



**Electronic Commerce  
means Dynamic changes  
in Consumer Perspectives**

# Online Shoppers and Buyers

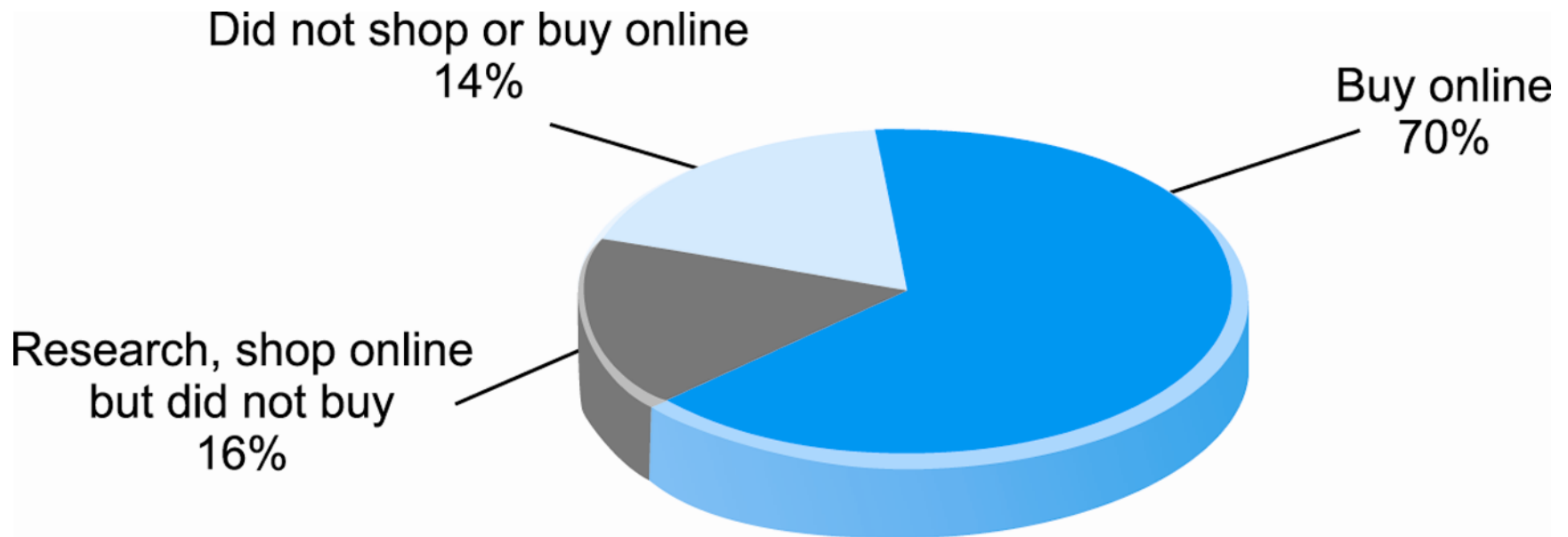


Figure 6.5, Page 358

SOURCE: Based on data from eMarketer, Inc., 2009b.



VERSUS



**IS  
INTERNET  
FOR  
EVERYONE  
? HOW  
WILL USE  
DIFFER?**

**HOW DO FORD & DELL DIFFER IN INTERNET CONSUMERS**

Is there a difference concerning customers?

What future for Ford Internet sales?

# PRESSURE FROM INTERNET OPPORTUNITIES



Buy

Sell

Research

Finance

## Search For a Car



### New Cars

Build or find your car

Make

All Makes

Model

All Models

Maximum Price

No Max

Search Within

30 miles

Your ZIP

of

### Used Cars

All Used  Certified Used

Make

All Makes

Model

All Models

Maximum Price

No Max

Search Within

30 miles

Your ZIP

Buscar en Español ▶

- [Learn About Certified Used Cars](#)
- [Find Local Dealers](#)
- [Auto Loan Calculator](#)
- [Kelley Blue Book Values](#)
- [Car Financing Center](#)

(op) Wireless Network Connection is now connected X

**TABLE 6.6****INTERNET USERS' MAJOR CONCERNS ABOUT PURCHASING ONLINE**

Uneasy about online credit card use	44%
Concerns about privacy of data	42%
Shipping charges	37%
No need to purchase online	33%
Prefer to touch and feel product before purchase	32%
Returning a product too difficult	27%
Not seen anything online interested in buying	21%

# What Consumers Buy Online

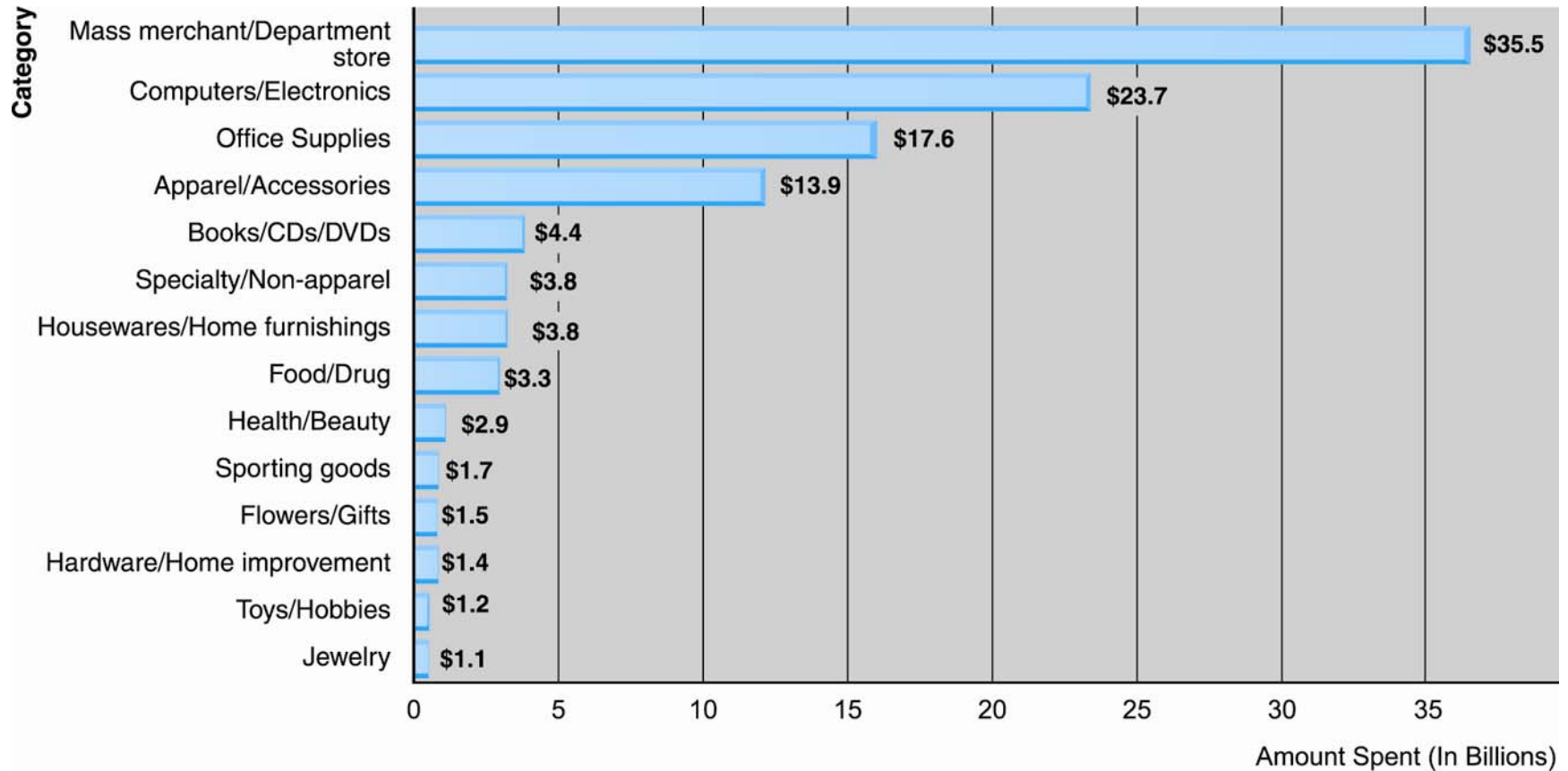


Figure 6.6, Page 361

SOURCES: Internet Retailer, 2009a; eMarketer, Inc., 2009b; authors' estimates.



## **Intentional Acts: How Shoppers Find Vendors Online**

- 37% use search engines
- 33% go directly to site
- 17% use comparison shopping sites
- 15% use product rating sites
- Online shoppers are highly intentional, looking for specific products, companies, services

# The Consumer Decision Process and Supporting Communications

MARKET COMMUNICATIONS	Awareness— Need Recognition	Search	Evaluation of Alternatives	Purchase	Post-purchase Behavior— Loyalty
<b>Offline Communications</b>	Mass media TV, Radio Print media	Catalogs Print ads Mass media Sales people Product raters Store visits	Reference groups Opinion leaders Mass media Product raters Store visits	Promotions Direct mail Mass media Print media	Warranties Service calls Parts and Repair Consumer groups
<b>Online Communications</b>	Targeted banner ads Interstitials Targeted event promotions	Search engines Online catalogs Site visits Targeted e-mail	Search engines Online catalogs Site visits Product reviews User evaluations	Online promotions Lotteries Discounts Targeted e-mail	Communities of consumption Newsletters Customer e-mail Online updates

Figure 6.3, Page 355



# Is Pricing Our Advantage?

Average Discount to List Price



Web sites, GS Research.

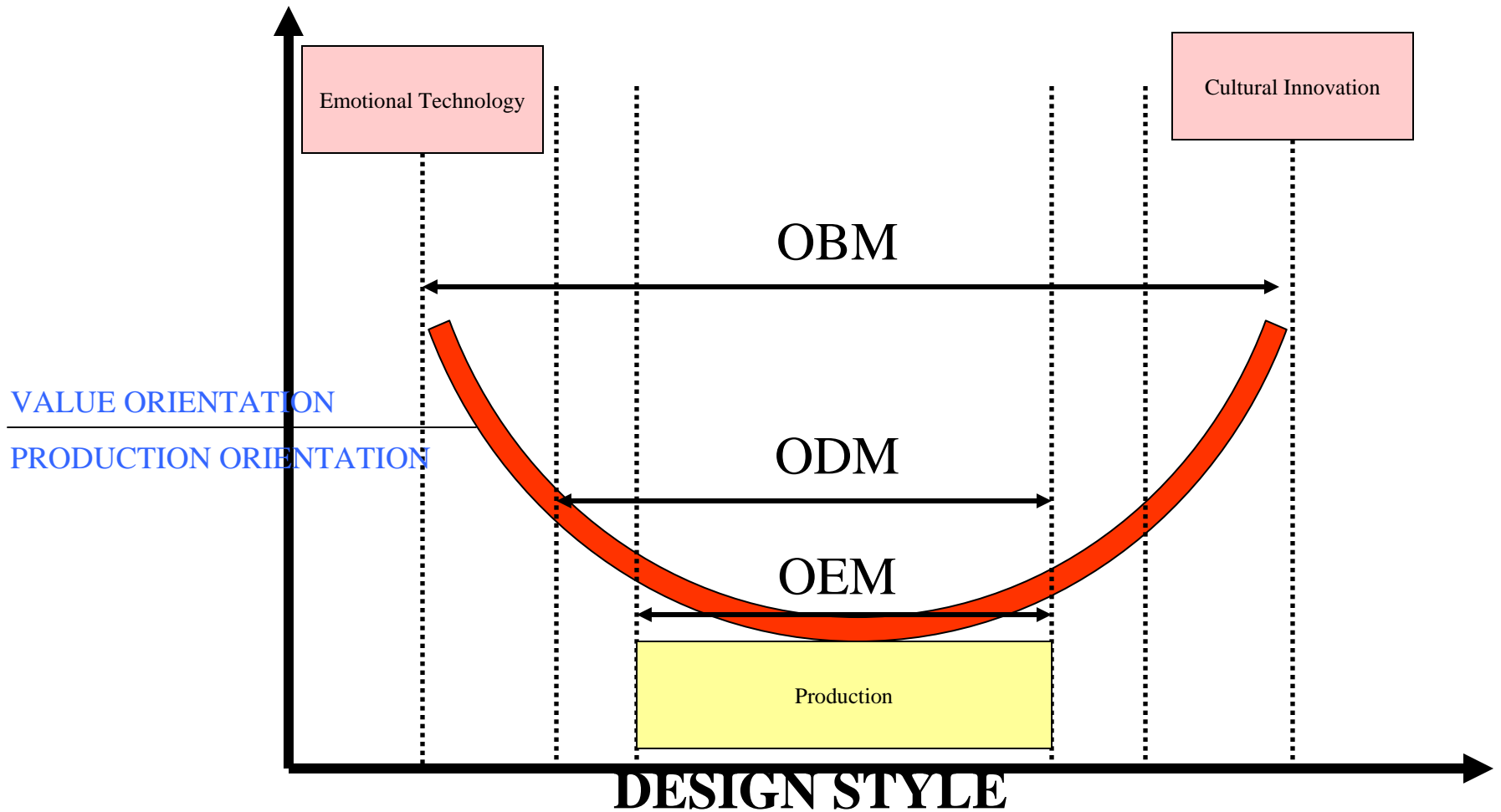
# MEETING CONSUMER EXPECTATIONS

## FREELoader's ROLE

PERCENTAGE OF CUSTOMERS WHO CARE ABOUT ATTRIBUTE



# PRODUCT DESIGN ADD - VALUE

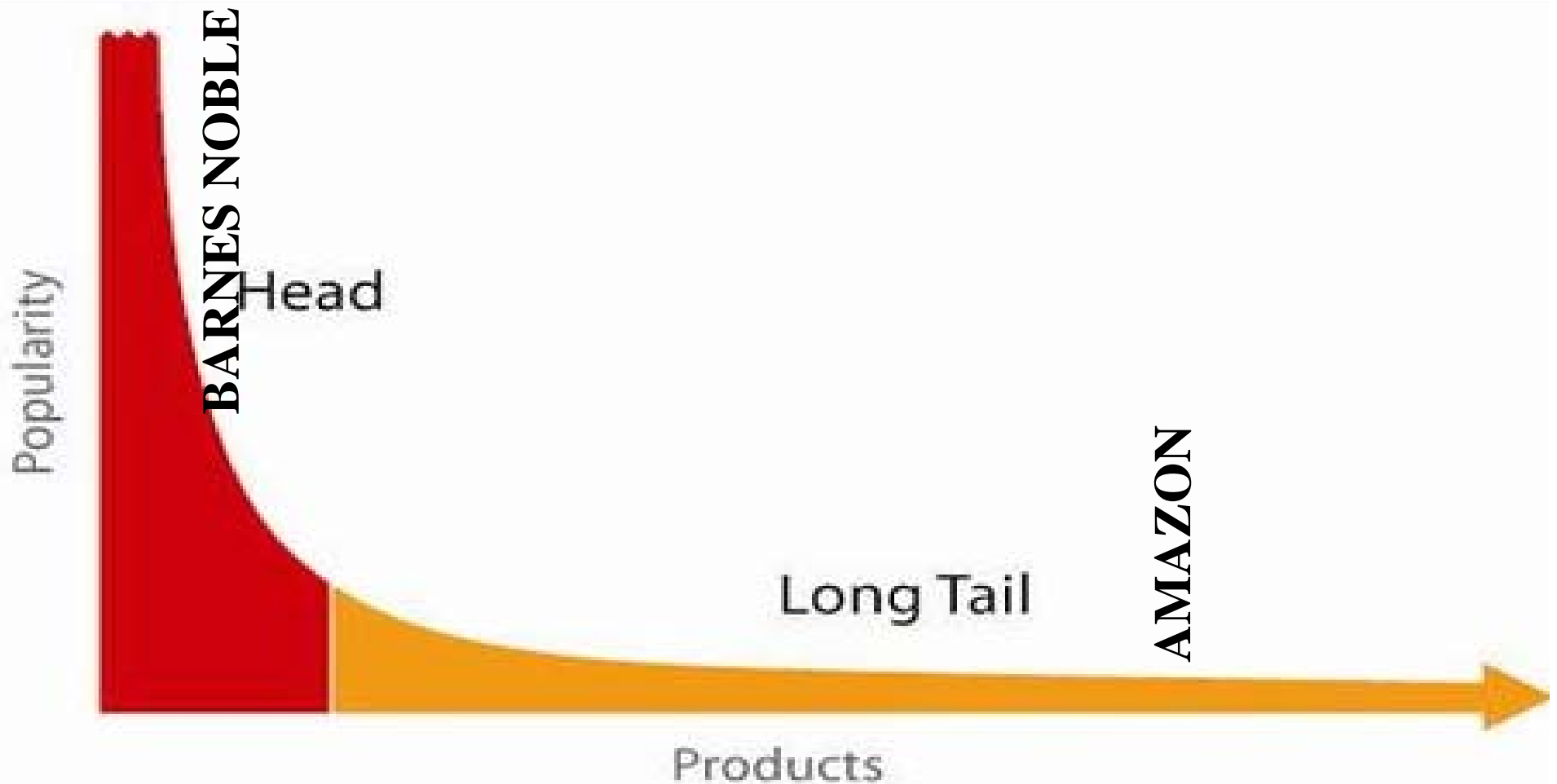


**Emotional Technology** “Buy me because through incorporating technology I am better on some powerful but specific functional criteria such as lower price or lower weight” (as seen in the netbook’s list of features); iphone apps

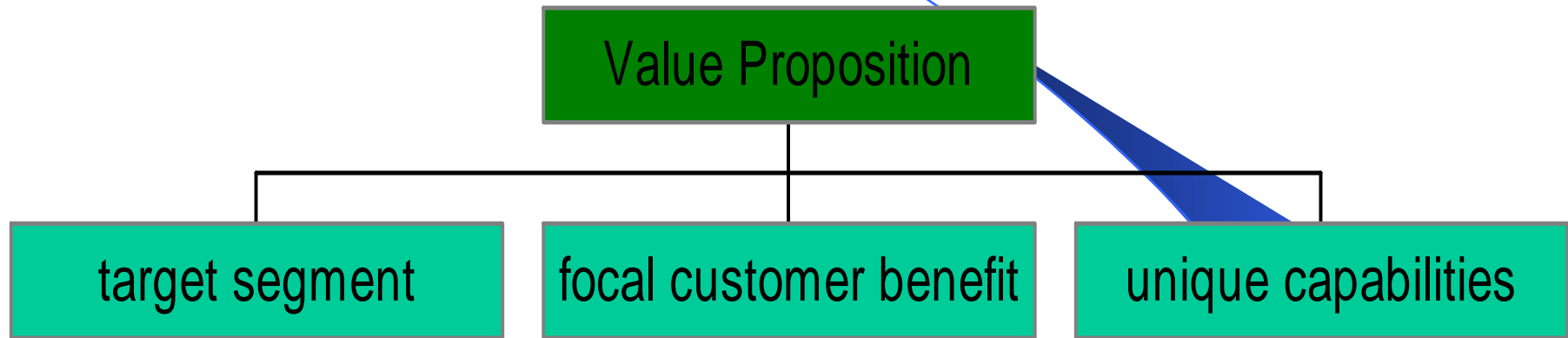
**Cultural Innovation** “Buy me because through better marketing awareness of customer needs I am able to make you feel special in some important non specific non functional way such as the elegance and lack of clutter associated with the Apple Computer brand, the beauty of the Asus netbook’s exterior finish or integrated ease of use, or the playfulness of some Asian cell phone packaging”.

# THE LONG TAIL OF ECOMMERCE

The New Marketplace



# Do Firms Compete on value Propositions or Value Clusters?



Defines how a company's product or service fulfills the needs of customers

Why will customers choose to do business with your firm  
What will your firm provide that others do not or cannot?

