INTERNET MARKETING

Daniela Andreini
<table>
<thead>
<tr>
<th>time</th>
<th>date</th>
<th>day</th>
<th>subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.30-4.30 pm</td>
<td>May 20</td>
<td>Tue</td>
<td>Introduction to Internet Marketing and E-commerce</td>
</tr>
<tr>
<td>1.30-4.30 pm</td>
<td>May 22</td>
<td>Thu</td>
<td>Internet and E-commerce: diffusion and practice</td>
</tr>
<tr>
<td>9.00-11.00 am</td>
<td>May 23</td>
<td>Fri</td>
<td>Internet Marketing Plan_ Research online</td>
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<td>1.30-4.30 pm</td>
<td>May 27</td>
<td>Tue</td>
<td>Internet Marketing Plan_ Target and E-business model</td>
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<td>May 29</td>
<td>Thu</td>
<td>Internet Marketing Plan_ E-business model</td>
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<td>9.00-11.00 am</td>
<td>May 30</td>
<td>Fri</td>
<td>Branding online: target, values and benefits</td>
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<td>1.30-4.30 pm</td>
<td>June 3</td>
<td>Tue</td>
<td>Internet Marketing Plan_Tactical Decisions</td>
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<tr>
<td>1.30-4.30 pm</td>
<td>June 4</td>
<td>Wed</td>
<td>Company Visit</td>
</tr>
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<td>9.00-11.00 am</td>
<td>June 6</td>
<td>Fri</td>
<td>Internet Marketing Plan_ Web Site Communication</td>
</tr>
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<td>1.30-4.30 pm</td>
<td>June 10</td>
<td>Tue</td>
<td>Internet Marketing Plan_ Adv online</td>
</tr>
<tr>
<td>1.30-4.30 pm</td>
<td>June 11</td>
<td>Wed</td>
<td>Internet Marketing Plan_ Positioning</td>
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<tr>
<td>9.00-11.00 am</td>
<td>June 13</td>
<td>Fri</td>
<td>TEST</td>
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</table>
What does mean Internet to business?

- For EasyJet: a marketplace
  www.easyjet.com

- For CISCO System: the way to do business
  www.cisco.com

- For UPS: an e-commerce channel
  www.ups.com

- For FORD: an influencing purchase decision tool
  www.ford.com

- For Benetton: a widowshop
  www.benetton.com

- For Coca-cola: a branding channel
  www.cocacola.com
Definitions

INTERNET

The Federal Networking Council (FNC) defines "Internet" as the global information system that
1. is logically linked together by a globally unique address space based on the Internet Protocol (IP) or its
   subsequent extensions/follow-ons;
2. is able to support communications using the Transmission Control Protocol/Internet Protocol (TCP/IP)
   suite or its subsequent extensions/follow-ons, and/or other IP-compatible protocols; and
3. provides, uses or makes accessible, either publicly or privately, high level services layered on the
   communications and related infrastructure.

INTRANET

A network within a single company which enables access to company information using the familiar tools of
the Internet such as web browsers. Only staff within the company can access the intranet, which will be
password protected.

EXTRANET

An extranet is a private network that uses the Internet protocol and the public telecommunication system to
securely share part of a business's information or operations with suppliers, vendors, partners, customers,
or other businesses. An extranet can be viewed as part of a company's intranet that is extended to users
outside the company.
Opportunities for using the Internet, extranets and intranets to support Marketing functions

<table>
<thead>
<tr>
<th>Level of management</th>
<th>Internet</th>
<th>Intranet and extranet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>Environmental scanning</td>
<td>Internal data analysis</td>
</tr>
<tr>
<td></td>
<td>Competitor analysis</td>
<td>Management information</td>
</tr>
<tr>
<td></td>
<td>Market analysis</td>
<td>Marketing information</td>
</tr>
<tr>
<td></td>
<td>Customer analysis</td>
<td>Database</td>
</tr>
<tr>
<td></td>
<td>Strategic decision making</td>
<td>Operations efficiency</td>
</tr>
<tr>
<td></td>
<td>Supply chain management</td>
<td>Business planning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Monitoring and control</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Simulations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business intelligence (data warehouses)</td>
</tr>
<tr>
<td>Tactical and</td>
<td>Advertising/promotions</td>
<td>Electronic mail</td>
</tr>
<tr>
<td>operational</td>
<td>Direct marketing</td>
<td>Data warehousing</td>
</tr>
<tr>
<td></td>
<td>Public relations</td>
<td>Relationship marketing</td>
</tr>
<tr>
<td></td>
<td>Distribution/logistics</td>
<td>Conferencing</td>
</tr>
<tr>
<td></td>
<td>Workgroups</td>
<td>Training</td>
</tr>
<tr>
<td></td>
<td>Marketing research</td>
<td>Technology information</td>
</tr>
<tr>
<td></td>
<td>Publishing</td>
<td>Product/service information</td>
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<tr>
<td></td>
<td></td>
<td>Customer service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Internet trading</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sponsorship</td>
</tr>
</tbody>
</table>

"Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners, and society at large."

