CHAPTER 3

MARKETING IN THE DIGITAL AGE:
MAKING NEW CUSTOMER CONNECTIONS

I. LOOKING AHEAD: PREVIEWING THE CONCEPTS
To thrive in this new digital age-even to survive-marketers must rethink their strategies and adapt them to today's new environment.

II. MAJOR FORCES SHAPING THE INTERNET AGE
Here we discuss four specific forces that underlie the new digital age:

A. Digitalization and Connectivity
- Today a growing number of appliances and systems operate on digital information, which comes as streams of zeros and ones, or bits.
- Text, data, sound, and images can be converted into bitstreams.
- For bits to flow from one appliance or location to another requires connectivity, a telecommunications network..

Intranet: A network that connects people within a company to each other and to the company network.
Extranet: A network that connects a company with its suppliers and distributors.
Internet: A vast public web of computer networks, which connects users of all types all around the world to each other and to an amazingly large "information repository." The internet makes up one big "information highway" that can dispatch bits at incredible speeds from one location to another.

B. The Internet Explosion
- The Internet Explosion
  - Key driver of the "new economy"

C. New Types of Intermediaries
- New Types of Intermediaries
  - Brick-and-mortar firms often face disintermediation from click-only competitors
  - The click-and-mortar business model has been highly successful

D. Customization and Customerization
Customization differs from customerization. Customer involves taking the initiative to customize the market offering.
Customerization: Leaving it to individual customers to design the marketing offering-allowing customers to be prosumers rather than only consumers.

III. MARKETING STRATEGY IN THE NEW DIGITAL AGE

    A. E-Business, E-Commerce, and E-Marketing in the New Digital Age

        1. E-Business
        E-business: The use of electronic platforms-intranets, extranets, and the internet- to conduct a company's business.

        2. E-Commerce
        E-commerce: Buying and selling processes supported by electronic means, primarily the Internet.

        3. E-Marketing
        E-marketing: The marketing side of e-commerce-company efforts to communicate about, promote, and sell products and services over the Internet.

    B. Benefits to Buyers
- Convenience
- Easy and private
- Greater product access/selection
- Access to comparative information
- Interactive and immediate

    C. Benefits to Sellers
- Relationship building
- Reduced costs
- Increased speed and efficiency
- Flexibility
- Global access, global reach

IV. E-COMMERCE DOMAINS

    A. B2C (Business to Cosumer)
    B2C (business-to-consumer) e-commerce: the online selling of goods and services to final consumers.
- Online consumers
  - Now more mainstream and diverse
    - ❖ *Increased new age opportunities*
    - ❖ *Online behavior differs age*
  - Online consumers differ from traditional off-line consumers
    - ❖ *They initiate and control the exchange process*
    - ❖ *Value information highly*

        1. Online consumers

2.　B2C Web Sites

B.　B2B (Business to Business)
　　B2B (business-to-business) e-commerce: Using B2B trading networks, auctions sites, spot exchanges, online product catalogs, barter sites, and other online resources to reach new customers, serve current customers more effectively, and obtain buying efficiencies and better prices.
- B2B sales far exceed B2C sales
  - B2B sales are estimated to reach $4.3 trillion in 2005
- Open trading networks
  - E-marketspace bringing sellers and buyers together
- Private trading networks
  - Links sellers with their own trading partners
  1.　Open trading networks
  　　Open trading networks: Huge e-marketspaces in which B2B buyers and sellers find each other online, share information, and complete transactions efficiently.
  2.　Private trading networks
  　　Private trading networks (PTNs): B2B trading networks that link a particular seller with its own trading partners.

C.　C2C (Consumer to Consumer)
　　C2C (consumer-to-consumer) e-commerce: Online exchanges of goods and information between final consumers.
- C2C web sites help consumers exchange goods or information
  - eBay is one example
- Auction sites facilitate the exchange process
  - Allow access to a much larger audience
- Newsgroups / forums
  - Help consumers to find and share information

D.　C2B (Consumer to Business)
　　C2B (consumer-to-business) e-commerce: Online exchanges in which consumers search out sellers, learn about their offers, and initiate purchases, sometimes even driving transaction terms
- 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

V.　CONDUCTING E-COMMERCE

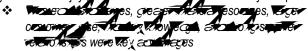A. Click-only versus Click-and-Mortar E-Marketers
- Click-Only-Competitors
  - E-tailers, search engines and portals, ISPs, transaction sites, enabler sites
- Dot.coms failed for many reasons
  - Lack of planning and research
  - Over emphasis on acquisition vs. retention
  - Poor web site design / distribution systems
  - Low margins

  1. Click-only companies
     Clicks-only companies: the so-called dot-coms, which operate only online without any brick-and-mortar market presence.
  2. Click-and-Mortar Companies
     Click and mortar companies: Traditional brick-and-mortar companies that have added e-marketing to their operations.
     - 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
       - ❖ Wider audiences, greater financial resources, larger consumer base, market knowledge and stronger customer relationships were key advantages

B. Setting Up an E-Marketing Presence

  1. Creating a Web Site
     - Corporate web sites
       - Build goodwill and relationships; generate excitement
     - Marketing web sites
       - Engage consumers and attempt to influence purchase
     - Web site design
       - 7 Cs of effective web site design

     a. corporate web site
        Corporate Web site: A web site designed to build customer goodwill and to supplement other sales channels, rather than to sell the company's product directly.
     b. marketing web site
        Marketing Web site: A web site that engages consumers in interactions that will move them closer to a direct purchase or other marketing outcome.
  2. Placing ads and promotions online
     - Online forms of ads and promotions
       - Banner ads/tickers
       - Skyscrapers
       - Interstitials
       - Browser ads
       - Content sponsorships
       - Microsites
       - Viral marketing
     - Future of online ads

3. Creating or participating in web communities
   - 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
4. Using E-mail and webcasting
   - E-mail marketing
     - Key tool for B2B and B2C marketing
     - Clutter is a problem
     - Enriched forms of e-mail attempt to break through clutter
   - Webcasting
     - Auto downloading of customized content to recipients' PCs

VI. THE PROMISE AND CHALLENGES OF E-COMMERCE
   - The future of B2B E-commerce is bright
   - A few click-only companies may succeed
   - Most companies will integrate online marketing into the marketing mix
   A. The Continuing Promise of E-Commerce

   B. The Web's Darker Side

      1. Internet profitability

      2. Legal and ethical issues

         a. online privacy and security

         b. other legal and ethical issues

VII. LOOKING BACK: REVIEWING THE CONCEPTS