Examples of successful value propositions:

Personalization/customization

Reduction of product search, price discovery costs

Facilitation of transactions by managing product delivery

OK – What customers do we want?

**Actionable segmentation:** Segmentation must be consistent with how a company can go to market, and must be able to be sized and described.

**Meaningful:**

- **easy to identify**  
**readily reached**  
**described in terms of their growth, size, profile and attractiveness**

# SEGMENTATION APPROACHES

Segmentation Type	Description	Examples - Variables
• <b>Geographic</b>	• Divides the market into different geographical units	• Country / Region / City
• <b>Demographic</b>	• Divides the market on the basis of demographic variables	• Age, Gender, Income
• <b>Firmographic</b>	• Divides the market on the basis of company-specific variables	• Number of Employees, Company Size
• <b>Behavioral</b>	• Divides market based on how customers actually buy and use the product	• Website Loyalty, Prior Purchases
• <b>Occasion (Situational)</b>	• Divides market based on the situation that leads to a product need, purchase or use	• Routine Occasion, Special Occasion
• <b>Psychographic</b>	• Divides market based on lifestyle and / or personality	• Personality (laid back, type A), Lifestyle
• <b>Benefits</b>	• Divides market based on benefits or qualities sought from the product	• Convenience, Economy, Quality

## **THE NEW COMSUMER GROUP EMERGING**

**2011, 87% of all teens - 44% of all younger kids will be online**

**more than half will frequent digital worlds. visit virtual online environments e.g. Disney's Club Penguin.**





# Welcome

The Wondrous World of Chevron Cars

[home](#) [about](#) [help](#) [privacy](#)



Shopping Cart



Log In

PLAY GAMES

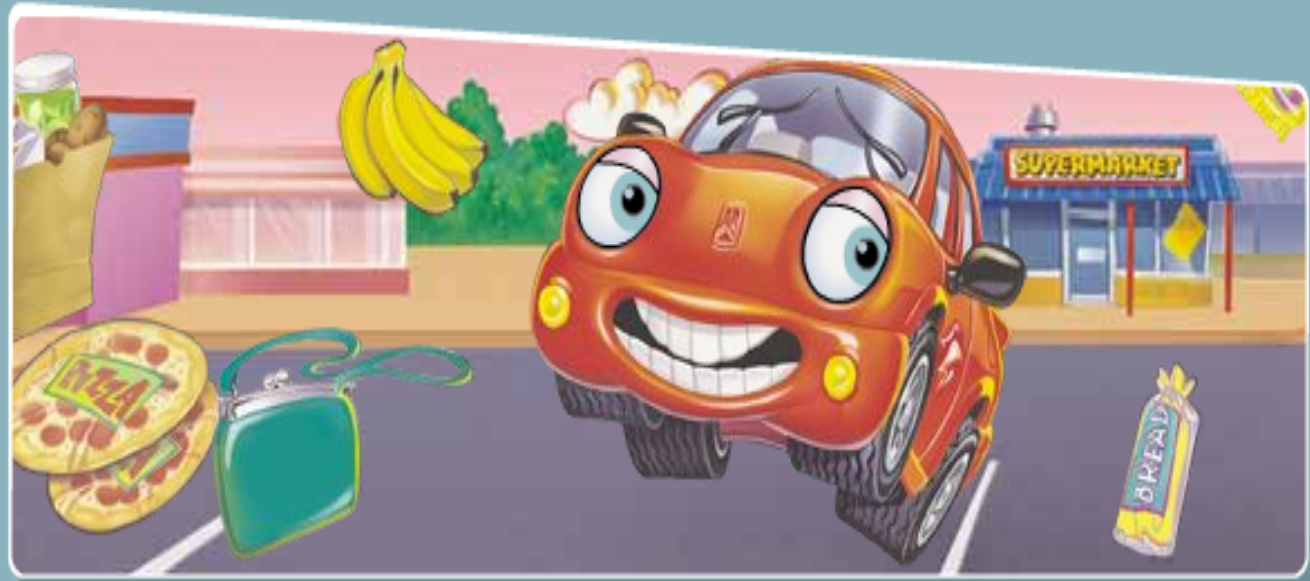
TOY STORE

MEET THE CARS

FREE STUFF

LEARN

Other Stuff



Play Games



Free online car games. Fun classic, arcade and puzzle games for kids and adults. Check out the

Toy Store

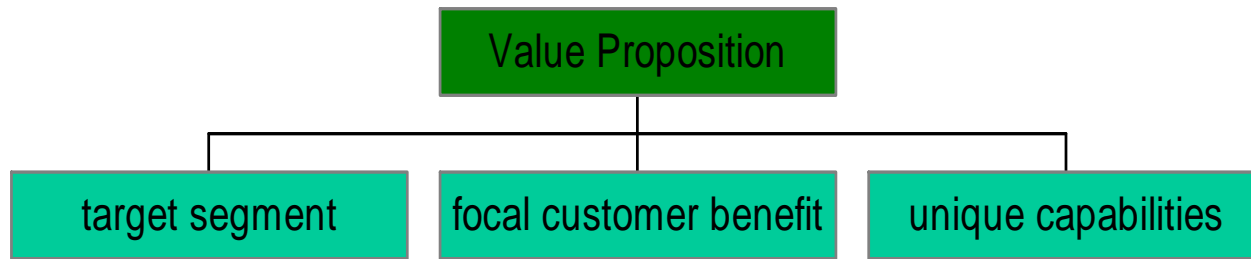


Find all available Chevron Cars including [Brent Blizzard](#). Check out our [50% off sale](#), with cars as

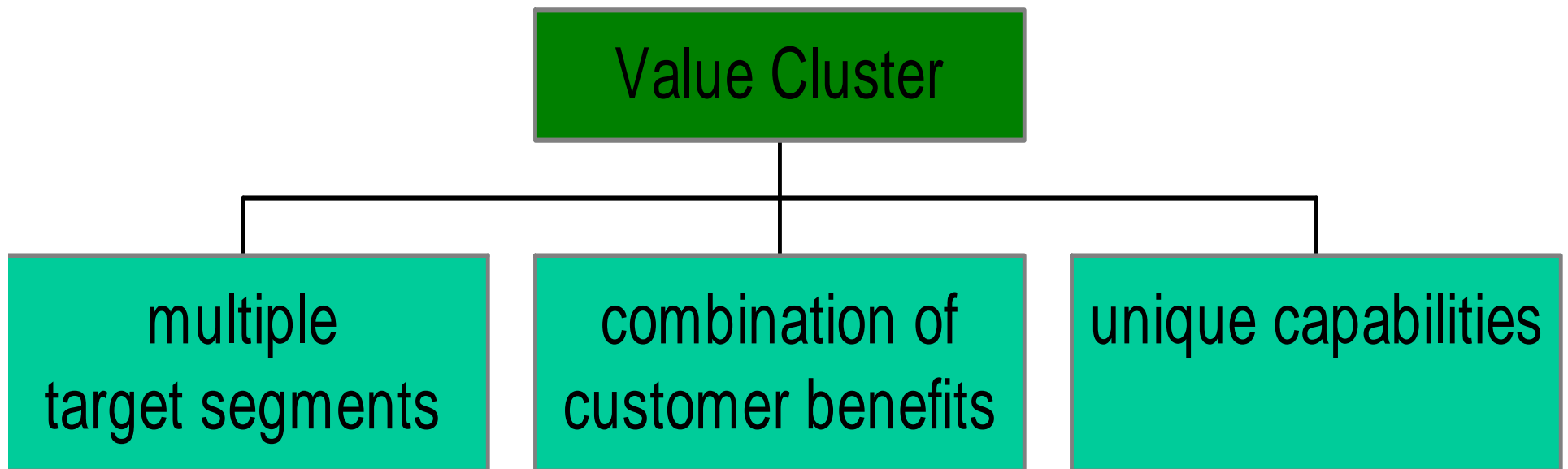
Meet the Cars



Get to know all 50 lovable Chevron Cars launched since 1996. Get to know them and the



**CLUSTERS IS WHERE INTERNET HAS ADVANTAGE  
METRIC DATA COLLECTION**



# Data Mining and Personalization

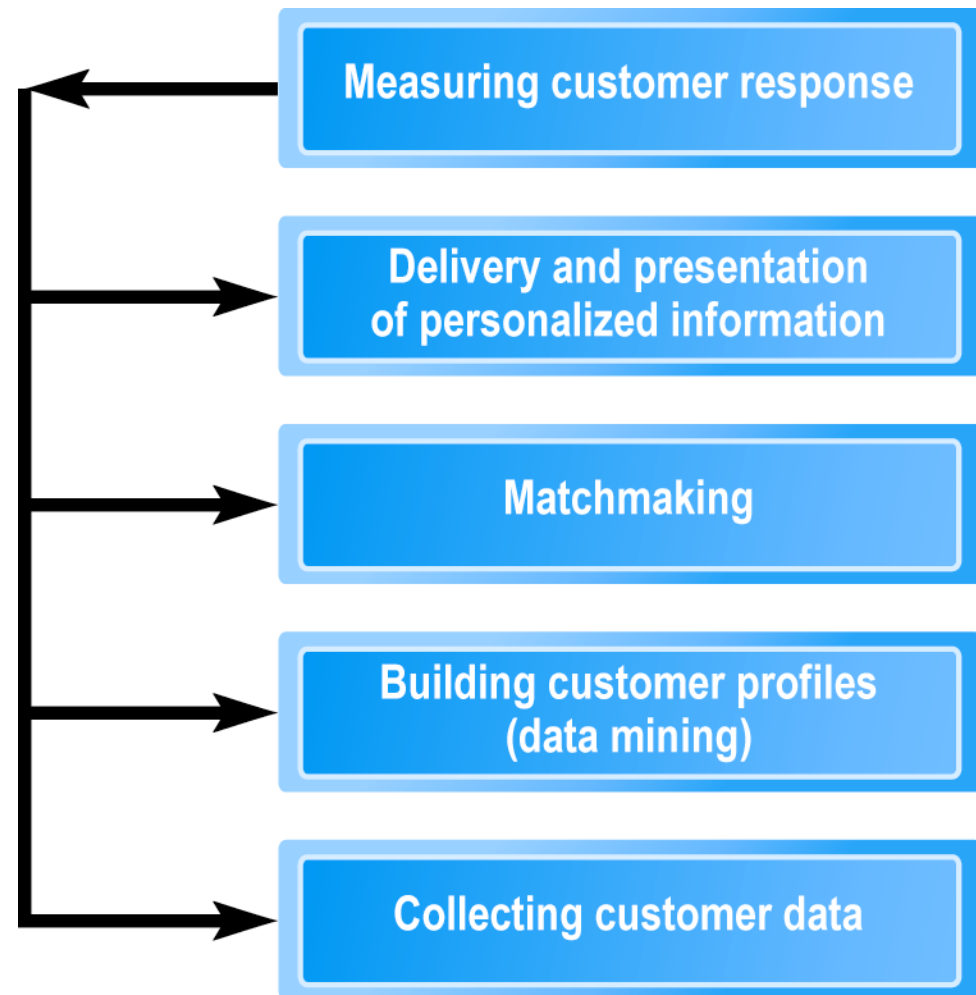


Figure 6.13, Page 382

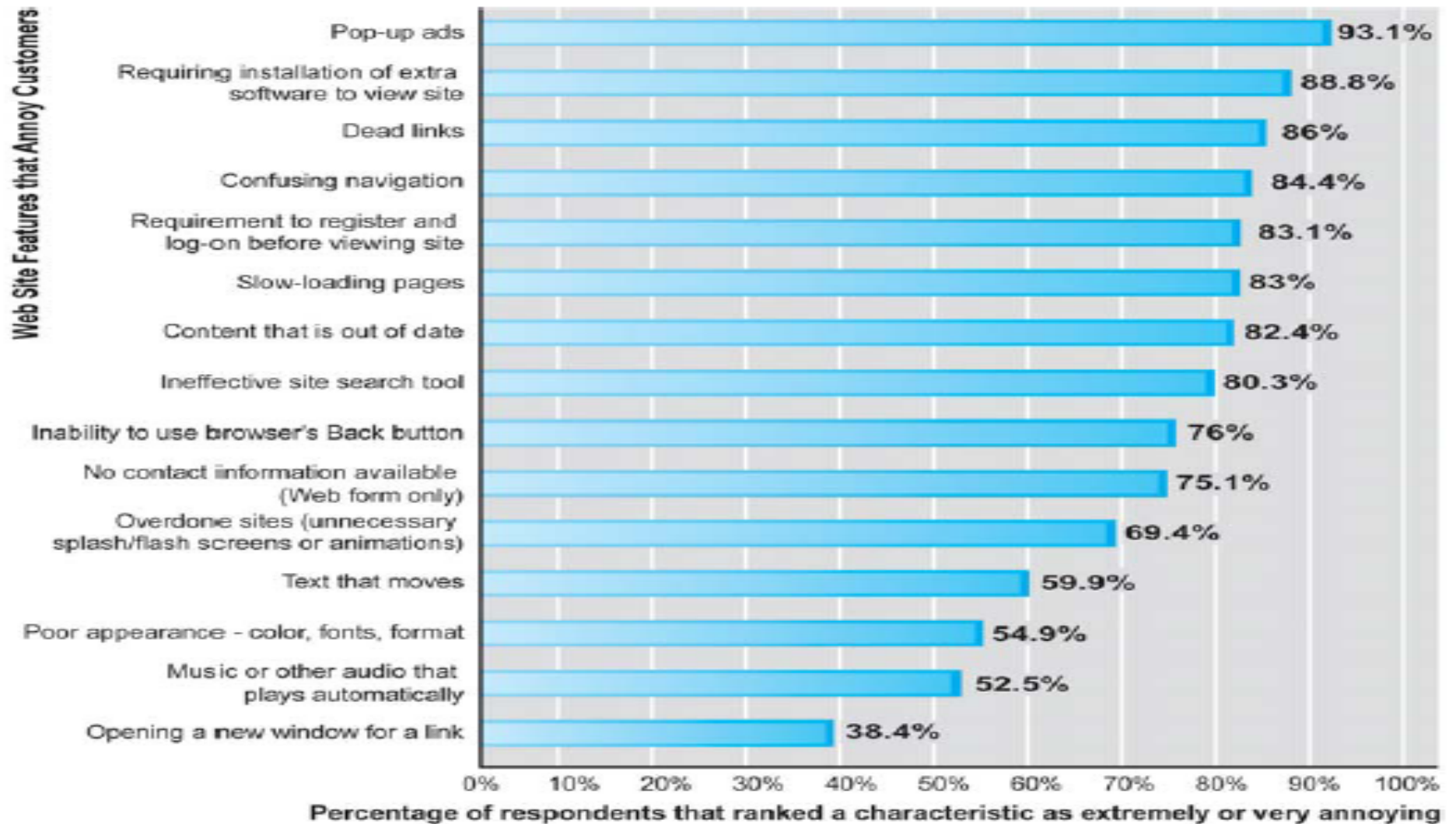
SOURCE: Adomavicius and Tuzhilin, 2001b ©2001 IEEE.



# DESIGN ISSUES TO CONSIDERR

**FIGURE 4.17**

## **E-COMMERCE WEB SITE FEATURES THAT ANNOY CUSTOMERS**



**SOURCE:** Based on data from Hostway Corporation's survey, *Consumers' Pet Peeves about Commercial Web Sites*, Hostway Corporation, 2007.

# DESIGN ISSUES TO CONSIDER

## Designing for Accessibility

- **Section 508 - 1998 REHABILITATION ACT**
- Why are merchants reluctant to make their sites accessible to disabled Americans?
- How can sites be made more accessible?
- Should all Web sites be required by law to provide “equivalent alternatives” for visual and sound content?
- **2006 TARGET CASE – ADA DOES APPLY**



# 7 Cs of design and Customer Interface

## Context

*Site's layout and design*

## Content

*Text, pictures, sound and video that web pages contain*

## Commerce

*Site's capabilities to enable commercial transactions*

## Community

*The ways sites enable user-to-user communication*

## Connection

*Degree site is linked to other sites*

## Customization

*Site's ability to self-tailor to different users or to allow users to personalize the site*

## Communication

*The ways sites enable site-to-user communication or two-way communication*



# CUSTOMIZATION- AMAZON.COM

The screenshot displays the Amazon.com homepage with a navigation bar at the top containing the Amazon logo, a shopping cart icon, and links for 'YOUR ACCOUNT', 'HELP', and 'SELL ITEMS'. Below this is a secondary navigation bar with categories: WELCOME, BOOKS, MUSIC, DVD & VIDEO, ELECTRONICS & SOFTWARE, TOYS & VIDEO GAMES, HOME IMPROVEMENT, AUCTIONS, and zSHOPS. A third navigation bar includes 'HOW TO ORDER', 'GIFT IDEAS', 'DEALS OF THE DAY', 'COMMUNITY', and 'E-CARDS'. The main content area features a search bar with 'All Products' selected and a 'Browse' dropdown set to 'Books'. On the left, a 'Your Recommendations' sidebar lists links for Home, Books, Music, DVD & Video, Toys & Video Games, Electronics & Software, Rate Your Purchases, Revise Ratings, and How It Works. The main content is personalized for user Yannis Dosios, with a 'Welcome to Recommendations' message and a list of items:

- In Books:** 'Race for the World: Strategies to Build a Great Global Firm' by Lowell L. Bryan, et al. Average Customer Rating: ★★★★★. A link to 'See more Book Recommendations' is provided.
- In DVD & Video:** 'Monty Python's Flying Circus: Set 1, Episodes 1-6 DVD' by John Cleese. Average Customer Rating: ★★★★★. A link to 'See more DVD & Video Recommendations' is provided.
- In Music:** 'Buena Vista Social Club' by Ry Cooder, et al. A link to 'See more Music' is provided.

On the right side of the recommendations, there is a section titled 'Your Top Categories' with a list of links: Reference, Business & Investing, History, Nonfiction, and Audiobooks.



# Context ARCHETYPES - Design Look and Feel

## □ *Section Breakdown*

- ✦ *Linking Structure*
- ✦ *Navigation Tools*
- ✦ *Site Performance*
- ✦ *Aesthetics*
- ✦ *Color Scheme*
- ✦ *Visual Themes*

## ○ **Context Archetypes form and function**

- ✦ *Aesthetically Dominant:*
- ✦ *Functionally Dominant:*
- ✦ *Integrated: Balance of form and function.*

# FUNCTIONAL DOMINATE



**The BizTech Network**  
sm

▶ [Join the BizTech Network... Free!!!](#)  
[Magazine](#) - [Calendar](#) - [Books](#) - [Forums](#) - [Jobs](#) - [Newswire](#)

Enter keyword:

[ TABLE OF CONTENTS ]..Click Here for Choices

[E-Business](#)

[Business](#)  
[Society](#)  
[Home](#)

[Knowledge Management](#)

[Computers](#)  
[Reference](#)  
[Shopping](#)

[General Business](#)

[News](#)  
[Regional](#)  
[Games](#)

[Health](#)  
[World](#)  
[Arts](#)

[Science](#)  
[Travel](#)  
[Sports](#)

▶ [Search Options, Examples](#)  
 ▶ [View Site Map](#)  
 ▶ [Help & FAQs](#)  
 ▶ [Make this your Start Page](#)  
 ▶ [Join the Network](#)  
 ▶ [Sign the Guestbook](#)  
 ▶ [Add @Brint.com to Your Site](#)  
 ▶ [Tell a Friend](#)

**The Premier Business and Technology Portal and Global Community Network for E-Business, Information, Technology, and Knowledge Management.**

**Frequently recommended by** *Business Week, Fortune, Wall Street Journal, Fast Company, Inc., Computerworld, CIO and Information Week, more...*

**YOUR SURVIVAL NETWORK FOR THE BRAVE NEW WORLD OF BUSINESS™**

**Community**

- ▶ [Join Free!!!](#)
- ▶ [Online E-zine](#)
- ▶ [Online Forums](#)
- ▶ [Event Calendar](#)
- ▶ [Executive Jobs](#)
- ▶ [Scratch & Win](#)
- ▶ [Knowledge Net](#)
- ▶ [Submit Articles](#)
- ▶ [Book Reviews](#)
- ▶ [E-Newsletter](#)

Friday, December 10, 1999

**Join millions of users from six continents!!**

Global Community Network

---

▶ [JOIN THE NETWORK](#) of the worldwide community of [@Brint.com](#) and get FREE access to resources and special offers for success and performance in the new world of business. **It's Free & Easy!!**

Network Member Services

---

- ▶ [Our Global Community of Users](#)
- ▶ [E-zine: In depth Reports & Articles](#)
- ▶ [Online 24x7 Discussion Forums](#)
- ▶ [Global Events, Conferences & Expos](#)
- ▶ [Books: Bestsellers & Others](#)
- ▶ [For Authors & Speakers](#)
- ▶ [Jobs at Big4, Fortune 1000, IPOs](#)
- ▶ **\$000s** in [Free Raffles for Success, Don't Miss](#)

Congratulations to winners of \$15,500+ Raffle!

