

CPET 581 E-Commerce & Business Technologies

Technologies for E-Commerce Marketing

References:

- Chapter 6. E-Commerce Marketing Concepts: Social, Mobile, Local, from the text book: *e-Commerce: Business, Technology, and Society*, 8th edition, 2012, by K. C. Laudon and C. G. Traver, publisher Pearson Education Inc.,

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A Specialty Course for
M.S. in Technology IT/Advanced Computer Applications Program
Purdue University Fort Wayne Campus

Topics

- Netflix: The Next Blockbuster?
- Consumer Online: The Internet Audience and Consumer Behavior
- Basic Marketing Concepts
- Internet Marketing Technologies
- B2C and B2B E-Commerce Marketing and Branding Strategies

Consumers Online

- The Internet Audience
 - Who use the Web?
 - Who shop on the Web?
 - What do they buy?

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Consumer Profile: Internet Traffic Patterns

- Intensity and Scope of Usage
- Demographics and Access
 - Gender, Age, Ethnicity, Community Type, Income Level, Education
- Type of Internet Connection
 - Broadband and Mobile
- Community Effects
 - Social Contagion in Social Networks
- Lifestyle and Sociological Impacts
- Media Choices and Multitasking
 - Online, email, Facebook, TV, Radio, etc

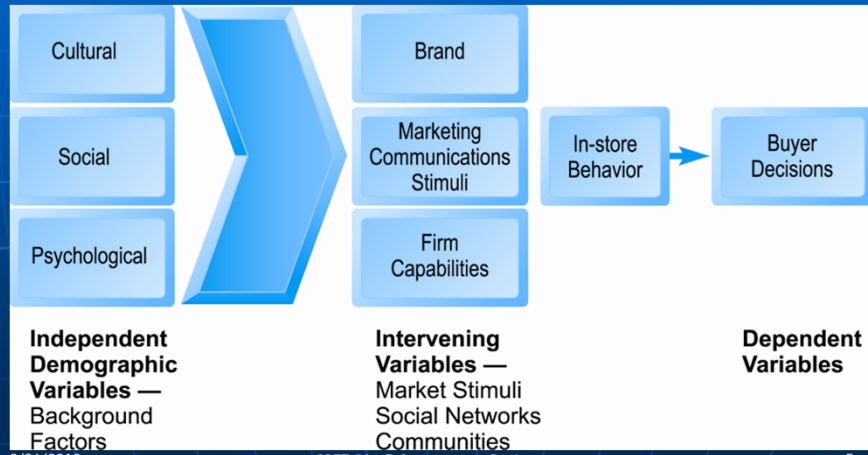
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Consumer Behavior Models

- Figure 6.1 A general Model of Consumer Behavior



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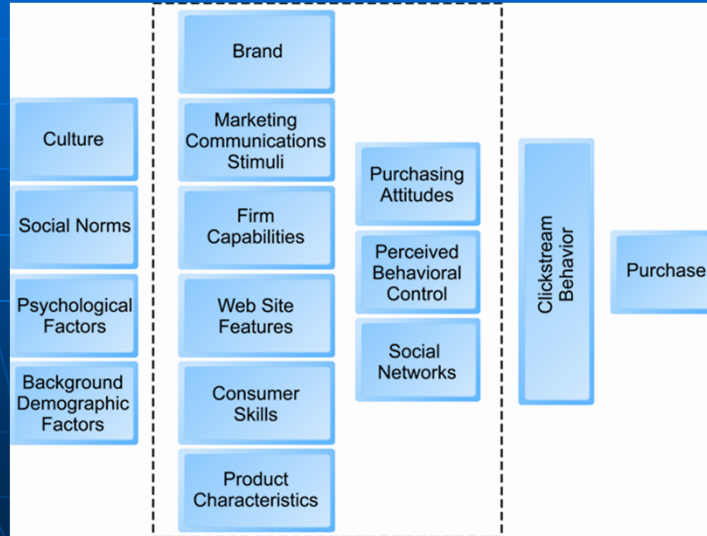
Consumer Behavior Models

