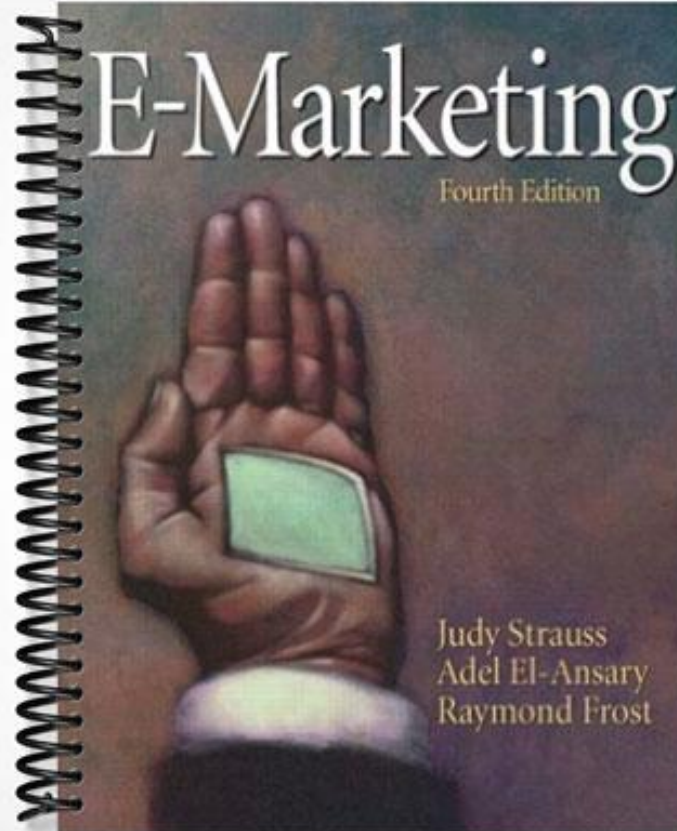


**SOLUTIONS MANUAL**



**E-Marketing**

Fourth Edition

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# Chapter 2: Strategic E-Marketing

## Learning Objectives

(PPT 2-2)

### Strategic Planning

The managerial process of developing and maintaining a viable fit between the organization's objectives, skills, and resources and its changing market opportunities by identifying the firm's goals in areas such as: growth, competitive position, geographic scope, as well as other objectives.

#### *Environment, Strategy, and Performance*

Organizations perform a SWOT analysis to determine what internal strengths and weaknesses are and external opportunities and threats may be. Performance metrics are measured to determine the success or failure of plans and strategies.

#### *Strategy*

Strategy is the means to achieve a goal. It is how a firm will achieve its objectives and the tactics used to succeed.

### From Strategy to Electronic Strategy

When business strategies include information technology components, they become e-business strategies. Marketing strategies becomes e-marketing strategy when marketers use digital technology to implement the strategy.

### From Business Models to E-Business Models

A business model is a method by which the organization sustains itself in the long term and includes its value proposition for partners and customers as well as its revenue streams. Some factors involved in the decision of which business model to follow would depend on the following factors: customer value, scope, price, revenue sources, connected activities, implementation, capabilities, and sustainability.

### Business Models

What makes a business model an e-business model is the direct connection with information technology, which includes its value proposition for partners and customers as well as its revenue streams. Even though the Internet spawned the vast majority of e-business models, it is very important to remember that e-marketing and e-business models may operate outside the Internet. The term e-business models include both Internet and offline digital models throughout the rest of our discussion.

### *Value and Revenue*

An organization's way of describing the way in which it creates value for customers and partners. Value encompasses the customer's perceptions of the product's benefits, specifically its attributes, brand name, and support services. Value = Benefits – Costs.

### *Menu of Strategic E-Business Models*

Exhibit 2.3 shows a number of opportunities for firms to provide stakeholder value and generate revenue streams using information technology. A key element in setting strategic objectives is to take stock of the company's current situation and decide the level of commitment to e-business in general and e-marketing in particular. Models may be based on the following:

*Activity Level E-Business Models* – which may include: online purchasing, order processing, email, content publisher, business intelligence, online advertising, online sales promotions, or pricing strategies.