**Content**

- ▶ [BizTech News](#)
- ▶ [E-Biz Library](#)
- ▶ [K-Mgmt Library](#)
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- ▶ [K-Mgmt Advisor](#)

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- [Advertising & Branding](#)
- [Venture Capital & IPOs](#)
- [E-Commerce and Net](#)
- [Software & Hardware](#)

▶ [Articles](#)

▶ [Forums](#)

▶ [Scratch & Win](#)

Congratulations to Dr. Sheryl R. Torr-Brown, CKO, Pfizer, Inc.; Eric McDougal, Consultant, CSC; Vivek Relan, Consultant, Ernst & Young LLP for winning in the \$15,500+ raffle draw in

**Aesthetic Dominate – [KMGI.COM](http://KMGI.COM)**

**A LEADER IN INTERESTING WEB DESIGNS**



# INTEGRATED APPROACH – [PATAGONIA.COM](http://PATAGONIA.COM)

## Exhibit 6-7: Integrated Approach Example — Patagonia.com

Fall/Winter 1999

WELCOME TO PATAGONIA'S  
ONLINE STORE

How would you like to browse?

**By Activity**  
(Sailing, Biking, Paddling, Climbing, etc.)


**By Product Type**  
(Jackets, Pants, Shirts, Hats, Surfboards, etc.)

**Web Specials**  
Shop selected items from our entire 1999 collection starting at

► Browse by Activity ► Men's Snowboarding / Skiing

SNOWBOARDING/SKIING

### TECHNICAL JACKETS & PANTS

 <p><b>Pneumatic® Pullover</b> \$135.00</p>	 <p><b>Pneumatic® Pull-On Pants</b> \$89.00</p>	 <p><b>Direct-X Jacket</b> \$355.00</p>	 <p><b>Torre Jacket</b> \$439.00</p>	<p><b>RELATED INFO</b></p> <p><u>Patagonia Layering System</u> Find out how you can stay dry and warm.</p> <p><u>Shell Systems</u> Water protection and breathability compared in Patagonia shells.</p> <p><u>Storm Shell Features</u> Common features to our full-protection shells.</p> <p><u>Demystifying Light &amp; Fast</u> The secret to efficient travel in the mountains.</p> <p><u>Care &amp; Feeding</u> How to keep Patagonia shells in top condition.</p>
 <p><b>Ridge Rider Jacket</b></p>	 <p><b>Torre Pants</b> \$340.00</p>	 <p><b>Super Pluma Pants</b></p>	 <p><b>Super Pluma Jacket</b></p>	

# CONTENT: MULTIMEDIA, TEXT, PICTURES, ETC.

The screenshot displays the Blockbuster website interface. At the top left is the Blockbuster logo. The top navigation bar includes links for Sign In, Home, Subscribe, My Queue, My Downloads, Shopping Cart (0), Help, and Store Locator. Below this is a secondary navigation bar with buttons for RENT, BUY, DOWNLOAD, MY BLOCKBUSTER, GAMES, STORES, and GIFTS. A search bar contains the text "Movies, Actors, Directors" and a "Search" button, with a link to "Advanced Search" nearby. Below the navigation is a banner for "Returning Members? Sign in" and "New to site? Sign up." On the right of this banner is the text "Experience a new way to find movies >> BLOCKBUSTER browse".

The main content area features a large movie poster for "Assassination of a High School President" with a "Show Summary" button and a "GO TO TRAILER" button. To the left of the poster are several category buttons: "In Theaters" (Assassination of a High School President), "New Release" (Quarantine), "Television" (24: Redemption), "You May Have Missed" (The Clique), and "Featured Download" (W.).

On the right side of the main content area is a promotional banner for "Movies Delivered to Your Mailbox". It lists three benefits: "Over 90,000 titles", "No due dates or late fees", and "FREE in-store exchanges". A "TRY IT FREE" button with a right-pointing arrow is at the bottom of the banner.

At the bottom of the page is a horizontal navigation bar with buttons for "Top DVD Rentals", "In Theaters", "TV Spotlight", "Top Sellers", "Top Downloads", "Blu-ray to Buy", and "Games to Buy".





**SECOND LIFE GRID STATUS: ONLINE**

Current Time: 1:33 pm PDT  
 Logged In Last 60 Days: 1,359,568  
 Online Now: 75,661

**VIEWER UPDATE REQUIRED**

[Download Version 1.22.11.113941](#)

This version of the Second Life Viewer is out of date. In order to connect, you'll need to download this required update containing the latest fixes and features. See you inworld!

[Read the release notes](#)

**facebook**

Facebook helps you connect and share with the people in your life.

# WHAT IS A COMMUNITY AND WHY DEVELOP ONE?

First Name: Last Name: Password:

Remember password

# Community Archetypes

*Club*

*Theme Park*

*Theater*

*Bazaar*

*Café*

*Shrine*

*Bazaar:* users wander through a vast number of interest areas but does not provide means for users to interact with one another

---

**YAHOO! GAMES** [Yahoo!](#) - [Help](#)



**Gameroom** Play Y! Games with other people | **Reviews & News** Tips, Cheats, Demos... | **Communities** Games clubs, net events...

**Featured Sponsor**  
  
[Beyond.com](#)

**Games Poll**  
· [Vote for your favorites in the TWEC Picks Poll](#)

**Cool Stuff!**  
· [Yahoo!igans! Games](#) Cool games for kids. **NEW!**  
· We're looking for [Internet Engineers](#).  
· **Want to link to Yahoo! Games?** Get an [Official Button](#).  
· **Activate Y! Companion** for easy access to Yahoo! Games and more.

**Select a Game to Play** Players Online: 29030  
Play games on Yahoo! with people all across the Internet. All games are FREE and require NO extra plug-ins.

**Board Games:**

- [Backgammon](#) (2215)
- [Checkers](#) (2049)
- [Chess](#) (3860)
- [Go](#) (190)
- [Reversi](#) (206)

**Card Games:**

- [Blackjack](#) (869)
- [Bridge](#) (1242)
- [Canasta](#) (1637)
- [Cribbage](#) (1450)
- [Euchre](#) (3441)
- [Gin](#) (1364)
- [Go Fish](#) (337)
- [Hearts](#) (2336)
- [Pinochle](#) (1828)
- [Poker](#) (492)
- [Sheepshead](#) (137)
- [Spades](#) (4780)

**Other Games:**

- [Yahoo! Towers](#) (beta) **NEW!**
- [MahJong](#) (161)

**Single Player Games:**

- Word Games: [Crossword](#), [Cryptogram](#), [Wordsearch](#)
- [Maze](#) **NEW!**

**Other Games on Yahoo!**

- Fantasy Sports: Basketball ([Pro](#), [College](#)) - [Football](#) - [Hockey](#)
- Contests:



*Theme Park:* finite interest areas organized by categories. sites host number of communities where members interact with one another speakout.com

**SpeakOut.com**<sup>SM</sup>

Hey Scruff! Guess how easy it is to take a bite out of crime!

Easy! Click Here!

Home News Opinion Issues Politics Take Action Forum Links

Register Login SpeakOut.com: The place where you can make a difference Help

Site Search  
Advanced Search

**Check This Out**  
[The Economy](#)  
[Religion Selector](#)

**Activism Centers**  
[Abortion](#)  
[Death Penalty](#)  
[The Economy](#)  
[Education](#)  
[Environment](#)  
[Gay Rights](#)  
[Gun Control](#)  
[Napster](#)  
[Race Relations](#)  
[Religion & Morality](#)  
[Technology](#)

**Inside SpeakOut**  
[About Us](#)  
[Become a Partner](#)  
[Partner List](#)

**Bush In Mexico**

President Bush makes his first presidential trip outside the U.S., meeting Mexico's first real opposition party president, Vicente Fox. Immigration, drugs, trade and energy issues are on the agenda -- but so too are picking up a new pair of boots and spending time on the porch at Vicente's family home in the town of San Cristobal. Of Mexico, Bush says, "Our future cannot be separated from the future of our neighbors." [► More in Politics](#)

**Take Action**

Do you think Mexico is emerging as an important nation in international affairs?

Yes  
 No  
 Don't Know

Vote!

**Featured Activism**

**Petitions**

- [Ban the Death Penalty](#)
- [Stop Utility Companies' abuse of power](#)
- [Health Care For All](#)

[More Petitions](#)

**Surveys**

- [Pennsylvania Avenue Closure](#)
- [Trigger Locks](#)
- [Bush \\$1.6 Trillion Tax Cut](#)

[More Surveys](#)

**Daily Briefing**

► [Kansas Education Curriculum Evolves Away From Creationism](#)

Two years ago, the Kansas State Board of Education ignited a firestorm of controversy by voting to remove from the state's public school curriculum the teaching of evolution.

*Club*: Focuses on one area of interest, promotes considerable interaction among members  
gillettecancerconnect.org



**Gillette Women's Cancer Connection**  
strength in knowing.  
support in sharing.

**For Women**

**For Families & Friends**

**Community**

- [Message Board Communities](#)
- [Support Group Chats](#)
- [Schedule of Special Events](#)

**Seminars**

**Tools & Resources**

**Home**

In partnership with 

## Community

• **Message Board Communities**

---

Gillette Women's Cancer Connection message boards are offered in partnership with allHealth, a channel of iVillage.com: The Women's Network. In order to participate in these boards, you will first be asked to join allHealth, a membership which is free.

Click on a board name listed below to go to our message board communities:

- [Breast Cancer Support](#)
- [Cervical & Ovarian Cancer Support](#)
- [Families & Friends Support](#)
- [General Cancer Support](#)
- [Chemotherapy](#)
- [Grief & Grieving](#)
- [Newly Diagnosed](#)
- [Patients Rights & Advocacy](#)
- [Childhood Cancer](#)
- [Survive and Thrive!](#)

[About Gillette® Women's Cancer Connection](#) | [Board of Advisors](#) | [Feedback](#) | [Privacy Statement](#) | [Site Map](#)

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*Theater:* particular area but allows for moderate interaction among members ifilm.com

The screenshot shows the ifilm.com website interface. At the top left is the 'IFILM' logo with the date 'Fri. Dec. 10, 1999'. A banner at the top right says 'the doc is in entertaindom' with a cartoon rabbit and a 'Go Now' button. A navigation bar contains 'IFILMS FILMMAKING NEWS COMMUNITY' and a search box with 'FIND' and 'GO' buttons. On the left is a sidebar with 'HELP', 'ABOUT IFILM', and 'ADD YOUR FILM' buttons, and a 'HOME' section with links for 'IFILMS' (New, All, Search) and 'GENRE' (Action, Animation, CGI/SFX, Comedy, Documentary, Drama, Experimental, Other, Sci-Fi, Thriller). The main content area features a 'NOW SHOWING' section with two film thumbnails. The first is 'Waltz Goodbye' by 'Thouly Dosios', with a running time of 11 min and a viewer rating of 5.86. A description follows: 'Waltz Goodbye is a psychological comedy about a father who struggles between his personal needs and his love for his daughters. Trying to deal with his fear of being left alone and old, he obsesses over the waltz he is about to dance with his daughter on the day of her engagement.' Below the description are links for 'EMAIL TO A FRIEND' and 'ADD REVIEW'. To the right of the film is a 'VIEW NOW' button and a 'Need a Media Player?' link. Below that is a 'RATE THIS IFILM' section with a dropdown menu set to '6', a 'Rate Film' button, and a scale from '1 = WORST' to '10 = BEST'. At the bottom right is an 'INFO' section listing 'Genres: Comedy' and 'School: UCLA'.

*Café:* common area of interest provides considerable interaction among members bolt.com

The screenshot displays the Bolt.com website interface. At the top, there is a navigation bar with the Bolt logo, a search bar, and a 'Channels' dropdown menu. Below the navigation bar, there are several main sections:

- Member of the Day:** A section featuring a profile picture of a woman and a poll question: "Hey! What's the weirdest word you've ever heard?". The member is identified as ShortStackJac, 17/F/US, a member since 8-4-2000.
- Poll:** A poll titled "Should New York Knicks guard Charlie Ward be suspended for his recent anti-Semitic comments?". The poll options are "Absolutely. This guy is supposed to be a role model." and "No. He's entitled to his opinion, no matter how ignorant."
- Quote of the Day:** A quote by Janeane Garofalo: "Janeane Garofalo is the most under-appreciated actress and comedian around. What say you?". The member is identified as charliesangels2, 19/F/US.
- Get Started:** A section with a "Welcome to Bolt!" message and a "I wanna..." section with search filters for age and sex.
- Staff for Today:** A list of featured content including "Make Bolt My Start Page", "Clemens vs. Martinez: Who's the Fastest Gun in the AL East?", "Mmmm...Tagbook: Get Bolt's New Book Now!", "1968 Shelby GT500 vs. 1969 Camaro Z28", and "Just How Cool Are You? Tell Us in About Me".
- Who's playing Wormhole?:** A section with a green background and a "Find out. Then whale on them." message.
- Live a Little:** A section with a red background and a "Find out how much fun you like to have here!" message.
- Featured Downloads:** A section with a blue background listing "DJ Micro Sound Barrier in Dance/Electronic" and "Mike Ladd featuring Company Flow Bladerunner".

On the left side, there is a navigation menu with links to "people", "notes", "voice/email", "clubs", "homepages", "tagbooks", "boards", "cards", "quiz/polls", "horoscope", and "free stuff". There is also a "customize skin" section with a "chat" button and a "radio" button.

*Shrine:* Exhibits extreme enthusiasm a common object  
minimal interaction between members [elvis.com](http://elvis.com)



# INTREGRATING MARKETING – BLOG, TWEETS, FACEBOOK, VIDEOS, SALES

**JAMESTOWN DISTRIBUTORS** Wholesale Marine and Building Supplies

search or quickshop    My Account | Wish List  
Checkout: 0 (\$0.00) | Login (800) 497-0010

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Daily Blowout Item

Home > category: Electronics > category: Radars and Autopilots

### Raymarine SmartPilot ST6000 Series Autopilot Systems

★★★★★ 0.0 (No reviews)

Be the first to [Write a Review](#)



### Raymarine

Tech Specs Video Product Info Links

**RAY-T12060G ST6001 Hydraulic Autopilot Complete System**  
RAY-T12060G  
\$3,453.45 / ea for 1 ea and more  
 qty. 1

**RAY-E15024 S100 Wireless Remote and Base Station ONLY**  
RAY-E15024  
\$434.70 / ea for 1 ea and more  
 qty. 1

**RAY-E15023 Wireless Smart Controller and Base Station ONLY**  
RAY-E15023  
\$543.38 / ea for 1 ea and more  
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**Raymarine ST60 Plus Instruments**  
Starting at \$430.50 / ds  
RAY-A22002P – Depth





**COMING UP NEXT:  
metrics for online businesses**

**Current Challenges to Specifying**

# Meaningful Metrics

WHAT ARE THE TYPES OF THINGS YOU WANT TO KNOW ABOUT YOUR CUSTOMERS AND SITE?

<http://www.sports.com>



Whose your market? Wants? Interests? Products?



# SITES USE METRICS FOR CUSTOMIZATION

## METRICS – COMPANY USE

## METRICS – FOR CONSUMER USE

NETFLIX

Kip Becker | Your Account | Buy / Redeem Gift | Help


**Browse DVDs** | **Watch Instantly** | **Your Queue** | **Movies You'll** | **Community** | **DVD Sale \$5.99** |  **Search**

Home | Genres | New Releases | Previews | Netflix Top 100 | Critics' Picks | Award Winners


### Movies For You

You have **886** Suggestions from 197 ratings.

Kip, the following movies were chosen based on your interest in:  
[Men in Black](#)  
[Deja Vu](#)  
[Midsomer Murders: Destroying Angel](#)




**Independent Day**  
When alien enormous spacecraft arrive in Earth's atmosphere, they start blowing things up, it's the cocky pilot (Will Smith) and a ...  
[Read More](#)



**Rate Your Recent Return**  
RATE TO REVEAL...  
...2 MOVIES YOU'LL LOVE

1 2

(click the stars)



**The Guardian**

**OTHER MOVIES YOU MIGHT ENJOY**

**BROWSE**

**Favorite Genres:** [\(Edit\)](#)

- Action & Adventure
- Classics
- Comedy
- Drama
- Romance
- Sci-Fi & Fantasy
- Thrillers

**Other Genres:**

- All Genres
- Anime & Animation
- Blu-ray
- Children & Family
- Documentary
- Faith & Spirituality
- Foreign
- HD DVD



# **A Model of Online Consumer Behavior**

## ■ Clickstream factors include:

- ❖ Number of days since last visit
- ❖ Speed of clickstream behavior
- ❖ Number of products viewed during last visit
- ❖ Number of pages viewed
- ❖ Supplying personal information
- ❖ Number of days since last purchase
- ❖ Number of past purchases

## ■ Clickstream marketing



# Web Transaction Logs

- Built into Web server software
- Record user activity at Web site
- WebTrends: leading log analysis tool
- Provides much marketing data, especially combined with:
  - ❖ Registration forms
  - ❖ Shopping cart database
- Answers questions such as:
  - ❖ What are major patterns of interest and purchase?
  - ❖ After home page, where do users go first? Second?



# **Cookies and Web Bugs**

## ■ Cookies:

- ❖ Small text file Web sites place on visitor's PC every time they visit, as specific pages are accessed
- ❖ Provide Web marketers with very quick means of identifying customer and understanding prior behavior

## ■ Web bugs:

- ❖ Tiny (one pixel) graphic files embedded in e-mail messages and on Web sites
- ❖ Used to automatically transmit information about user and page being viewed to monitoring server



*Insight on Society*

# **Marketing with Web Bugs**

## **Class Discussion**

- Are Web bugs innocuous? Or are they an invasion of personal privacy?
- Do you think your Web browsing should be known to marketers?
- What are the different types of Web bugs?
- What are the Privacy Foundation guidelines for Web bugs?
- What protections are available?

