COMP5006 Web Advertising and Web Publishing

GROUP PROJECT: Research Company SK-II

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1. INTRODUCTION

1.1 Research Company: One of the World-Leading Cosmetics Brand

SK-II, a newly established skincare product subsidiary originated from Max Factor, its' core business focuses on skincare products, which have become a new trend for every women, even men in the modern cities.

Currently, Internet has exposed to the world a new form of media where innovative means of advertising and publishing have been exploited by many corporations in search for a winning formula in the cyberspace.

E-branding has a tremendous value in future, so shifting the promotion strategy from brick and mortor to click and mortor becomes a hot topics for all companies including SK-II.

SK-II has already established as a leading brand within its' skin-care industry. By empowering SK-II on the Internet forefront can boost not only its' sales figures, but also its' E-Brand, Customer Loyalty and Satisfaction and Community as well as many numerously intangible benefits . In the following sections, we will explore in-depth of how to make it work and excel.

1.2 Background information: Cosmetics industry in Hong Kong and PRC[1]

- Most of the companies in the industry are traders who act as agents of the foreign brands to sell in the region, particularly in mainland China

- International brands such as Lancome, Christian Dior, Estee Lauder, Elizabeth Arden, Shisheido and **Max Factor** play a dominant role in the upper-end market of Hong Kong and the region

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[1] Hong Kong's Cosmetics and Toiletries Industry, Trade Development Council, 5 September, 2001.

- Customized products are increasingly popular and consumers are placing more and more demands on each product they buy.

- Local distribution of cosmetics and toiletries is usually conducted by agents and sub-distributors to expand sales in department stores, supermarkets, specialty retail stores and the professional markets such as beauty salons and beauty schools.

- Direct marketing is also popular in the Asian region, except the Chinese mainland, which has issued regulations to limit direct marketing. Besides, Internet marketing grows at a fast pace in the region, although actual sales are not substantial at the moment.

- China's cosmetics market is highly brand-oriented, with the top 10 brands accounting for two-thirds of the market

- Cosmetics tend to have shorter life cycles than many other consumer goods. Colour and shades play an important role in this industry, and these elements are heavily influenced by fashion trends, tastes and seasonal moods.

- Customized products are also increasingly popular. Consumers are no longer satisfied with ready-to-use cosmetics, and cosmetics companies satisfy their needs for "personal branding" by offering personalized moisturizers and shampoos, as well as personalized colour cosmetics such as do-it-yourself lipstick.

- Men are paying more attention to their appearance. Branding is becoming more important in the men's category of cosmetics and toiletries products, especially for skin-care, cleanse, shave, hair products and fragrance products. A growing number of young men now consider fragrance as daily-care products in the US.

2. OBJECTIVE & METHODOLOGY

This research report is divided into 4 sections, namely introduction section, existing strategy and problem section, suggested solution section and finally, the conclusion section which are listed underneath for your easy reference:

- Introduction Section:
    - It will be composed of chapter 1,2 and 3.
    - This section will give viewers a brief summary and a general understanding of our research corporation, namely SK-II.

- Existing Strategy and problem Section:
    - Chapter 4 will be focused on the existing promotion strategy of SK-II.
    - Chapter 5 will be focused on problems that are discovered in Chapter 4.

- Suggested solution section:
    - Chapter 6 will be focused on logical solution that SK-II should make use of in order to improve its' web presence image and strategy
    - Chapter 7 will be focused on physical solution (Web-site design) that SK-II should implement in order to strengthen its' web presence image and strategy.

- Conclusion section:

   o Chapter 8 will summarize the key E-commerce values that SK-II should posses in order to be successful in web advertising and promotion.

If possible, all cited solutions will be accompanied by a successfully implemented e-commerce sites as a reference that these suggested logical and physical solutions really work in cyberspace and have been tested and proven by other corporations prior to give recommendations to SK-II corporation.

2.1 Web Presence Objective/ Goals

Specifically, objectives of SK-II web presence should achieve the following goals:

- Attracting attentions of web-surfers, potential customers and existing customers / visitors
- Making the site interesting to explore
- Generate direct or indirect sales revenue
- Create a virtual Community / SK-II Fans Club
- Creating a positive image consistent with the SK-II desires
- Reinforcing already held positive image regarding as the leading skin-care product

2.2 Methodology

- By means of CRM, integrated sales, marketing and service strategy that preludes lone showmanship and depends on coordinated actions.

  - Use existing relationships to grow revenue
  - Use integrated information for excellent service
  - Introduce more repeatable sales processes and procedures
  - Create new value and instill loyalty
  - Implement a more proactive solution strategy

3. COMPANY BACKGROUND

3.1 Maxfactor Background

Maxfactor is an international famous cosmetic products company. The founder Max Factor is known as "the make-up of make-up artists". This brand has a long established link with the film and entertainment world and it all started with legendary make-up artist Max Factor himself (1872-1938).

Max Factor emigrated to the United Sates in 1902 from Russia and settled in Los Angeles with his family in 1909 where he began selling hair goods and imported stage greasepaints to local stage actors - actors from the fledgling movie industry also came to Max for make-up advice.

When Max Factor saw his first motion picture he declared the heavy, shiny stage greasepaint 'terrifying!' on film and created Flexible Greasepaint, the first ever make-up created for film, to make actors appear more natural on screen.

Credited as the father of modern make-up, Max Factor is responsible for inventing many key cosmetic products (for both on screen and off) and is still the inspiration behind beau ty trends and innovations today.

3.2 SK-II Background

SK-II represents a skin routine discovered, rather unusually, by a Japanese monk visiting a sake brewery where he noticed that the brewery workers had extraordinarily soft and youthful hands. A series of experiments by a team of skincare scientists attributed the secret to clear, nutrient-rich liquid extracted during the yeast fermentation process. This liquid was named **Pitera** and now forms the basis of this precious skin care range, penetrating deeply into the dermis level, strengthening the skin structure and restraining the production of melanin for a clearer, youthful complexion.

3.3 Product Information and Target

The products are divided into 4 major categories:

1. Purifying - to gently cleanse skin thoroughly.

Facial Treatment Cleansing Gel

2. Pitera Soak - helps boost moisture levels to improve texture and clarify for a more beautiful, glowing complexion.

Facial Treatment Essence

3. Moisturizing - helps to promote a fresher, more radiant complexion.

Advanced Protect Essence UV

4. Special Care - offers a full range of Special Care products that pamper skin.

Facial Treatment Mask

Since the products designed for adult women who are over 25 with medium to high income, so the list price are more expensive than other common skincare products.

4. EXISTING PROMOTION STRATEGY (WEB-BASED)

4.1 Sales Generation Channel:

- Use traditional selling method by means of phone call selling within the country (UK) as per description in the mail order sub-menu clipped from SK-II (UK) web site.

- Use electronic mail order form, which is in PDF format, for overseas market buyers to purchase SK-II products. Currently, overseas market buyers need to print out the PDF electronic mail order form, then they need to manually write down their order details, then send back the mail order form by traditional mail to SK-II (UK) which will automatically deduct British VAT, equal 17.5% of the good retail price for international orders outside EU.

- No on-line ordering is accepted from the web site currently.

Picture 1 clipped from the SK-II UK web site.

4.2 Community Development:

Using **ONE-WAY AND PASSIVE** communication methods to contact and interact with potential customers / web surfers via the following channel:

- Ask potential customers / web surfers to visit SK-II skin counselors at one of the exclusive SK-II counters located at physical SK-II stores.

- Provide a web-interface for users to leave down their email address as well as messages
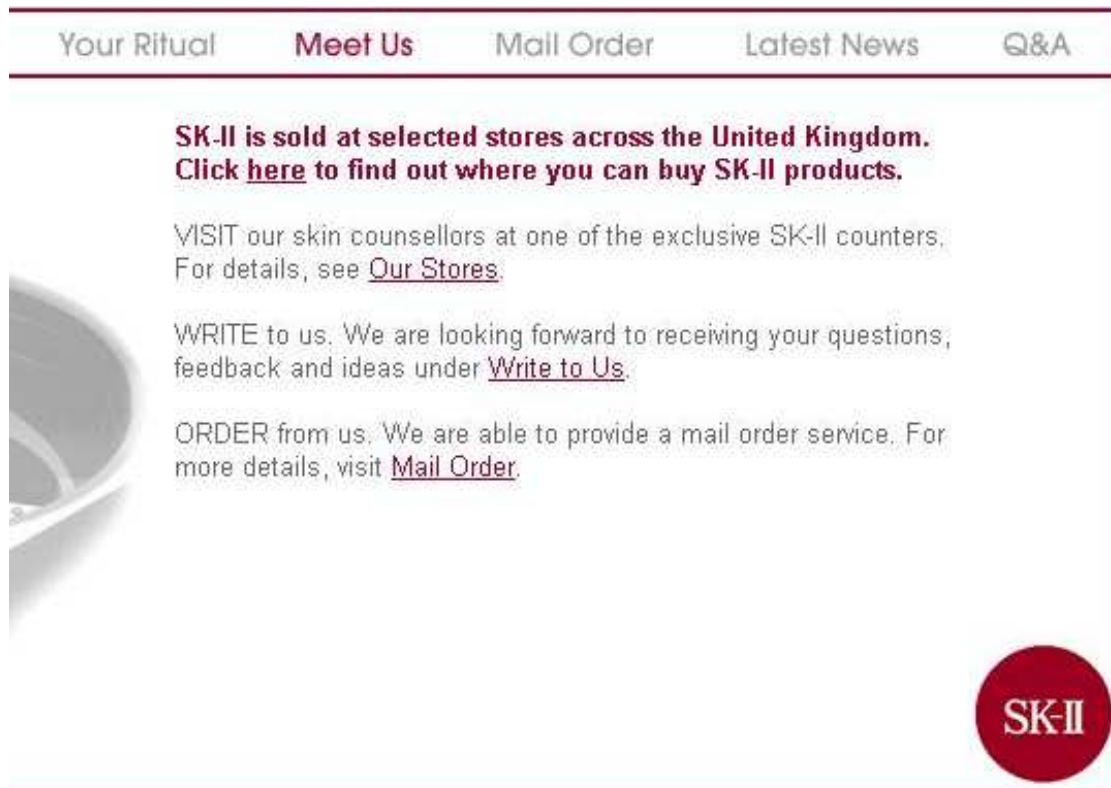
Picture 2 clipped from the SK-II UK web site.

4.3 Brand Development:

- Use static html pages to disseminate company story to potential customers

- Use mainly textual format to promote SK-II liquid 'Pitera' as the secret key to beautiful skin which is hard to attract potential customers' attention and interest.

Picture 3 clipped from the SK-II UK web site.

