

E-Business
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Indian Institute of Technology Kharagpur
Lecture 16
E-Marketing

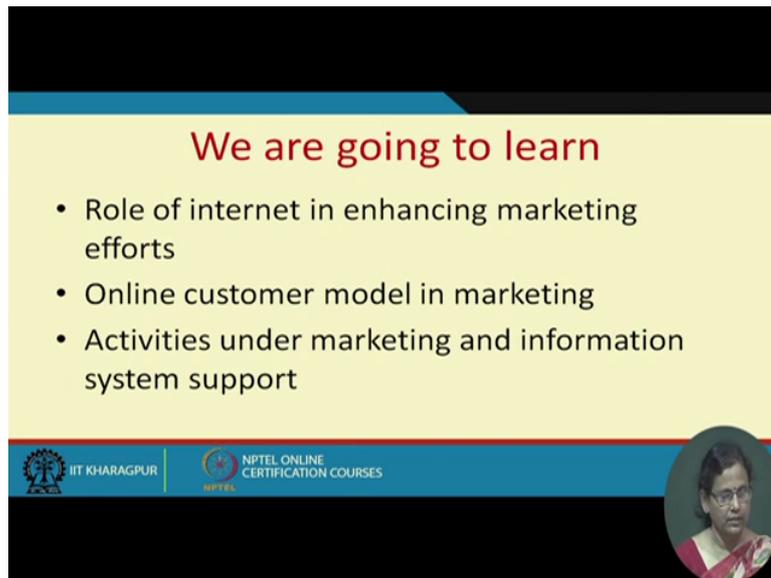
We will continue our discussion on functional e-business areas. In this regard we have already seen how to automate (au) your internal business processes using ERP system. Then we move over to various subsystems where we actually connect with the external stakeholders. Now once such subsystem is actually your e-marketing.

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So in this lecture we are going to learn what exactly is marketing and what is the role of internet in enhancing various marketing efforts? Then we are going to learn about online customer models in marketing and activities on marketing and information support system.

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We are going to learn

- Role of internet in enhancing marketing efforts
- Online customer model in marketing
- Activities under marketing and information system support

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Now the purpose of marketing is planning, promotion and sale of existing products in existing markets or development of new products and new markets to attract customers better and serve the present and potential customers.

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Purpose of Marketing

- Planning, promotion, and sale of existing products in existing markets,
- Development of new products and new markets to better attract and serve present and potential customers.

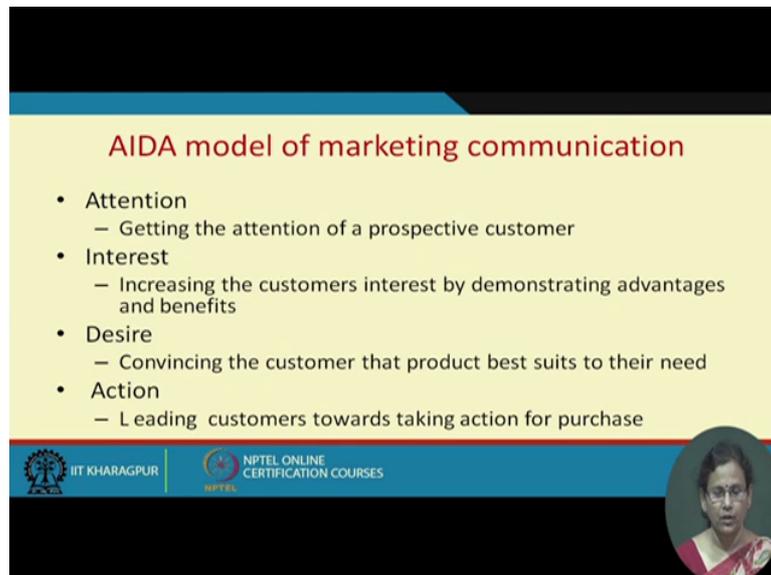
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So in this context actually the theory behind this is your attention, interest, desire and action. So in this model what happens first the company tries getting the attention of prospective customers then it have certain efforts in which the customer is actually interested to know about the product and know various advantages and (disa) benefits of the product.