*Business Process Level E-Business Models* – these may be used to increase the firm's effectiveness: customer relationship management, knowledge management, supply chain management, community building, affiliate programs, database marketing, enterprise resource planning, and mass customization.

*Enterprise-Level E-Business Models* – direct selling, content sponsorship, portals, online brokers, online agents, selling agents, manufacturer's agents, metamediaries, purchasing agents, and virtual malls.

*Pure Play* – Business's that became specifically on the Internet, even if they have subsequently added brick-and-mortar locations.

## **Performance Metrics**

Performance metrics are specific measures designed to evaluate the effectiveness and efficiency of an organization's operations. If strategy is a means to an end, performance metrics allow the entire organization to know what results constitute successful performance.

### *The Balanced Scorecard*

Firms no longer focus specifically on financial performance and market share. During the dot.com bust era, many focused on growth and suffered for it. The Balanced Scorecard suggests that firms consider vision, critical success factors, and performance metrics in four areas: customer, internal, innovation and learning, and financial.

### *Four Perspectives*

Customer – Time, quality, performance and service, and cost.

Internal – Cycle time, manufacturing quality, and employee skills and productivity.

Innovation and Learning – Penetration of new markets, number of new products and the percentage of sales attributable to each, and the improvement of processes such as CRM or SCM.

Financial – income and expense, return on investment, sales, and market share growth.

*Applying the Balanced Scorecard to E-Business and E-Marketing*

Although unlimited amounts of information available to e-business firms, measuring and interpreting this information is a vital part to the success of that firm. These metrics are also important to the success of an e-business:

*Metrics for the Customer Perspective* – measures loyalty, lifetime value, customer perceptions of product value, appropriateness of selected targets, and customer buying patterns.

*Metrics for the Internal Perspective* – may be affected by human resources, information technology and the entire supply chain.

*Metrics for the Innovation and Learning Perspective* – typically falls under the human resources umbrella, except for product innovation and continuous improvement of marketing processes.

*Metrics for the Financial Perspectives* – two of the most commonly used metrics are profits and return on investment.

*Balanced Scorecard for Raytheon's E-Business*

This section shows a real-world example of a firm implementing the Balanced Scorecard method and what measures they established for their Web business.

## **Chapter Summary**

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A business or e-business needs strategic planning to develop and maintain the proper fit between the organization's objectives, skills and resources and its ever-changing market opportunities. Key goals for growth, competitive position, geographic scope, and other areas must be determined.

Strategy is defined as the means to achieve a goal. E-business strategy is the deployment of enterprise resources to capitalize on technologies for reaching specified objectives that ultimately improve performance and create sustainable competitive advantage. E-marketing strategy is the design of marketing strategy that capitalized on the organization's electronic or information technology capabilities to reach specified objectives.

An e-business model is a method by which the organization sustains itself in the long term using information technology, including its value proposition for partners and customers as well as its revenue streams. Firms deliver value by providing more benefits in relation to costs, as perceived by customers and partners. E-marketing improves the value proposition by increasing benefits, decreasing costs, and increasing revenues.

Companies can become involved in e-business at the activity level, business process level, enterprise level, or through a pure play. Commitment is lower at the activity level and rises with each level. The main e-business models at the activity level

include online purchasing, order processing, e-mail, content publisher, business intelligence, online advertising, online sales promotion, and dynamic pricing strategies. The main e-business models at the business process level are customer relationship management, knowledge management, supply chain management, community building online, database marketing, enterprise resource planning, and mass customization. The main e-business models at the enterprise level are e-commerce, portal, online broker, online agent, manufacturer's agent, metamediary, purchasing agent, and virtual mall. Pure plays are businesses that began on the Internet, even if they later added a brick-and-mortar presence.

Performance metrics are specific measures designed to evaluate the effectiveness and efficiency of an organization's operations. The Balanced Scorecard links strategy to measurement by asking firms to consider their vision, critical success factors for accomplishing it, and subsequent performance metrics in four areas: customer, internal, innovation and learning, and financial. The customer perspective uses measures of the value delivered to customers. The internal perspective evaluates company success at meeting customer expectations through its internal processes. The innovation and learning perspective looks at continuous improvement to existing products and services as well as innovation in new products. The financial perspective looks at income and expense metrics as well as return on investment, sales, and market share growth. Each firm selects metrics for the four perspectives based on its objectives, business model, strategies, industry, and so forth. In this way, the firm can measure progress toward achieving its objectives.