4.4 Products Information (Content):

- Standardized information is delivered to all web-surfers, indifferent to their sex, age and needs.
- Use electronic brochure-like information to attract customers
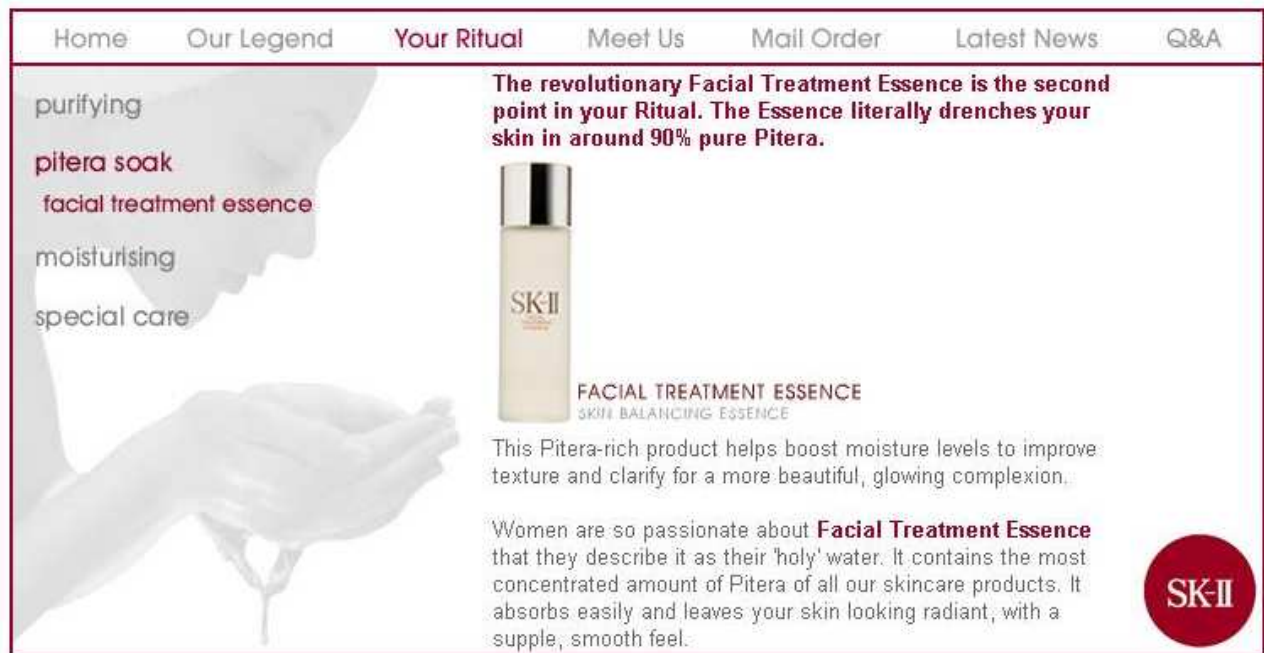
Picture 4 clipped from the SK-II UK web site.

5. EXISTING PROMOTION PROBLEM

5.1 Lack of Attractiveness:

No attempt was made at using the abilities of new technology tools like:

- RealMedia Player / Windows Media player
- Adobe Photoshop
- Shockwave
- Flash
- DreamWeaver

All the above software products are aimed to create visually attractive effects to retain visitors and customers to stay longer in the web site, thus increasing the chances of generating new or repeated sales.

Although we are not saying that SK-II should build some complex graphics, animation and plug-ins which are definitely not a very good concept to do so. Examples like Boo.com, which was a very good example of a site designed by engineers not by marketers. Only approximately 40% of the users were able to access this site due to the site was filled with cumbersome programming tricks, required software plug-in and so on… therefore, it recently filed for bankruptcy. The main point is to design web site of SK-II towards a more interactive and dynamic manner to attract customers' attention.

5.2 Lack of customer-focused community and content / Education

" Besides the big C of commerce there are two other Cs you must consider in making your e-business a success – content and community." [2] that the web site can offer.

- Importance of Content and Education to visitors and customers:
  - Too many e-business systems, including SK-II, have ignored this fundamental fact, which is the purpose of the Net is to provide information, not to perform a transaction, in it's first place.

- Visitors and potential buyers will only stay longer in SK-II web site only if the contents are rich and attract their interests. By simply adding electronic-like brochures to the SK-II web site will not help retain customers and build its relationship with them, thus the chance of selling diminishes.

- By providing more education to net surfers, their confidence with SK-II products will increase and this may help boost new sales and repeat sales to these targeted customers / potential customers.

5.3 Lack of Personalization

Lack of consumer attention: SK-II web site fails to capture the attention of a buyer. In today and future business model, the capability to earn customers' attention is the key to e-business success.

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[2] P156, e-Marketing Strategies, Frank Fiore Que 2001

5.4 Lack of creative sales generation methods and inflexible pricing strategy

- Sales generation channel via the Net by means of phone callings and static electronic forms are just like driving your Lamborgini on a jammed city street where the potential power of your car has not been utilized at all.

- This kind of sales generation method is doomed to failure due to the fact that:

  o Inconvenience for customers to purchase online: Customers must download the PDF mail order form from the web, then they need to complete the form and then mail back to SK-II for order completion. This lengthy process will only discourage customers to purchase SK-II products via the web.

- SK-II does not offer flexible pricing scheme to customers and provide only one fixed pricing per each products to all customers, therefore web surfers are not encouraged to purchase SK-II products online.

5.5 Problems with traditional banner advertisements for SK-II

By using traditional banner advertisements, SK-II may not successfully attract the online customers due to the following facts:[3]

- The fact that more than 80 percent of the space intended for banner advertising goes unsold each day
- Most intense users, those online more than 40 hours per week) admit that they never purchase anything via a banner ad. And considered them some forms of annoyance.
- We are not forced to view banner ads.
- They have been tainted with a reputation for hucksterism.

Note: Facts: Less than 0.5 percent of the American advertising dollars was spent on Internet advertising in 2000

Therefore, SK-II should exploit more innovative methods rather than using traditional banner advertisement approach.

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[3] **P132, A Step by step guide to E -commerce and Beyond, Dayle M.Smith, Bloomberg Press 2001**

6. SUGGESTED IMPROVEMENT

6.1 Personalized Marketing by means of CRM

SK-II, if done right in its' e-business side, can collect enough information on its shoppers to personalize their shopping experience, bringing them BACK AGAIN and AGAIN, and keeping them as a customer.

For instance, office-supplier site of Staples, www.staples.com, uses personalization to the advantage of its' large number of online customers. Staples can create a customized supply catalog with each customer by keeping lists of previously ordered items. Armed with this information, Staples can make customized special offers to generate new and repeat sales.

Technology-Enabled CRM :

It occurs when a firm obtains detailed information about a customer's behaviour, preferences, needs, and buying patterns and uses that information to customize its entire relationship with that customer. This information can be used to set prices, determine needs and desires, tailor promotions, add product features and negotiate terms.

6.1.1 To keep the best customers, SK-II management should concentrate on these strategies

- Quickly and efficiently creating new delivery channel
- Capturing massive amounts of customer data
- Tying it all together to create an unique experience

6.1.2 The three phases of CRM that SK-II should adopt

- Acquiring new customers
- Enhancing the profitability of existing customers
- Retaining profitable customers for life

6.1.3 CRM requirements for SK-II

- Capability to track customers and their activities (Track SK-II Club members' activities via data mining tools and customer knowledge base)
- Provide customer with update information in an instant (SK-II personalized web page, e-mail and e-newsletter)
- Customers can offer feedback and comment (via SK-II online chat room or free e-mail services for SK-II Club members)
- Give customers the ability to track their orders (SK-II customer order tracking system)
- Provide customers with a personalized catalogue (Personalization via customer knowledge base)
- Proactive in providing customers with offers tailored to their needs (Personalization via customer knowledge base)
- Perfect the long-term customer relationships (repeat customers, personalized product/services promotion)

- Amazon's 70% repeat business is the keys to its future.
- It spends 20% of its revenue on customer acquisition
- Established business : has both customer relationship and brands
- Pay attention to customer referrals (via SK-II online customer referrals bonus system)
- Have an analysis engine underneath the web sites (Data mining tools)
- Offer incentives for customer to register and provide some personal information (Free SK-II samples, bonus points system and virtual presentation)

6.1.4 Graphical description of SK-II CRM Architecture

SK-II CRM architecture
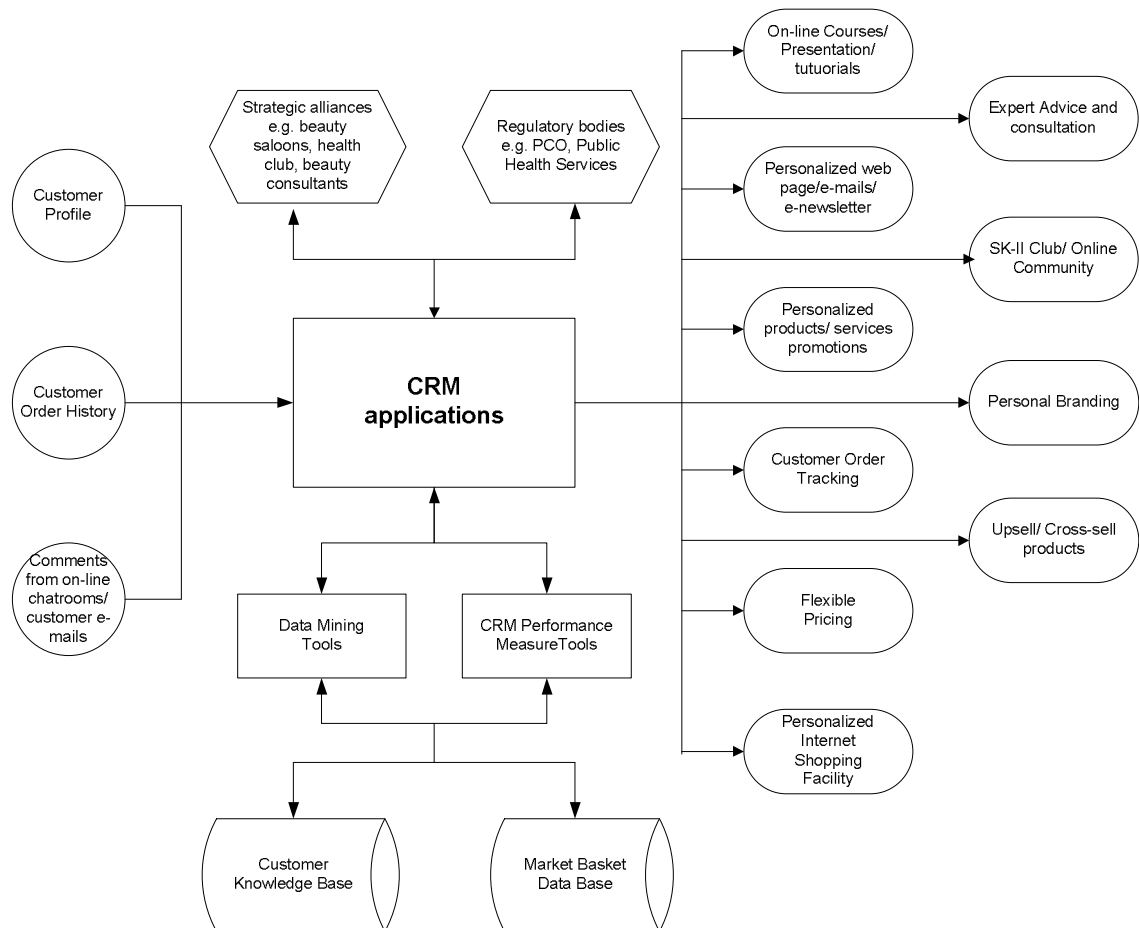
6.1.5 Proposed marketing framework for SK-II[4]