> english > français

**AIRFRANCE** 



détendez-vous avec Air France

# AIRFRANCE - THE IMPORTANT METRICS? WHAT ARE THE ISSUES WHAT ARE THE METRICS



## Metasearch Engine—Kayak

- **Kayak searches airline and travel websites to offer best deals**
  - Differentiated from Orbitz, Expedia, and Travelocity because those companies pre-purchase inventory
- **Search and clickstream data not integrated with DoubleClick**
- **Aggregate performance indicates 0.8% CTR higher than airline industry average**
- **Extrapolate weekly report to improve performance**





## Summary and Key Takeaways

- **Increasing funding with a high probability of booking/low CPC publisher will have greatest impact on net revenue and ROA**
- **Low booking probability/low CPC publishers should be targeted for copy improvements**
- **Copy improvements that increase CTR and/or TCR will have the second greatest impact on net revenue and ROA**
- **High booking probability/high CPC publishers should be targeted with tactical campaign changes indicative of high ROA campaigns**

# Meaningful Metrics

**WHAT ARE SOME MEANINGFUL  
METRICS?**

**WHY?**

**AND WHAT DO WE DO WITH THE  
INFORMATION?**

## **Marketspace Offering Metrics**

**Reflect the entire decision process from pre-purchase to post purchase. Focus more on the nuts-and-bolts features, attributes and functionality of the site.**

## **Resource System metrics**

**Benefits offered to consumers. From these benefits, the firm would analyze the capabilities that are necessary to supply the benefits.**



## **Meaningful Metrics**

### **Measurements for Evaluating Traffic**

**Percentage Online Users Visit a Specific Site (Reach)**

**Duration of Customer Visits**

**Frequency of Customer Visits**

**Visits Resulting in a Purchase (Conversion Rate).**

**Number of Customers**

**Growth in Customer Base**

**Customer Acquisition Costs**

**Revenue per Active Customer**

**Revenue Repeat Visitors and Frequency of Purchase**

**Inventory Turns**

## Massive Data is Confusing and Overwhelms.

- Numbers and information generated to measure/monitor online commerce overwhelms.
- There is no one statistic that provides insights for e-merchants to evaluate performance/adjust strategies. D
- Data must be evaluated to appreciate what is/not working. Benchmark results against key competitors, segment by individuals & perform trend analysis to discount the impact of short-term promotions and seasonality.
- E-retailers know limits of metrics and not alter strategies to produce attractive numbers

# The End of The Day



# Meaningful Metrics

## Measurements for Evaluating Traffic

The Internet provides online retailers with a wide array of measurements for evaluating traffic, performance and the effectiveness of business strategy. Data gathered on traffic and shopping patterns can provide valuable feedback to allow e-tailers to evaluate and fine-tune their businesses as they evolve. Not all metrics are meaningful, however and the misinterpretation of some measures can lead online businesses astray. The following metrics are commonly tracked.

### Site Traffic

Site traffic is important because every visit is an opportunity to capture a transaction. However, it is also important to ascertain why visitors are coming. They may be attracted by one-time promotions or may be surfing and not buying. Very large traffic percentage increases are easier to achieve when the site is first initiated. Gradual and sustained increases in traffic over time often are indicative of a site that has established a successful online strategy, and its customer base may include a higher percentage of repeat buyers.



## **Percentage Online Users Visit a Specific Site (Reach).**

**This helps e-tailers determine if the increased traffic is site-specific or just due to an overall increase in Internet usage. It also helps to assess how well known the Web site is relative to competitors. This is not a proxy for market share, since visitors may not necessarily be buyers.**

## **Duration of Customer Visits.**

**Customers who spend more time on the site are typically more engaged and more likely to become shoppers. E-retailers need to develop content and site designs that attract and hold visitors for longer periods.**

## **Frequency of Customer Visits.**

**This measurement provides insight on the attractiveness of the site, the value of content provided to customers and customer loyalty. Visitors who have a pleasant experience are more likely to come back and eventually shop.**

**Jupiter Research reports that 76% of consumers visit two or more sites before making a purchase, and 49% visit three or more sites.**

**E-tailer acquiring loyal customers or driving transactions.**

**Promotions and discounts can bring in customers but, with the ease of comparison-shopping on the Internet, these customers may leave when the offer expires. Building customer loyalty is an important component in a successful business strategy. Some products and services require a higher level of visits before a purchase is made. (includes travel purchases and high-cost items).**

## **Number of Customers(Customers Base).**

**This figure often is cited by online retailers as a measure of their success in attracting business. However, it is ambiguous because it does not convey the number of active customers or repeat customers. Customers who have bought only once are included in the customer base even if they never shop there again. Some companies report “registered users,” that is, those**

**who have provided personal information, but may never have shopped. Also, scale alone will not ensure profitability if e-retailers are luring customers with discounts and promotions. Large increases in the customer base, therefore, may not be an accurate comparative measure**

## **Growth in Customer Base.**

**Growth in the number of customers is a factor of advertising dollars and the effectiveness of marketing and promotion.**

## **Origin of Visitors and Purchasers.**

**Monitoring traffic log files and click-through rates can help to determine the source of interested visitors and help to assess the effectiveness of referral programs advertisements on other sites. E-retailers need to know how much portals and affiliates are aiding in customer acquisition and retention.**

## **Customer Acquisition Costs.**

**Marketing costs need to decline to a level at which they can be funded from operations, if businesses are to achieve long-term profitability. This has not been the experience of many online merchants that continue to spend heavily to drive traffic to their sites. Initially high customer acquisition costs are inevitable in order to build awareness and attract customers. Some sectors, like groceries, have higher average customer acquisition costs than others.**

## **Revenue per Active Customer.**

**The decline in the marketing cost per customer relative to the revenue per customer is an indication of marketing and merchandising effectiveness. Revenue per customer is also a reflection of the effectiveness of converting browsers to buyers, the number of repeat visitors and the average order price.**

## **Average Order Size & Number Products per Transaction**

**The growing number of online shopper will put downward pressure on average order sizes in the near term as more merchants come online and increase competition, new entrants rely on price discounting to attract customers, and more consumers with lower incomes shop online. However, increased familiarity with products, the addition of new categories and improved cross-selling techniques should boost revenue per active customer over time.**

## **Number of Repeat Visitors.**

**This is an indication customer loyalty and is essential for long-term viability. Repeat customers convert to purchasers at a far higher rate than first-time customers do. Churn rate, which is the percent of the customer base that does not return to shop in a given period, is an indication of the number of customers who are being lured away by competitors.**

## **Revenue Repeat Visitors and Frequency of Purchase.**

**The most loyal customers come back most often and buy from multiple categories. They also refer friends to the site. Focusing on repeat customers and building loyalty is the most important step an online retailer can take.**

## **Revenue Growth.**

**Sales growth often is used to value an online company. Growth in revenue is a reflection of a number of factors including percent of repeat customers, ticket size and frequency of orders.**

## **Gross Profit Per Order.**

**This measure allows the merchant to determine if he is covering his average customer acquisition expenses after promotions (including free shipping) and discounts. As a company matures, it must shift focus to concentrate on performance metrics if it is going to toward profitability.**

## **Inventory Turns.**

**inventory the online merchant's highest cost. Critical business turn inventory as quickly as possible. High volume of Internet traffic & scalability of online operations allow online retailers to turn much faster than offline competitors.**

## **Customer Service Response Time.**

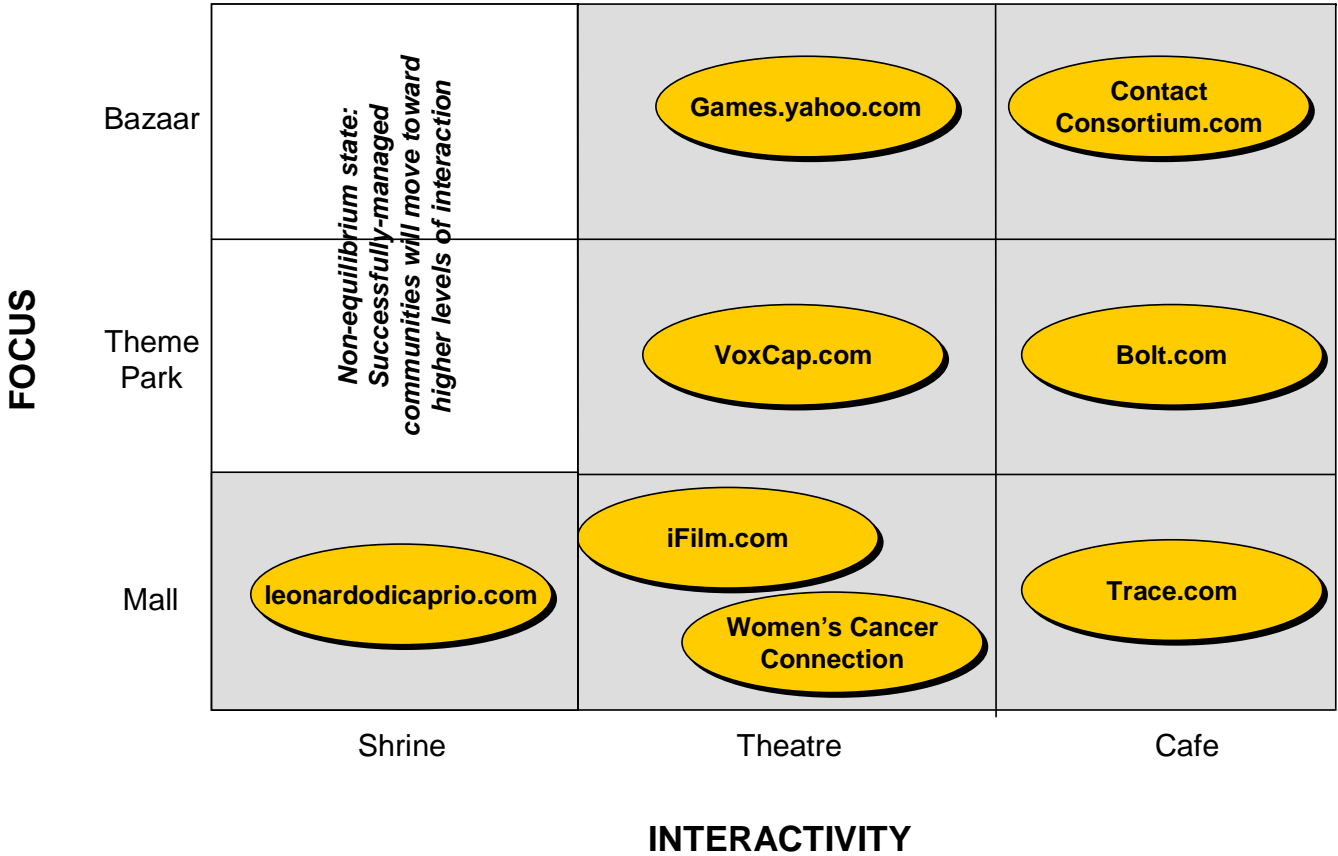
**Online sellers provide more than low prices. Can build loyalty by enhancing customer service. One way -provide feedback to customers through customer call centers. Customer response time one measure of program effectiveness.**

## **Massive Data is Confusing and Overwhelms.**

**Numbers and information generated to measure/monitor online commerce overwhelms. There is no one statistic that provides insights for e-merchants to evaluate performance/adjust strategies. Data must be evaluated to appreciate what is/not working. Benchmark results against key competitors, segment by individuals & perform trend analysis to discount the impact of short-term promotions and seasonality. E-retailers must know limits of metrics and not alter strategies to produce attractive numbers (reducing scale to improve conversion rates or increasing promotions to inflate sales).**



# Exhibit 6-20: Drill Down - Focus vs. Interactivity



# Customization

- ❑ Customization refers to a site's ability to tailor itself to each user or to be tailored by the user
- ❑ Dimensions of Customization
  - *Personalization*: The user initiates and manages the customization process
  - *Tailoring by site*: Software dynamically publishes unique versions of the site to address specific user's interests, habits and needs more appropriately
    - ✦ Tailoring based on past user behavior
    - ✦ Tailoring based on behavior of other users with similar preferences



## Award Winning Online Web Store Building Platform

▶ Awards Received

"Anyone who runs a small business should have some kind of Net presence, even if selling merchandise online isn't part of the plan. Start here with easy-to-follow wizards and plenty of setup templates."

Yahoo Internet Life, July, 2001



### Why You Want To Join

- ▶ Awards Received
- ▶ Featured Stores
- ▶ In-Depth Information
- ▶ Package Details
- ▶ FM Tutorial
- ▶ Join Now

### Member Area Login

Username

Password

▶ Submit Info



## Welcome To FreeMerchant

- ▶ Home
- ▶ Reseller Program
- ▶ Shop Our Merchants
- ▶ Contact Info

## The Best Place to Build, Run and Promote Your Online Store

If you've got a brilliant idea, FreeMerchant is the perfect way to set up an online storefront or improve the one you've got.



Whether you've got big expansion plans or you're happy working out of your garage, FreeMerchant has a package to suit your needs.

▶ Compare Store Packages



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## Customization (Cont'd)

### □ Customization Archetypes

- *Personalization by User*: Enables the user to modify site content and context based on consciously articulated and acted-upon preferences
- *Tailoring by Site*: Enables the site to reconfigure itself based on past behavior by the user or by other users with similar profiles

## Exhibit 6-21: Personalization by User Example — MYLOOK.COM

The screenshot displays the MYLOOK.COM website interface. At the top left is the "mylook" logo, and at the top right is the date "Thursday, March 30, 2000". The main content area has a blue background and features a central graphic of a pair of glasses with the text "your personal view" overlaid. To the left of the glasses, the text reads "serving up the best of the web in tiny, bite-sized morsels." To the right, there is a vertical list of four personalized content categories, each with a right-pointing arrow icon:

- power tie**: Keeping the working professional current with the latest business wires.
- the curve**: For the female executive who has more on her mind than work.
- tech head**: Tech and Internet headlines for the wired enthusiast.
- crazy fun**: The recreation buff's gateway to the sports and entertainment scoop.

A vertical orange line with red arrowheads pointing left is positioned to the right of the list items.

# Communication

- ❑ **Communication refers to the dialogue between a site and its users**
- ❑ **Dimensions of Communication**
  - *Broadcast*: One-way information exchange from organization to user. Broadcast communication can be in the form of mass mailing, FAQ, e-mail newsletters, content-update reminders and broadcast events
  - *Interactive*: Two-way communication between the organization and a user. Interactive communication can be in the form of e-commerce dialogue, customer service and user input
  - *Hybrid*: Combination of broadcast and interactive communication

## Communication (Cont'd)

### □ Communication Archetypes

- *One-to-Many, Non-Responding User*: Site messages are announcements that users receive without needing to respond
- *One-to-Many, Responding User*: Site messages are invitations to users to submit their comments and responses
- *One-to-Many, Live Interaction*: Information is exchanged back and forth in real time
- *One-to-One, Non-Responding User*: User receives personalized messages to address specific interests or needs without a need to respond
- *One-to-One, Responding User*: User responds to personalized messages sent by the site
- *One-to-One, Live Interaction*: Site sends and receives personalized user messages in real time



## Exhibit 6-23: One-to-Many, Non-Responding Example — THESTANDARD.COM

**THESTANDARD**  
INTELLIGENCE FOR THE INTERNET ECONOMY

THREE-POINT INVESTING  
Lace up your track spikes. *Where it all becomes clear.*  
TECHNICAL ANALYSIS FUNDAMENTALS COMMUNITY [click here.](#) ClearStation

Search  Entire Site  for  GO Search sponsored by **futurestep**

MY ACCOUNT SUBSCRIBE NEWSLETTERS ABOUT US

**NEWS & ANALYSIS**  
Features  
Opinion  
Special Reports  
Grok  
Letters to the Editor

**PEOPLE**  
New Gig  
The Network  
Recruitment

**COMPANIES**  
Net Returns  
The Directory

**RESEARCH**  
Metrics  
Intelligence Store

**SUBJECT INDEX**  
Money & Markets  
Marketing  
Media  
Telecom  
E-Commerce  
Legal  
Technology  
Web Usage

**EVENTS & CONFERENCES**  
Calendar  
Contact Us  
Partners

Mon Feb 14

**The Industry Standard News**

**Tracker Site Profiles Cracker Culprits**  
*By Elinor Abreu*  
AntiOnline founder profiles the crackers -- A clique of peer acceptance-seeking, socially motivated U.S. teens or twentysomethings.

- [\\$850 Million is Phone.com's Number for Onebox](#)
- [Healtheon/WebMD to CareInsite: "Be Mine"](#)
- [AOL to Market Urban Online Access](#)

**Softbank Ups Latin American Net VC Fund Stake**  
*By Juan Carlos Perez*  
The raging flood of funds backing Internet startups continues to swell Spanish-speaking companies' coffers.

*For complete news coverage, go to News & Analysis from The Industry Standard*

**Market Movers**

**Love and Mergers**  
*By David Shabelman*  
Valentine's Day acquisitions, and tantalizing hints of them, helped to drive indices slightly higher Monday.

**Metrics**

**Financial Spotlight: How Much Did Net IPOs Leave on the Table in 1999?**  
*By Mark A. Mowrey*  
Internet startups in 1999 raised 13 times what they did the year before. How much more could they have made?

If you're considering B2B solutions, we'd like to **Even shorter.** short list...

harbinger<sub>e</sub>net

Harbinger  
We make e-commerce work.

## Exhibit 6-24: One-to-Many, Responding User Example — BIZRATE.COM

The screenshot displays the BizRate.com website interface. At the top, there is a yellow banner with a red bow and the BizRate.com logo. To the right of the banner are advertisements for Valentine's and BizRate.com. Below the banner is a navigation bar with links for home, about us, contact us, and help. A search bar is located on the left, and a 'Rapid Report' section is on the right. The main content area features a Patagonia store listing with a 'Go Shop at Patagonia' button. The listing includes a sidebar with navigation options, a 'Staff Reviewed Ratings' section with a star-based rating system, and a 'Store Description' section. A 'go shop Patagonia' button is also present in the description area.

**Staff Reviewed Ratings**

Category	Rating (Stars)
overall rating	★★★★☆
ease of ordering	★★★★☆
product selection	★★★★☆
product information	★★★★☆
price	★★★★☆
website	★★★★☆
on-time delivery	★★★★☆
product representation	★★★★☆
customer support	★★★★☆
privacy policies	★★★★☆
shipping & handling	★★★★☆

This online store has not yet agreed to be freely evaluated by its customers via BizRate.com

**Store Description**

The Patagonia online store offers a wide variety of outerwear designed for specific outdoor sports activities and also casual wear. Customers can shop the site by activity (biking, snowboarding, climbing etc) or by products (Jackets, pants, footwear, surfboards etc). The site also features a guideline where customers can have their questions answered by qualified Patagonia employees.

**go shop Patagonia**

## Exhibit 6-25: One-to-Many, Live Interaction Example — Accrue 2000 Web Seminar

Converting Clicks to Customers

Top 10 Reasons Request Information

Company  
Products  
Services  
Events  
Successes  
Partners  
Support

Tradeshows  
Seminars  
Speaking Eng.

ACCRUE  
SOFTWARE, INC.

# Seminars

## Events

**FREE 2000 Web Seminar**

January 19, 1999  
**Paving the way for e-tailing and "Clicks-and-Mortar" profitability**

Profitability and e-commerce should not be contradictory ideas, yet in practice they have proved elusive. Inside every loss-making e-commerce site is a profitable business waiting to be uncovered. Accrue invites you to learn how driving factors in one-to-one customer relationship management can be applied to Web-based retailing via advanced data mining techniques.

- **North America Sessions**
  - 9:00 a.m. PST ([click here to register](#))
  - 11:00 a.m. PST ([click here to register](#))

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## Exhibit 6-26: One-to-One, Responding User Example — AMAZON.COM

The screenshot shows the Amazon.com zShops interface. At the top, the Amazon logo is on the left, and navigation links for 'YOUR ACCOUNT', 'HELP', and 'SELL ITEMS' are on the right. Below this is a horizontal menu with categories: WELCOME, BOOKS, MUSIC, DVD & VIDEO, ELECTRONICS & SOFTWARE, TOYS & VIDEO GAMES, HOME IMPROVEMENT, AUCTIONS, and zSHOPS. A secondary navigation bar contains 'ADVANCED SEARCH', 'BROWSE CATEGORIES', 'HELP', 'YOUR ACCOUNT', and 'SELL YOUR ITEM NOW'. The main content area features a search bar labeled 'zShops Search:' and a 'Browse:' dropdown menu set to 'All Categories'. The product listing is for 'CREATIVE LABS NOMAD II DIGITAL AUDIO PLAYER'. It includes a breadcrumb trail: 'zShops / Electronics & Photography / Consumer Electronics / Audio Equipment / Portables'. The price is \$304.99 (plus \$10.00 shipping). The seller is 'qwitt' with a 4-star rating and 2 reviews. The location is Encino, CA, and the quantity is 75. Payment methods listed include Amazon.com Payments, Visa/MC, AmEx/Disc, and others. A 'Buy It!' button is prominently displayed, along with a '1-Click' option and a 'Desired quantity' input field set to 1. An 'Amazon.com A-to-z Guarantee' badge is visible in the bottom right of the product listing area.