American Marketing Association
How do Internet marketing communications differ from traditional marketing communications?

Kiani (1998)

<table>
<thead>
<tr>
<th>Old media</th>
<th>New media</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-to-many communication model</td>
<td>One-to-one or many-to-many</td>
<td>Hoffman and Novak (1996) state that the internet is a many-to-</td>
</tr>
<tr>
<td></td>
<td>communication model</td>
<td>many medium, but for company-to-customer-organisation communications</td>
</tr>
<tr>
<td></td>
<td></td>
<td>it is best considered as one to one</td>
</tr>
<tr>
<td>Mass marketing push model</td>
<td>Individualised marketing or</td>
<td>Personalisation possible because of technology to monitor preferences</td>
</tr>
<tr>
<td></td>
<td>mass customization. Pull model</td>
<td>and tailor content (Deighton, 1996)</td>
</tr>
<tr>
<td></td>
<td>for web marketing</td>
<td></td>
</tr>
<tr>
<td>Monologue</td>
<td>Dialogue</td>
<td>Indicates the interactive nature of the World Wide Web, with the facility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>for feedback</td>
</tr>
<tr>
<td>Branding</td>
<td>Communication</td>
<td>Increased involvement of customer in defining brand characteristics,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Opportunities for adding value to brand</td>
</tr>
<tr>
<td>Supply-side thinking</td>
<td>Demand-side thinking</td>
<td>Customer pull becomes more important</td>
</tr>
<tr>
<td>Customer as a target</td>
<td>Customer as a partner</td>
<td>Customer has more input into products and services required</td>
</tr>
<tr>
<td>Segmentation</td>
<td>Communities</td>
<td>Aggregations of like-minded consumers rather than arbitrarily defined target segments</td>
</tr>
</tbody>
</table>

Internet can develop (Hoffman and Novak, 1996)

1. **One-to-many Communication**
2. **One-to-one Communication**
3. **Many-to-many Communication**
1. One-to-many Communication

**Broadcast Model:** The traditional one-to-many marketing communications model for mass media. In this passive model, firms provide content through a medium to a mass market of consumers.

- **OFFLINE**
  - Advertisement on TV, Radio, Newspaper
  - Direct Marketing (catalogs, mailing, etc...)

- **ONLINE**
  - Web Sites
  - Online advertisement: Video Streaming, Banner,
  - Online direct marketing

**trend**

ONLINE + OFFLINE
Case Studies: One-to-many Communication

**OFFLINE COMMERCIAL**
http://www.youtube.com/watch?v=_F9ftNCboA0

**ONLINE COMMERCIAL**
http://www.youtube.com/watch?v=_F9ftNCboA0

**ONLINE+OFFLINE COMMERCIAL**
http://www.youtube.com/watch?v=k0_Yd4HF4E
2. One-to-one Communication

Interpersonal Or Computer Mediated Communication Model
It’s the basis for a personalized service and communication

- OFFLI NE
  - Retails
  - Agents
  - Direct Marketing
...

- ONLI NE
  - Chat
  - VOIP
  - Online direct marketing
...

ONLI NE + OFFLI NE

trend
Case Studies: One-to-one Communication

OFFLINE INTERPERSONAL COM.

ONLINE INTERPERSONAL COM.

ONLINE+OFFLINE INTERPERSONAL COM.

[Images of individuals engaged in communication and a chat interface with text options for PASTA, RICE, BUTCHER, Chat, and Skype.]
3. Many-to-many Communication

Hypermedia Communication Model
Internet offers an alternative to mass media communication. Some applications on the Internet (e.g., personal homepages) represent "narrowcasting" to the extreme, with content created by consumers and for consumers.

- **OFFLINE**
  - Associations
  - Co-buying businesses
  - Sharing businesses
  ...

- **ONLINE**
  - Community
  - Web 2.0
  - Customer experience
  ...