Dimensions	Technology Enabled CRM	SK-II case
1. Advertising	Provide information in response to specific customer inquiries	Direct marketing[5] is popular in the Asian region, except for mainland China, which has issued regulations to limit direct marketing. Internet marketing grows at a fast pace in the region although actual sales are not substantial at the moment. Personalized marketing relies on a greater refinement of customer data through the use of data-mining and other tools. This approach seems to be a better fit to the profile of Internet users who are more focused on being in charge of the buying process, rather than simply being sold to in the passive way that has characterized mass-media TV techniques over the last twenty years. Virtual presentation is another important aspect of Internet advertising in that they create possibilities for using multi-media. This means that SK-II is able to create virtual demonstration (by top models, actress or beauty consultants) for the proper use of different skin care products, which can be selected by the visitors. This approach allows personalization of a product presentation. SK-II can implement some online user queries (e.g. skin profile) to visitors to help them to determine their personal characteristics. Based on the responses of the visitors, SK-II can recommend the product line that is suitable for their

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[4] **Electronic Commerce, Gary P. Schneider & James T. Perry, Course Technology, Thomson Learning, 2000.**

Unit 2 Integrated Advertising Techniques, Comp5006 Web Advertising and Web Publishing, Hong Kong CyberU, 2002.

Where is the ROI in CRM ? Three Focused Customer Relationship Management Initiatives That Will Add to the Bottom Line, A White Paper Presented By Synergex Integrated Solutions Group, 2001

[5] **Please see Appendix 1 for the McKinsey and Boston Consulting Group survey on useful strategies for customer retention and the costs and benefits of going down this path.**

Dimensions	Technology Enabled CRM	SK-II case
		needs. (e.g. products tailored for dry/oily skins). Based on the information collected from the (potential) customers, SK-II can also peronalize the e-mails advertisement (product/service catalog) to the customers. **(Permission marketing[6] rather than the spamming of e-mails)**
2. Targeting	Identifying and responding to specific customer behaviours and preferences	SK-II is targeted at the upper-end cosmetics market. An approach called market basket database allows the association of one item with others, eg. Amazon alerts customers who are buying a particular book, as to what other customers who have bought that book have also bought. To do this, a company must have data mining tools capable of searching previous buying behaviour and compiling relevant lists. These tools "drill down" into customer data and create information and selling opportunities not previously apparent. Customers can join SK-II club. Customers will need to answer some short questionnaires when they join SK-II club. Based on the customer input SK-II can provide personalized web-site service to them. Each time customers login on to SK-II site, their username and password will immediately connect customers to their personalized profile which includes favorite products, skincare advice, beauty profile, new promotions, discount coupons and all relevant account information such as delivery address, credit card details and order history.

Dimensions	Technology Enabled CRM	SK-II case
		SK-II can also provide customers with the comments or feedback from other customers who have used the products before or allow the customers to exchange their ideas through online chat rooms. **Customers can earn bonus points if they successfully refer their friends/relatives to join the SK-II Club. (viral marketing[7])**
3. Promotions and discounts offered	Individually tailored to customer	Customer can earn bonus points by joining the SK-II club and by purchasing SK-II products. The bonus point can be redeemed for either product discounts or free beauty services/ consultancy. Free samples can also be provided to customers for trial or with every purchase. E-newsletter can be sent via e-mail to all registered SK-II club member. SK-II also can provide some on-line courses for club member. From the course club member can learn modern toilette, makeup techniques and trends Visitors can submit their queries (e.g. advice for make-ups) to SK-II and experts advice can be provided via e-mails.
4. Distribution channels	Direct or through intermediaries; customer's choice	There are many advantages to shopping on-line, starting with unrestricted shopping times and around the clock access to products and news. Moreover once customers register, they will be able to review their past orders, track current orders and save all their billing and shipping information for a faster, streamlined checkout process on their next visit. When customers submit on-line order, summary of order, order tracking no, delivery details as well as an order number will be emailed to customers following checkout and confirmation. To protect customer personal information.

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[7] **Section 2.3.3, Unit 2 Integrated Advertising Techniques, Comp5006 Web Advertising and Web Publishing, Hong Kong CyberU, 2002.**

Dimensions	Technology Enabled CRM	SK-II case
		SK-II will stores all customer data (name, address, credit card number, order information, etc.) on dedicated, secure servers to protect against unauthorized access. All credit card information inputted by customer is encrypted during transmission using Secure Sockets Layer (SSL) technology.
		Internet online shopping is an alternate sales channel in addition to the existing distribution channel through the special sales counters in department stores.
		The combination of "click-and-mortar" (Internet and special sales counters) is an effective mean of promoting SK-II web presence.
		Strategic alliances can be formed with other companies like beauty clubs, beauty consultants, or health clubs to provide value-added services to the existing customers to build up long-term relationship with customers. **(Co-operative marketing[8]).**
5. Pricing of products or services	Negotiate with each customer	Flexible pricing strategy can be tailored to specific customers. Discounts can be offered to SK-II club members based on the bonus points earned.
		Discount coupons for trading partners e.g. beauty services, health club facilities can also be provided to customers.
6. New product features	Created in response to customer demands	Customized products are also increasing popular and consumers are no longer satisfied with ready-to-use cosmetics and cosmetics companies satisfy their needs for "personal branding" by offering e.g. personalized moisturizers or colour cosmetics.
		New products of SK-II can be developed/ enhanced based on customer comments from the community chat room or customer feedback via e-mails.
		However, SK-II should continue to promote their existing Brand Name based

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[8] Section 1.5.1, Unit 1, Web Advertising and Web Publishing, Comp5006 Web Advertising and Web Publishing, Hong Kong CyberU, 2002.

Dimensions	Technology Enabled CRM	SK-II case
		on the "core ingredients" of their products – the "Pitera®, the Secret Key to beautiful skin".
7. Measurements used to manage customer relations	Customer retention; total value of individual customer relationship	SK-II should focus on three initiatives to improve overall profitability : better customer management; targeted selling efforts and focused retention efforts. • eCommerce - low cost distribution channel • OLAP – customer base analysis and targeting • Sales Force automation – Automation of Upsell/Cross-sell and target selling through better customer management and control • Web services – customer service improved and support load reduced • Support automation – Process automation, 360 degree view of account and builds customer loyalty

6.1.6 The SK-II Triangle

In personalizing the services to their customers, SK-II can adopt an approach similar to "The inverted Dell Triangle[9]".

The "inverted SK-II triangle" is a method of group customisation which underpins SK-II's use of push technology. It controls the amount of information given to different groups of customers - i.e. those who buy the most, get the most complete information along with services which have been more heavily customized and probably better prices.

However even users in the "all customer class", i.e. anyone who logs onto the site, get a lot of information online including product details, make-up advice etc. Further customisation information occurs when people become registered users and wish to find specific information. When it is available, this leads to an e-mail being sent, or an online newsletter.

Contracted customers are those with a track-record of buying from SK-II and they can check the details of this history online. Platinum customers are the ones who buy the most and get the most personalized information.

Online Privacy[10]

In developing the CRM marketing strategy, SK-II must pay particular attention to the legal aspects related to personal data privacy. A privacy policy[11] should be prepared on the web site to inform the visitors that the information they provide will be kept in strict confidence.

A recent Gallup poll indicates that while 82% of regular Internet users in the US are "very" or "somewhat" concerned about online privacy. However, only 16% pay close attention to issues such as confidentiality of personal information transmitted over the web, and the tracking of individuals' surfing habits by marketers. While 36% are paying "somewhat close" attention to these matters, nearly half, 48%, admit to paying little or no attention.

The survey also notes other privacy issues that concern many web users including:

- The potential for government to tap into private e-mail to gather incriminating evidence (63% "very concerned").

- The proliferation of powerful information databases that allow access to the public records of ordinary Americans. These include telephone directories, property tax information and legal records (60% "very concerned").

- Practices that allow the government or corporate marketers to track Internet usage patterns. 43% - 47% of users polled, report high levels of concern about usage tracking by corporate web sites, Internet advertisers, or the government. Very few web users, show little concern about these issues.

Online Privacy in Hong Kong

In 1998 only 32% of Hong Kong web sites collecting personal data had personal information collection statements, and only 6% had on-line privacy policy statements. A follow-up survey in 1999 showed 56% of organisations had taken compliance action. The percentage had been increased to 63.3% in 2000 and 74.8% in 2001 respectively. The "2001 Opinion Survey on Personal Data Privacy Ordinance : Attitudes and Implementation – Key Findings" can be found at http://www.pco.org.hk/english/ publications/opinionsurvey.html

Companies not complying with the Personal Data (Privacy) Ordinance were contacted by the Office of the Privacy Commissioner (PCO). Their obligations under the ordinance were detailed and a follow up check was carried out to ensure compliance.

Privacy Policy Guidelines

There are five basic principles on how personal data should be collected and used to protect personal information. They form the basis of privacy policy guidelines, that have been established by many countries including the United States and Europe.

- *Notice/awareness* - notice of information practices should be given before personal data is collected, including the intentions of the organisation collecting the information.

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[10] **Unit 6, Legal and Policy Issues, Comp5006 Web Advertising and Web Publishing, Hong Kong CyberU, 2002**

Opinion Survey on Personal Data Privacy Ordinance : Attitudes and Implementation 2001 – Key Findings, Privacy Commissioner Office.

[11] Please refer to Appendix 2 for a sample privacy policy (www.sasa.com)

- *Choice/consent* - consumers must be informed how their data is to be used and to whom and under what circumstances it can be transferred to other parties. They should be able to exercise choice over how their information is used.
- *Access/participation* - access to personal data must be given as well as the opportunity to challenge the validity of data.
- *Integrity/security* - consumers must be assured that data is secure and accurate. Precautions must be taken to protect data from loss, unauthorised access and fraudulent use.
- *Enforcement/redress* - some way of enforcing privacy and seeking remedy if it is violated.

6.2 Dynamic Pricing: As contrasted to the fixed pricing strategy

Future e-business successful for SK-II will depend on how it charges its' customers. If SK-II sets prices too high, web customers will stay away. With SK-II competitors just a mouse click away, SK-II not only should offer the right price, but also the right pricing strategy for a particular customer and situation.

It is therefore, pricing of SK-II should get personal, with customized price being offered to each and every buyers. While dynamic pricing can be offered via the following models:

- Auctions
- Reverse Auctions
- Dutch Auctions
- Comparison Shopping
- Group Buying (Aggregate Buying)
- Exchanges
- Bartering

THE FOLLOWING SUGGESTS PROGRAMS THAT SUIT SK-II PRICING STRATEGY:

6.2.1 Online Marketing Incentive Program

SK-II can follow the underneath successful pricing strategy implemented by Cybergold.com.