- Figure 6.2 The Consumer Decision Process and Supporting Communications

MARKET COMMUNICATIONS	Awareness— Need Recognition	Search	Evaluation of Alternatives	Purchase	Post-purchase Behavior— Loyalty
Offline Communications	Mass media TV Radio Print media Social networks	Catalogs Print ads Mass media Sales people Product raters Store visits Social networks	Reference groups Opinion leaders Mass media Product raters Store visits Social networks	Promotions Direct mail Mass media Print media	Warranties Service calls Parts and repair Consumer groups Social networks
Online Communications	Targeted banner ads Interstitials Targeted event promotions Social networks	Search engines Online catalogs Site visits Targeted e-mail Social networks	Search engines Online catalogs Site visits Product reviews User evaluations Social networks	Online promotions Lotteries Discounts Targeted e-mail Flash sales	Communities of consumption Newsletters Customer e-mail Online updates Social networks

Consumer Behavior Models

- Figure 6.3 A Model of Online Consumer Behavior

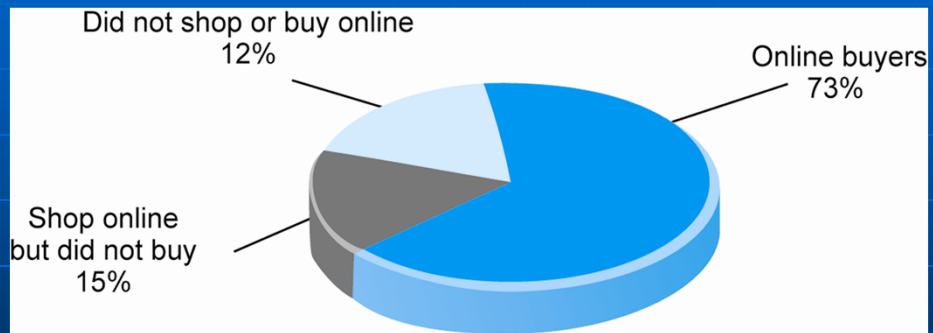


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Consumer Behavior Models

- Figure 6.4 Online Shoppers and Buyers



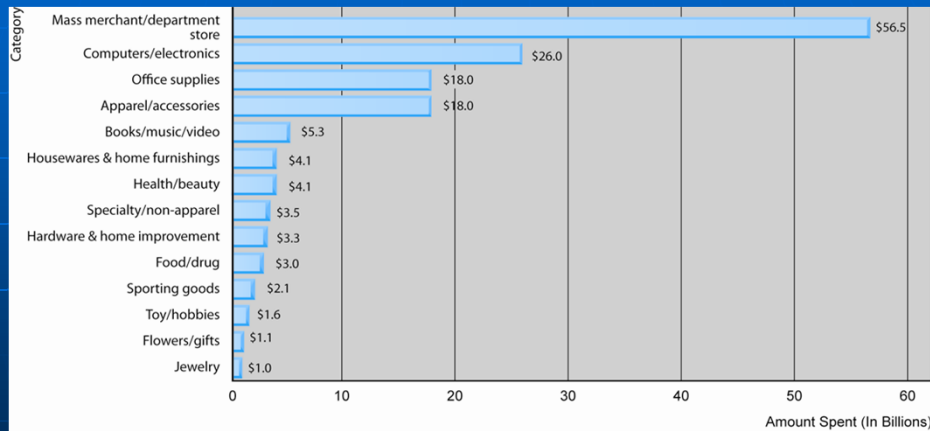
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Consumer Behavior Models

- Figure 6.4 What Consumers Buy Online



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Consumer Behavior Models

- Table 6.7 Why Internet Users Do Not Buy Online

TABLE 6.7 WHY INTERNET USERS DO NOT BUY ONLINE

Want to see and touch before buying	34%
Concerns about personal financial information	31%
Delivery costs are too high	30%
Concerns that returns will be a hassle	26%
Prefer to research online, then buy in a store	24%
No need to buy products online	23%
Can't speak to a sales assistant in person	14%