## Chapter Outline

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### **Opening Vignette: The Amazon Story**

(PPT 2-3)

*Have the class read the opening vignette on the Amazon Story. Discuss with the class the importance of strategic planning and how it was imperative to Amazon.com's success. How is it possible that Amazon.com could operate for 7 years without showing a profit? How important are the co-branding partnerships and how do they drive revenue to Amazon.com? Finally, how has the implementation of auctions and the referral program added to the success of Amazon.com? Have the students browse amazon.com to gain perspective on the vast offerings available.*

<http://www.amazon.com/>

### **I. Strategic Planning**

(PPT 2-4)

*Strategic planning is defined as "the managerial process of developing and maintaining a viable fit between the organization's objectives, skills, and resources and its changing market opportunities."*

- A. Part of the process of Strategic Planning is to identify goals in high-level areas such as:
  - 1. Growth – how much growth and how fast? You must first understand competition, product life-cycles and market factors.

2. Competitive position – how does the firm position itself against other firms in the industry?
  - a. price leader – Priceline.com
  - b. quality leader – Mercedes
  - c. industry leader – Microsoft
  - d. niche firm – google.com
  - e. best customer service – dell.com
3. Geographic scope – local, national or international.
4. Others – number of industries to enter, range of products, core competencies, etc.

B. Environment, Strategy, and Performance (PPT 2-5)

1. Environment -- A SWOT analysis is used to determine the firm's internal strengths and weaknesses as well as the external opportunities and threats. The environment is analyzed and **performance metrics** are used to determine the effectiveness and efficiency of the e-business and e-marketing operation.
2. Strategy – is the means to achieve a goal. More important than the goals are how the firm will achieve its **objectives**. Strategies are carried out by **tactics**.
3. Performance Strategy – performance measures are used at every level of a firm, from high-level corporate strategic planning to functional and support-level objectives.

*Discuss the areas outside of the business world that must use strategic planning – athletics, military, political, etc. How might students use strategic planning in assessing their career objectives?*

## II. From Strategy to Electronic Strategy

*According to the International Data Corp, only 25% of companies nationwide sell products via the Internet. Why do you think that number is so low? ([http://www.businessweek.com/2000/00\\_23/b3684054.htm](http://www.businessweek.com/2000/00_23/b3684054.htm))*

- A. E-business strategy – the deployment of enterprise resources to capitalize on technologies for reaching specified objectives that ultimately improve performance and create sustainable competitive advantage.
- B. E-marketing strategy – the design of marketing strategy that capitalizes on the organization's electronic or information technology capabilities to reach specified objectives.
- C. Four appropriate types of rationale for e-business projects:
  1. Strategic justification shows how the strategy fits with the firm's overall mission and business objectives, and where it will take the firm if successfully accomplished.
  2. Operational justification identifies and quantifies the specific process improvements that will result from the strategy.
  3. Technical justification shows how the technology will fit and provide synergy with current information technology capabilities.

4. Financial justification examines cost/benefit analysis and uses standard measures such as ROI and NPV.

### III. From Business Models to E-Business Models.

(PPT 2-6)

*A Business Model is a method by which the organization sustains itself in the long term and includes its value proposition for partners and customers as well as its revenue streams.*

The following components might be used by a firm to determine the fit of a business model and its environment.

- A. Customer value – create value through product offerings that are differentiated from the competition.
- B. Scope – which markets does the firm serve and are they growing?
- C. Price – are the products priced to appeal to markets and achieve company share and profit objectives?
- D. Revenue sources – where is the money coming from? Is it plentiful enough to sustain growth and profit objectives over time?
- E. Connected activities – what activities will the firm need to perform to create value? Does the firm have those capabilities?
- F. Implementation – does the company actually have the ability to make it so?
- G. Capabilities – does the firm have the financial, core competencies, and human resources available to make the selected models work?
- H. Sustainability – will the model selected create a competitive advantage over time?