Cybergold, it's web site being www.cybergold.com, which was one of the first online marketing incentive companies to allow individuals to earn and spend money on the internet. Cybergold rewards online customers when they make online purchases, download free software, register online service or simply visit a web site by actual cash starting at 50 cents.

Already more than 200 online merchants, including Disney, AOL, E*Trade and Autobytel have used Cybergold's incentives program to acquire new customers cheaply and efficiently.

Cybergold.com has received a United States patent for "Attention Brokerage and Orthogonal Sponsorship", giving Cybergold broad protection over the distribution of online incentives to consumer interacting with Internet Advertisements.

6.2.2 Haggling Pricing strategy

Although not new in the real world, it has come to the net world. This pricing model is a one-to-one exchange that potential customer personally negotiate or haggle a price with SK-II by means of an intelligent software agent.

Another form of one-to-one haggling is called "name your price" or demand pricing model where SK-II can let consumers name their own prices for cosmetic products while SK-II provide cosmetic products that suit to these consumers on a trade-off that the consumer may get old stock or must buy other complimentary products as well.

The successful case here can be referenced to priceline.com which pioneered the haggling price method in April 1998 when it launched its service enabling consumers to name their own price for leisure airline tickets. Later it expanded its service to "name your own price" for hotel rooms, new cars, home financing, long distance calls…etc. The Priceline.com service has enabled consumers to use the internet to save money on a wide range of products and services while enabling sellers to generate incremental revenue from unused inventory.

SK-II can use similar methods to sell near-to-expired cosmetic stocks to consumers at discount price to increase revenue while in return consumers may need to purchase complimentary products.

6.3 Make use of Distributed Selling Strategies

By using this strategy, SK-II can offer their products to consumers across the entire Internet. Known originally as Affiliate Marketing, it was Amazon.com who created this concept in July of 1996 and it has turned out to be one of the most powerful means for impulse buying on the net.

6.3.1 Affiliate Marketing

An affiliate marketing program is a technique to build traffic, and e-commerce revenue, by working through a network of related Web sites to actively promote a particular product or service.
Benefits of Affiliate Marketing[12]

- Generate leads from affiliates on the Internet begins by targeting high traffic sites, and niche sites with a loyal following.
- Generate sales and revenue from affiliate partners
- Build up branding: Amazon.com obviously benefits from administering its huge network of affiliates. Since it benefits the Web site owner to sell books, and to get perceived credibility for offering this well-known bookstore's offerings, Amazon.com has signed thousands of affiliates. More importantly, Amazon.com developed a whole brand through this strategy.

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[12] Affiliate Marketing Overview, Declan Dunn

6.3.2 Building Affiliates

The most important point on the affiliate program is to understand the clients' interests, so we are based on this criteria to identify the most valuable affiliate partners.

- Identify customer's behavior

SK-II mainly focuses on adult women with medium to high class segment. The buying behavior of this class is looking for high quality and well-known products with excellent after sales service. So the targeted affiliate should be portals, community sites, and niche Web sites related to women, fashion and beauty features. For instance, www.moiselle.com.hk , www.fashionkey.com, www.she.com and www.atnext.com.

After identifying and locating the target portals, community sites, and niche Web sites, we need to design a appropriate affiliate program to attract them. The following lists 2 ways to achieve that:

- Promote the affiliate sites or their products at www.sk2.com.
- Use a free reward, invitation, report, discount, or coupon.

6.3.3 Managing Affiliates[13]

After acquiring the affiliates, we need to keep track on the program to make sure the strategy is up-to-date and appropriate to the current situation

There are several guidelines that need to be followed:

- Set up advertising approaches that encourage participation
- Set up an automated e-mail-based follow up system that contacts affiliates.
- Appoint staff monitor the success of each affiliate.
- Motivate affiliate coaches by paying a bonus when the affiliates profit.
- Use e-mail for continual contact, and pick up the phone to make it personal.
- Evaluate the numbers from your affiliate network after a certain period.
- Watch profit margins. E.g. Amazon.com is learning that it cannot increase profitability by losing money on every customer. Music and videos are low profit items; try to incorporate some high profit margin items as well

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[13] http://www.marketingpower

6.3.4 Supporting Affiliates

In order to keep the program running effectively, we need to support and motivate them continuously to achieve the goal.

- **Sales Tracking and Training: Keeping the Salesforce Fresh**

  Be sure to review reporting statistics periodically and rank your best affiliates and reward the top performers.
  And keep ongoing training to the affiliates about your product and promotion campaign.

- **Support: Set An Example for Your Affiliates**

  Prepare to get plenty of e-mails with questions, confusion, and technical naiveté.

Another Affiliate Marketing reference case: Vstore, www.vstore.com, gives any web site the capability to have their own online store – right on their web site. Vstore provides the products, design, marketing tools and technology – all for free and they do all the fulfillment and customer service.
SK-II can make sales from it's site by joining an online merchant's affiliate program and sell their products or services without having to build warehouses, handle inventory, enter the order-fulfillment business, or do customer service.

6.3.5 How to build an affiliate partnership with SK-II

1. Interesting parties need to register the affiliate program on www.sk2.com.
2. They must fill in the contact information and payee account details such as domain name, business registration no. and payment methods etc.
3. Every partners need to create individual products or homepage links on their websites.

3.1 Product link sample

Buy it at SK2.com

3.2 Homepage link

Sample 1

Sample 2

會員專屬 美容講座

Sample 3

After building the links, each time a visitor clicks from affiliate partner site to sk2.com to purchase items, affiliate partners will earn generous referral fees or credits. And SK2 will responsible for the entire shopping experience: fulfillment, customer service, and consultation. All partners can track the sales generated from their site

4. Partners can check earnings and traffic reports online anytime. Partners can monitor their store's activity through our online reporting feature and can check earnings and traffic reports at any time.
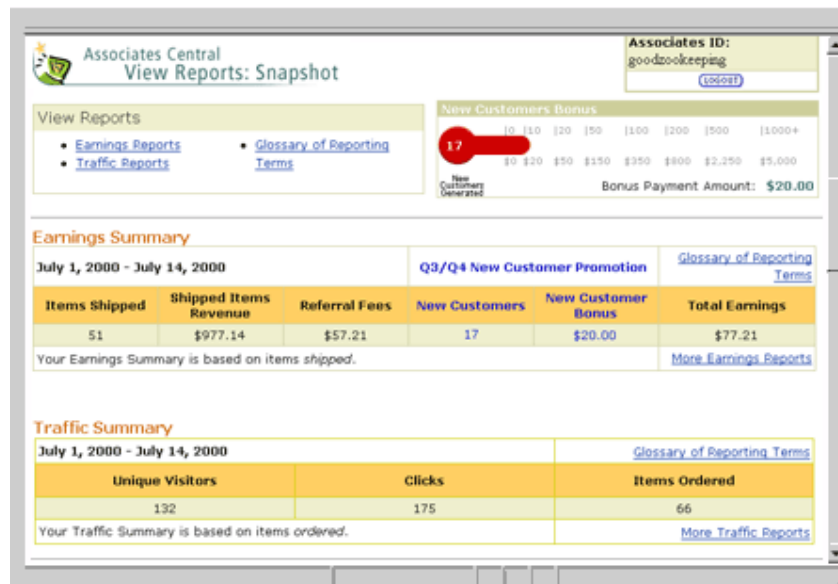
Sample from Amazon.com

5. SK2 will provide insightful product information and online support on our site that will help visitors make the right purchasing decisions. We also post customer reviews and comments on our newsletters and community page to make visitors understand more about our products and services. The more satisfied visitors are with the quality of product information we offer, the more likely they are to purchase through your links.

6.3.6 Estimated income from affiliate programs

The money being generated by the Internet affiliate programs is staggering, and experts point out that it will only grow even more dramatically in the next five years :

> *"By 2002, 25% of the expected US$3.5 billion in the Internet retail sales, not including autos, will have originated on affiliate sites."*

Nicole Vanderbilt, Jupiter Communications

> "Numbers tell the story … phenomenal results $35,000 our first month $60,000 our second month … and over $100,000 our third month … We have found the benefits to be immeasurable."

– *Spiller V. Anderson, President, Hometown Marketplace Inc.*

The real secret is in making money with a tested, proven process that can build your business for the long run without risking your earnings, time or sanity.

Affiliate marketing is performance-based advertising. You pay on results when you made a profit. You can see below just how profitable affiliate programs are proving to be for some merchants.

Highest Individual Affiliate Commissions Paid to Date :

$75,203	ClubMom Inc.
$50,000	Ancestry.com
$37,291	Eversave
$26,000	MyFree.com
$23,000	OneandOnly.com
$15,000	ShopAtHome.com (quarterly)
$12,500	Half.com Inc.
$12,000	GiftCertificates.com
$9,750	SelfCare

If you were selling someone else's product and making $20 per sale. No inventory, no credit card processing or customer service, simply marketing and making $20, free and clear. Here's the income you could be looking at :

Orders Each Day	Weekly Income (US$)	Monthly Income (US$)	Yearly Income (US$)	Yearly Income if you had 2 Affiliate Programs with these results
1	140	560	6,720	13,440
3	420	1,680	20,160	40,320
5	700	2,800	33,600	67,200
10	1,400	5,600	67,200	134,400
15	2,100	8,400	100,800	201,600

Source : The Complete, Insider's Guide to Associate & Affiliate Programs by Declan Dunn. (http:/www.linkstosales.com/cgi-bin/store/d.pl?index-1583)

6.4 Create Content and Community:

Relevant content can help support your online offer, and at the same time, provide your visitors and customers' means to interact with one another, increasing repeating visits to your site. Therefore, content builds community, which establishes credibility, which generate sales.

6.4.1 Provide Rich Content Information:

Useful Content is a tool for suggesting an action (business transaction).
According to a study by ActivMedia.com, e-commerce still accounts for less than 2% of total retail sales in the US. While these sales, majority of them namely books, music and videos, provides little or no depth information needed by buyers to decide on a purchase, if SK-II sells anything on the web and provide rich informational content on these products, it can achieve the following:

- Attracting new customers
- Retaining existing customers
- Sales of higher-priced (Margin) Products

Examples of providing rich Content information:

www.iSyndicate.com
www.screamingmedia.com

6.4.2 Partner with net-based training companies to provide cosmetic training to net surfers

Firms like notHarvard.com (www.notharvard.com) build compelling eduCommerce courseware for online stores.[14]

6.4.3 Rich Content can generate more sales reference cases

- Micron PC has a partnership with Ziff-Davis Education. When Micron PC offered courses on how to shop on the Web, it saw a rise in buying activity and the average sales prices to customers rose with their rise in confidence. This example shows that when customer's knowledge to your products increase and confidence builds up, you can get more repeated sales and above-average profit margins.
- Provide Rich Content Information and generate sales:
  - Flyswat (www.flyswat.com) lets web surfers click what they call flycons attached to any word on a web page or a computer screen and get a choice of links related to that information. These links let them go directly to the web page they need. Flycons can be used within a web site's email, word processing, or any windows application. They had caught the eye of NBC Internet (NBCi) and were purchased by them in May of 2000 for 70 million.

