have the ability to fast forward through commercials, choose what they want to view, choose what they are exposed to, harder to gain inform, remind and persuade consumers of offerings

E-marketing's Past: Web 1.0
1969: Internet started as the ARPANET, a network for academic and military use
1990's: Commercialisation of the web, Sir Tim Berners-Lee invented the World Wide Web
1993: Release of HTML
Gold rush, massive commercial growth of the Internet referred to 'web bubble'

The bursting of the bubble (dot.com bust)- Between 2000-2002, more than 500 Internet firms hut down in the US. High profile bankruptcies in US e.g. Webvan, e-Toys, Kosmo, Pets.com amongst increasing web growth of B2C e-commerce

Key points in Web history form 2002 forward
2002: Release of Flash Player 6, 2003: Launch of MySpace social network, 2004: Amazon.com announced first annual profit, launch of Facebook, 2005: YouTube > transformation of Web
Web 1.0: Connecting people to computer networks- content creator makes a webpage and the content consumer views it

E-marketing Today: Web 2.0
Web 2.0: Set of applications and technologies that allows users to create, edit, and distribute content; share preferences, bookmarks, and online personas; participate in virtual lives; and build online communities

- **Customer engagement:** Participation, co-creation; internet users connect or collaborate with brands, companies and each other on an emotional and intellectual level. E.g. through crowdsourcing, it involves consumers uploading videos or photos, posting comments on a blog, becoming a fan of the brand's Facebook page and voting on a poll > buyers are engaged with the company's content and become more attentive and often feel more favourable toward the brand

- **Content marketing:** Strategy involving creating and publishing content on websites and in social media. CONTENT IS KING ONLINE- connections are critical in this climate of high broadband connectivity and intellectual capital rules. Aim to create engaging content that entices users to visit and consume the information or entertainment

- **Inbound marketing:** Customers are seldom reachable in large quantities in traditional media such as television and are all over the Internet in social media; customers no longer appreciate marketing messages that interrupt them from what they are doing. Concept of inbound marketing is about getting found online as opposed to interrupting customers with outbound marketing to get them to pay attention to ads, website and products. Through traditional and online media advertising, trade shows and email blasts. Components of inbound marketing are content e.g. blogs, videos, e-books, social networks and search engine optimization techniques to help get the social media or website to come up on the first page of results for a keyword search. A number of performance metrics can used: number of site visitors, click throughs- to better measure site engagement- amount of conversation on a topic for a specific time period, number of growth of fans, followers and friends, 'likes', rate of 'pass-along' for videos and other content, number of ratings, reviews, amount of interaction with a webpage

  Examples of Web 2.0 applications and sites: Mini-homepages, personal messaging service, a music player and photo, video and bookmark sharing on blogs and Facebook, Twitter, Pinterest

Common characteristics of Web 2.0 applications and sites: User and consumer generated content, easy search capability, highly interactive, rely on broadband connectivity, attract large audiences

Web 2.0: Every user is both content creator and consumer and they share with one another

E-marketing Future: Web 3.0
- Will ultimately be seen as applications which are pieced together, run on any device, are very fast, are distributed virtually
- **Semantic Web:** Provides a common framework that allows data to be shared and reused across application, enterprise and community boundaries. Collaborative effort led by W3C with participation form a large number of researchers and industrial partners
- Defined by better technology and web applications and automatic receipt of individual data to any connected device

Key trends: Appliance convergence- the receiving appliance is separate from the media type e.g. computers can receive digital radio and TV, TV sets can receive the Web, cloud computing to continually grow with most data being stored in the 'cloud' for accessibility to any internet connected device, increased wireless networking, wearable internet devices- computing that delivers data through goggles, wristbands and other devices, interactive media will cannibalise traditional media

Web 3.0: Individual data presented and shared as desired

LECTURE 2- Strategic E-marketing and E-business Models

How to deploy Internet technology?
- **Key strategic options for a company in relation to the importance of the Internet as a channel**
'Bricks and mortar'- Information only, low % of online revenue contribution, limited organisational change required
'Bricks and clicks'- Mix of on and offline transactions and customer service, medium % online revenue contribution, medium organisational change required
'Majority clicks'- All transactions and customer service online, high % online revenue contribution, radical organisation change required

4 levels of commitment to e-business
Activity- Lowest level, focused on efficiency and cost reduction if automated using IT or the Internet e.g. email usage, online purchasing- a company which has minor uses for an e-business model like a local convenience store (OPERATIONAL)

Business Process- Third level, focused on effectiveness- customer retention, knowledge management, database marketing and community building online e.g. Lowe's (OPERATIONAL- used for committing business processes such as accounting and marketing online- MYOB and CRM systems)

Next two levels focused on business transformation- building competitive advantage, industry redefinition
Enterprise- Second level, company has a lot invested in their e-business models and automate many business processes in a unified system but aren't only Internet based i.e. have both an online and offline presence like most retailers such as Target. Main e-business models include e-commerce, social networking and online broker (online exchange and online auction (STRATEGIC)

Pure Play- Highest level of commitment to e-business and involves companies that began on the Internet and conduct their business purely online. The key to pure play success is offering greater customer value. E.g. Ebay, Twitter, Amazon.com. Ebay offers a wide variety of features and services that enable members to buy and sell on the site quickly and conveniently. Buyers have the option to purchase items in an auction-style format or items can be purchased at fixed price through a feature called Buy-It-Now. Ebay is dedicated to its community of members whom can review, comment and rate suppliers, which helps to enhance the trading experience (STRATEGIC)

The 5 S's of Internet Marketing
Benefits of e-marketing (and measures)
- Sell: Grow Sales (customer acquisition and retention targets)
- Serve: Add Value (customer satisfaction targets)
- Speak: Get closer to customers (trialogue, number of engaged customers)
- Save: Save costs (quantified efficiency gains)
- Sizzle: Extend the brand online (Site stickiness, visit duration)

- **How does e-marketing strategy relate to other strategy development?**
Using the Internet to support different organisational growth strategies
Existing markets, existing products: Market penetration strategies
Existing markets, new products: Product development strategies
New markets, existing products: Market development strategies
New markets, new products: Diversification strategies

- **What approaches can be used to develop e-marketing strategy?**
Strategic planning, key performance indices/metrics
Strategic planning: Process of developing and maintaining a strategic fit between the organisation's goals and capabilities in the light of changing marketing opportunities
E-business strategy: Deployment of enterprise resources to capitalize on technologies for reaching specified objectives that ultimately improve performance and create sustainable competitive advantage; design of marketing strategy that capitalizes on the organisation's electronic or IT capabilities to reach specific objectives
Strategic fit: Organisational resources suited to the markets in which it operates, O.R needed for implementation of the strategy, strategy adapted to the needs and requirements of the market

E-marketing planning process
E-marketing plan: Blue print for e-marketing strategy formulation and implementation
ESP framework: Illustrates the relationships among Environment, Strategy and Performance
1. Situation analysis
2. E-marketing strategic planning
3. Objectives
4. E-marketing strategy
5. Implementation plan