*During the “bust” years of the dot.com era in 2000-2002, over 750 dot.com companies shut down or declared bankruptcy. Many experts feel that inadequate research into the firm’s revenue sources were a significant factor in the demise of these companies. (<http://news.com.com/2100-1017-277420.html?legacy=cnet>)*

### IV. Business Models

*E-business models are defined by a method in which the organization sustains itself in the long term using information technology, which includes its value proposition for partners and customers as well as its revenue streams. Even though the Internet spawned the vast majority of e-business models, it is very important to remember that e-marketing and e-business models may operate outside the Internet.*

- A. Value and Revenue
  1. Value
    - a. Value encompasses the customer’s perceptions of the product’s benefits, specifically its attributes, brand name, and support services.
    - b. Value is similar to the **marketing concept**, which suggests that the social and economic justification for an organization’s existence is the satisfaction of customer wants and needs.
    - c. Value can be determine by determining whether there are more benefits than costs: Value = Benefits - Costs

2. Revenue
  - a. E-business strategies help to decrease internal costs
  - b. E-business strategies also increase the enterprise revenue stream.
  
- B. Menu of Strategic E-Business Models – a key element in setting strategic objectives is to take stock of the company’s current situation and decide the level of commitment to e-business in general and e-marketing in particular. In exhibit 2.3, the higher the firm travels up the pyramid, the greater its level of commitment to e-business. The Gartner Group poses these questions before embarking on any e-business strategy:
  1. Are the business models likely to change in my industry?
  2. What does the answer to question 1 mean to my company?
  3. When do I need to be ready?
  4. How do I get there from here?
  
- C. Level of Commitment to E-Business (PPT 2-7)
  1. Activity Level E-Business Models – affects individual (PPT 2-8) business activities that can save the firm money, is low risk, and can include:
    - a. Online purchasing
    - b. Order processing
    - c. E-mail
    - d. Content publisher
    - e. Business intelligence (BI)
    - f. Online advertising
    - g. Online sales promotions
    - h. Pricing strategies
  2. Business Process Level E-Business Model – changes (PPT 2-9) business processes to increase the firm’s effectiveness and can include:
    - a. Customer relationship management (CRM)
    - b. Knowledge management (KM)
    - c. Supply chain management (SCM)
    - d. Community building
    - e. Affiliate programs
    - f. Database marketing
    - g. Enterprise resource planning (ERP)
    - h. Mass customization
  3. Enterprise Level E-Business Models – the firm (PPT 2-10) automates many business processes in a unified system. Some traits of this level may be:
    - a. E-commerce
    - b. Direct Selling
    - c. Content sponsorship
    - d. Portals
    - e. Online brokers (online exchange/online auctions)
    - f. Manufacturer’s agents
    - g. Metamediary
    - h. Purchasing agents (shopping agents/reverse auctions/buyer cooperatives)



- i. Virtual malls
- 4. Pure Play – businesses that began on the Internet, (PPT 2-11) even if they add a brick-and-mortar presence. Many experts believe that eBay is the only viable pure play model in existence.

*In November and December of 2000 (just before the dot.com bust), Jupiter Media Metrix surveyed over 35 million consumers that did some holiday shopping online, spending over \$11.6 billion in that two month span. Of those surveyed, most stated they were satisfied with their purchase. (<http://siliconvalley.internet.com/news/article.php/562721>). In a similar study conducted only 3 months later by the business advisory firm Anderson, studies revealed that clicks-and-bricks (those firms combining both brick-and-mortar and Internet presence) provide significantly better customer service. ([http://www.internetnews.com/bus-news/print.php/3\\_728821](http://www.internetnews.com/bus-news/print.php/3_728821)). Review these two articles and discuss any positive or negative personal experience with any business conducted via the Internet.*

## **V. Performance Metrics** (PPT 2-12)

*Performance metrics are specific measures designed to evaluate the effectiveness and efficiency of an organization's operations. Because strategy is the means to the end, performance metrics should be defined along with the strategy formulation so the entire organization will know what results constitute successful performance.*