6.5 Miscellaneous Marketing Techniques[15]:

- Barter an exchange of advertising links with associated (but not directly competitive) companies

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[14] P158, E-Marketing Strategies, Frank Fiore, Que 2001
[15] P133, A Step by step guide to E-commerce and Beyond, Dayle M.Smith, Bloomberg Press 2001

- Become involved in a link exchange, examples like http://www.linkexchange.com
- Become known within a newsgroup
    - Scan in www.reference.com for locating the best newsgroup category
- Solicit business on a one-to-one basis through well-placed email messages.
    - Get right to the point about what your business offer from the customer's point of view.
    - Keep your message very brief, with a click-through option if the reader would like to know more information.
    - Make sure your message contains a specific statement of what you would like the reader to do.
    - Finally conclude your message with friendly reassurance about your business policies and general attitude.
    - Use of auto-response
- Advertise your product or services by becoming an indispensable information source or newsletter publisher
- List your business with a number of search engine: Listing the search result of your companies as nearing the top of the list as possible by manipulating some technical skills of "meta-tags", visit www.positions.com for more information regarding placing your site in the top list within the search engines.
- Join the mall like www.yahoo.com, www.awa.com, www.internet-mall.com, www.icatmall.com
- Internationalize your site for a global customer base.
- Give something away
- Brand your dot-com everywhere you can. In the case of online businesses, perception is reality: If people in your city or region begin to recognize your dot-com name, you are on your way to succeed.

6.6 Mid-Term Advertising Strategy: Wireless Advertising[16]

The Internet can now be used anywhere with new wireless technologies. Wireless advertising is both a reality today and a possibility tomorrow. Right now it is in its infancy, but in the next few years wireless advertising will mature into a more sophisticated, viable medium.

Digitrends CEO Rick Parkhill predicted that the wireless advertising market will reach $17 billion by 2005.

Despite the current technological limitations that make this new medium far inferior to "traditional" Internet advertising, wireless advertising has several advantages that will make it a hot area in the next few years. Perhaps the most obvious of these is that you can reach your audience in a targeted manner when they are out of the office or home. On the most basic level, text sponsorships on text-based wireless sites work in much the same way as other web sites. The other primary vehicle, which is available on wireless devices with telephony capability, is spoken audio messages, much like traditional telemarketing. Both methods are hardly revolutionary, though by being channeled through a wireless device, these messages are allowed to reach web users at times when it would be hard to otherwise reach them.

Suggested Wireless Strategy implemented by SK-II

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[16] **" The Wireless Market" by Eliot Kent-Uritam http://www.mediasmithinc.com/white/wp-wireless3.html**

- SK-II can develop some full-color promotional video, virtual demonstration (by top models, actress or beauty consultants) and SMS messages including product/service catalog to their customers who using PDA and WAP-enabled devices so that SK-II can reach their customers ANY TIME, ANY WHERE.

- SK-II, in the mid-term, can develop a regional promotion strategy to advertise on the mobile device platform namely 3G-enabled-PDA-communication device, 3G-enabled mobile device:

  o Take advantages of the existing GPRS network and SMS service provided by tele-communication companies to provide SMS-promotion messages to targeted customers. By using CRM as the web advertising back-end system, SK-II can easily segment their customers into specialized interested groups. By knowing what each customer's interest and buying habit, SK-II can deliver the custom-SMS messages to each interested group of customers (i.e. if customer would like to know new product info, SK-II can deliver the related SMS messages to them

  o 3G network: When 3G network is ready and tele-communication companies can provide service to the corporations, SK-II can take advantage of this new medium to deliver not only the textual information to the targeted customers, but the targeted promotional videos (Time length should be less than 10 seconds) or colorful pictorial information to them.

As 3G network may get ready to be launched by year 2003, it is not a distant future that the above strategies can be implemented. SK-II can leverage it's advertising effectiveness by taking advantages of the new promotion medium.

Here is a wireless advertising reference case: Volvo. [17]
In the launch of its S60 sedan Volvo's agencies developed a full-color promotional video that will run on PacketVideo's PVPlayer software for PocketPC-based PDAs. Users of other PDAs and WAP-enabled devices can also access a Volvo-sponsored NCAA contest through mobile versions of CBS Sportsline.com and Go2.com. Volvo will also deliver sponsored SMS messages to users who register at these sites for NCAA updates.

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[17] **"Volvo Taps Emerging Media in Car Promotion" by Christopher Saunders**
http://www.internetnews.com/IAR/article/0,,12_715821,00.html

7. PHYSICAL WEB SITE DESIGN AND IMPLEMENTATION

7.1 Data Mining techniques

Since CRM is a major marketing strategy for SK-II, the usage of CRM and OLAP software can help companies improve the profitability of their interaction with customers through individualization.

The followings are general guidelines for building a customer information data warehouse for SK-II:

- After summarizing the customers statistical attributes (Sex, Age, Job, Hobbies, Interest etc.)

- Building a predictive model based on the known result, and test the model result by sampling real data.

- At this stage, we can make using the data mining tools for **Classification, clustering and other techniques.**

  - Classification techniques assign people (or whatever the data represents) to classes determined by the analyst. A simple example would be to analyze data on customers and non-customers who had either visited the web site or not. This simple example could easily be represented by a 2 X 2 table, but as the number of data items increases, it quickly grows beyond simple tables.
  - Clustering techniques are used to identify occurrences in the database with similar characteristics, subsequently grouping them into clusters. Unlike classification, the analyst doesn't specify the groupings ahead of time, and the results of clustering may or may not be valuable.
  - Other techniques
    - o Analyze customer acquisition and retention promotions over time.
    - o Learn which combinations of products are purchased.
    - o Identify meaningful market segments using profile and web activity data.

- [Correlation](#) measures the relationship between two sets of data on a scale of 0.0 (no correlation) to 1.0 (100 percent positive correlation) or -1.0 (100 percent negative Correlation can be used to analyze a wide range of data, including the following:
  - Traffic
  - Inquiries and sales
  - Number and length of visits
  - Number of pages visited
  - Sequence of pages visited
  - Demographics and purchase history
  - Buying motives and decision criteria
  - Click-through data from newsletters

After building all components, we can make use of data mining technique on customer personalization. And Personalization can divide into Customization, Simple personalization and Rules-based personalization

Customization. is manifested by providing customers the opportunity to design web environments with information pertinent to an individual user. And easiest to think of as "many to many" personalization,

customization allows organizations to use general information to drive apparently personalized relationships with customers. There are some examples on how to implement personalization :

- Send personalize E-newsletter for new products which is particular interest to that customers.
- Give discount or credit on particular customers.

Clustering and grouping difference kind of products to see whether they have any naturally relationship. E.g. if most of customers buy purifying lotion will also need to buy facial treatment cream.

Most of companies have build a trememdous and effectively data warehouse, but minority of them can use it effectively on marketing and promotion. The more effectively we can use these information the customers to their needs the more profitable we will get. The key to success requires that how much we understand the customers and their needs by using data mining tools as a guide.

7.2 Chat room and FAQ

InstantService™, Inc. use the Application Service Provider (ASP) model to deliver an eCommerce solution enabling a company sales or customer service agent to start an immediate dialog with a site visitor, prospect or customer. This application, called InstantService™ live online interaction, facilitates customer acquisition and retention by enabling SK-II to conduct text-based chat sessions and push topical content to customers in real time.

7.2.1 Chat room

InstantService™ Chat was created to address the online customer service needs of e-businesses. E-customers want live help when they have questions. InstantService™ text-based chat gives SK-II e-customers instant access to the answers, assistance, and information they require. SK-II experts, armed with InstantService Chat, can deliver the real time customer services and help retain customers and build its relationship with them.

The following are major features in InstantService™ Chat:

Agent Workload
Agents can answer and easily manage up to five chat sessions simultaneously, leading them directly to higher productivity levels and faster customer assistance.

Secure Chat
InstantService Chat can be secured for complete privacy. Using SSL encryption, chats are encoded from end-to-end, ensuring SK-II customers' privacy protection.

Smart Button
Unique code allows the InstantService Chat button to change its appearance, message and functionality based upon agents' logged in status. Immediately, customers visiting SK-II Web site are aware of SK-II agents' availability.

Exit Survey
Get the feedback you need to further improve SK-II customer support experience with the Exit Survey. Upon the end of an InstantService session, present visitors with an Exit Survey that can be customized with

up to five questions and one "free form" written response. Exit Survey results are available for review 24/7 in the Reporting section of the InstantService Account Administration pages.

7.2.2 FAQ

Today, more online customers are opting to help themselves when seeking information from an Internet site. They want the freedom to tour a Web site at their convenience. InstantService™ FAQ delivers fast, reliable and intelligent responses to your customers in 24 x 7 real-time. By offering a cost effective self-service option on SK-II web site, customers get the information they need, allowing SK-II experts more time to help those customers with inquiries requiring human interaction via chat or e-mail.

The following are major features in InstantService™ FAQ:

Easy Response Updates
Things change and they always will. Yesterday's answers don't always work today and your knowledgebase must adapt. InstantService FAQ is integrated with both InstantService Chat and E-mail. By editing pre-scripted response files, both offerings are updated - maintaining consistent messaging for SK-II across all touch points.

Real-time Escalation
When a customer can't resolve their inquiry through InstantService FAQ, SK-II can allow them to easily escalate their service request to text chat and/or voice services by adding an InstantService link within pre-scripted responses. Before the customer leaves SK-II site frustrated, offer them real-time chat- or voice-based customer service with one of experts.

7.3 Pictorial Description and Explanation of SK-II Web Site Design in relation to the suggested solutions[18]
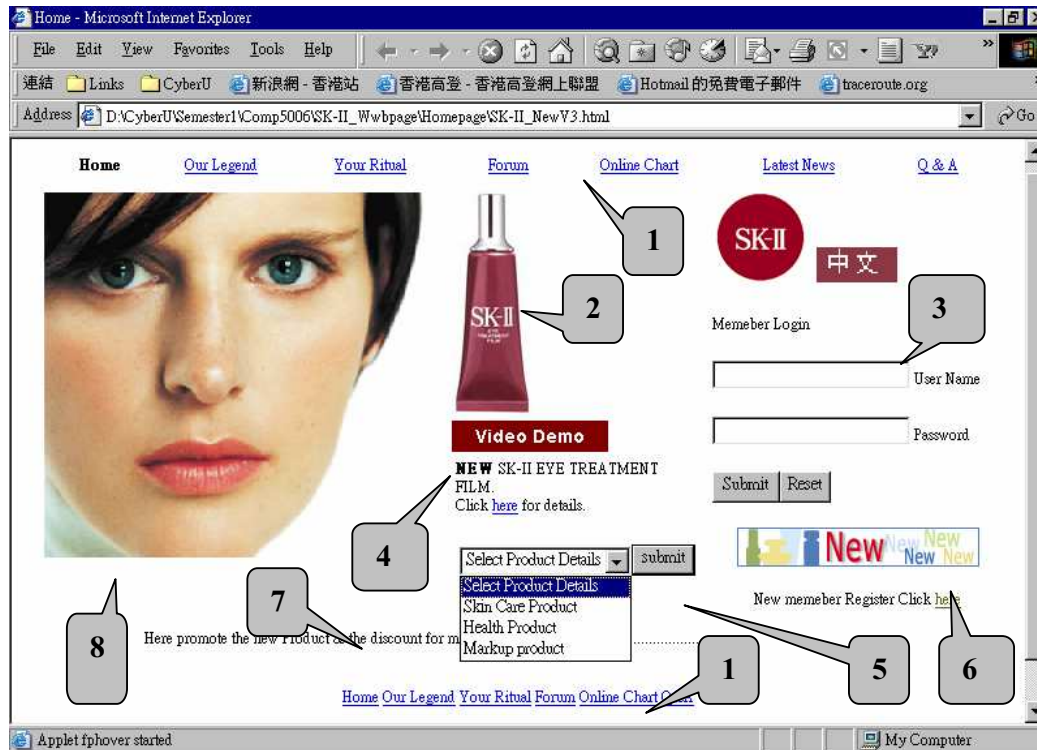
Suggested Web site design for SK-II.

