SOLUTIONS MANUAL

Fourth Edition

Internet
Marketing

Strategy, Implementation and Practice

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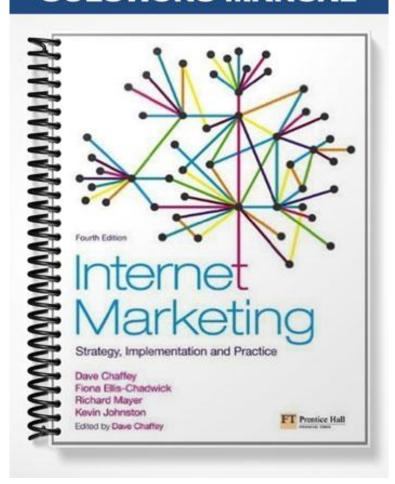Richard Mayer
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Instructor's Manual

Internet Marketing:
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Introducing Internet marketing

One sentence overview

An introduction to Internet marketing and the book structure

Notes on using slides for the first chapter in lectures – lesson plan

1. *Marketing transformation.* Slides 4–6. Generate interest through opportunities for new business applications online. Ask what the success factors have been for these companies – see Activity 1.1. Ask how Google has extended it's proposition since 1998.

2. *What is Internet marketing?* Slides 7–15. Apply the CIM definition to e-marketing. Ask students how it contributes to marketing. What is digital or e-marketing? Use the preface Figure P.1 to explain the scope.

3. *What are e-commerce and e-business?* Slides 16 and 17. Ask students to write down definitions. Then show Figure 1.5 to explain the distinction between buy-side and sell-side e-commerce.

4. *Introduction to digital marketing strategy.* Slides 18–24. Applications of Internet Marketing. Start by asking about the need for a digital strategy. Review 5 Ss for a company, such as easyJet or NW. Different contexts of Internet marketing (Slide 14) and an example of an innovative C2C site (Slide 15). Also note how this site is being used for advertising to this audience.

5. *Structured planning for Internet marketing.* Slides 25–7. Discuss the need for structured planning and relate to your course structure.

6. *Introduction to digital marketing communications.* Slide 28–31. Explanation of medium-discipline-channel and vehicle. Illustrates key tools by a worked example, for example, searching for a credit card.

7. *Differences between digital media and traditional media.* Slide 32–37 Review the 6 Is using Slides 20–23 with references to case studies used earlier in lecture or Travel Republic.

Activities

Activity 1.1 Innovation in Internet marketing

Purpose

To illustrate innovation in online business models and communications approaches

Questions

1. **Think about the innovation that you have witnessed during the time you have used the Internet and World Wide Web. What would you say? Are the main sites used in your country that have been created which have changed the way we spend our time or buy online? In Table 1.1, are the sites that we believe have had the biggest influence on online business models in the US and Europe, with more emphasis on the most recent ones?**

    Answer

    Not relevant.

2. **What do these sites have in common that you think has made them successful?**

    Answer

    This is provided in the book – in error!

    *   All these sites are American, so the funding and publicity they can achieve is significant.

    *   You will notice that many of these sites (other than Joost, Last.fm and Skype which were founded in Europe) were originally developed in the United States, with the majority now used around the world. But in each country, similar types of businesses have evolved, for example, the search engines Baidu in China and Yandex in Russia.

    *   Meet a fundamental consumer need

    *   Clear revenue model

    *   Memorable branding and experience

    *   Initially they had a straightforward proposition – offering one service

    *   Generally they were first-movers

    *   Notable that many have taken several years before becoming widely known and used.

Activity 1.2 What's in a term – what do we call this 'e-thing'

Purpose

To illustrate how different marketers perceive Internet marketing

There is a range of terms used to describe Internet marketing – it is called by different terms by different people. It is important that within companies and between agency and client, there is clarity on the scope of Internet marketing, so the next few sections explore alternative definitions.

Question

One simple, but revealing, method of assessing how commonly these terms are used, is to use the Google syntax which returns the number of pages which contain a particular phrase in their body or title.

Type into Google the following phrases in double quotes or use in title: 'phrase' for these phrases and note the number of pages (at the top right of the results page):

Phrase

(i) 'E-business'

(ii) 'E-commerce'

(iii) 'Internetmarketing'

(iv) 'E-marketing'

(v) 'Digitalmarketing'

Answers to activities can be found at www.pearsoned.co.uk/chaffey

Answer

At the time of writing, the following table shows that of the marketing-related terms, 'Internet marketing' is the most popular but this may change, as it is a misleading term, which omits other electronic communication techniques. Companies that promote their services online will often use keywords on the page, which reflect the words that are being searched for.