- A. The Balanced Scorecard (PPT 2-13, 2-14)
  - 1. Previously many organizations simply focused on financial performance or market share as the most important success measures.
  - 2. The **Balanced Scorecard** was developed in 1990 by two Harvard Business School professors.
  - 3. The Balanced Scorecard looks more toward long term sustainability rather than short term results.
- B. Four Perspectives – the Balanced Scorecard links strategy to measurement by asking firms to consider performance metrics in the following four areas:
  - 1. Customer Perspective – (PPT 2-13)
    - measures of the value delivered to customers
    - a. time
    - b. quality
    - c. performance and service
    - d. cost
  - 2. Internal Perspective (PPT2-13)
    - a. meeting customer expectations
    - b. cycle times, manufacturing quality, etc
  - 3. Innovative and Learning perspective – (PPT 2-14)
    - aka the Growth Perspective
    - a. value is placed on continuous improvement
    - b. value is also placed on innovation in new products
  - 4. Financial Perspective (PPT 2-14)
    - a. income and expense
    - b. return on investment

- c. sales
- d. market share growth

*Review with the students the Balanced Scorecard developed by Apple Computer in the 1990's and discuss how they same metrics might be used in a technologically based company today.*

- C. Applying the Balanced Scorecard to E-Business and E-Marketing – firms are experiencing information overload. A firm can use it's website to record virtually anything and everything a customer does on their website. The true test is knowing what information is relevant and how to use this information
  - 1. Metrics for the Customer Perspective (PPT 2-15)
    - a. loyalty
    - b. lifetime value
    - c. product value
    - d. appropriateness of selected targets
    - e. customer buying patterns
  - 2. Metrics for the Internal Perspective (PPT 2-15)
    - a. the entire supply chain
    - b. human resources
    - c. information technology
  - 3. Metrics for the Innovation and Learning Perspective (PPT 2-16)
    - a. usually falls under the human resources umbrella except for:
    - b. product innovation
    - c. continuous improvement of marketing processes
  - 4. Metrics for the Financial Perspective (PPT 2-16)
    - a. profits
    - b. return on investment
- D. Balanced Scorecard for Raytheon's E-Business – Review with the class the example of an actual Balanced Scorecard from Raytheon Co. and how they applied it to the company's e-business.

*What is a Balanced Scorecard? A new approach to strategic management was developed in the early 1990's by Drs. Robert Kaplan (Harvard Business School) and David Norton. They named this system the 'balanced scorecard'. Recognizing some of the weaknesses and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective. This philosophy has it's own webpage -- <http://www.balancedscorecard.org/basics/bsc1.html>*

## Exercise Answers

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(Exercise answers prepared by David Lan, University of Nevada, Reno, with assistance from the authors)

### Note

*Discussion questions may require outside research whereas review questions do not require research beyond the text.*

### Review Questions

**1. What is strategic planning and why do companies prepare a SWOT analysis during the strategic planning process?**

Strategic planning is the “managerial process of developing and maintaining a viable fit between the organization’s objectives, skills, and resources and its changing market opportunities (Kotler 2003 p. 89).” The SWOT analysis (strengths, weaknesses, opportunities, and threats) examines the company’s internal strengths and weaknesses with respect to the environment and the competition and looks at external opportunities and threats. Armed with the results of the SWOT analysis, the firm can set objectives in a number of high-level areas, such as Growth, Competitive position, Geographic scope, and Other objectives. This helps the company develop necessary tactics to achieve their goals.

**2. How does e-business strategy relate to strategy on the corporate level?**

E-business strategy is the deployment of enterprise resources to capitalize on technologies for reaching specified objectives that ultimately improve performance and create sustainable competitive advantage. Corporate-level or *enterprise-level* business strategies include information technology components (Internet, digital data, databases, and so forth).

**3. Define e-marketing strategy and explain how it is used.**

Strategic e-marketing is the design of marketing strategy that capitalizes on the organization’s electronic or information technology capabilities to reach specified objectives. In a parallel fashion, marketing strategy becomes e-marketing strategy when marketers use digital technology to implement their strategy.