Item description for the "New Homepage of SK II":

1. All pages have the top and bottom heading for visitor to reach other pages easily.
2. The newest product picture is shown here to attract visitor.
3. "SK II Logo" & "Member Login" field for member to login to a tailor made page for different member according to the "CRM" system.
4. After visitors click the "Video Demo" button and show markup demo video stream for visitor. Beside it is a quick reference link to newest product page.
5. "Combo Box of products" for visitor to search the different kinds of product easily.
6. A reference link for new visitor to register as a member for free.
7. A moving 10 times text banner to promote new discount information and other news to attract visitors.
8. The picture shows the "Super Star" to promote SK II products.

The SK II Physical WebSite Design is based upon the underneath guidelines:

- **Update content of homepage periodically**

Don't let the site get stale! Nothing indicates neglect more than dated information, such as a News section that hasn't been updated in two years. When a user sees things like that, they may even think the company is

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[18] Details please refer to appendix 10.3 Web Design Guidelines

out of business. If you don't plan to update the content, don't publish it. So the items 2, 4, 5, 7 and 8 wi ll be updated periodically.

- **Get Users Excited**

First-time buyer promotions and incentives will make users think they've found deals they can't pass up. When people think they're about to score, they'll lower their guards and become eager to complete the transaction. Item 7 is the tools to promote to visitors.

- **Good Street Cred**

If users see a site where the details are in order, it creates the impression the business behind it is run by a reputable merchant. Items 1 and all the fields in Homepage are arranged in a tidy manner.

- **Don't use Frame**

Splitting a page into frames is very confusing for users since frames break the fundamental user model of the web page. All of a sudden, you cannot bookmark the current page and return to it (the bookmark points to another version of the frameset), URLs stop working, and printouts become difficult. So the "New Homepage of SK II" is no frame in all of the pages.

- **Gratuitous Use of Bleeding-Edge Technology**

Don't try to attract users to your site by bragging about use of t he latest web technology. You may attract a few nerds, but mainstream users will care more about useful content and your ability to offer good customer service. In the Homepage use only a little media and the page download time within a few seconds. Items 2, 4 and 7 will be updated periodically.

- **Scrolling Text, Marquees, and Constantly Running Animations**

Never include page elements that move incessantly. Moving images have an overpowering effect on the human peripheral vision. In the homepage, the item 7 – "Moving banner text" only move 10 times and then stop, "Video Demo" button to link to the "Free Video demo" and won't waste the bandwidth of visitors, no unnecessarily moving images.

- **Complex URLs**

Even though machine-level addressing like the URL should never have been exposed in the user interface, it is there and we have found that users actually try to decode the URLs of pages to infer the structure of web sites. Item 1 maintain in each page of sub-link for visitor to go to other pages easily.

- **Orphan Pages**

Make sure that all pages include a clear indication of what web site they belong to since users may access pages directly without coming in through your home page. Item 1 can help for this matter.

- **Long Scrolling Pages**

Only 10% of users scroll beyond the information that is visible on the screen when a page comes up. All critical content and navigation options should be on the top part of the page. Base on the factor, all the pages are considered as one screen page long in the homepage.

- **Lack of Navigation Support**

Don't assume that users know as much about your site as you do. Provide a site map and let users know where they are and where they can go. Item 1 can help on that matter.

- **Non-Standard Link Colors**

Links to pages that have not been seen by the user are blue; links to previously seen pages are purple or red. All the links in homepage are used the standard color for user to click.

- **Overly Long Download Times**

Traditional human factors guidelines indicate 10 seconds as the maximum response time before users lose interest. On the web, users have been trained to endure so much suffering that it may be acceptable to increase this limit to 15 seconds for a few pages. Frontpage software shows that the Homepage download time is 15 sec when use 28.8K modem, 8 sec with 56.6K modem and ISDN line within 3 sec.

7.3.1 Brief description of services provided within SK-II WebSite

OnLine Chat room and Forum services: As per our suggested improvement sub-section 6.4 "Create Content and Community", Chat room as well as Forum are tools to create an online community in order to:

- Attract new customers
- Retaining existing customers
- Sales of higher-priced (Margin) Products once potential customers gain confidence to SK-II products via exchanging experience with other SK-II end users.
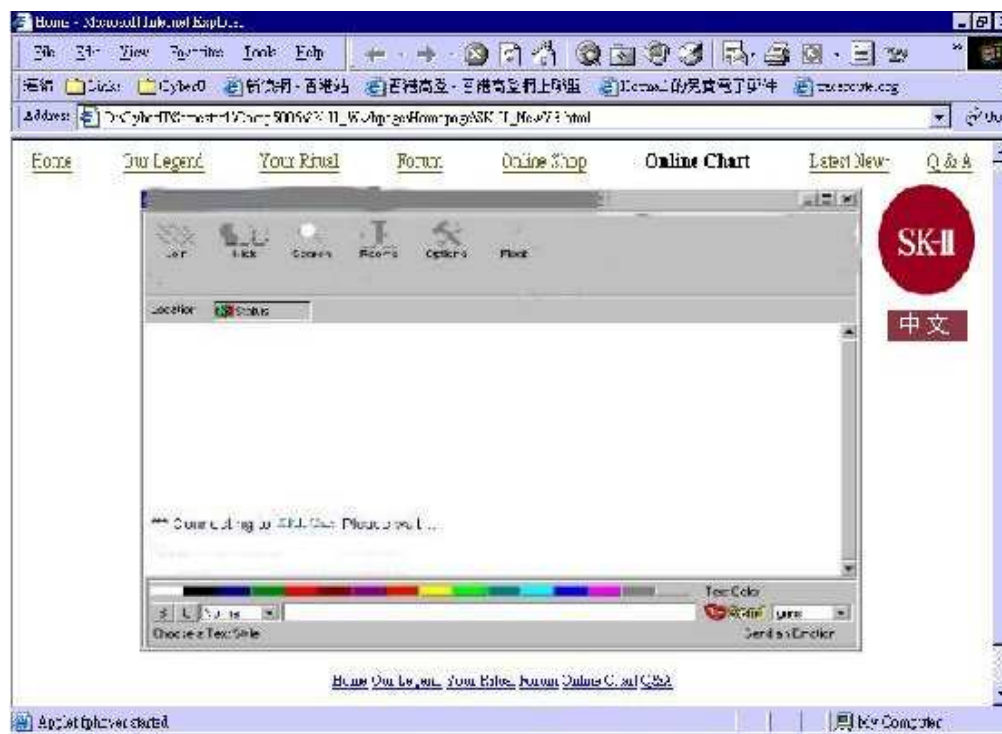
OnLine Chat room service

Forum service

SK-II online skincare consultation and education services : As per our suggested improvement in sub-section 6.4.2 "Partner with net-based training companies to provide cosmetic training to net surfers", this skincare consultation and education services can achieve the following purposes:

- Gain more confidence to SK-II product lines
- Attracting potential customers
- Retaining existing customers
- Sales of higher-priced (Margin) Products once potential customers gain confidence to SK-II products via exchanging experience with other SK-II end users.
- Save physical consultation and education centre setup cost in the long run: SK-II can save costs by opening less physical consultation centres around the world or reducing existing number of SK-II consultation centres once the above online services become known to SK-II community and potential customers
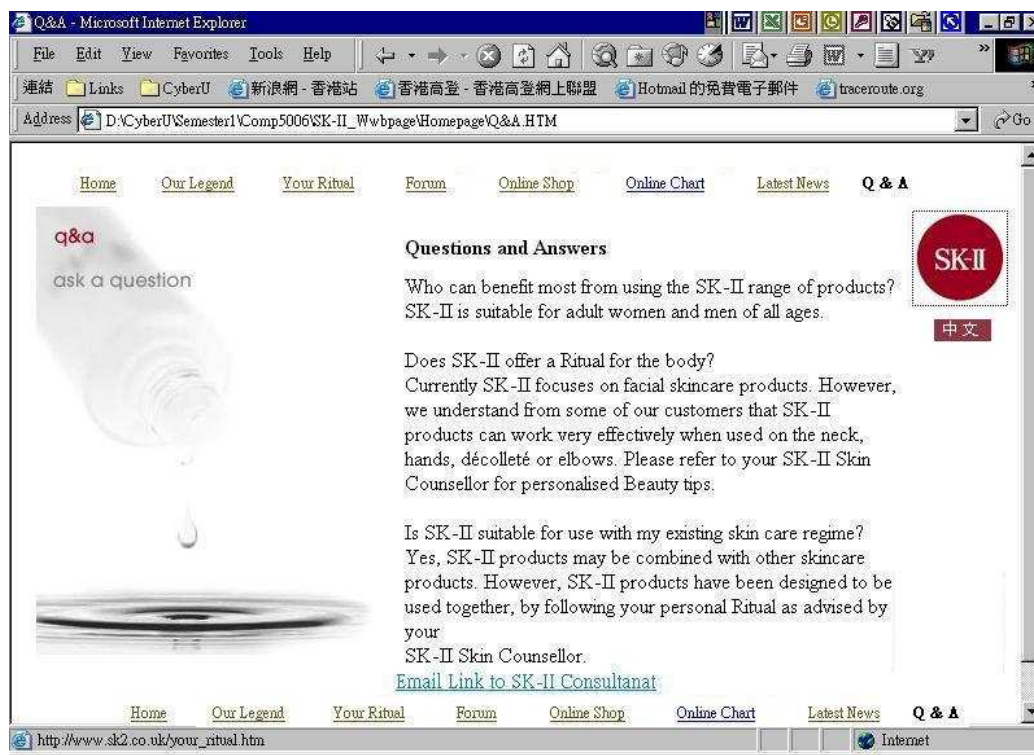
Online SK-II SkinCare Consultation and Education