So after showing this demonstrating this advantages and benefits of the product once the (pro) customer gets interested then the next task is to convince the customer that the product best suits their need. After which the customer has the desire to buy the product then the customer actually (pro) buys the product.

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AIDA model of marketing communication

- Attention
 - Getting the attention of a prospective customer
- Interest
 - Increasing the customers interest by demonstrating advantages and benefits
- Desire
 - Convincing the customer that product best suits to their need
- Action
 - Leading customers towards taking action for purchase

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Now over the years though this model that we discussed just now is actually proposed in early in 1940s or 50s the concept is still continuing. Only thing is that the internet is used as an additional communication channel to realize this model. So in this process the marketing paradigm has changed from undifferentiated mass marketing to mass customized marketing.

Now if you look at this concept of mass marketing actually in 1940s and 50s what used to happen, the target was a large market and the market was completely undifferentiated. So every individual was being seem having equal opportunities for buying the product. However the concept changed slowly.

Then people went for the conceptually people started thinking about differentiated mass markets in which the special groups where identified and special marketing programs were designed for them.

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Transformation in marketing paradigm

- Undifferentiated mass marketing (1940-50)
- Differentiated mass marketing (1950-60)
- Segment-oriented marketing (1960-70)
- Niche marketing (1970-80)
- Marketing for the individual customer (1980-90)
- Mass customized marketing (1990-)

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Then the next phase people started thinking about making the whole market into small segments and each segment special marketing drive was (pro) proposed. Then around 70s and 80s the concept was about niche marketing. Finding out the small niche areas where the customers can be motivated to buy the product and taking appropriate actions accordingly. Then around 80s and 1990s some special customers were targeted and (in) the concept of individual marketing by contacting the customer was carried out.

However this process of contacting individual customers has now become even more simple because of the internet because internet is (per) pervasive and if you properly design your channel you can actually contact your customers at any point of time and try to customize your marketing efforts according to their behaviour.

So therefore this particular era is called customized marketing and this customized marketing is no longer for a small group of individuals. It is for a very large group of individual. Therefore it is also called mass customized marketing.

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Transformation in marketing paradigm

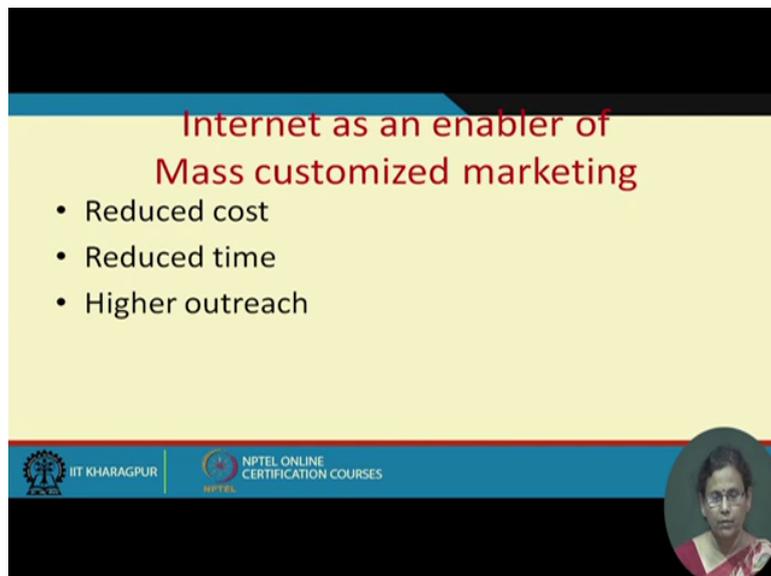
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Now what has made internet as an enabler of mass customized marketing? Because the effort for customization has actually reduced with the internet. You can imagine that now the companies can actually make target advertising. They can understand your behaviour, they can store your behaviour, and they can target certain products and services which suits your pass activities and pass behaviour. That they have observed over the web.