Technology and its unique properties have given some new life to traditional enterprise and marketing strategies. Some uses of e-marketing from exhibit 2-3:

1. E-Marketing Increases Benefits -- Online mass customization (different products and messages to different stakeholders), Personalization (giving stakeholders relevant information), 24/7 convenience, Self-service ordering and tracking, and One-stop shopping.
2. E-Marketing Decreases Costs -- Low cost distribution of communication messages (e.g., e-mail), Low cost distribution channel for digital products, Lowers costs for transaction processing, Lowers costs for knowledge acquisition (e.g., research and customer feedback), Creates efficiencies in supply chain (through communication and inventory optimization), and Decreases the cost of customer service.

3. E-Marketing Increases Revenues -- Online transaction revenues such as product, information, advertising, and subscriptions sales; or commission/fee on a transaction or referral, Add value to products/services and increase prices (e.g., online FAQ and customer support), Increase customer base by reaching new markets, and Build customer relationships and thus increase current customer spending (wallet share).

**4. Give examples of e-business models.**

An e-business model is a method by which the organization sustains itself in the long term *using information technology*, which includes its value proposition for partners and customers as well as its revenue streams. What makes a business model an e-business model is the direct connection with information technology:

Examples can include any activity, process, or enterprise level that are shown in Exhibit 2.4 and described throughout the chapter.

**5. What is the formula for determining value?**

Value = Benefits – Costs

**6. What are the four levels of commitment to e-business and what are some examples of each?**

See Exhibit 2.3

**Activity Level E-Business Models** -- Online purchasing, Order processing, E-mail, Content publisher, Business intelligence (BI), Online advertising, Online sales promotions, and Pricing strategies. One example is Amazon e-mail to customers that recommends a new book.

**Business Process Level E-Business Models** -- Customer relationship management, Knowledge management, Supply chain management, community building, Database marketing, Enterprise resource planning, and Mass customization. One example is American Airlines Web site that allows customer access to frequent flyer and other account information.

**Enterprise Level E-Business Models** -- E-commerce, Direct selling, Content sponsorship, portals, Online brokers, online exchanges, online auctions, and many agent models (Manufacturer's agent, Catalog aggregator, Metamediary, Shopping agent, Reverse auction, Buyer's cooperative, and Virtual mall). One example is Dell computer direct sales from the Web site.

**Pure Plays** -- Businesses that began on the Internet, even if they subsequently added a brick-and-mortar presence. Most fallen angels in the dot-com crash were pure plays that lacked viable e-business models. Examples could include E\*Trade, Yahoo!, and eBay.

**7. What is customer relationship management (CRM) and why do companies create strategies in this area?**

Customer relationship management (CRM) involves retaining and growing business and individual customers through strategies that ensure their satisfaction with the firm and its products. CRM seeks to keep customers for the long term and to increase the number and frequency of their transactions with the firm. In the context of e-business, CRM uses digital processes and integrates customer information collected at every customer "touch point." Customers interact with firms in person at retail

stores or company offices, by mail, via telephone, or over the Internet. The results of interactions at all these touch points are integrated to build a complete picture of customer characteristics, behavior, and preferences.

**8. How is e-commerce defined?**

E-commerce refers to online transactions: selling goods and services on the Internet, either in one transaction or over time with an ongoing subscription price.

**9. What is an Internet pure play, and what are some examples?**

**Pure Plays** -- Businesses that began on the Internet, even if they subsequently added a brick-and-mortar presence. Most fallen angels in the dot-com crash were pure plays that lacked viable e-business models. Examples could include E\*Trade, Yahoo!, and eBay. Newer pure plays are Google.com and Classmates.com.

**10. What is the Balanced Scorecard and how do companies use it in e-business?**

The Balanced Scorecard is a system that measures many aspects of a firm's achievements. Fifty percent of organizations worldwide have adopted the Balanced Scorecard with excellent results ("The E-Commerce Balancing Act" 2000). The scorecard approach links strategy to measurement by asking firms to consider their vision, critical success factors for accomplishing it, and subsequent performance metrics in four areas: Customer, internal, innovation and learning, and financial (Exhibit 2-5). It is important to remember that each firm defines the specific measures for each box—the system is very flexible.

**Discussion Questions**

**11. Why is it important for an e-business model to create value in a way that is differentiated from the way competitors' models create value?**

This is no different for business models online than offline. Differentiation is key to winning customers from competition. According to Afuah and Tucci (p. 16), critical e-business model components include creating customer value that is differentiated from competition, and sustainability—creating a competitive advantage over time. This means it will be difficult to imitate and that the environment will be attractive for maintaining the model over time.

