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

<table>
<thead>
<tr>
<th>E-Marketing Domains</th>
<th>Targeted to consumers</th>
<th>Targeted to businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiated by businesses</td>
<td>B2C</td>
<td>B2B</td>
</tr>
<tr>
<td>Initiated by consumers</td>
<td>C2C</td>
<td>C2B</td>
</tr>
</tbody>
</table>

### 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-marketplace 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 of e-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