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Internet as an enabler of Mass customized marketing

- Reduced cost
- Reduced time
- Higher outreach

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Now in this process if you (speci) design a specialized marketing program, that software will actually automatically take care of the customer behaviour and to certain marketing effort. So because of this automation process the cost has reduced considerably and of course there

reduction in time and now because penetration of the internet in all over the world and a large mass of people are covered by internet the outreach is obviously higher.

So because of this reduction in cost and (redu) reduction in time to customize because see now the programs are able to customize. So the customization effort for example you imagine to design a menu for need of a particular user. Now in case it would have been a print media or it would have been let us a television then you can do it immediately.

It requires certain time for preparing a brochure in case of a print media or preparing certain advertisement in case of advertisement in TV. However by writing code which can consider various conditions and according to those conditions which those conditions of course will depend on the user's behaviour, the search behaviour, searching pattern, etc and you can show certain advertisement or you can demonstrate a menu or something.

So if we think of designing a specialized menu now it can be done within no time. Similarly and (al) already we have discussed about the higher outreach because of the penetration of the internet.

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**Internet as an enabler of
Mass customized marketing**

- Reduced cost
- Reduced time
- Higher outreach

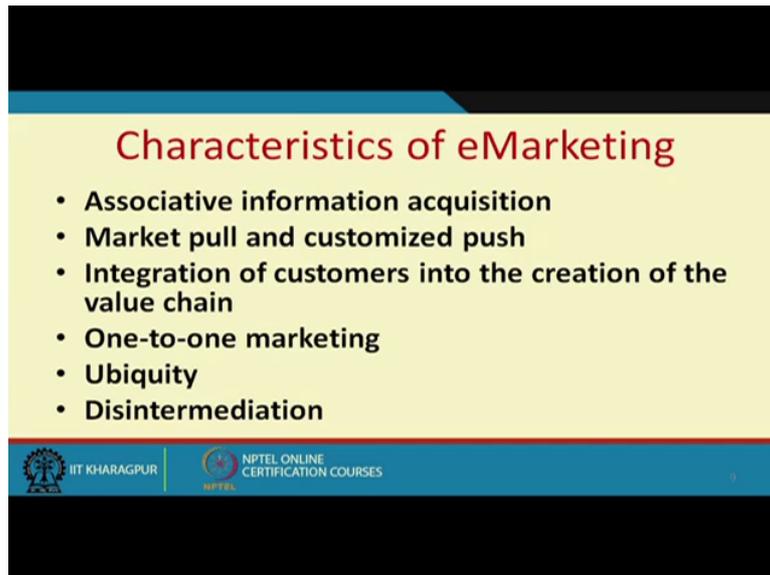
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(Small portrait of a woman in the bottom right corner)

Now let us look at as I have told you how do we define e-marketing? E-marketing is about using internet as an additional channel for marketing, okay? Now let us try to understand what are the characteristics of e-marketing? First of all associative information acquisition. So internet provides a platform for associative (intern) (inter) information acquisition. This by associative information we mean the related information.

Either while designing your website or special advertising either you can arrange the things in a manner so that related information appear one after the other as the user searches or you provide freedom to the (cus) prospective customers and existing customers to go through various content and make their information search customized for themselves. Then now there is instead of market pull there is customized push.

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Characteristics of eMarketing

- **Associative information acquisition**
- **Market pull and customized push**
- **Integration of customers into the creation of the value chain**
- **One-to-one marketing**
- **Ubiquity**
- **Disintermediation**

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So by market pull we mean first you have to sense the demand then according to demand you have to design your marketing program. However right now you can first understand the customer behaviour then you can push your marketing program. Then the third is integration of customer into creation of value chain. By this we mean look what exactly is your value chain? Your value chain is about getting the input till you reach your end customer through appropriate marketing and sales support.