### Item Description

#### Details

NOMAD II DIGITAL AUDIO PLAYER RETAIL PRICE \$329 OUR PRICE \$304.99 YOU SAVE \$24.01 • Elite digital audio player! • 64MB storage, backlit LCD • Built-in FM tuner, USB From Creative, the leader in PC audio, comes the next-generation portable digital audio player -- NOMAD II. This compact, non-mechanical player is designed for crystal clear, skip-free digital audio no matter where you take it. Designed to be the next-generation portable digital audio platform, the NOMAD II is future-proof, offering reprogrammable firmware to support multiple digital audio formats and software extensions. With a 64MB SmartMedia flash memory card, it lets you enjoy hours of CD-quality audio and 4 hours of voice recording. And it is the first portable digital audio player that offers you a built-in FM tuner that stores up to 20 preset stations. Features

## Exhibit 6-27: One-to-One, Live Interaction Example — LIVEPERSON.COM

LivePerson - Microsoft Internet Explorer provided by Monitor Co...

### Chat with Tracey

**Tracey:** Besides text, LivePerson operators can send more complex information, such as links, [like this one](#)

**Tracey:** Great!

**Leo:** It would be interesting to see any other capabilities

**Tracey:** Is there anything else I can do for you?

**Leo:** Name: Leo Griffin Company: Monitor Marketspace Center  
Address: 100 Wilshire Blvd, Santa Monica CA 90404 Email: leo\_griffin@monitor.com

**Tracey:** Would you like to see an example of some of our other capabilities?

**Tracey:** I see.

**Leo:** Yes - I read about you in the I Standard I think

**Tracey:** If you would like more information, Leo, please: leave us your name, company, phone# and email.

**Tracey:** Sure.

**Leo:** I am interested in getting some literature on your service

**Tracey:** Is this your first visit to LivePerson.com? How did you hear about us?

**Tracey:** Hi there, Leo. What can I help you with today?

**Send** **End Call**

Powered By LivePerson.com™

## Connection with Other Businesses

- ❑ **Connection is the degree to which a given site is able to link to other sites**
- ❑ **Dimensions of Connection**
  - *Links to Sites*: Links that take the user completely outside the home site and into a third-party site
  - *Home Site Background*: Links that take the user to a third-party site, but the home site is noticeable in the background
  - *Outsourced Content*: The site content is derived from third parties
  - *Pathway of Connection*: Refers to the links to access additional information
    - ✦ *Pathway-out* - links cause the user to completely exit website
    - ✦ *Pathway-in* - links cause the retrieval of material from the same or other sites without exiting the current website

## Connection (Cont'd)

### □ Connection Archetypes

- *Destination Site*: Provides almost exclusively site-generated content with very few links to other sites
- *Hub Site*: Provides a combination of site-generated content and selective links to sites of related interests
- *Portal Site*: Consists almost exclusively of links to a large number of other sites
- *Affiliate Programs*: Directs users to affiliated websites through embedded links
- *Outsourced Content*: Contains content generated by third parties
- *Meta-Software*: Utilities and Plug-in software applications created to assist user in narrowly defined tasks



## Exhibit 6-28: Destination Example — NYTIMES.COM



The New York Times  
ON THE WEB

NYC Weather  
54° F

TUESDAY, JANUARY 4, 2000 | Site Updated 12:20 PM

- QUICK NEWS
- PAGE ONE PLUS
- International
- National/N.Y.
- Politics
- Business
- Technology
- Science/Health
- Sports
- Weather
- Opinion
- Arts
- Automobiles
- Books
- CareerPath
- Diversions
- Living
- Magazine
- Photos
- Real Estate
- Travel
- MARKETPLACE
- SITE INDEX
- New York Today

The New York Times  
ON THE WEB  
**Learning  
Network**  
FOR STUDENTS,  
TEACHERS & PARENTS

### Israel and Palestinians Agree On West Bank Land Transfer

Israel and the Palestinians broke a deadlock in peacemaking on Tuesday, agreeing to carry out a long-delayed transfer of Israeli-occupied West Bank land. [Go to Article](#)

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## Exhibit 6-30: Portal Example — YAHOO.COM

The screenshot displays the Yahoo! homepage with a green horizontal line across the top. On the left, there are icons for 'What's New' and 'Check Email'. The 'YAHOO!' logo is in the center, with 'My' and a question mark icon on the right. Below the logo are links for 'Personalize' and 'Help'. Further down are links for 'Yahoo! Auctions', 'Instant Stock Alerts', and 'Yahoo! Mail'. A search bar with a 'Search' button and a link to 'advanced search' is present. Below the search bar is a horizontal list of service categories. The main content area is divided into two columns: a grid of category links on the left and a 'Marketplace' section on the right.

[What's New](#) [Check Email](#) **YAHOO!** [My](#) [?](#)  
[Personalize](#) [Help](#)

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[Beanies, Pokemon](#) [Download Yahoo! Messenger](#) free email for life

[Search](#) [advanced search](#)

[Shopping](#) - [Auctions](#) - [Yellow Pages](#) - [People Search](#) - [Maps](#) - [Travel](#) - [Classifieds](#) - [Personals](#) - [Games](#) - [Chat](#) - [Clubs](#)  
[Mail](#) - [Calendar](#) - [Messenger](#) - [Companion](#) - [My Yahoo!](#) - [News](#) - [Sports](#) - [Weather](#) - [TV](#) - [Stock Quotes](#) - [more...](#)

**Yahoo! Shopping** - Thousands of stores. Millions of products.

Departments	Stores	Products
<a href="#">Apparel</a>	<a href="#">Toys R Us</a>	<a href="#">Pokemon</a>
<a href="#">Bath/Beauty</a>	<a href="#">Eddie Bauer</a>	<a href="#">MP3 players</a>
<a href="#">Computers</a>	<a href="#">Gap</a>	<a href="#">Digital cameras</a>
<a href="#">Electronics</a>	<a href="#">Victoria's Secret</a>	<a href="#">DVD players</a>
<a href="#">Food/Drink</a>		
<a href="#">Music</a>		
<a href="#">Toys</a>		
<a href="#">Video/DVD</a>		

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- [Clinton renominates Greenspan as Fed chief](#)
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- [Dow ends off 359, Nasdaq down 229](#)
- [NCAA football, NFL](#)

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**Marketplace**

- Looking for a [car](#)? [job](#)? [house](#)?
- [Loan Center](#) - auto loans, mortgages, credit reports
- [Yahoo! Bill Pay](#) - free 3-month trial

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**Inside Yahoo!**

- [Yahoo! China](#) - [Japan](#) - [Korea](#)
- [Y! Messenger](#) - instant messaging
- [GrooveGram](#) - remix your favorite song
- [Y! Clubs](#) - create your own

# Exhibit 6-31: Affiliate Program Example — ONHEALTH.COM and PROFLOWER.COM

**onhealth shopping**  
Home > Shopping > Storefront

- Storefront
- Beauty
- Books & Magazines
- Children
- Clothing
- Drugstore
- Fitness
- Foods
- Healthy Home
- Holidays & Gifts
- Holistic Woman
- Insurance
- Travel
- Vitamins & Herbs
- Weight Management
- About Shopping
- Customer Service

**TimeSaver**  
Walk And Run To Fitness  
It makes sense that the earliest forms of human transportation work best. Have you ever heard of a fat caveman?  
[READ ABOUT IT](#) [TALK ABOUT IT](#) [BUY IT](#)

**FEATURED PARTNER**  
**gazoontite.com**  
Your online resource for allergy and asthma relief.

**FEATURED PRODUCTS**

- Sunbeam** Talking Thermometer from drugstore.com
- amazon.com** 101 Feng Shui Tips for the Home by Richard Webster
- Camisole** from GreenMarketplace
- A Ski Safari** from DiscoverFrance

**SPECIAL OFFER**  
**enews.com** the ultimate magazine site  
A perfect Valentine's gift! Subscriptions to these great magazines!  
[Men's Journal](#)  
[Self](#)

**onhealth shopping**

**proflowers.com**  
Fresh from the grower to the heart™  
We ship DIRECT FROM THE GROWER to get you the FRESHEST flowers money can buy – and pass the SAVINGS to you.  
**February Birthday Bouquet! Go!**  
[CLICK HERE!](#)

**VALENTINE'S DAY UPDATE:**  
Thank you for choosing Proflowers.com to make someone's Valentine's Day special. Unfortunately, we have now passed the deadline for Valentine's Day delivery. We are now happy to take orders for delivery on or after **Tuesday, February 15th**.  
As always, our flowers are **guaranteed fresh for 7 days!**  
Want to track an order? Please [CLICK HERE](#).

- Timeless Kisses** \$49.95 plus Shipping\*
- Assorted Tulips** \$29.95 plus Shipping\*
- Assorted Roses** \$29.95 plus Shipping\*

**START SHOPPING:**  
View All Flowers and Plants  
Specials & Promotions  
12 Months of Bouquets

**SERVICES:**  
Ask an Expert - LIVE!  
Mon - Fri 7:30am - 3:00pm PST  
Reminder Service  
Send A Hint  
Track Your Order  
FREE Newsletter!  
Flower Care  
Flower Encyclopedia

**Earn Commi\$ions!**  
If you have a webpage, you can earn money just by linking to Proflowers.com!  
[Click here for more info](#)

**Shop by Arrangement:**  
Make a Selection!  
[Go!](#)

**Introducing International Delivery! Go!**

**Featured Item.**

## Exhibit 6-32: Outsourced Content Example — REAL.COM

The screenshot displays the Real.com website interface. At the top, there is a navigation bar with links for Home, Guide, Download (RealPlayer, RealJukebox), Help, and International. A search bar is located on the right side of the top bar, with a search button. Below the navigation bar, there is a banner featuring a portrait of a man and the text "Almost 60 years ago, they saved the world." To the left of the banner, the date and time are shown: "Feb. 11th 6:21pm US Eastern".

The main content area is divided into several sections:

- NEWS**: A large blue header with a "Jump To:" dropdown menu.
- Features**: A vertical sidebar on the left with a red header, containing links for Campaign 2000, Sam Donaldson, In-Depth, Channels, Stations, Live Events, and Web Sites.
- This Just In...**: A section with a blue header containing three news items:
  - FBI Closing in on Cyber-Attackers**: CNN Interactive, with a "tell a friend" link.
  - Bomb Explodes on Wall St.**: Fox News Online, with a "tell a friend" link.
  - N. Ireland Government Suspended**: BBC News Online, with a "tell a friend" link.
- Continuing Coverage**: A section with a blue header containing one news item:
  - NYPD BOMB SQUAD**: Fox News Online, with a "tell a friend" link.
- International Report**: A section with a blue header containing one news item:
  - N. Ireland Government Suspended**: BBC News Online, with a "tell a friend" link.
- DAILY BEAT**: A section with a red header containing three items:
  - Top Live - Sam Donaldson's Web exclusive on ABCNEWS.com**
  - News Radio - WLS-AM Chicago**
  - Behind the Headlines Online NewsHour coverage of recent Web attacks**: PBS.org
- Sponsors**: A section on the right side with a blue header, containing three sponsored content blocks:
  - Movie of the Week**: Check it out at www.film.com
  - RealJukebox**: JUMP download free
  - Guide Services**: my Create your Own Real.com Guide, 1/2 Beginner's Guide

At the bottom of the page, there is a navigation bar with links for BROADBAND, DOWNLOAD MUSIC, ENTERTAINMENT, HEALTH, LIVE, MONEY, MUSIC, NEWS, PREMIERES, RADIO/TV, REALCHANNELS, SCI-TECH, SOCIETY, and SPORTS. Below this bar, there are links for "Add Your Site/Event", "Email Us", "RealNetworks", "Real.com Guide Japan", "Real.com Guide Europe", "Legal Notice/Terms of Use", and "RealNetworks Privacy Statement".

## Exhibit 6-33: Meta-software Example — R U SURE.COM


This is a **simulated R U Sure supported site** designed to demonstrate the features and abilities of the Auto Pilot. The Auto Pilot will operate in this site as if you were a real user. The Auto Pilot should have already appeared at the top of the page in order to continue with the demonstration. Give the Auto Pilot a few seconds to pop up. If the Auto Pilot did not appear after several seconds, [please click here](#).

**A to Z Hardware**

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Look at this month's specials:



Palm V

[see details](#)



Palm III

[see details](#)

choice.

**R-U-SURE.COM** Palm V  350.00

**R-U-SURE.COM** COMPUTER: \$257.31  257.31

PRODUCTS | COMPUTERS | SCANNERS | PLOTTERS | CAMERAS | PRINTERS

Palm V

One look at the Palm V™ organizer, and you'll know it's something special. Its sleek design and anodized aluminum case appeal to your sense of style.



[Buy now](#)

List Price: \$399.00  
**Our Price: \$350.00**  
 Availability: *In Stock*  
 MFG Part # 80400U

ClubComputer.com Customer Self Service Login Join Now! Basket Manufacturers Contact Us Help

**R-U-SURE.COM** Palm V  350.00

**LOWEST PRICE FOUND!**  257.31

Search

Product Name Mr.SKU Advanced Search

You are not logged in. (Guest)

**ClubComputer**  
**JOIN TO SAVE!** [Show Extended Specs](#)

**ClubOffice**  
**DISCOUNT ONLINE!**

Palm V - 2 MB - Palm OS 3.0 Member Price: \$257.31 w/ \$28.58 Mail In Rebate. Guest Price: 299.77

Mfg Part No. 80400U **BUY**

**Great Price for Members After Rebate!**

Sections [Up one level](#)

- HARDWARE
- SOFTWARE
- SERVICES
- FREE INTERNET!
- FREE E-Mail!
- Office Supplies
- Configure Your Own!
- Downloadable Software

[Basket Summary](#) [Basket](#)

Total Items: 0

One look at the Palm V organizer, and you'll know it's something special. Its sleek design and anodized aluminum case appeal to your sense of style. Weighing just 4 ounces, the ultra-thin Palm V device stores thousands of names, addresses, phone numbers, to-dos, and expenses, plus hundreds of e-mail messages. The advanced LCD screen is razor sharp. And, you can recharge the lithium-ion batteries in the HotSync cradle in just 10 minutes for up to a month's operation. (Leave your spare batteries at home!) As with all Palm connected organizers, you can synchronize data between your PC and the Palm V organizer at the touch of a button. No more loosely organized addresses and cumbersome paper notes. The Palm V organizer lets you organize in style.

Friday February 11 2000

**Internet**  
**Unbelievable!**  
**Believe It!**  
[Click Here!](#)

**On United Airlines**

2 United Airlines miles for every dollar spent on ClubComputer.com [click here now!](#)

**Membership**

# Commerce

- ❑ Commerce refers to the sale of goods, products or services on the site.
- ❑ Dimensions of Commerce
  - *Functional tools that are the commerce-enabling features of a website*
    - Registration
    - Shopping Cart
    - Security
    - Credit-Card Approval
    - One-Click Shopping
    - Orders Through Affiliates
    - Configuration Technology
    - Order Tracking
    - Delivery Options

## Commerce (Cont'd)

### □ Commerce Archetypes

- *Catalog Pricing*: The price of goods and services are preset by the seller
- *Auction Pricing*: Buyers bid against each other, and the highest bid wins the supplier's products or services
- *Reverse-Auction Pricing*: Sellers bid against each other, and the lowest bid wins the buyer's business
- *Demand-Aggregation Pricing*: Buyer demand for specific products is aggregated in order to achieve economies of scale
- *Haggle Pricing*: Buyer and seller can negotiate over price



## Exhibit 6-34: MarketWatch.com Site

Front Page • [Market Data](#) • [Portfolios](#) • [Mutual Funds](#) • [Personal Finance](#) • [Discussion](#)




CBS.MARKETWATCH.COM THE STORY BEHIND THE NUMBERS January 29, 2001 6:02 PM ET

Enter Symbol(s):

Quote  
 News  
[Symbol Lookup](#)




©BigCharts.com

DJIA	10,702.19	+42.21
S&P	1,364.17	+9.22
NASD	2,838.34	+57.04
30YR	5.69%	+0.051

4:30 PM ET, 1/29/2001  
 Sponsored by: 

### Market shakes Cisco fears

Nasdaq strengthens late, tacking on 2%; Dow up 0.4%



**THE WEB**  
[Going ...](#)  
[going ...](#)  
[gone.com](#)

Disney will take \$790 million charge to unplug Go.com, its star-crossed portal.  
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no matter how many shares you trade!

125 Offices nationwide  
 find the office nearest you

Open an IRA TODAY!!  
 no setup fees!  
 no annual fees!

# Online Customer Service



- Provided in conjunction with online sales
- Provided to products which are sold offline
- Example: **service and support homepage of Hewlett Packard (HP)**
- By using computer telephone integration (CTI) technology, the same screen that a customer sees can be automatically displayed to the human agent (and vice versa) who responds to the customer's call watching the online data about the customer
- Does it matter if it is B2B or B2C?