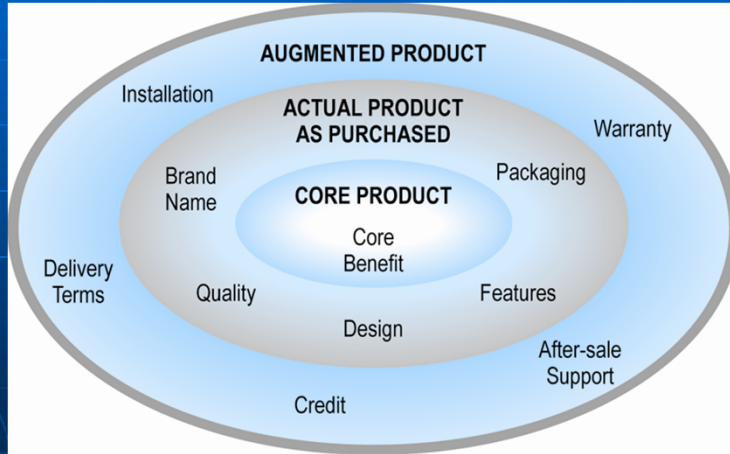
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Basic Marketing Concepts

- Figure 6.6 Feature Set (Each element in the Feature Set can be used to differentiate a product from others in the market)



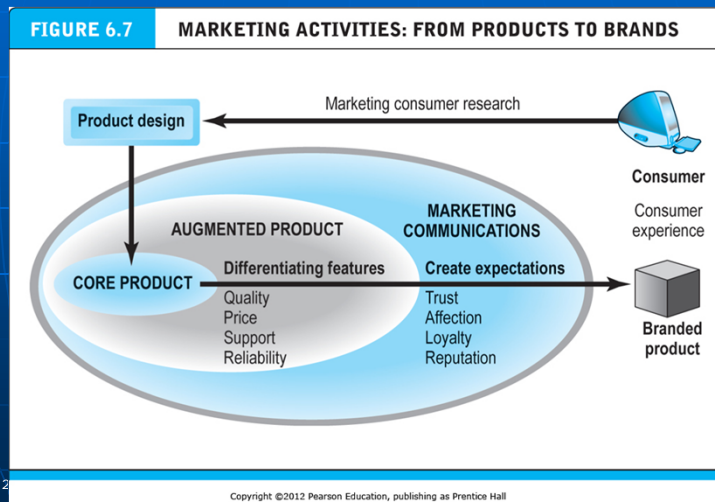
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Basic Marketing Concepts

- Figure 6.7 Marketing Activities: From Product to Brands



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Internet Marketing Technologies

- Impacts
 - Scopes
 - Richness
 - Information Intensity
- Technologies
 - Web Transaction Logs
 - Tracking files
 - Database, Data Warehouses, Data Mining
 - Advertising Networks
 - CRM (customer relationship management) Systems

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Internet Marketing Technologies

- Web Transaction Logs
 - Built into Web server software
 - Record user activity at Web server site
 - Webtrends: Leading log analysis tool
 - Provides much marketing data, especially combined with:
 - Registration forms
 - Shopping cart database
 - Answers questions such as:
 - What are major patterns of interest and purchase?
 - After home page, where do users go first? Second?

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Internet Marketing Technologies

- Tracking Files
 - Track browsing activities, from site-to-site
- Four Types of Tracking Files
 - Cookies
 - Small text file placed by Web site
 - Allow Web marketer to gather data
 - Flash cookies
 - Beacons (bugs)
 - Apps

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Insight on Society: Every Move you Take, Every Click you Make, We'll be Tracking you

- Are beacons innocuous? Or are they an invasion of personal privacy?
- Do you think your Web browsing should be known to marketers?
- What are the Privacy Foundation guidelines for Web beacons?
- Should online shopping be allowed to be a private activity?

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Internet Marketing Technologies

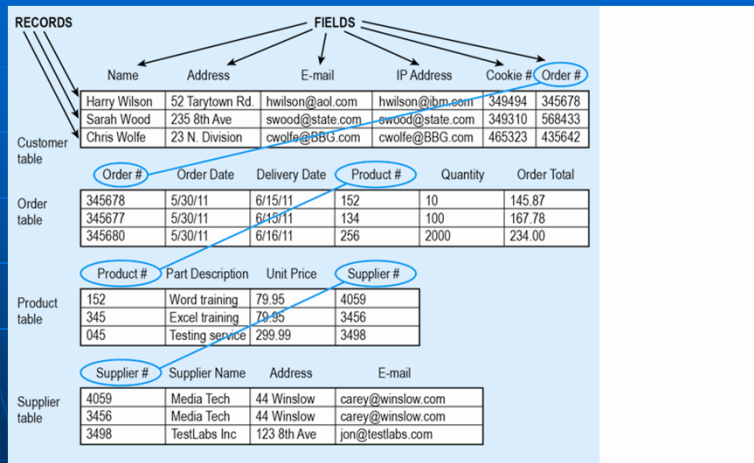
- Databases
- Stores records and attributes
- Database management system (DBMS):
- SQL (Structured Query Language):
- Relational database:
 - Represents data as two-dimensional tables with records organized in rows and attributes in columns; data within different tables can be flexibly related as long as the tables share a common data element