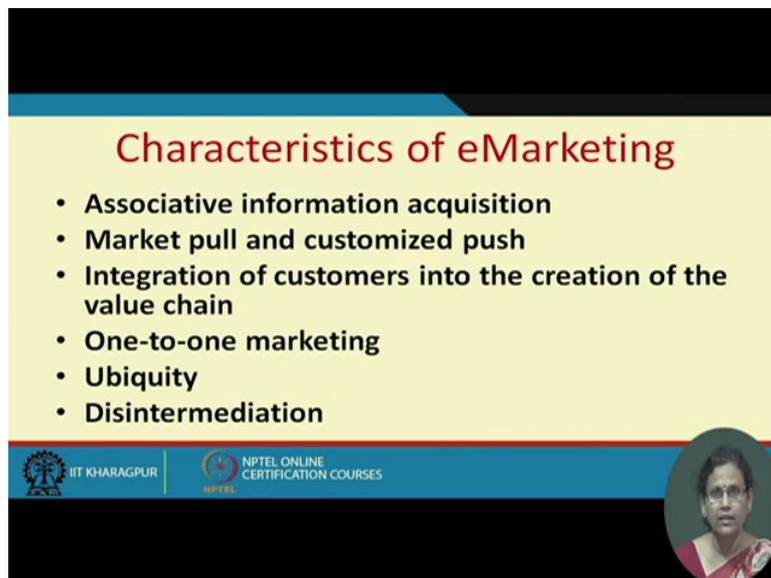
Now your web and specially designed web enabled specially designed programs in the web can actually helping the customer to design their own product. Just imagine maybe you have sometimes you must have visited some website let us say Nike website where you have the option to design your own shoe.

So either you explicitly get the customer into value creation by providing some options were the customer actually is able to add features or delete features from an existing product or you can implicitly do so by observing users behaviour. Now the marketing effort has become one to one. Directly you are able to contact your customers without any intermediary. Then the

next thing is ubiquity. By ubiquity we mean actually internet is pervasive anywhere, anytime, any place you can be in touch with your customers.

So this ubiquity has provided the companies ample opportunity to contact their prospective customers and turning them to real customers. Then as we know this internet has actually reduced the disintermediation and many times you are able to directly contact your customers. Your B2C and C2C models are there in which you can actually directly contact your customers.

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Characteristics of eMarketing

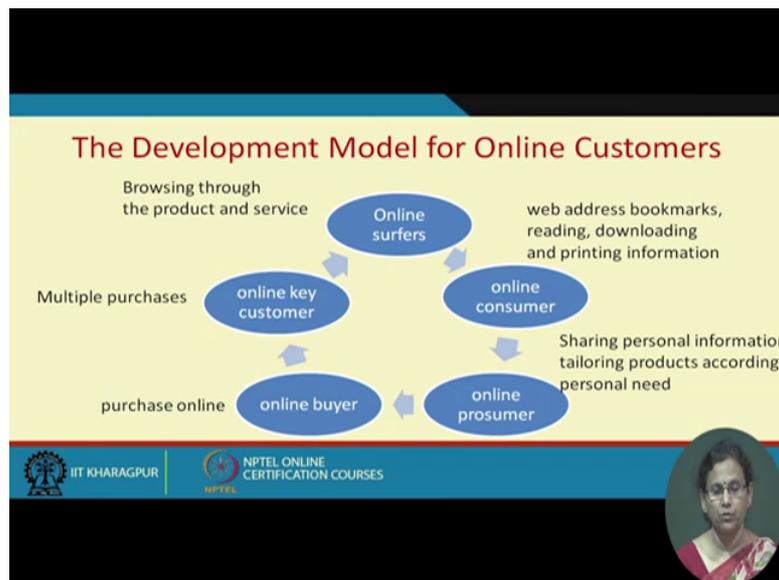
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Now let us try to understand that how exactly to track the customers and you remember that model that getting first attention of the customer, creating the interest with them and then creating the desire with them to buy the (pr) product and finally making them actually buy the product. So here the conceptually the same idea we now discuss.

As I have told you already in the very first lecture most of the material from this course we are taking from three books, two information systems book and one (ano) another book from e-commerce and e-business and this is from that third book. You can see our first lecture to know about the various books and this (examp) particular model is from that book.