# Active Electronic Intermediaries



- **Pure Emall \* List of Emalls ([cybermall.com](http://cybermall.com))**
  - Company's retailing business exists only on the Internet
  - Electronic distributors
    - ✦ take full responsibility of fulfilling orders and collecting payments
- **Electronic brokers**
  - ✦ assist the search process of finding the appropriate products and their vendors [Internet Mall](#) and [imall](#) comparison agent  
**Partial electronic mall**
- **Electronic mall as one of existing distribution channels**

# Active Electronic Intermediaries

- **Generalized Electronic Intermediaries**

Examples : [Internet Mall](#) and [imall](#) comparison agent [Compare.net](#)

directory, keyword search engine, message encryption, optional Web site hosting service and a common platform of electronic payments

Necessary factors to make shopping successful

Screening quality and reliability for assurance

customers need a reliable screening capability of quality and reliability of brands and companies

e-brokers should create a trusted third party

Competing electronic channels

several electronic channels help in finding the items needed  
e-brokers should provide some differentiated attraction

# Active Electronic Intermediaries

- Specialized Electronic Distributors

## Cyber Bookstores

Amazon, Barnes and Noble

[BestBookBuys.com](http://BestBookBuys.com)

## Cyber CD Stores

Columbia House, Music Boulevard, CD Universe, and CDNow

## Digitized Products and Services Stores

Software, games, CDs, and videos

## Cyber Flower Stores

1-800-FLOWERS

These Can Run into Competition from .coms like [Buy.com](http://Buy.com)

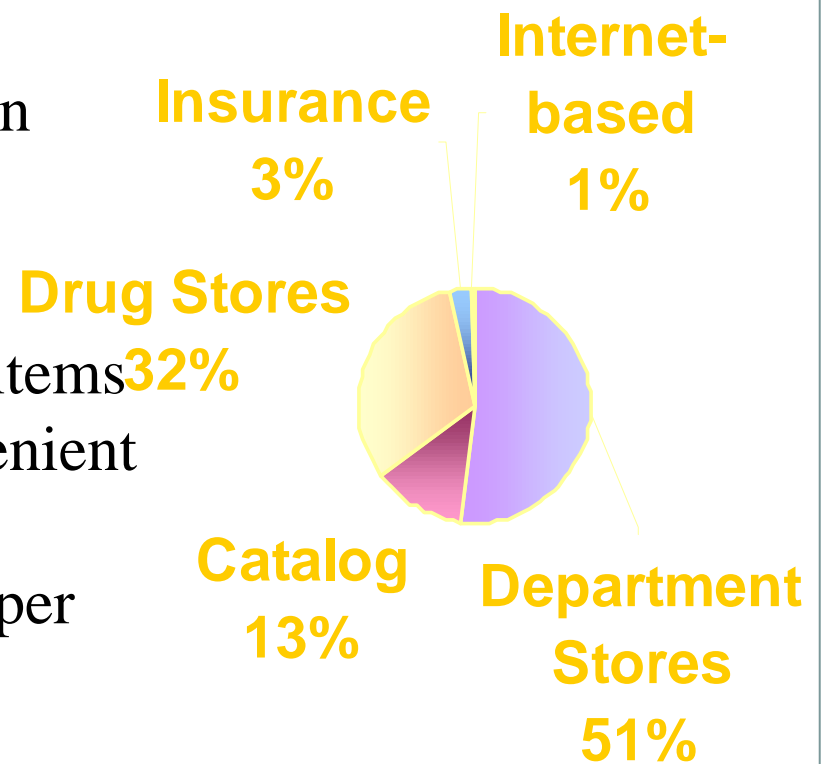
# REACTIVE MOVES: Electronic Department Store

- The J.C. Penney Case

The Internet-based revenue amounts to only 1 to 2% of \$30.5 billion total sales of 1997 (3.5% in 1999)

Updating prices and adding new items to the electronic catalogs is convenient and inexpensive

Overcoming the limitations of paper catalogs without incurring extra distribution cost



## Different Way to go Internet Shopping : The Consumer's Perspective

- ⊠ Preliminary requirement determination to meet the needs
- ⊠ Search for the available items that can meet the requirements RE: [AskJeeves](#)
- ⊠ Compare the candidate items with multiple perspectives: specification, price, delivery date, and other terms and conditions RE: [Best Book Buys](#) and [Compare.net](#)



# The Impact of EC on Traditional Retailing System

- **Disintermediation and Re-intermediation**

Disintermediation — Removal organizations or business process layers responsible for steps in a given value chain

Eliminating the traditional intermediaries, such as wholesalers, distributors, and retailers, to reduce the cost

Re-intermediation — Shifting/ transfer of intermediary functions rather than complete elimination

Intermediation such as electronic shopping malls, directory and search engines, comparison aids/ agents function as re-intermediation

# The Impact of EC on Manufacturer's Distribution Strategy **Retailing System**



- **Manufacturer's monopolistic Internet-based distribution:**
  - **Levi's does not allow any one else to sell the Levi's product on the Internet (policy changed in 1999).**
  - **Delta ticket policy changed 2001.**
- **Coexistence with the dealers:**
  - **Case in car distribution.**
- **Regionally mixed strategy:**
  - **Nike sells on the Internet, but only in the U.S.A.**
- **Mass Customization for Make-to-Order:**
  - **Manufacturers to be adaptive to customized orders manufacturer should be ready for mass customization.**

# CASE: **LOWEST PRICE BUY.COM**

- **WHAT DO WE KNOW ABOUT BUY.COM?**
- **WHAT ARE SIMILARITIES /DIFFERENCES BUY.COM AND ON LINE STOCKBROKERS THAT CHARGE MINIMAL FEES?**
- **IN WHAT WAYS WILL DISTRIBUTORS SUCH AS **INGRAM MICRO** BE CHANGED?**
- **WHY DOES A COMPANY LIKE NOKIA NEED BUY.COM?**
- **SOFTBANK A CONSERVATIVE JAPANESE INVESTMENT FIRM INVESTED \$20MILLION FOR 10.5% BUY.COM GOOD IDEA?**

A photograph of a beach scene. In the foreground, two wooden lounge chairs with striped fabric seats are positioned on the sand. A large, striped beach umbrella stands between them. The background shows a calm ocean under a clear blue sky. The text "ON TO INTERNET CONSUMERS" is overlaid in the center in a bold, orange, serif font.

ON TO  
INTERNET CONSUMERS

# Chapter 7: Market Communications and Branding



- **Questions answered in this chapter:**
  - What are the four categories of market communications?
  - What is a good brand?
  - What is a 10-step branding process?
  - How does online branding compare between American Airlines and Continental Airlines?
  - What are the point-counterpoint arguments for leveraging an offline brand into the online environment?

# Integrating Communications and Branding



- **Branding** is about consumer's perception of the offering—how it performs, how it looks, how it makes one feel, and what messages it sends
- **Market communications** represent customers' interaction with the brand and, more generally, mass-marketing approaches
  - In the offline world, market communications tend to be one-way, from the firm to the customer
  - In the online world, market communications become much more interactive (two-way)

# Integrating Communications and Branding (cont'd)



- **Communications and brands are the media of which the Web is made**
  - Old marketing notions—“shelf space equals market share” in retail, or “mind share leads to market share” in entertainment
  - On the Internet, mental space is market space
  - If brands are real estate owned by companies in the minds of consumers, then communications and brands on the Web represent real estate competing to attract the scarcest resource in the new economy—consumer attention

# What are the Four Categories of Market Communications?



- **Market communications refers to all the points of contact that the firm has with its customers:**
  - General online communications
  - Personalized online communications
  - Traditional mass media communications
  - Direct communications



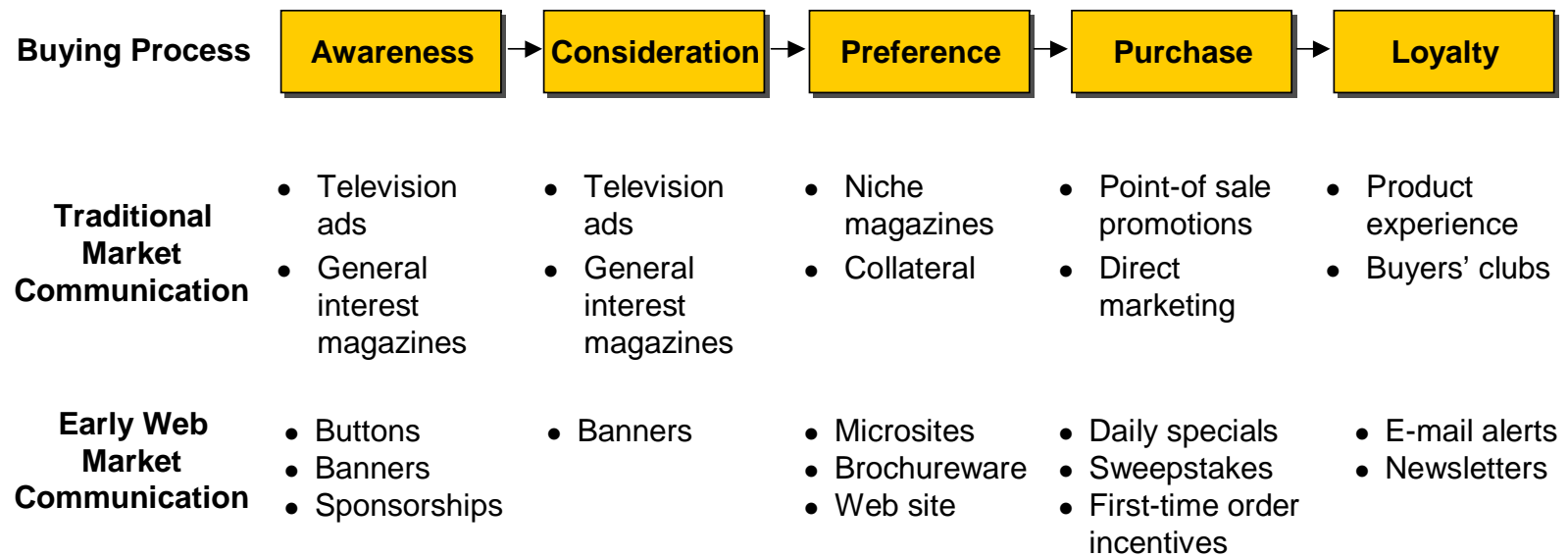
# The Customer Decision Process and Market Communications



- **Decision stages of the buying process:**
  - **Brand awareness and product consideration** can be communicated through television ads, general interest magazines, web banners
  - **Product preference** can be fostered through niche magazines and company websites
  - **Purchase decisions** can be triggered by point-of-sale promotions, direct marketing, daily specials, sweepstakes, and first-time order incentives
  - **Brand loyalty** can be developed through product experience, buyer's clubs, e-mail alerts, newsletters

## Exhibit 7-1: Evolution of Customer Buying Process

---



Source: Forrester Research, Monitor Analysis

**Table 7-1: Framework for Marketing Communications**

---

<b>Audience Focus</b>	<i>Individualized</i>	<b>Direct</b>	<b>Personalized</b>
	<i>Broad</i>	<b>Traditional Mass Marketing</b>	<b>General Approaches</b>
		<i>Offline</i>	<i>Online</i>

**Communications Media**

**Table 7-2: The Four Categories of Communications**

---

<b>Direct</b>	<b>Personalized</b>
<ul style="list-style-type: none"><li>• Salesforce</li><li>• Retail sales</li><li>• Customer service reps</li></ul>	<ul style="list-style-type: none"><li>• Permission marketing</li><li>• Personalized recommendations</li><li>• Personalized advertisements</li><li>• Personalized webpages</li><li>• Personalized upsell</li><li>• Personalized e-commerce</li></ul>
<b>Traditional Mass Marketing</b>	<b>General Approaches</b>
<ul style="list-style-type: none"><li>• Television</li><li>• Radio</li><li>• Print</li><li>• Billboards</li><li>• Superior customer service</li></ul>	<ul style="list-style-type: none"><li>• Banner ads</li><li>• E-mail</li><li>• Viral marketing</li><li>• Portal sponsorship/exclusive agreements</li><li>• Associate programs</li><li>• On-line and off-line partnerships</li><li>• Provide information to entice customer purchases</li><li>• Leverage customer base</li></ul>

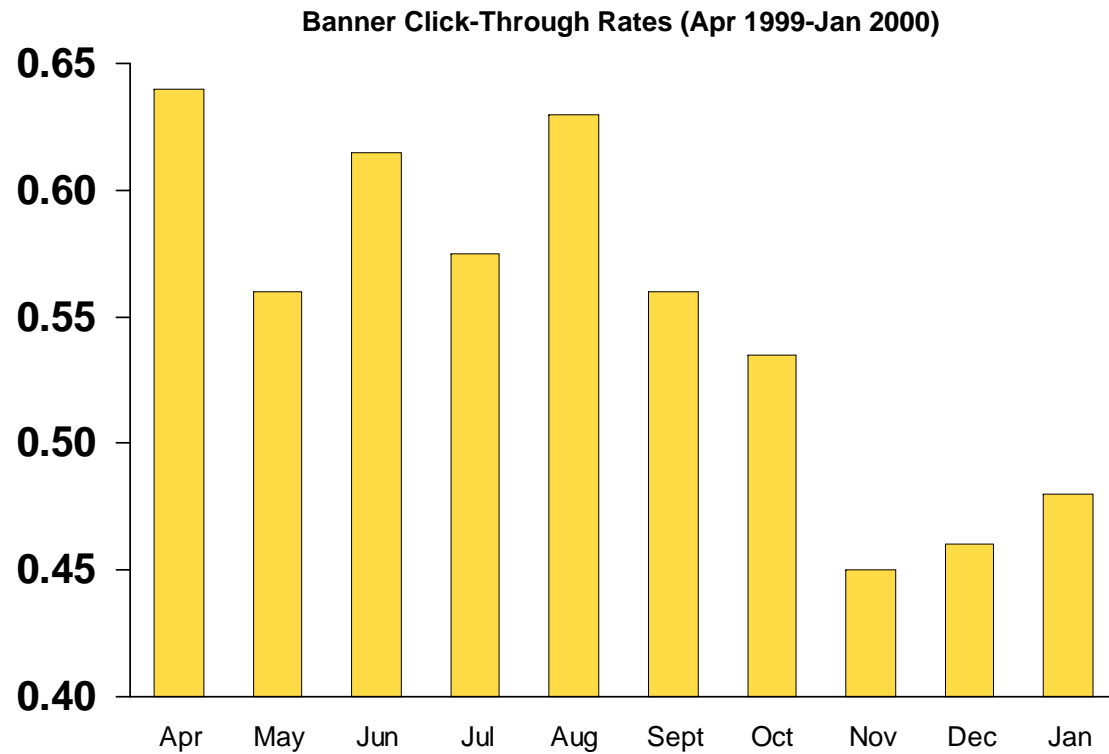
# The Four Categories of Communications



- **General online communications**
  - **Banner ads** are box-like, graphical ads displaying a simple message designed to entice viewers to click the ad
  - **Unsolicited e-mail advertising** (extensively used by Cyber Promotions)
  - **Viral marketing** occurs when awareness about company-developed products, services, or information is passed from user to user
  - **Sponsorship and exclusive partner agreements** expand brand and product exposure
  - **Affiliate programs** refers to arrangements where a particular site directs a user to an e-commerce site receiving a commission on sales generated by that user

## Exhibit 7-2: Banner Click-Through Rates

---



Note:  
Source: Nielsen-NetRatings

# The Four Categories of Communications (cont'd)



- **Personalized online communications.** The manner in which transactions occur on the Web provides e-commerce companies with detailed information on their customers and gives the opportunity to create one-to-one marketing relationships
  - **Permission marketing** involves customers volunteering information regarding their on-line interests and preferences in exchange for some offered benefit
  - **Personalized recommendations** entail specific merchandise recommendations for each user based on past purchases, site pages viewed, and survey information that the user has provided
  - **Personalized advertisements** provide a customer with dynamically updated personalized ads
  - Many portals and e-commerce sites allow users to create their own **personalized web pages**, encouraging users to return more often and increasing the user's familiarity with the site

# The Four Categories of Communications (cont'd)



- **Traditional mass media communications**
  - Television. Many online companies find that television, while expensive, can provide a critical exposure to large audiences and generate explosive growth in customer base (Monster.com)
  - Radio. In 1999, Priceline.com management allocated two-thirds of its \$60 million marketing budget to radio and claimed that it was the most effective medium for reaching potential customers



# The Four Categories of Communications (cont'd)



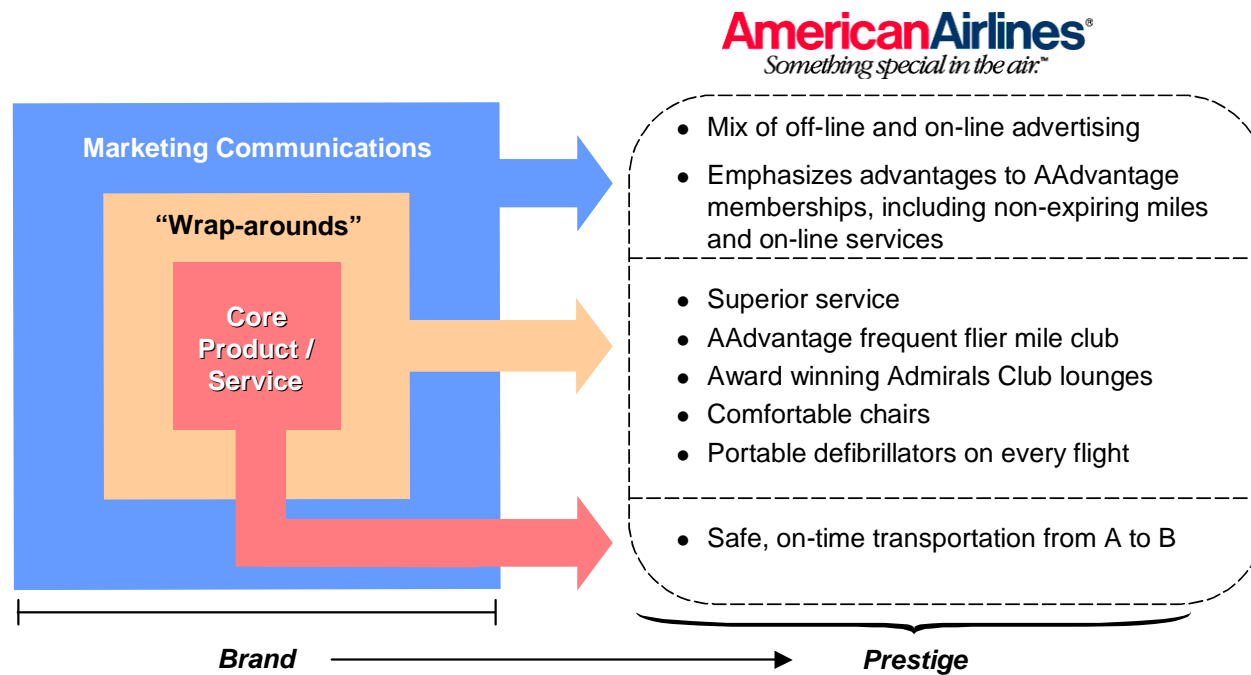
- **Direct communications**
  - Sales representatives. When properly managed, the Web can lead to the increased effectiveness of sales representatives, rather than making them obsolete
  - Direct marketing. With the new information gained online, e-commerce companies are able to better target and customize conventional direct marketing mailings

# What is a “Good” Brand



- According to the American Marketing Association, a brand is “name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition”
- A good brand provides positive consumer responses and benefits both target customers and the firm

## Exhibit 7-3: What Is a Good Brand?



# A Simple Conceptual Model of Brand Equity



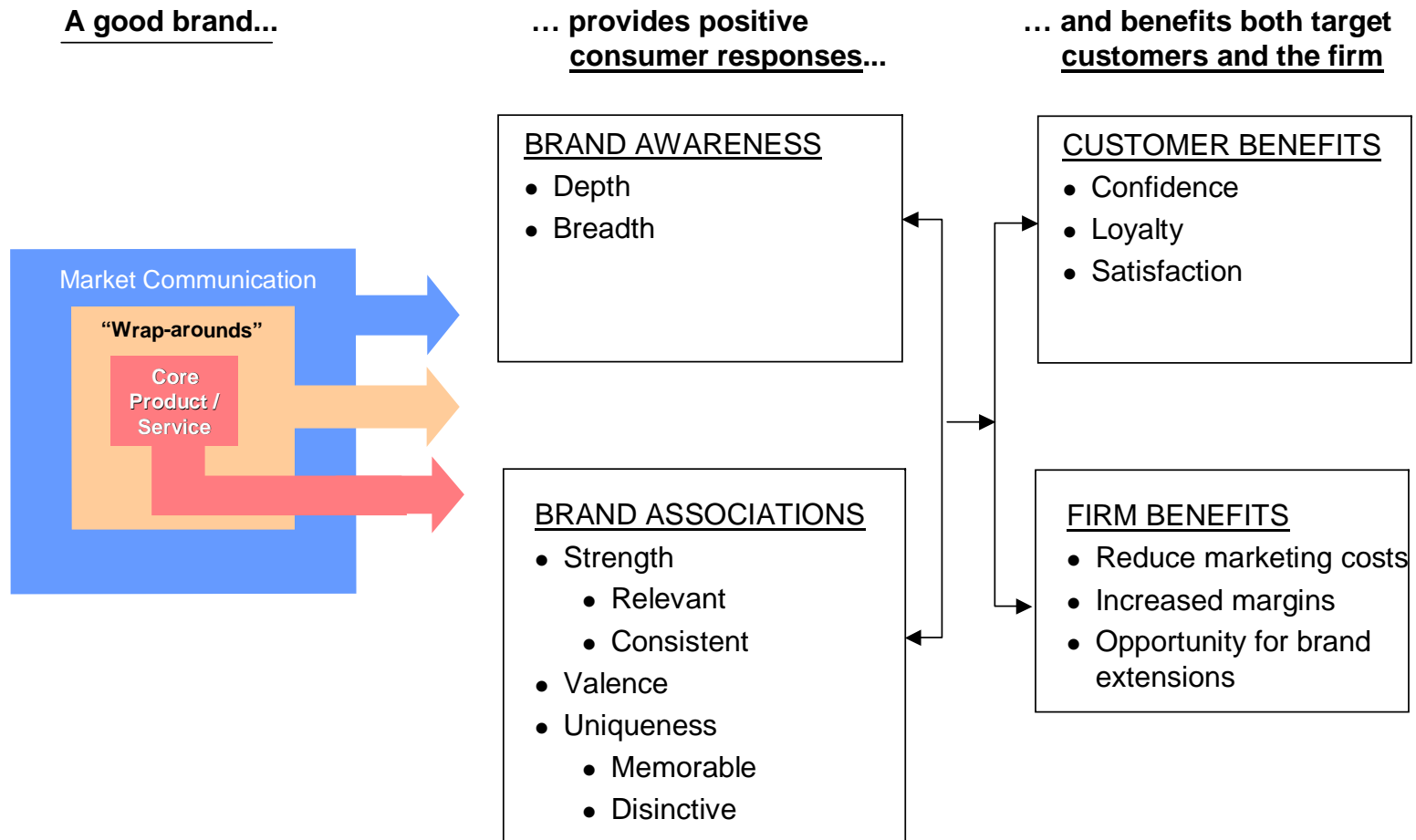
- Brand equity is “a set of assets (and liabilities) linked to a brand’s name and symbol that add to the value provided by a product or service to a firm and/or that firm’s customers”

# A Simple Conceptual Model of Brand Equity



- **A brand has three components:**
  - Core product/service
  - “Wrap-around”
  - Marketing communications
- **Consumer responses can take two broad forms:**
  - Brand awareness (depth, breadth)
  - Brand associations (strength, valence, uniqueness)
- **Consumer benefits may include the increased confidence in the purchase decision, loyalty to the brand, and satisfaction with the experience**
- **Firm benefits translate into top-line revenue growth, increased margins, and lower marketing costs**

## Exhibit 7-4: A Simple Conceptual Model of Brand Equity



Source: Kevin Keller, *Strategic Brand Management* (Saddle River: Prentice-Hall, 1998); David Aaker, *Building Strong Brands* (New York: The Free Press, 1995); Strategic Market Research Group; Marketspace Analysis.