In the United Kingdom, specialist e-marketing agencies and the new media publications tend to refer to digital marketing and their usage of the term will eventually have an influence.

Phrase	Pages containing phrase	Pages containing title
'Digital marketing'	2,640,000	119,000
'E-marketing'	7,750,000	360,000
'Internet marketing'	40,100,000	2,590,000
'E-business'	32,000,000	909,000
'E-commerce'	93,600,000	5,090,000

Figures collected in December 2008 using Google 2005 syntax 'phrase' and intitle: and then reviewing the numbers top right.

Additional terms for comparison:

Phrase	Pages containing phrase	Pages containing title
SEO	263,000,000	13,800,000
PPC	49,500,000	3,260,000
'E-mail marketing'	14,800,000	582,000
'Viral marketing'	4,650,000	173,000
'Social media'	147,000	949,000

Phrase	Pages containing phrase	Pages containing title
'Digital marketing'	560,000	14,000
'E-marketing'	4,500,000	123,000
'Internet marketing'	12,000,000	942,000
'E-business'	19,000,000	1,100,000
'E-commerce'	18,500,000	2,000,000

For comparison, figures collected in December 2005 using Google 2005 syntax 'phrase' and intitle: and then reviewing the numbers top right.

Activity 1.3 Why are C2C interactions important?

Purpose

To highlight the relevance of C2C transactions to B2C companies

Activity

Consult with fellow students and share experience of C2C interactions online. Think of C2C both on independent sites and organisational sites. How can C2C communications assist these organisations?

Answer

Examples mentioned may include:

1. User-generated content (UGC), a feature of Web 2.0, for example, reviews of products, either on the retailer site (e.g. www.ebuyer.com), or on third party review sites.

2. Online auctions, for example, eBay.

3. Online forums are important for B2C publishers, for example, www.e-consultancy.com/ forums

4. Contributing to customer support sites. These are specialist models. C2C is mainly an aid for support of technical products such as software (see www.symantec.com).

Activity 1.4 Innovation in Internet marketing

Purpose

To illustrate similarities and differences between digital and traditional media.

Instruction

Make two columns. On the left, write down different digital media channels and on the right the corresponding communications disciplines, such as advertising, direct marketing or PR which are most appropriate.

Answer

The digital media channels are based on Figure 1.9.

Digital media channel	Traditional discipline
1. Search – SEO	No direct comparison, although PR is important and related to Advertising messages, but no media investment.
2. Search – Pay Per Click	Advertising
3. Online PR	Public Relations
4. Online Partnerships – Affiliate Marketing	No direct comparison, but Sales Promotion is closest.
5. Interactive Ads	Advertising
6. Opt-in e-mail	Direct marketing
7. Viral Marketing	Public Relations

Activity 1.5 Integrating online and offline communications

Purpose

To highlight differences in marketing communications introduced through the use of the Internet as a channel and the need to integrate these communications with existing channels.

Activity

List communications between a PC vendor and a home customer over the lifetime of a product such as a PC. Include communications using both the Internet and traditional media. Refer to channel-swapping alternatives in the buying decision in Figure 1.13 to develop your answer.

The table below shows different forms of integration between the channels

Table: Examples of communications initiated by customer and company

Communication initiated by customer	Communication initiated by Company
Phone call to company	Advert to generate awareness, placed in newspaper or PC magazine
Visit to web site to review prices and specification	Phone call or e-mail by courier company to arrange delivery of PC
Phone call or e-commerce purchase of PC	Traditional mail-out or e-mail after 1 year to describe upgrade service
Support call to solve problem	Traditional mail-out or e-mail after 3 years to describe new product offers
Complaint about repair	Call to arrange visit (from sub-contracted company)

Exercises

Self-assessment exercises

1. **Which measures can companies use to assess the significance of the Internet to their organisation?**

Reference to Chapters 2 and 3 may assist with this question.

- Level of Internet access or media consumption of different types of services amongst customer base.

- Sales influenced directly or indirectly by competitors.

- Suitability of product for sale online (Chapter 4).

- Competitor activity.

2. **Why did companies only start to use the Internet widely for marketing in the 1990s, given that it has been in existence for over 30 years?**

The recent dramatic growth in the use of the Internet has occurred because of the development of the World Wide Web. This became a commercial proposition in 1993, after development of the original concept by Tim Berners-Lee, a British scientist working at CERN in Switzerland

in 1989. The World Wide Web changed the Internet from a difficult-to-use tool for academics and technicians to an easy-to-use tool for finding information and delivering web applications for businesses and consumers.