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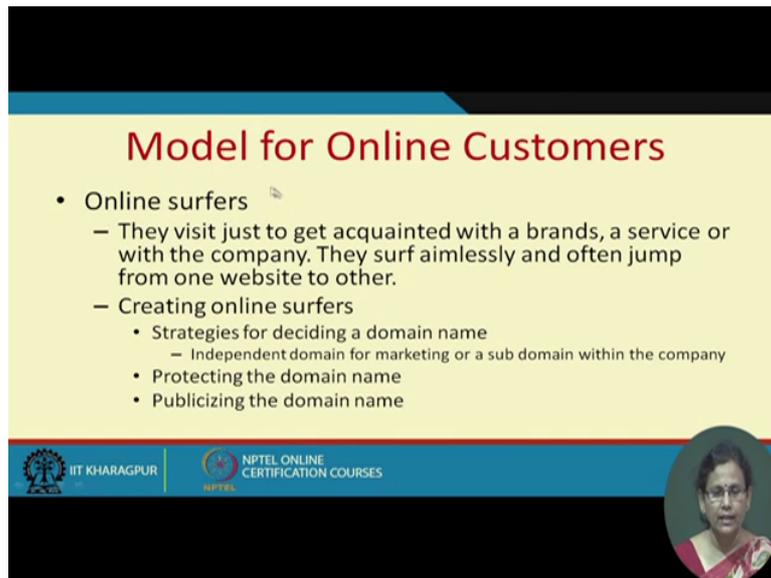
So here the idea is in this model of online customer the customer actually goes through five phases. First he becomes the online surfer then he becomes an online consumer, then online prosumers, online buyer and online key customer. Now who is an online surfer? Online surfers are the people who will be actually browsing through the product and services. Then after the browse they become online consumer.

Who are online consumers? You can actually characterize those surfers as online consumers who will be bookmarking your web address, they will be actually spending time in reading the materials related to the products and services, they will be downloading, probably they might be printing as well. So they become online consumer. after they become online consumers they can share their personal information for tailoring the products according to their personal need.

We could say they are both producers and consumers. We call them as prosumers. Then they become online buyers. So if they actually purchase after designing or modifying or tailoring the product or not even doing so after getting highly motivated and if the desire is generated within them then they become online buyers. After they become online buyers and make the purchase they become your key customers. If they are happy online buyer become online key customers.

They make multiple purchases from your site. Now let us going to see what the companies are offering for developing the customers over the web? So first is as we have told you the online surfers.

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Model for Online Customers

- Online surfers
 - They visit just to get acquainted with a brand, a service or with the company. They surf aimlessly and often jump from one website to other.
 - Creating online surfers
 - Strategies for deciding a domain name
 - Independent domain for marketing or a sub domain within the company
 - Protecting the domain name
 - Publicizing the domain name

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These online surfers visit just to get acquainted with the brand, a service or with the company. I mean this kind of people, this group of people they actually surf aimlessly and often jump from one website to the other, even within the website from one page to the other. Now the first task of your company is to create this online (sur) surfer. So that at least they visit their website, visit a specific brand the company is trying to offer.

So what are the strategies that the companies are adopting and what are the tools they are using to make online surfers? So the first strategy is about deciding a domain name. If your domain name is appropriate then search engine will find your website. So you should have appropriate domain name for marketing. This domain name can be either independent of your main corporate website. You remember in one of the last classes we discussed about the corporate websites.

So your brand website (pa) may or may not be a part of your corporate website. It is either for a specific brand companies will be per independent domain name or at times it can be part of the main product line as a sub domain of the main product line. Then the second work you have to do is you have to protect your domain name.