SK-II online shopping service: As per our suggested improvement in sub-section 6.2 "Dynamic Pricing Strategy", this online shopping service can generate more sales and revenue by means of:

- Online Marketing Incentive Program (Kindly refer to 6.2.1 for details.)
- Haggling Pricing Strategy (Kindly refer to 6.2.2 for details)
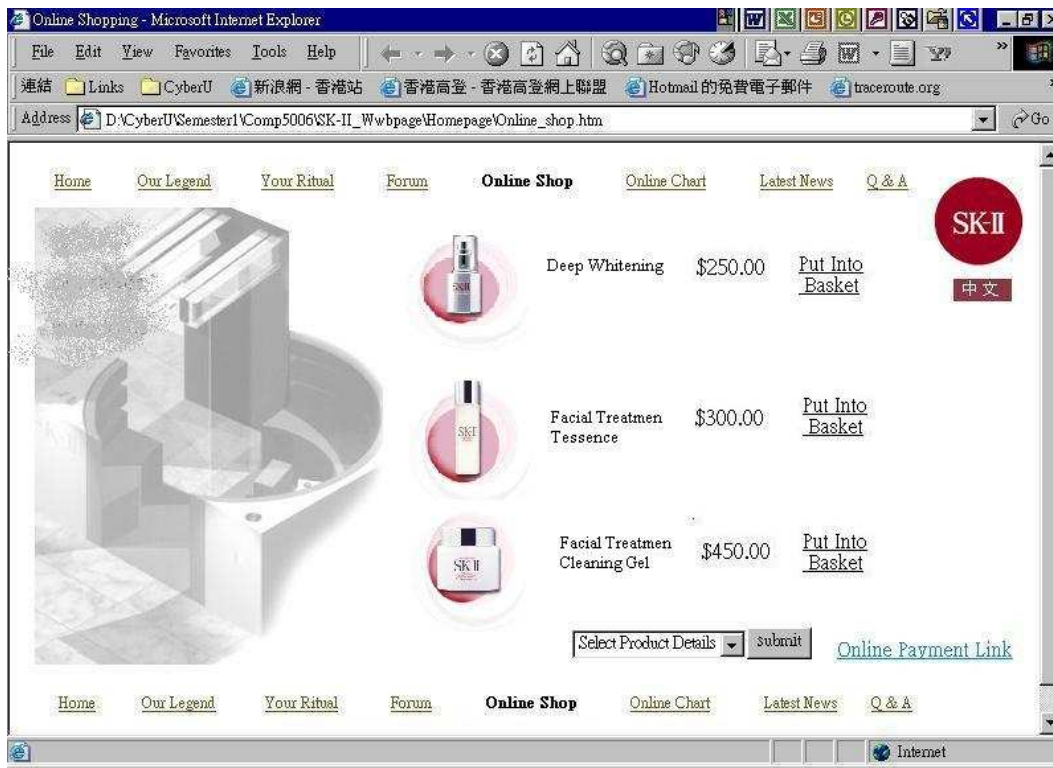
Online Shopping Service

7.3.2 Proposed Web site Flow Chart Design for SK-II

SK II WebSite Flow Diagram

1. Q & A	Q & A Page	Reply within 24 hrs, by Emial
1. Online Chart	Online chart with "Super Star"	
1. Forum	Area for Customer to communicate	
1. Your Ritual	Markup step to teach customer	
1. Our Legend	Introduce the "Secert Key" -- "Pitera"	
1. Latest News	Page Of Lastest News	

Home

O n l i n e B u y i n g page

1. Online Shopping

2. Reference link for "Video demo" → Video demo

3. Member Login for customer "CRM" collector data and tailor made the page for her/him and promote discount. → Tailor made product page for customer through CRM, & data mining tehnique → Old member discount promote

4. Link for the Newest product page

5. Product combo box for customer easy to search → Different Skin care products

6. Attract new vistor to be a member → Put new customer information to CRM, send greeting letter and promote member discount to him/her

7. Moving line to generate promote news

8. Newest "Super Star" photo to promote

7.4 Complementary Web Strategy: m-commerce

In a med-term strategy, SK-II should consider it's advertising strategy to cover M-commerce which will prevail within 3 years time. The following sections will briefly state the forecasts for M-commerce

7.4.1 Market Forecast

Goldman Sachs Equity Re-search predicts that the number of mobile phone users will exceed one billion worldwide by 2003.By 2005,500 million mobile devices will provide Internet access —a number that surpasses Internet-enabled PCs. [19]

7.4.2 Benefits of M-commerce

Both sides of the transaction (SK-II and customers) can get benefits on m-commerce.[20]

I'M A SELLER. HOW WILL I BENEFIT FROM M-COMMERCE?

First there was "mass" marketing, a method of driving large volumes of similar SK-II products to the entire consumer market under the belief that all consumers were homogenous.

Later came "target" marketing, where groups of SK-II consumers with similar needs were more precisely targeted with like products and services. This subtle change in marketing tactics open up a world of new choices and experiences for the consumer while simultaneously altering the manner in which businesses compete for consumer loyalty.

Unlike PC's and televisions, mobile devices are used in a manner that is truly individual and singular. PC's and televisions are often shared, so marketing messages directed through these devices are not necessarily targeted to the individual. Owners of mobile devices, however, will carry those devices wherever they go, making them ideal for accessing personalized information, as well are receiving targeted messages that hold a high-value proposition for that particular consumer. As a seller, technology can not only help enable a "one-to-one" marketing strategy based on specific and individual demographic profiling, but also permit that relationship to exist anytime (24 hours a day, 7 days a week) and anywhere.

I'M A CONSUMER. HOW WILL I BENEFIT FROM IT?

The greatest benefit for the consumer will be the new "experience" created by m-commerce. The consumer experience will now deliver what I want (one-to-one), when I want it (profiling) and where I want it (mobility). The consumer will have the benefit of anytime/anywhere access to desired products and services.

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[19] **"Mobile Ecommerce: Focusing on the Future"** by Gilda Raczkowski
http://www1.worldcom.com/us/resources/library/reports/ebiz/mobilecommerce.pdf
[20] **"Mobile E-commerce (M-commerce) -- Market Place Enablers and Inhibitors " by Kevin Gillick – Datacard Group, Randy Vanderhoof – First Access, Inc.**
http://www.datacard.com/downloads/pdf/white_paper_ecommerce.pdf

When 3G network is ready , customers can receive not only the textual information, but the targeted promotional videos or colorful pictorial information from SK -II on 3G-enabled mobile device. Customers will be able to submit order, check order status and deliver details via their mobile device ANY TIME, ANY WHERE.

7.4.3 Considerations in selecting m-commerce strategy

To be ahead of competition, SK-II should develop a m-commerce strategy in considerations of the following factors:[21]

7.4.3.1 *Time is of the essence; experience is priceless.*

The underlying technologies that will enable commerce over mobile devices are still in development. Standards as well as interfaces have not been finalized. Given that we are at the nascent stages of the development of wireless as a viable channel, many companies are tempted to adopt a "wait-and-see" stance until all uncertainties are resolved. But existing players, Internet pure-plays, and clicks-and-mortar companies should all take a proactive view of wireless and plot their strategy now so they are prepared as technology providers supply the infrastructure to enable dramatic capabilities.

SK-II and its competitors mainly focuses on adult women with medium to high class segment. Players who enter the wireless market early gain important and early intelligence on customer acceptance, value proposition, pricing, and other market information; followers will constantly play catch-up. This is crucial to the long-term success of an organization like SK-II. Learning comes from anticipating and addressing new customer needs and offering products and services before competitors are able to. This requires establishing a strong early network of partners, which is a good deal easier in the early stages of development.

7.4.3.2 2. *A wireless presence can fundamentally transform your customer relationships.*

A typical Web offering gives customers the opportunity to "pull" information. They can check prices and availability, place orders, get information, etc.

Wireless introduces a radical new way to maintain an "always-on" relationship with customers. With wireless, SK-II have an opportunity to be involved with customers like never before, continually advising them according to CRM customer segmentation databse information. With wireless, SK-II can *push* data to customers in real-time.

7.4.3.3 3. *Tension between device and display leads to a multi -faceted wireless strategy.*

The Internet commonly uses a single method to view and exchange information: the browser. The wireless space presents us with many browser equivalents: digital phones (each with a unique way to present information), pagers, multiple PDA (Palm-type) standards, and voice communication. A strategy relevant to a PDA may not be relevant to voice communication or to a WAP-enabled phone. Wireless strategists need to analyze different methods of wireless communication to develop a targeted strategy suitable for desired wireless device standards.

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[21] **"10 Considerations in Selecting a Wireless Strategy" by by William Mouat Luminant Worldwide Corporation**
http://www.luminant.com/luminant.nsf/website/WP_Selecting_Wireless_Strategy/$file/WP_Selecting_Wireless_Strategy.pdf

For a truly successful wireless application, one must provide access to a multitude of devices and platforms. Without it, companies risk losing existing and future customers. SK-II may have to provide its services on PCS/GSM phones, on PDAs, and 3G devices, as well as by any dominant local provider of wireless Web access. In the long term, as standards become solidified on a more universal network, access to the wireless Web will be as open as the Internet is today. But in the near future, arrangements with various wireless providers must be made.

7.4.3.4 4. Success depends on addressing customer needs, customer wants.

SK-II can obtains detailed information about a customer's behavior, preferences, needs, and buying patterns and uses that information to customize its entire relationship with that customer.

By using CRM SK-II can easily segment their customers into specialized interested groups. By knowing what each customer's interest and buying habit, SK-II can deliver the custom-SMS messages to each interested group of customers (i.e. if customer would like to know new product info, SK-II can deliver the related SMS messages to them.

When 3G network is ready and tele-communication companies can provide service to the corporations, SK-II can take advantage of this new medium to deliver not only the textual information to the targeted customers, but the targeted promotional videos or colorful pictorial information to them.

8. CONCLUSION

Continual Success In Web Advertising And Publishing

For SK-II to be continually successful in leading the skin-cared industry, offering creative valued-added services (Dynamic Pricing Model, Distributed Selling Strategies, Content and Community Services) as well as providing personalized services (CRM implementation) tailored to each customer should become the norm for future corporation advertising strategy.

Web presence of SK-II not only strengths it's presence in the Cyberspace, but will attract new and potential customers as well as build trust relationship with each customer in the long run which will generate more revenue in return. With the advent of new web advertising technologies and plaforms for every quarterly and half yearly, SK-II should keep an eye on new technological advancement to exploit new ways of advertising (technological advancement) via new advertising mediums (like 3G).

New advertising platforms namely M-Commerce will become available in near future (year 2003) when 3G networks are ready to the general public. Digital TVs, when growing to become another major channels besides analog TVs, will expose new mediums for SK-II to exploit new opportunites.

The ultimate winner in any industry will be anyone who can successfully combine it's traditional advertising strategy with the new advertising strategy via the new medium to produce a synergy effect to leverage it's existing competitive position within it's own industry and SK-II, by adopting the above mentioned logical and physical web advertising solutions, is already on it's way to pro-longed advertising success.