3.   Distinguish between Internet marketing and e-marketing.

The objectives of each are similar – to support marketing activities towards their goals, that is, customer acquisition and retention, and cost reduction. E-marketing can be considered broader since it includes the additional media of interactive digital TV and mobile networks. Internet marketing refers to the web, e-mail and databases.

4.   Explain what is meant by electronic commerce and electronic business. How do they relate to the marketing function?

E-commerce refers to transactions for the trading of goods and services conducted using the Internet and other digital media. E-business is broader, including electronically mediated transactions, which are internal and with suppliers as well as those to buyers. They are both methods of supporting the marketing function – e-commerce refers to customer facing web sites, e-business also includes links with partners and suppliers through extranets and internal marketing communications through intranets.

5.   What are the main differences and similarities between the Internet, intranets and extranets?

Internet is available to all; others are restricted to those inside a company (intranet) and favoured third parties such as large customers, suppliers and distributors (extranet).

6.   Summarise the differences between the Internet and traditional media, using the 6 Is.

- Interactivity – not solely a push medium (e-mail), but also pull (customers search for information). Information can be collected from customers via web pages (direct response).

- Intelligence – can monitor customers' interests and profile them.

- Individualisation – it is possible to tailor e-mail and web communications (personalisation).

- Integration – of off-line and off-line channels (?) remains important.

- Intermediation – new intermediaries can be used as a route to market and there is also the opportunity to sell direct.

- Independence of location – possible to reach a wider marketplace.

7.   How is the Internet used to develop new markets and penetrate existing markets? What types of new products can be delivered by the Internet?

International markets can be targeted without the need for sales/promotional infrastructure. Fulfilment methods must enable delivery with minimal need for local servicing. The Internet may give opportunities for new market segments such as the youth market that may have been difficult to target previously. For existing markets, the Internet can be used to increase awareness, and add value to a company and its products.

Essay and discussion questions

1. **The Internet is primarily thought of as a means of advertising and selling products. What are the opportunities for the use of the Internet in other marketing functions?**

Refer students to pages 14 through 17 that discuss opportunities in the areas of:

- marketing research

- 'below the line promotions'

- customer service

- relationship building/loyalty enhancing.

Prompt students by considering the 4 different types of sites mentioned on pages 14 to 17.

2. **'The World Wide Web represents a pull medium for marketing rather than a push medium'. Discuss.**

Refer students to the 6 Is, some of which describe differences in traditional and digital media. This is also discussed in more detail at the start of Chapter 8 where different communication models are referred to.

The text covers the stresses, the pull nature of the medium, for example, where a consumer uses a search engine to find a product, but the question is intended to highlight the options for push such as personalised e-mail promotion, targeted messages on web sites and banner advertising (Chapter 8).

3. **You are a newly installed marketing manager in a company selling products in the business-to-business sector. Currently, the company only has a limited website containing electronic versions of its brochures. You want to convince the directors, of the benefits, of investing in the website to provide more benefits to the company. How would you present your case?**

The framework presented in Figure 1.8 on p. 26 gives a good structure for developing a case and this is expanded upon in Chapter 4. The main elements of this approach are as follows:

- Understand changes in media consumption – how do their prospective(?) and customers use the web to inform their buying decision?

- Set objectives in terms of number of site visitors and leads generated.

- Formulate a strategy to develop relevant content, that is, more depth than electronic brochures, to help customers decide on relevant products or complete their jobs.

- Develop a plan to promote the site.

The directors will be interested mainly in generating new enquiries. Students may mention the following benefits:

- Reach new audiences, for example, smaller businesses through pull effect of search engines.

- Provide a new method of generating leads through offering whitepapers to download – see example of B2B Web Analytics provider, for example, www.omniture.com – it is best if students choose examples or are given companies to consider.

- Provide customer services to existing customers and promote alternative products (cross-sell).

4. Explain the main benefits that a company selling fast-moving consumer goods could derive by creating a website.

The intention of this question is to highlight that the web is not suitable for selling all products. But digital media may be used for generating awareness and brand building. This can be achieved through banner advertising on third party sites. For example, www.handbag.com for a cosmetics company engaging a female audience or www.fhm.com for a male audience.

The case study at the end of Chapter 8 features examples of different FMCG companies; this may provide some inspiration in terms of the benefits of engaging directly with customers, which has been less readily possible with other media. This engagement can occur through micro sites hosted by publishers or by the brand. Consumers can be encouraged to opt-into e-newsletters or get involved in SMS promotions.

Examination questions

1. Contrast electronic commerce with electronic business.

Both involve financial and informational electronic transactions. E-commerce transactions are related to selling and B2B purchases. E-business includes these, but also refers to internal marketing and business partner communications.