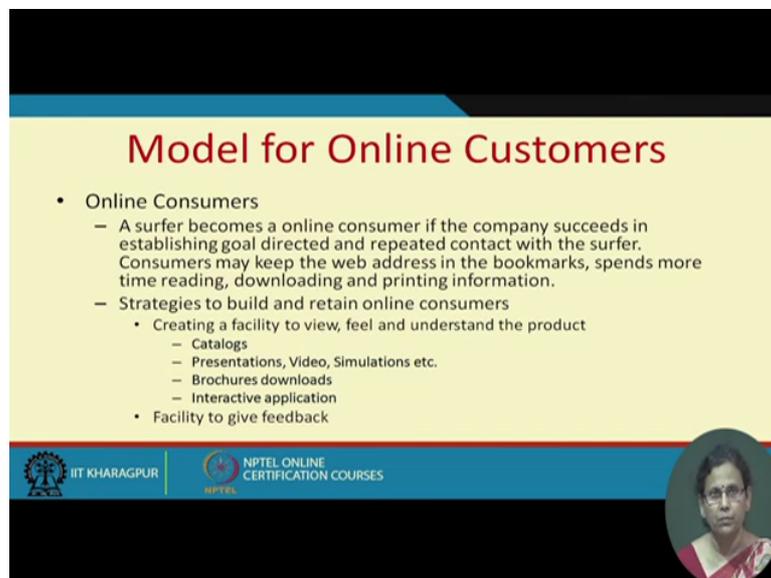
By protecting your domain name we mean see domain name when we get a domain name on the internet domain names we will be getting for a short period of 2 years, 3 years, 5 years depending on what we, but if we actually do not renew the domain name on right time then somebody else might be taking that domain name. So it will create a lot of confusion among

the buyers. So therefore the next task is to protect your domain name. Then you publicize your domain name.

How do you publicize? You make the effort so that they actually come if the user fires a query in the search engine or you show the websites in some allied let us say you are dealing with some sports product. So you should try to make your presence feel in the website of which is actually showing sports news.

So you have to make special effort to publicize your domain name. Then next task is to make one online surfer become an online customer.

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The slide is titled "Model for Online Customers" in red text. It contains a bulleted list of points. At the bottom, there are logos for IIT KHARAGPUR and NPTEL ONLINE CERTIFICATION COURSES, along with a small circular portrait of a woman.

- Online Consumers
 - A surfer becomes an online consumer if the company succeeds in establishing goal directed and repeated contact with the surfer. Consumers may keep the web address in the bookmarks, spends more time reading, downloading and printing information.
 - Strategies to build and retain online consumers
 - Creating a facility to view, feel and understand the product
 - Catalogs
 - Presentations, Video, Simulations etc.
 - Brochures downloads
 - Interactive application
 - Facility to give feedback

Now who is an online customer? Online customer is somebody I have already told you who will be looking spending more time in your website. So a surfer becomes an online consumer if the company succeeds in establishing goal directed and repeated contact with the surfer. Look unlike television where the advertisements are you can fire advertisements at your customer and you expect your prospective customer and you expect your prospect to sit in front of the TV.

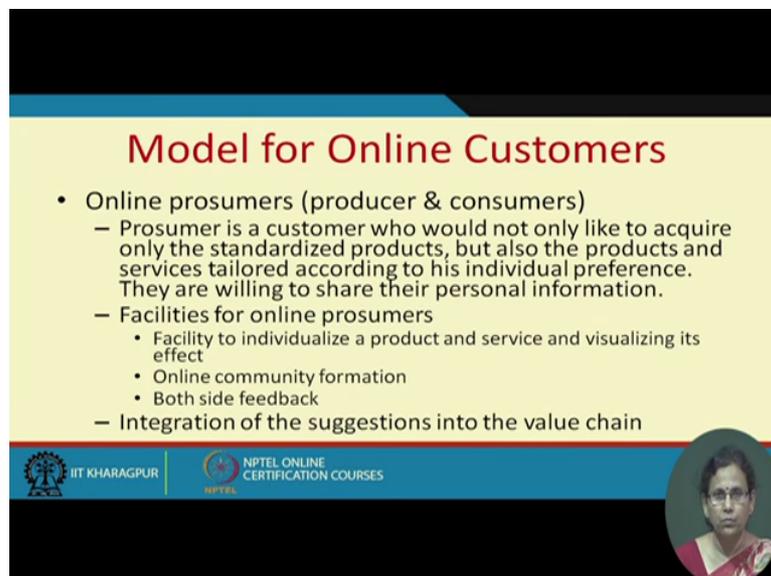
Here actually in an online environment situation is different. You do not have really any control over the prospective buyers surfing actions. so you should put appropriate effort so that ultimately he comes to your site. You make your presence feel in various places appropriate places so that ultimately he comes to your site. So your aim is to establish repeated contact with the surfer and make them online consumer.