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Figure 6.9 A Relational Database View of E-Commerce Customers



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Data Warehouses and Data Mining

- Data warehouse:
 - Collects firm's transactional and customer data in single location for offline analysis by marketers and site managers
- Data mining:
 - Analytical techniques to find patterns in data, model behavior of customers, develop customer profiles
 - Query-driven data mining
 - Model-driven data mining
 - Rule-based data mining
 - Collaborative filtering

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Insight on Technology: The Long Tail: Big Hits and Big Misses

- What are "recommender systems"? Give an example you have used.
- What is the "Long Tail" and how do recommender systems support sales of items in the Long Tail?
- How can human editors, including consumers, make recommender systems more helpful?

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Internet Marketing Technologies

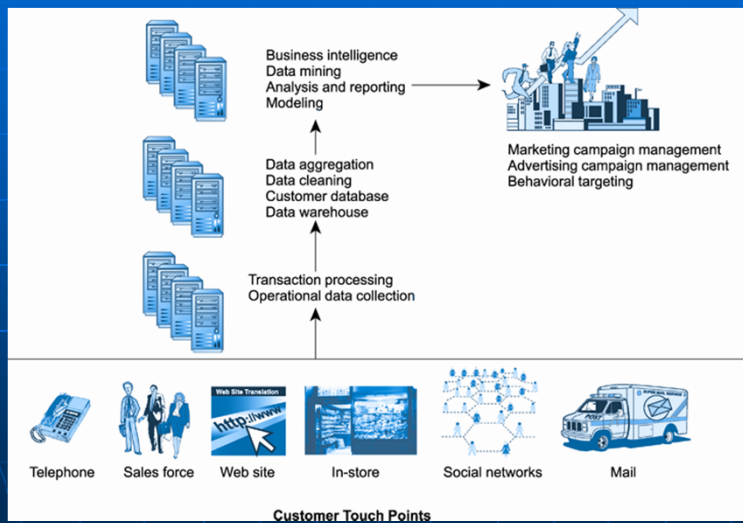
- Technologies
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Figure 6.10 A Customer Relationship Management System



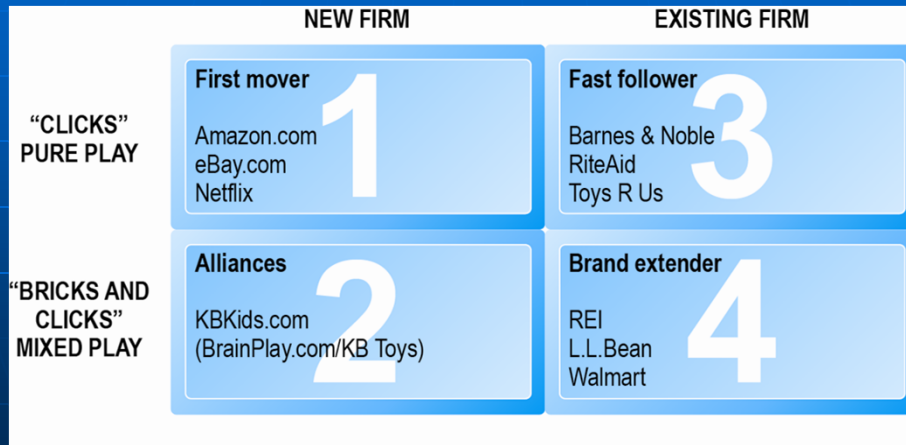
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B2C and B2B E-Commerce Marketing and Branding Strategy

- Figure 6-11 Generic Market Entry Strategies



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Establishing the Customer Relationship