2. Internet technology is used by companies in three main contexts. Distinguish between the following types and explain their significance to marketers:

(a) intranet

(b) extranet

(c) Internet.

Internet available to all, others restricted to those inside a company (intranet) and favoured third parties such as large customers, suppliers and distributors (extranet).

3. An Internet marketing manager must seek to control and accommodate all the main methods by which consumers may visit a company website. Describe these methods.

Although these are introduced in this chapter, Figure 1.9 provides a good summary of the main methods, which are as follows:

- Search engines

- Online PR

- Partner sites

- Online advertising

- E-mail marketing

- Viral marketing.

- Traditional communications driving visitors to the web site.

4. Imagine you are explaining the difference between the World Wide Web and the Internet to a marketing manager. How would you explain these two terms?

The Internet is the network or the physical media such as wires that are used to deliver the information while the World Wide Web is the published information that is, read by those accessing it. The Internet is the equivalent of a TV transmitter and the World Wide Web is equivalent to the programmes on the channels.

5. What is the relevance of 'conversion marketing' to the Internet.

Conversion marketing is the monitoring of the hierarchy of response to marketing communications. Assessing and improving response rates can achieve more online sales. For example, we can increase the reach of the site to turn more web browsers into visitors; we can increase the conversion rate of the site to encourage more site visitors to achieve action and we can increase conversion of leads to sales to increase turnover.

6. Explain how the Internet can be used to increase market penetration in existing markets and develop new markets?

To increase penetration in existing markets, the Internet can be used to reach a greater proportion of the target market within an existing country or marketplace. It can also, in combination with other communication channels, be used to assist in converting more potential customers to sale.

To develop new markets, the Internet can be used not only to reach new geographical markets, but also to enter new markets. For example, supermarket Tesco.com uses the Internet to sell 'white goods', which it did not previously sell (Case Study 4 pp. 267–269).

This is introduced in Chapter 1, but covered in more detail on pp. 234–235.

Case study 1. eBay thrives in the global marketplace

Question

Assess how the characteristics of the digital media and the Internet, together with strategic decisions taken by its management team, have supported eBay's continued growth.

Students should be guided as to whether they review the whole eBay business or the core business (the marketplace).

It is best to divide this question into two parts.

1. How the characteristics of digital media have supported eBay's growth?

A suitable framework for reviewing the unique aspects of digital media is Table 1.2 – 'The 5 Ss of Internet Marketing'. An interpretation of the differences between the old and digital media'.

Also, if this case study is used later in this book, the section at the start of Chapter 8 on 'The characteristics of digital media may be useful.

The particular characteristics of digital media compared to traditional media that are important to eBay are straightforward. They are as follows:

- Change from a, one-to-many communication model to one-to-one or many-to-many communication model.

- The ability to create user-generated content listing products is also related to the one-to-one aspect and is also important.

- From Push to Pull – eBay offerings are often visible within search engines.

- From monologue to dialogue (a two-way information exchange for enquiries about products facilitated by e-mail).

- Ratings for sellers are important to generate trust (although, there are methods of falsifying these).

- Community – the sense that users are part of a community and additionally are bypassing traditional retail channels will be important from some users.

2. How strategic decisions have supported growth.

As with other cases based on SEC filings, that is, United States Securities And Exchange Commission submission, this case is useful for showing how growth is dependent not only on exploiting the right opportunities, but also about managing risks successfully.

Students may structure strategic decisions in different ways according to the level of the course they are following, but since the case is in the beginning of the book, they could be advised to simply look for success factors. Alternatively, if they have completed Chapters 4 and 5 on Strategy and the Marketing mix respectively, these then provide alternative frameworks.

Strategic success factors students may mention include the following:

- Branding – a distinctive brand – the earlier brand name was perhaps less appropriate although more direct.

- First mover advantage – gaining a critical mass through the foresight of the owner.

- Security and fraud – realising that this is important to reputation so investing in managing this and controlling PR related to this. eBay has developed 'Trust and Safety Programmes' to manage this.

- Partnerships and acquisitions, which fit/relate well to the service, that is PayPal and Skype

- Communication of customer value proposition – the case describes how eBay explains this.

- Revenue model – the market has judged that this gives a good balance for sellers, purchasers and eBay. Setting fees at the right level has enabled eBay to scale for some time.

- Process Efficiency – the case describes how eBay measures and then seeks to improve the key areas of Acquisition, Activation and Activity.

- Growth strategies – these are covered in Chapter 4 and include market development (geographic) and product development (new categories for consumers and businesses).

- Technology scalability – not referred to in this chapter, but eBay has been successful in deploying technology that has supported the companies' rapid growth.