9. REFERENCE

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Executive's Guide to E-business From Tactics to Strategy, Martin V.Deise, dconrad Nowikow, Patrick King, Amy Wright, PriceWaterHouseCoopers 2000

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"Mobile Ecommerce: Focusing on the Future" by Gilda Raczkowski
http://www1.worldcom.com/us/resources/library/reports/ebiz/mobilecommerce.pdf

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10. **APPENDIX**

10.1 *Appendix 1: Asian e-commerce sites lead world in efficient marketing* [22]

A McKinsey survey of over 50 e-commerce and content sites in Asia, found that Asian B2C sites spend an average of US 10 cents in marketing expenses to attract a visitor each month, compared with US $1.50 in Europe and US$2.30 in the US. Asian customers are also more likely to revisit the sites they have used, compared with American and European sites. The lower costs and higher customer-retention rates are largely due to cautious spending and heavy use of direct marketing to existing customers. Asian e-tailer's late start in e-commerce has allowed them to learn from the mistakes of US and European sites.

Fragmented market having an impact on retailer success

The relatively small size and fragmented national and cultural lines of most of Asia's local markets will make it very difficult for any B2C e-commerce company to grow to the size of dominant players in the US, such as Amazon.com. The total B2C revenue in greater China and southeast Asia is expected to reach only $35 billion in 2003, making it difficult for any e-tailer to have revenue in excess of $US10 million in the market.

The cost of converting users to buyers			
	Asia	Europe	U.S.
Marketing cost per visitor per month ($ US)	$0.10	$1.50	$2.30
Transactions per consumer per month	1.5	1.5	1.3
Average spending per consumer transaction - $US	$40	$79	$66
Customers who return to site	30%	18%	28%
Conversion rate of visitors into shoppers	0.8%	2.5%	2.3%

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[22] Unit 5, Measuring the Effectiveness of Web advertising, Comp5006 Web Advertising and Web Publishing, Hong Kong CyberU, 2002.

10.2 *Appendix 2: Privacy policy statement of sasa.com*

Sasa.com is strongly committed to protecting your privacy. We use the information we collect on the site to help us both add more products and services relevant to you and to ensure that your shopping experience with us is an enjoyable and personalized one. Please read on for more details on our privacy policy and practices that we apply to our collection, storage and use of personal data information relating to our members and customers:

Our Pledge

We pledge to meet fully, and where possible exceed, internationally recognizable standards of personal data privacy protection, in complying with the requirements of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). In doing so, we will ensure compliance by our staff with the strictest standards of security and confidentiality.

What information do we collect, and how do we use it ?

We collect information about you in order to provide you with personalized information that we believe you will find valuable. We also use this information to streamline your shopping experience at our site.

We use cookies in order to improve your shopping experience when you visit sasa.com. Cookies are small pieces of information that your web browser stores on your computer when you visit a website. Our cookies let us personalize your visits to sasa.com and recognize you when you return. We use the information collected to help us to add products and services to sasa.com which may be more relevant to your interests.

Most browsers automatically accept cookies. You can disable cookies on your computer by indicating this in the preferences or options menus in your browser. If you disable cookies, you will not be able to shop at sasa.com but will still be able to visit selected areas of the site.

Membership information

Sasa.com members enjoy many privileges, including newsletters, participation in special sasa.comoffers and promotions and streamline shopping. Over time we will be expanding membership benefits to include personalized services on the site and possibly free product samples and other special benefits. When you join sasa.com, we need to know your name, email and mailing addresses, and we request that you complete the profile survey in order to allow us to serve you better.

Ordering information

When you place an order with sasa.com you will be asked to provide details such as credit card number and shipping address. This allows us to process and fulfill your order and to notify you of your order status.

Contests and Promotions

We may from time to time organize or host contests and promotions and in doing so ask for information including your name, email and mailing address, telephone number and customer preferences. We'll use this information to notify you if you've won a contest, and to help shape our future contests or promotions.

Newsletters and Email Promotions

We use email to communicate news and special promotions to our sasa.com members. If you'd rather not receive these messages, you can choose to do it in my account.

Other

When you click on links and/or ad banners that take you to either third-party web sites or sasa.com affiliated sites, you will be subject to the privacy policies of those parties. Whilst we support the protections of privacy on the Internet, sasa.com cannot be responsible for the actions of parties outside our web domain.

Protection of Information

Sasa.com is committed to protecting your privacy. We use sophisticated encryption technology and secure servers to keep your personal information (including your name, email and mailing address, phone number, credit card information and purchase history) safe. All your ordering information is protected during transmission by using the Secure Sockets Layer (SSL), which encrypts the information that you input so it can't be read in transit. In addition, the customer data we collect is protected against unauthorized access. We may contact you to verify the accuracy of the information supplied when opening your account.

Access and update of Information

You may access, update, correct or request a copy of your personal information held by us any time by e-mailing to customer@sasa.com. We may take reasonable steps to verify your identity before granting access or permitting corrections to your information. Please note that we will not retain your information longer than necessary.

10.2.1 Sharing of Information

All personal information you give us is kept confidential and protected. sasa.com may also provide aggregate statistics about our customers, sales, traffic patterns and related site information to reputable third-party vendors, but these statistics will include no personal information that uniquely identifies an individual. Currently, we do not sell, trade, give away or rent your personal information to others. We may decide to do so with trusted third-party partners in the future, but you can instruct us not to. We will not sell or disclose any information that identifies you to a third party without your approval with the exception of the following purposes:

- Any agent, contractor or service provider who provides administrative, order processing, payment clearing, credit reference, debt collecting or other services necessary to the operation of our business;

- Any other person or organization who are bound by confidentiality agreements with us including the Sasa group company; and

- Any person to whom we are, in our belief in good faith, under an obligation to make disclosure as required by any applicable law.

- Your consent

By using our website, you consent to the collection and use of this information in a manner consistent with these privacy guidelines. If we decide to change our privacy policy, we'll post those changes on this page, so

you'll always be aware of what information we collect, how we use it and under what circumstances we'll disclose it.

10.2.2 Further Information

If you have questions about this statement, please contact one of our customer care representatives. You may contact our customer service representatives by (852) 2505-5023 (working hours: Hong Kong Time 9:00am to 6:00pm Monday-Friday, or e-mail customer@sasa.com.)

Policy as of 13th December, 2000.

10.3 Appendix 3: Web Design Guidelines

Reference:

http://builder.cnet.com/webbuilding/pages/Graphics/Ecommerce/index.html
http://www.useit.com/alertbox/9605.html
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The Difference Between Buy and Bye
Use a consistent editorial tone that complements the purpose of the site, and keep the content fresh. The text unifies and creates consistency throughout the site. Proofread and polish the content, especially on the home page and on other frequently visited pages.
Don't let the site get stale! Nothing indicates neglect more than dated information, such as a News section that hasn't been updated in two years. When a user sees things like that, they may even think the company is out of business.

Get Users Excited
First-time buyer promotions and incentives will make users think they've found deals they can't pass up. When people think they're about to score, they'll lower their guards and become eager to complete the transaction. And, since they think they're getting such a good deal, their perceived risk has been lowered. Common promotions to attract new customers include discounts when a purchase reaches a specific amount (for example, $20 off orders of $50 or more), free shipping, free returns, or first-time discounts (15 percent off your first order).

Make Buyers Feel Comfortable
Many Internet users are uncomfortable with the idea of purchasing goods online. If we can reduce their fears, we're one step closer to winning a customer.

Good Street Cred
The site needs to be perceived as reputable and credible. Create a presence that says you're serious and committed to building a successful online business. If users see a site where the details are in order, it creates the impression the business behind it is run by a reputable merchant.
This means refining the user experience, focusing on the tasks and information-gathering activities that users go through. For example, if a site's strong suit is its vast catalog and product availability, make sure those benefits are represented prominently in the design. Stay away from distractions that make the site look cheap, such as cheesy graphics, bad clip art, flaming logos, and blinking text. The site can be tasteful without being fancy or cluttered.

Don't Use Frames
Splitting a page into frames is very confusing for users since frames break the fundamental user model of the web page. All of a sudden, the current page cannot be bookkmarked (the bookmark points to another version of the frameset), URLs stop working, and printouts become difficult. Even worse, the predictability of user actions goes out the door: who knows what information will appear where when you click on a link?

Gratuitous Use of Bleeding-Edge Technology
Don't try to attract users to site by bragging about use of the latest web technology. Mainstream users will care more about useful content and the ability to offer good customer service. Using the latest and greatest before it is even out of beta is a sure way to discourage users: if their system crashes while visiting the site, many of them will not be back. Unless you are in the business of selling Internet products or services, it is

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better to wait until some experience has been gained with respect to the appropriate ways of using new techniques.

Scrolling Text, Marquees, and Constantly Running Animations
Never include page elements that move incessantly. Moving images have an overpowering effect on the human peripheral vision.

Complex URLs
Even though machine-level addressing like the URL should never have been exposed in the user interface, it is there and we have found that users actually try to decode the URLs of pages to infer the structure of web sites. Users do this because of the horrifying lack of support for navigation and sense of location in current web browsers. Thus, a URL should contain human-readable directory and file names that reflect the nature of the information space.

Orphan Pages
All pages include a clear indication of what web site they belong and should have a link up to the home page as well as some indication of where they fit within the structure of our information space.

Long Scrolling Pages
Only 10% of users scroll beyond the information that is visible on the screen when a page comes up. All critical content and navigation options should be on the top part of the page.

Lack of Navigation Support
User need support in the form of a strong sense of structure and place. design with a good understanding of the structure of the information space and communicate this structure explicitly to the user. Provide a site map and let users know where they are and where they can go.

Non-Standard Link Colors
Links to pages that have not been seen by the user are blue; links to previously seen pages are purple or red. Don't mess with these colors since the ability to understand what links have been followed is one of the few navigational aides that is standard in most web browsers. Consistency is key to teaching users what the link colors mean.

Overly Long Download Times
Traditional human factors guidelines indicate 10 seconds as the maximum response time before users lose interest. On the web, users have been trained to endure so much suffering that it may be acceptable to increase this limit to 15 seconds for a few pages.

10.4 Appendix 4: Inverted Triangle

The inverted Dell Triangle

The inverted Dell triangle is a method of group customisation which underpins Dell's use of push technology. The company uses a system called the Dell Triangle which controls the amount of information given to different groups of customers - i.e. those who buy the most, get the most complete information along with services which have been more heavily customized and probably better prices.

However even users in the "all customer class", i.e. anyone who logs onto the site, get a lot of information online including product details, configuring possibilities etc. Further customisation information occurs when people become registered users and wish to find specific information. When it is available, this leads to an e-mail being sent, or an online newsletter.

Contracted customers are those with a track-record of buying from Dell and they can check the details of this history online. Platinum customers are the ones who buy the most and get the most personalized information. They have all the facilities of the other customer groups and are also invited to take part in online forums with product designers to help develop r elevant new hosts Web sites for customer sites in 36 countries.

Principles of Internet Marketing - W Hanson 2000 - pg 93