# Types of Brands



- **Pure offline and online brands**
  - Classic offline brands include the Gap, UPS, and Disney
  - New online brands include Amazon, Yahoo, and Priceline
- **Blurring of the distinction**
  - Brands such as Yahoo were established online but use offline promotional activities to grow brand awareness
  - Brands such as *Yahoo Internet Life* magazine are traditional brands, but they are extensions of the online brands—and thus a mixture of the two
  - Brands such as Egghead.com have completely shifted from an offline brand to a purely online brand
  - Brands such as WingspanBank were established in the virtual world but by a traditional brand
  - Brands such as Schwab have successfully bridged the gap between online and offline activities

**Table 7-3: Types of Brands**

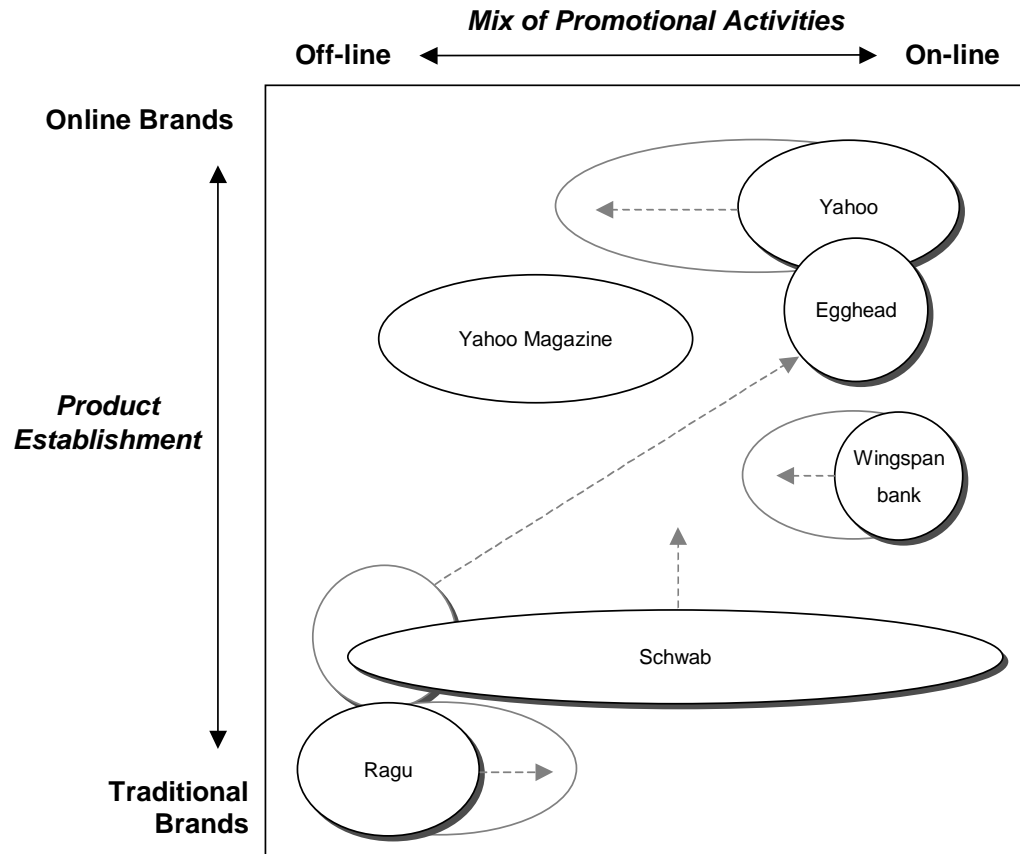
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Traditional Brands	On-line Brands
<ul style="list-style-type: none"><li>• The product / service with which the brand is associated was established offline in the bricks-and-mortar world</li></ul> <p><i>Examples:</i></p> <ul style="list-style-type: none"><li>– The Gap</li><li>– UPS</li><li>– Dell</li><li>– JCrew</li><li>– McDonalds</li><li>– OfficeMax</li><li>– Ragu</li><li>– Coca-Cola</li><li>– Disney</li></ul>	<ul style="list-style-type: none"><li>• The product / service with which the brand is associated was established in the online world</li></ul> <p><i>Examples:</i></p> <ul style="list-style-type: none"><li>– Amazon</li><li>– Yahoo</li><li>– ZDNet</li><li>– AOL</li><li>– Priceline</li><li>– CDNow</li><li>– Wingspanbank</li><li>– E*Trade</li></ul>



## Exhibit 7-5: Brand Presence

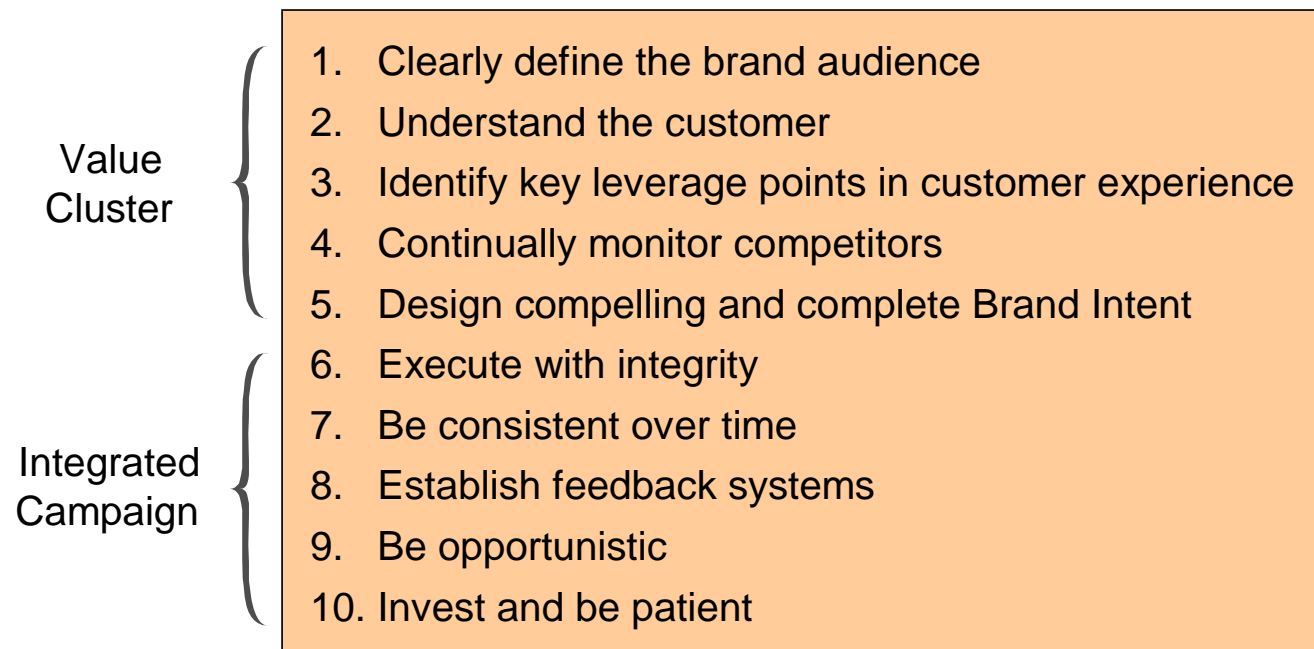
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Source: Monitor Analysis

## Exhibit 7-6: Building an On-Line Brand

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**Table 7-4: Similarities and Differences in Offline vs. Online Branding**

Branding Element	Off-line	On-line
<b>1. Clearly define the brand audience</b>	<ul style="list-style-type: none"> <li>Limited to manageable number of segments to prevent inconsistent messaging</li> </ul>	<ul style="list-style-type: none"> <li>Could include larger number of segments, with customer driven messages</li> </ul>
<b>2. Understand the customer</b>	<ul style="list-style-type: none"> <li>Requires understanding of environment, desired purchase and usage experience</li> </ul>	<ul style="list-style-type: none"> <li>Requires more thorough understanding of desired purchase and usage experience in an interactive environment</li> </ul>
<b>3. Identify key leverage points in customer experience</b>	<ul style="list-style-type: none"> <li>Buying process is typically a simplified representation of customer segment behavior with static leverage points</li> </ul>	<ul style="list-style-type: none"> <li>Buying process tends to be more dynamic and flexible</li> </ul>
<b>4. Continually monitor competitors</b>	<ul style="list-style-type: none"> <li>Requires monitoring of competitor advertisements &amp; activities</li> </ul>	<ul style="list-style-type: none"> <li>Competitor advertisements &amp; activities can be monitored online</li> </ul>
<b>5. Design compelling and complete Brand Intent</b>	<ul style="list-style-type: none"> <li>Brand intent (desired positioning) is designed to address the needs and beliefs of target segments</li> </ul>	<ul style="list-style-type: none"> <li>Greater opportunity for customization of key messages</li> </ul>

**Table 7-4: Similarities and Differences in Offline vs. Online Branding, cont'd**

Branding Element	Off-line	On-line
<b>6. Execute with Integrity</b>	<ul style="list-style-type: none"> <li>Strong, positive brands are built up over time</li> </ul>	<ul style="list-style-type: none"> <li>Online interactions bring in added concerns of security &amp; privacy</li> <li>Limited familiarity with on-line brands makes fostering trust more difficult</li> </ul>
<b>7. Be consistent over time</b>	<ul style="list-style-type: none"> <li>Brand intent guides marketing communications</li> <li>Image reinforced through variety of offline media</li> </ul>	<ul style="list-style-type: none"> <li>Brand intent guides marketing communications</li> <li>With the ability to customize, one customers' brand image may be different than another customer's brand image</li> </ul>
<b>8. Establish feedback systems</b>	<ul style="list-style-type: none"> <li>Collecting and analyzing customer feedback is more time consuming</li> </ul>	<ul style="list-style-type: none"> <li>Sophisticated tools exist for tracking online; allow for anonymous, interactive, quick feedback</li> </ul>
<b>9. Be opportunistic</b>	<ul style="list-style-type: none"> <li>Marketing strategy includes plan for sequenced growth and adjustment of brand based on changing customer needs</li> </ul>	<ul style="list-style-type: none"> <li>Customization for multiple segments and opportunity for early recognition of changing customer needs corresponding tailoring of brand intent</li> </ul>
<b>10. Invest and be patient</b>	<ul style="list-style-type: none"> <li>Building brand awareness requires significant investment</li> <li>Building brand loyalty takes time offline, especially because early customer receptivity to brands is difficult to assess (and usually involves market research)</li> </ul>	<ul style="list-style-type: none"> <li>Building brand awareness requires significant investment, especially for those competitors who are not first in their category online</li> <li>Brands have the potential to generate loyalty more quickly, especially if customers are targeted effectively</li> </ul>

**Table 7-5: Case Studies of Successful Online Branding Efforts**

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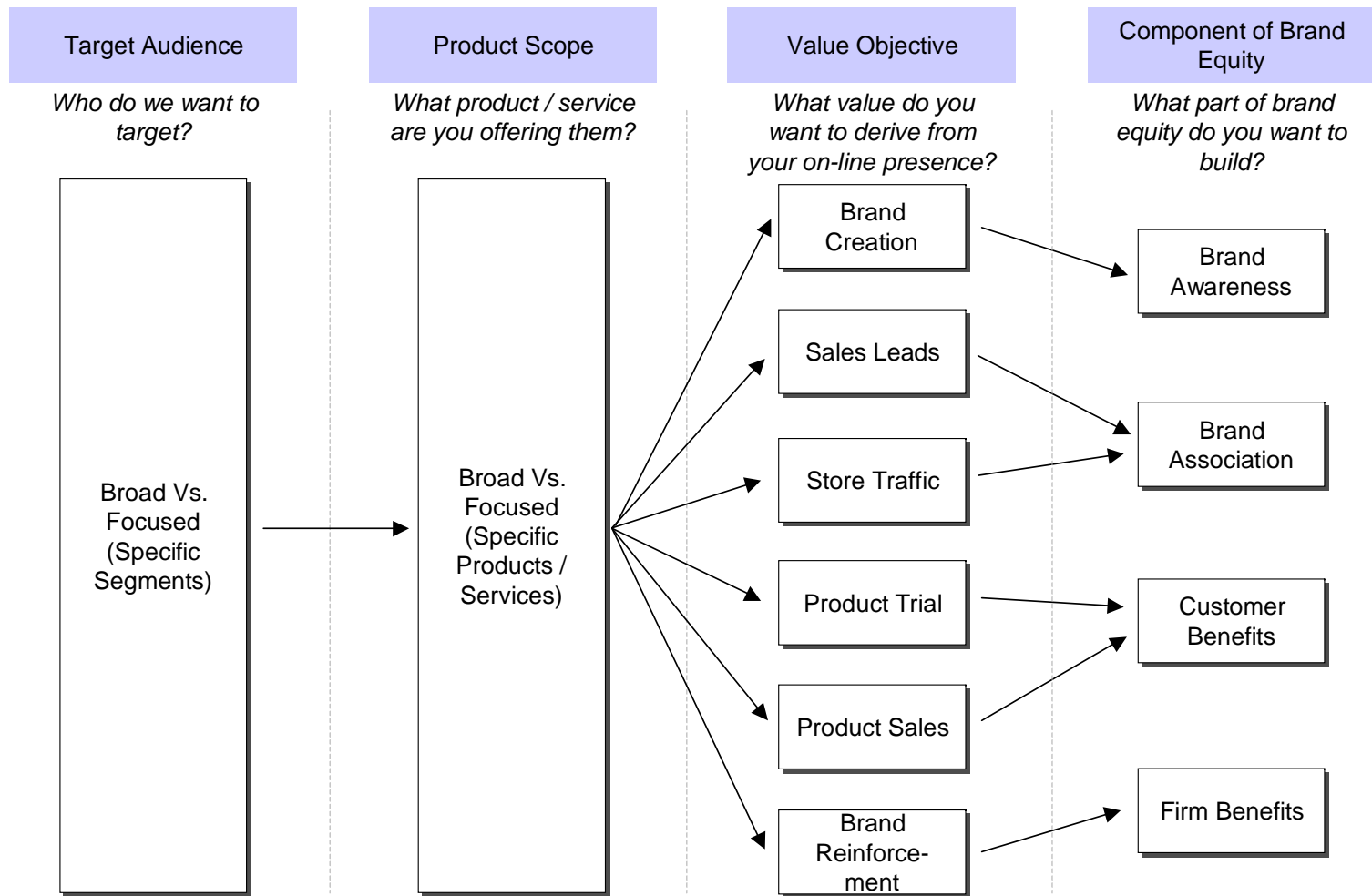
	Established as Traditional Brand		Established as On-line Brand	
	Branding On-line	Branding and Selling On-line	Intermediary / Vertical Portal	E-commerce
<b>Business to Consumer</b>	Ragu	American Airlines	Monster.com	CDNow
<b>Business to Business</b>	FedEx	Cisco Systems	Healthon	Ventro

# Branding Choices



- **A firm's online branding choices depend upon its communications objectives**
  - Brand creation. The objective may be to build a new-to-the-world brand name
  - Sales leads. The company may decide that the Internet will be used to facilitate the sales-lead process
  - Store traffic. The principal objective for some sites may be to increase store traffic
  - Product trial. A fourth objective may be trial usage of the product
  - Product sales. The company can also measure the success of a campaign based upon the actual increase in product or service sales
  - Brand reinforcement. Finally, it is possible that the communications effort is focused on reinforcing a brand image that is already widely accepted in the marketplace

## Exhibit 7-7: Online Branding Choices



Source: Forrester Research, Monitor Analysis

# Case Study: American Airlines



- **Overview of American Airlines' online branding efforts**
  - First to have a service-oriented website (May 1995)
  - First to launch an e-mail service of discounted fares, Net SAAver Fares (March 1996)
  - First to offer real-time flight information (Spring 1996)
  - First to offer flight information on competitors (Spring 1996)
  - First to offer airline reservations online (June 1996)
  - First to offer paperless upgrade coupons and stickers (Spring 1997)
  - First to send e-mail confirmation of itinerary and ticket purchase (Fall 1997)
  - First to offer high personalization for consumers (June 1998)
  - First airline to partner with AOL to create AOL AAdvantage Rewards Program (Fall 2000)



# Exhibit 7-8: WWW.AA.COM



**AA.com** HOME TRAVEL PLANNING AADVANTAGE® SPECIALS PROGRAMS & SERVICES

HELP INDEX PROFILE

Welcome to AA.com™  
The most popular airline site on the web.™

## American Airlines®

**LOGIN**  
AAdvantage #  
  
PIN  
  
**GO** MY HOME PAGE  
**GO** RESERVATIONS  
**GO** AADVANTAGE  
 Save my AAdvantage #  
**PIN HELP**  
NEED A PIN?  
FORGOT YOUR PIN?  
CHANGE YOUR PIN?