- Advertising networks
 - Ad server selects appropriate ad based on cookies, Web bugs, backend user profile databases
- Advertising exchanges
 - Auction ad slots over many advertising networks
- Permission marketing
- Affiliate marketing

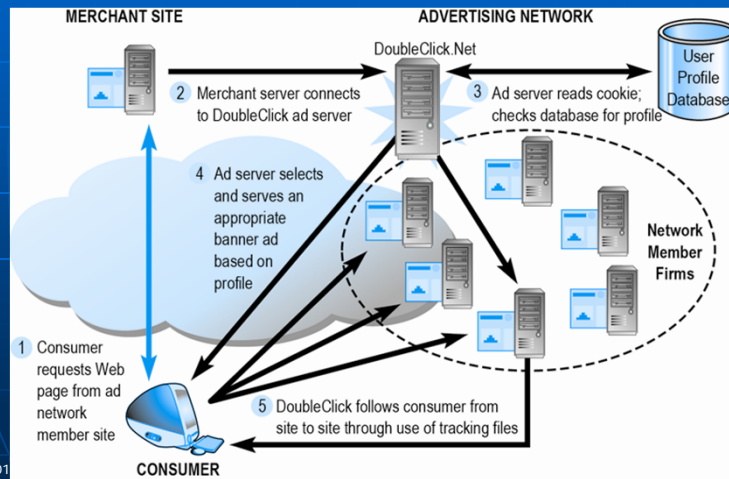
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B2C and B2B E-Commerce Marketing and Branding Strategy

- Figure 6-12 How an Advertising Network Such as DoubleClick Works



Establishing the Customer Relationship

- Viral marketing
- Blog marketing
- Social network marketing
 - Driven by social e-commerce
 - Social sign-on
 - Collaborative shopping
 - Network notification
 - Social search (recommendation)
- Mobile marketing

Insight on Business: Class Discussion
Social Network Marketing: Let's Buy Together

- Why do social networks represent such a promising opportunity for marketers?
- What are some of the new types of marketing that social networks have spawned?
- What are some of the risks of social network marketing? What makes it dangerous?
- Have you ever responded to marketing messages on Facebook or another network?

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Establishing the Customer Relationship

- Social marketing and wisdom of crowds
 - Large aggregates produce better estimates and judgments, e.g.,
 - “Like” button
 - Folksonomies
 - Social tagging
- Mobile platform marketing
- Local marketing
- Brand leveraging

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Customer Retention

- Mass marketing
- Direct marketing
- Micromarketing
- Personalized, one-to-one marketing
- Personalization

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Other Customer Retention Marketing Techniques

- Customization
 - Customizing product to user preferences
- Customer co-production
 - Customer interactively involved in product creation
- Customer service
 - FAQs
 - Real-time customer service chat systems
 - Automated response systems

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B2C and B2B E-Commerce Marketing and Branding Strategy

- Figure 6-13 The Mass Market-Personalization Continuum

MARKETING STRATEGIES	MARKETING ATTRIBUTES			
	Product	Target	Pricing	Techniques
Mass Marketing	Simple	All consumers	One nation, one price	Mass media
Direct Marketing	Stratified	Segments	One price	Targeted communications, e.g., mail and phone
Micromarketing	Complex	Micro-segments	Variable pricing	Segment profiles
Personalized, One-to-one Marketing	Highly complex	Individual	Unique pricing	Individual and social network profiles

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Net Pricing Strategies

- Pricing
 - Integral part of marketing strategy
 - Traditionally based on:
 - Fixed cost
 - Variable costs
 - Demand curve
- Price discrimination
 - Selling products to different people and groups based on willingness to pay

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Net Pricing Strategies (cont.)

- Free and freemium
 - Can be used to build market awareness
- Versioning
 - Creating multiple versions of product and selling essentially same product to different market segments at different prices
- Bundling
 - Offers consumers two or more goods for one price
- Dynamic pricing:
 - Auctions
 - Yield management
 - Flash marketing

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Channel Management Strategies

- Channels:
 - Different methods by which goods can be distributed and sold
- Channel conflict:
 - When new venue for selling products or services threatens or destroys existing sales venues
 - e.g., online airline/travel services and traditional offline travel agencies
- Some manufacturers are using partnership model to avoid channel conflict

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Summary

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