**ONLINE + OFFLINE**

The supplier’s network
The customer’s network
many-to-many
Case Studies: Many-to-many Communication

OFFLINE

ONLINE

ONLINE + OFFLINE
Internet and Marketing
 Definitions

• **E-commerce**
  Rayport and Jaworski (2001) define e-commerce as “technology mediated exchanges between parties (individuals and organizations) as well as the electronically based intra or interorganizational activities that facilitate such exchanges”. eg inventory, ordering, payment processes, etc…

• **E-business**
  Philips et al. (2003) define e-business as: “the application of IT for internal business processes as well as activities in which a company engage during commercial activity. These activities can include functional activities such as finance, marketing, HR management, operations”

• **E-marketing**
  Institute of Direct Marketing: “the use of internet and related digital information and communication technologies to achieve marketing objectives”

• **M-marketing**
  Strauss et al. (2003) the increase in sales of mobile phones induce marketers in seeing mobile communication as the future scenario for marketing activities
Definitions

**Business-to-consumer (B2C)**
Business that sells products or provides services to end-user consumers.

**Business-to-business (B2B)**
Business that sells products or provides services to other businesses

**Consumer-to-consumer (C2C)**
Person-to-person transactions are the oldest form of e-business.
E-Business: Internet-based activities

B2B Activities

B2C activities
E-Business

E-BUSINESS
The use of internet as integral part of value chain activities
E-Business: Internet-based Activities

**Back-end**
- E-Procurement
- Electronic Data Interchange
- Web-based Logistics Solutions
- Electronic Funds Transfers (EFT)
- On-line Tax Filing

**Internal Processes**
- Support internal managerial functions
- Internal E-supply
- Data sharing

**External Processes**
- E-commerce
- E-service
- Communication online
- Improve the Customer Experience
Definitions: Internet and Marketing

**Internet marketing**
The application of the Internet and related digital technologies in conjunction with traditional communications to achieve marketing objectives.

**E-marketing**
Achieving marketing objectives through use of *electronic communications technology* (McDonald and Wilson, 1999 and Smith and Chaffey, 2001)
Achieving marketing objectives through Internet, interactive digital TV and mobile marketing together with other technology approaches such as database marketing and electronic customer relationship management (CRM).
### Internet-based Activity

**Back-end**
- E-Procurement
- Electronic Data Interchange
- Web-based Logistics Solutions
- Electronic Funds Transfers (EFT)
- On-line Tax Filing

**Internal Processes**
- Support internal managerial functions
- Product Management
- Post-sales management
- Data sharing

**External Processes**
- E-commerce
- E-service
- Communication online
- Improve the Customer Experience

"**Marketing** is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have **value for customers, clients, partners, and society at large.**"

*American Marketing Association*
Internet and Marketing

**WITH CUSTOMERS: sales opportunities**

Internet can develop Marketing in different forms of Communication between firms and customers in order to:

**COMMUNICATE**
- Better knowledge of customers’ preferences, improving interaction and customer experiences;

**PERSONALIZE**
- Better customization, increasing CRM activities online

**COMMERCE**
- More market opportunities, thanks to e-commerce, m-commerce, etc…

**INTERNALLY: reduce costs**

Internet can develop Marketing activities, in order to:

**RESEARCH**
Improve data collection, management and diffusion

**MULTIPLE ACTIVITIES**
Enhance the customer experience through different channel of communication and commerce

**DEVELOP PRODUCTS AND SERVICES**
New services and products can be tested and developed online

**POST-SALES ACTIVITIES**
Fidelity and post-sales activities with customers can be less expensive online
**IMPROVE REVENUES ONLINE (Ansoff, 1957)**

<table>
<thead>
<tr>
<th>Existing and existing markets</th>
<th>New Products</th>
</tr>
</thead>
</table>
| **Provision of Online Customer Support**  
The Internet can be used to sell more existing products into existing markets, especially by superior online customer service | **Product development:**  
New products or services are developed which can be delivered by the Internet. These are typically information products such as market reports which can be purchased using electronic commerce. This is innovative use of the Internet. |
| **Online Selling**  
Existing products or services can be delivered by the Internet in new markets by e-commerce activities. This is a relatively conservative use of the Internet, but it does require the overcoming of the barriers to becoming an exporter or operating in a greater number of countries | **CRM Application Products**  
Diversification online can be realized by CRM applications. |

Darby et al. (2003)
IMPROVE REVENUES ONLINE

Transaction
E-commerce
E-CRM
E-Promotion

Interaction
E-Communication
E-Advertising
E-After sales
Customer Experience
Internet Marketing Plan

But Internet can be use in every Marketing Activity

FASE 1
Research Marketing

FASE 2
Strategic Marketing

FASE 3
Operational Marketing