**AAdvantage**  
**JOIN**

**TODAY'S NEWS ON AA.com**  
[AA.com Congratulates Latest Sweepstakes Winners](#)  
[oneworld Makes Your Global Travel Easier](#)  
[Login for Current Web Fare Specials and Net SAAver Fares](#)  
[New Seat Selection Previewed in Letter from AA.com Web Team](#)

**FLIGHT SCHEDULES AND FARES**  
Departure City (city name or code)  Departure Date    
Arrival City (city name or code)  Return Date   
**VIEW SCHEDULES** **VIEW FARES**





















**WHAT'S ON AA.COM**  
**GO** Travel Planning  
Plan your travel and review your current reservations here.  
**GO** AAdvantage  
Get the most out of your AAdvantage membership.  
**GO** Specials






Document: Done

## Exhibit 7-9: Assessment of Key Branding Elements

### On-line Branding Best-in-Class American Airlines

### Comparison Continental

Key Elements	Rating	Rationale	Rating	Rationale
1. Clearly Define the Brand Audience		<ul style="list-style-type: none"> <li>Specifically targets AAdvantage members – highly profitable and loyal customers familiar with travel (and thus more likely to buy tickets online)</li> </ul>		<ul style="list-style-type: none"> <li>Targets both high spending business customers, as well OnePass members, and non OnePass members</li> </ul>
2. Understand the Customer		<ul style="list-style-type: none"> <li>Constantly anticipates and innovates to meet the needs of the customer</li> </ul>		<ul style="list-style-type: none"> <li>Tends to be a “follower” in the industry, late in launching its website (6/97)</li> </ul>
3. Identify Key Leverage Points in Customer Experience		<ul style="list-style-type: none"> <li>Net SAAvers and new customization program leverage consumers desire for finding cheap fares into transaction by sending out e-mails each week</li> </ul>		<ul style="list-style-type: none"> <li>Sends C.O.O.L. e-mails similar to Net SAAvers and added a personalization feature to the site, but late identification of this leverage point has result in significantly lower subscription rates</li> </ul>
4. Continually Monitor Competitors		<ul style="list-style-type: none"> <li>If a competitor adopted a technology before American; it was quick to follow</li> </ul>		<ul style="list-style-type: none"> <li>Tends to follow what competitors are doing at a slower pace, launching “copy-cat” initiatives many months after competitor roll-out</li> </ul>
5. Design Compelling and Complete Brand Intent		<ul style="list-style-type: none"> <li>Focus, stream lining, and ease of use of web site all convey American’s message of customer needs first</li> </ul>		<ul style="list-style-type: none"> <li>Unclear target segment (business travelers? OnePass members?) causes lack of clarity with Brand Intent</li> </ul>
6. Execute with Integrity		<ul style="list-style-type: none"> <li>Trust fostered in the offline world carries over into the online world</li> </ul>		<ul style="list-style-type: none"> <li>Trust fostered in the offline world carries over into the online world, with extensive information for members on privacy and use of provided information</li> </ul>
7. Be Consistent Over Time		<ul style="list-style-type: none"> <li>Although constantly innovating new technologies and features, stays true to “something special online”</li> </ul>		<ul style="list-style-type: none"> <li>Different URLs for different portions of the site do not convey message of consistency</li> </ul>
8. Establish Feedback Systems		<ul style="list-style-type: none"> <li>Customer service offered as a service at the top of each page in small letters, but is not labeled as a specific menu item</li> </ul>		<ul style="list-style-type: none"> <li>Very easy to access, prominent feature for obtaining customer feedback on the website</li> </ul>
9. Be Opportunistic		<ul style="list-style-type: none"> <li>Leader in its industry in innovation and development</li> </ul>		<ul style="list-style-type: none"> <li>Follower in the industry</li> </ul>
10. Invest and Be Patient		<ul style="list-style-type: none"> <li>Invests significantly in technology for the future</li> </ul>		<ul style="list-style-type: none"> <li>Has a tendency to wait too long to make changes competitors make to their sites</li> </ul>

 = very low   
  = low   
  = moderate   
  = high   
  = very high

## Exhibit 7-10: Assessment of Key Brand Attributes

**On-line Branding Best-in-Class**  
American Airlines

**Comparison**  
Continental

Key Attributes	Rating	Rationale	Rating	Rationale
1. Relevant	●	<ul style="list-style-type: none"> <li>• Up to date flight and gate check information</li> <li>• Personalized information based on AAdvantage profiles</li> <li>• PDA applications with flight information</li> </ul>	◐	<ul style="list-style-type: none"> <li>• Offers only information for Continental airlines, but does offer bookings for rental cars and hotels</li> <li>• Allows travel preferences to be saved in profiles</li> </ul>
2. Distinct	●	<ul style="list-style-type: none"> <li>• Availability of competitor information</li> <li>• Offers highly personalized experience</li> <li>• First to offer tie in with PDA applications</li> </ul>	◐	<ul style="list-style-type: none"> <li>• Offers extensive online customer service options</li> <li>• Offer customized services for the business traveler</li> </ul>
3. Consistent	●	<ul style="list-style-type: none"> <li>• Portrays an image of something “special online”, consistent with its image of offering something “special in the air”</li> </ul>	◑	<ul style="list-style-type: none"> <li>• No key messages online associated closely with the offline campaign</li> </ul>
4. Memorable	●	<ul style="list-style-type: none"> <li>• Provides a unique service others cannot offer (in terms of personalization)</li> <li>• Net SAAvers is the most well known and effective e-mail marketing tool</li> </ul>	◐	<ul style="list-style-type: none"> <li>• Multiple URLs associated with the site and lack of online / offline message association fail to create a cohesively memorable brand for the consumer</li> </ul>

○ = very low   ◑ = low   ◐ = moderate   ◒ = high   ● = very high

# Case Study: Monster.com



- **Overview of Monster.com's branding efforts and achievements**
  - Launched in 1994 as the 454<sup>th</sup> website in the world
  - Monster.com has over 50% of the online-recruitment ad market
  - Revenue increased from \$6.9 million in 1996 to \$133.5 million in 1999
  - The site's traffic—averaging 3.6 million unique visitors in January 2000—translates into more than 5% of all U.S. Internet users
  - At the end of 2000, Monster.com had 7.2 million resumes on file and more than 273,000 registered recruiters
  - In February 1999, Monster.com's Super Bowl TV ads generated 2.2million searches, a 450% traffic increase in one week
  - To further its branding efforts, Monster.com signed alliances with Yahoo and a \$100 million four-year agreement with AOL to be its exclusive career-information provider

## Exhibit 7-11: www.monster.com

The screenshot shows the Monster.com homepage with a purple and green color scheme. At the top, a banner for Technisource advertises over 1,000 career opportunities. The main navigation bar includes links for Search Jobs, Store Resume, Research Companies, My Monster, Career Resources, Communicate, For Employers, and Post a Job. The central area features a QuickSearch box, a 'Take control of your career...' message, and a 'This Week's Poll' asking if users see themselves working full-time from home in the next three years. Below these are sections for 'MONSTER FEATURES' (including 'Want to get your foot in the door?' and 'Healthcare Zone'), 'Monster Talent Market' (with 'Current Market Actions' showing 81,659 members and 22,965 auctions), and 'Today's Chats'.

Over 1,000 Career Opportunities  
**Technisource**

**monster.com**

SEARCH JOBS STORE RESUME RESEARCH COMPANIES MY MONSTER CAREER RESOURCES COMMUNICATE FOR EMPLOYERS POST A JOB

October 9 | 249,074 Job Opportunities

**QuickSearch**  
Enter Keyword:  
  
go

Take control of your career...  
[search jobs](#), [personalize your career tools](#), [find the employees you need](#).

**This Week's Poll**  
Do you see yourself working full time from home in the next three years?  
 Yes  
 No  
**Results**  
[Previous Poll Results](#)  
[Share your comments](#)

**MONSTER FEATURES**

**Want to get your foot in the door?**  
Win a job interview at a hot new media company. [Click here.](#)

**Healthcare Zone**  
Great jobs and career management for this demanding field

**Monster Talent Market**

**Explore the possibilities** of the world's first auction-style marketplace for independent professionals.

**Current Market Actions**  
81,659 members  
22,965 auctions  
[Search Auctions Now!](#)

**Communicate**

**Today's Chats**  
(All chat times are ET)  
[Our chat room is open all weekend long for your networking needs.](#)  
[Weekly Chat Schedule](#)  
[List of Message Boards](#)  
Sponsored by:  
[Olsten Staffing Services](#)

## Exhibit 7-12: Assessment of Key Branding Elements

Online Branding Best-in-Class <i>Monster.com</i>			Comparison <i>HotJobs.com</i>	
Key Elements	Rating	Rationale	Rating	Rationale
1. Clearly Define the Brand Audience		<ul style="list-style-type: none"> <li>• Within the employer market, targets all types of companies, from startups to large corporations</li> </ul>		<ul style="list-style-type: none"> <li>• Appeals to a wide range of job seekers, but it specializes in the intern and entry level positions</li> </ul>
2. Understand the Customer		<ul style="list-style-type: none"> <li>• Offers highly personalized services for the job seekers, addresses security concerns, and offers value added services (resume help, advice, interactive communication with other job seekers.)</li> </ul>		<ul style="list-style-type: none"> <li>• Only site to offer privacy feature which allows job seeker to select which companies have access to their resume</li> </ul>
3. Identify Key Leverage Points in Customer Experience		<ul style="list-style-type: none"> <li>• Provides interactive career information for customers that are not necessarily "looking," thus increasing the probability that they will become job seekers</li> </ul>		<ul style="list-style-type: none"> <li>• Allows recruiting process to become internal through Hotjobs.com and its proprietary Softshoe technology, and eliminates concerns about adding an additional venue for recruiting</li> </ul>
4. Continually Monitor Competitors		<ul style="list-style-type: none"> <li>• Currently a leader in providing unique services to its consumers, but does not have some features that competitors do</li> </ul>		<ul style="list-style-type: none"> <li>• Adopts successful features of the Monster.com site, but usually on a lesser scale</li> </ul>
5. Design Compelling and Complete Brand Intent		<ul style="list-style-type: none"> <li>• Message of "there's a better job out there" combined with diversified strategic alliances and "intern-to-CEO" strategy convey the idea that Monster.com can find you that better job</li> </ul>		<ul style="list-style-type: none"> <li>• Message of "all the hottest jobs at all the hottest companies" was overshadowed in the spring with controversy over tastefulness of ads which were rejected by networks</li> </ul>
6. Execute with Integrity		<ul style="list-style-type: none"> <li>• Offers password and ID protection, as well as some ability to selectively decide when and where your resume can be seen;</li> </ul>		<ul style="list-style-type: none"> <li>• Offers most specialized security measures for individual users (prevent current employers from viewing resume)</li> </ul>
7. Be Consistent Over Time		<ul style="list-style-type: none"> <li>• In the short time since "there's a better job out there" messages have been consistent</li> </ul>		<ul style="list-style-type: none"> <li>• Recent "Hottest Hand on the Web Campaign" different from past branding messages</li> </ul>
8. Establish Feedback Systems		<ul style="list-style-type: none"> <li>• Offers extensive feedback system for users, allowing users to even selecting categories of information / feedback</li> </ul>		<ul style="list-style-type: none"> <li>• Also offers feedback mechanism for users, although less specialized</li> </ul>
9. Be Opportunistic		<ul style="list-style-type: none"> <li>• Partners with firms that could potentially be competitors, rather than trying eliminate competition</li> </ul>		<ul style="list-style-type: none"> <li>• Took a risk with Super Bowl advertising, even without a compelling ad campaign, to raise brand awareness</li> </ul>
10. Invest and Be Patient		<ul style="list-style-type: none"> <li>• Willing to invest heavily in the offline world to gain brand recognition</li> </ul>		<ul style="list-style-type: none"> <li>• Also willing to invest in the offline world to gain brand recognition</li> </ul>

## Exhibit 7-13: Assessment of Key Brand Attributes

Online Branding Best-in-Class <i>Monster.com</i>			Comparison <i>HotJobs.com</i>	
Key Attributes	Rating	Rationale	Rating	Rationale
1. Relevant	●	<ul style="list-style-type: none"> <li>For job seekers: Provides information for individuals regardless of whether or not they are actively pursuing a new position, including career information, and chats with other members on various career topics</li> </ul>	●	<ul style="list-style-type: none"> <li>For job seekers: Provides information geared more specifically for those individuals that are seeking positions</li> </ul>
2. Distinct	●	<ul style="list-style-type: none"> <li>For job seekers: Aids in resume building, personalization with “My Monster” pages and enhanced privacy options; also offers opportunity for interactive communication with other members</li> </ul>	●	<ul style="list-style-type: none"> <li>For job seekers: Allows selection of companies that view posted resumes</li> </ul>
3. Consistent	●	<ul style="list-style-type: none"> <li>Recent partnerships have been consistent with Monster.com’s aim to provide the most diverse set of individuals with the most diverse set of employment opportunities</li> </ul>	◐	<ul style="list-style-type: none"> <li>New “Hottest Hand on the Web” campaign, although new and catchy, has not been consistent since the company’s beginning</li> </ul>
4. Memorable	●	<ul style="list-style-type: none"> <li>Witty and award winning offline advertising have allowed Monster.com to cement itself as the best known online career site on the web</li> </ul>	◐	<ul style="list-style-type: none"> <li>Although also one of the most well known online career services on the web, has not been as successful as Monster.com in creating a uniquely memorable advertising campaign and message</li> </ul>

*THE END*







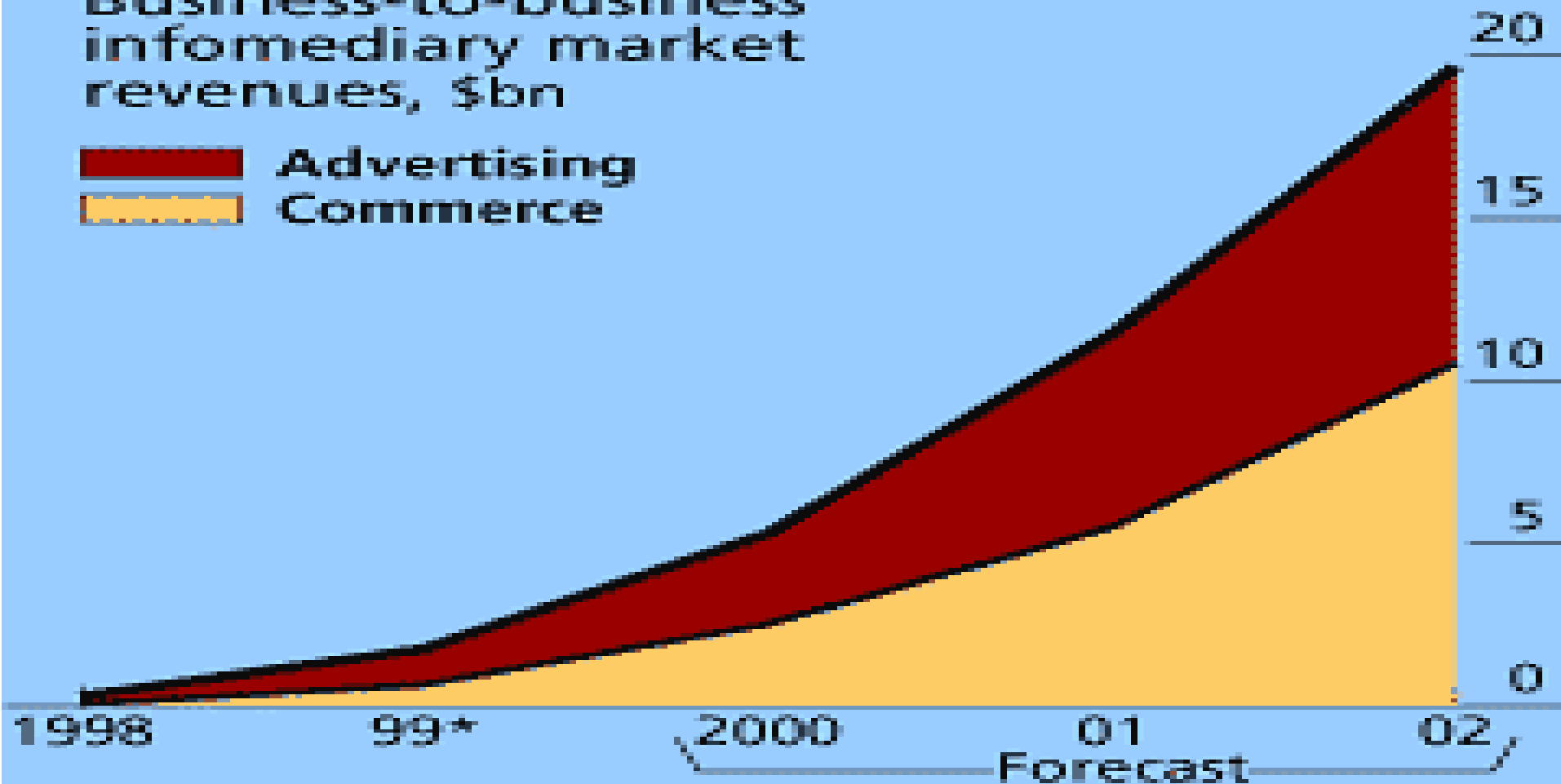
# ADVERTISING IS A WINNER!

6

## Real money

Business-to-business  
infomediary market  
revenues, \$bn

■ Advertising  
■ Commerce



Source: Volpe Brown Whelan & Co.

\*Estimate

# The Employment Placement Market *(cont.)*



- **The Internet Job Market**
  - The Internet offers a perfect environment; it is especially effective for technology-oriented jobs.
    - Job seekers
    - Job offerers
    - Recruiting firms
    - Government agencies and institutions

# The Employment Placement Market *(cont.)*



## ○ For employers

- ✦ Ability to advertise to a large number of job seekers
- ✦ Ability to save on advertisement costs
- ✦ Lower the cost of processing (using electronic application forms)
- ✦ Ability to provide greater 'equal opportunity' for job seekers
- ✦ Ability to find highly skilled employees
- ✦ Ability to conduct tests quickly, online
- ✦ Ability to change and update ads quickly
- ✦ Ability to fill up positions rapidly
- ✦ Interviewing from distance

# The Employment Placement Market *(cont.)*



- **The Limitations of the Electronic Job Markets**
  - Many people do not use the Internet
  - Security
  - Privacy
  - Lack of face-to-face contact

# Real Estate: From Virtual Realtors to Virtual Reality



# Real Estate: From Virtual Realtors to Virtual Reality *(cont.)*



- **Real Estate Applications**
  - International Real Estate Directory and News is the most comprehensive Web site

[www.ired.com](http://www.ired.com)

- National listing of real estate properties

[www.cyberhomes.com](http://www.cyberhomes.com)

- Commercial real estate directory

[www.comspace.com](http://www.comspace.com)

- The complete real estate software catalog

[www.mnink.com/re/cover.html](http://www.mnink.com/re/cover.html)

# Real Estate: From Virtual Realtors to Virtual Reality *(cont.)*



## ● Real Estate Applications

- Mortgage comparisons and calculations and other financing information; mortgage application

[www.eloan.com](http://www.eloan.com) ;

[www.homeshark.com](http://www.homeshark.com)

- Searching residential real estate in multiple databases

[www.homescout.com](http://www.homescout.com)

- Real estate related maps are available on:

[www.mapquest.com](http://www.mapquest.com)

- Automating the closing of real estate transactions, which is overwhelmed by paperwork



# Real Estate: From Virtual Realtors to Virtual Reality *(cont.)*



## ● Real Estate Applications

- The National Association of Realtors, [www.realtor.com](http://www.realtor.com) has links to property listings in all major US cities
- To find how much house you can afford, consult: [www.replace.com/links.html](http://www.replace.com/links.html)
- Mortgage brokers can pass on loan applications over the Net and receive bids from lenders that want to issue the mortgages

# Real Estate: From Virtual Realtors to Virtual Reality *(cont.)*



## ● Real Estate Applications

- To find mortgage interest rates online use:
  - [www.bankrate.com](http://www.bankrate.com)
  - [www.eloan.com](http://www.eloan.com)
  - [www.quickenmortgage.com](http://www.quickenmortgage.com)
- To rent an apartment or a house try [www.rent.net](http://www.rent.net)  
Several additional services are available including a virtual walk through of some listings