**12. Based on the opening vignette and your examination of the Amazon.com site (or your experience as a customer), what strategic objectives do you think are appropriate for this e-business? What performance metrics would you use to measure progress toward achieving these objectives—and why?**

Amazon.com wants to *grow* by building customer wallet share, not share of market. This is why it has *diversified* into many new product categories and co-branded with firms such as Target. In addition, it uses technology to suggest new products to current customers and employ other techniques aimed at retaining and growing their business. Thus, *CRM* is another strategic objective. Appropriate metrics for CRM include average order value, customer retention rates, and lifetime value of current customers. In addition, it will measure sales for new product introductions as evidenced by the e-mail from Jeff Bezos on 12/9/02 regarding the test marketing of the new clothing product line at Amazon.com:

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Subject: Thanks for testing "Project Ruby"

Bounces-to: [ems+LN6SGPKV3UBRLQ@bounces.amazon.com](mailto:ems+LN6SGPKV3UBRLQ@bounces.amazon.com)

We asked people to find and tell us about warts in the preview version of our new Apparel and Accessories store, and they did (thank you!). While they were at it, they also bought a few things. Much to our surprise, in just the first few days of the beta, customers ordered:

- \* 14,487 shirts (Polo Ralph Lauren button-downs to DKNY blouses)
- \* 1,843 jackets (Old Navy fleece to Polartec windbreakers)
- \* 2,712 sweaters (Eddie Bauer V-necks to Liz Claiborne cardigans)
- \* 140 swimsuits (Tommy Bahama to Speedo)
- \* 9,408 pants (Gap khakis to Guess jeans)
- \* 485 skirts (Nordstrom suede to Spiegel leather)
- \* 1,461 sleepwear items (Marshall Field's satin robes to Lands' End flannel pajamas)
- \* 3,254 pairs of shoes (Nike Air Max to Nine West boots)
- \* 1,870 pairs of socks (Cole Haan cashmere-blend to OshKosh B'Gosh cotton)
- \* 2,805 accessories (handbags, watches, scarves, etc.)
- \* 3,287 pairs of underwear (Jockey briefs to Hugo Boss boxers). We all need clean underwear, right?

The new Apparel and Accessories store is now ready to be unveiled to the rest of the world--over 400 major clothing brands offered the Amazon way, with easy navigation, a single shopping cart, your shipping and payment information already on file, etc. If you haven't had a chance to check it out yet, remember, for a little bit longer, you can get a \$30 promotional certificate when you spend \$50 or more in the new Apparel and Accessories store. And please do tell us what you think (just reply to this email to share your thoughts).

<http://www.amazon.com/apparel>

Thank you for your help and for being a customer.

Sincerely,  
Jeff Bezos  
Founder & CEO  
Amazon.com

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**13. The Balanced Scorecard helps e-businesses examine results from four perspectives. Would you recommend that e-businesses also look at results from a societal perspective? Explain your response.**

This question asks students to determine the role of business in a society. Students often answer *yes* to questions like this because they have not yet had business experience and seen the profit orientation as a focus. To support a *yes* answer, students might suggest that customers will do more business with a firm that is a good corporate citizen. This is true if the product has safety concerns (such as flammable pajamas for children). It could be extended to the online environment through things such as protecting users from objectionable material on the site. Also, students may argue that executives, such as those at Enron, cannot live with themselves if they don't care about society.

Alternatively, a *no* answer is grounded in economic theory about the role of a business in generating profit. Many economists say that it is the government's role to legislate for social good—it is not up to businesses. This is because when businesses take it upon themselves to help society they are choosing causes and actions internally without the vote of citizens about the best allocation of dollars in the society.

**14. Should e-businesses strive to build community with non-customers as well as customers? Why or why not?**

*Yes*, because non-customers 1) may be prospects that can turn into customers, 2) have word-of-mouth value, and 3) may influence legislation affecting the business—especially those living near a manufacturing plant or other high impact business.

*No*, because it takes resources away from core customer acquisition and retention activities.