Now who are online consumers? This online consumers you can detect somebody from a surfer become an online consumer he first of all spends more time in your website then he may be keeping your (we) web address in his bookmark, he might be reading the material in your website, he can download and print information. Now what are the strategies companies are adopting to build and retain online consumer? First you have to create a facility to view, feel and understand the product.

So what are those facilities that companies have? You can have product catalogue, you can have presentation, you have you can have videos, you can have simulations, you can provide facilities for brochure download and you can even have interactive applications. Similarly you can have discussion forums where the people can come. The list actually everyday companies are becoming innovative and they are adding more and more web based applications to actually make online consumers.

Even you can provide the place the people to give feedback and write and others can come to that website and see the feedback of the people who have already used the product. Then next task is to make a online consumer an online prosumers.

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Model for Online Customers

- Online prosumers (producer & consumers)
 - Prosumer is a customer who would not only like to acquire only the standardized products, but also the products and services tailored according to his individual preference. They are willing to share their personal information.
 - Facilities for online prosumers
 - Facility to individualize a product and service and visualizing its effect
 - Online community formation
 - Both side feedback
 - Integration of the suggestions into the value chain

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Now look usually in tradition literature consumer means somebody who has already consumed your product. But by online consumer we mean online consumers are somebody who has actually trying to consume the information given about your product. Next is your online prosumers. Now who are online prosumers? Online prosumers are both producers and

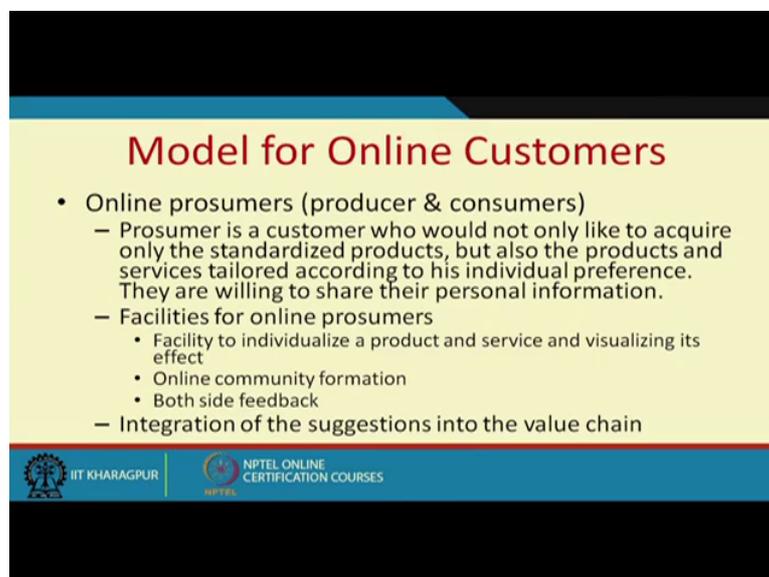
consumers. By producers and consumers we mean they will be helping you in renovating your old product or creating new products.

So the (pro) prosumer is a customer who would not like to acquire only the standardized product but also the product and services tailored according to his individual preference. So they are willing to share their personal information. So now what kind of facilities the companies are creating for online prosumers? Facility to individualize a product and service and visualising its effect. I was talking about the Nike shoes. You can actually design your own shoe.

You can visualize your shoe how it looks like before you actually buy it. After designing you may decide not to buy also. So similarly while buying a computer or some other such electronic goods you can sometimes add features and delete features. Then you can create some online community where people will be given suggestions and later on you can use these suggestions in your value chain.

You can have the facility for both side feedback. You can become interactive. You can get the ideas from the customers. You can help them out to improvise the product and so on.

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Model for Online Customers

- Online prosumers (producer & consumers)
 - Prosumer is a customer who would not only like to acquire only the standardized products, but also the products and services tailored according to his individual preference. They are willing to share their personal information.
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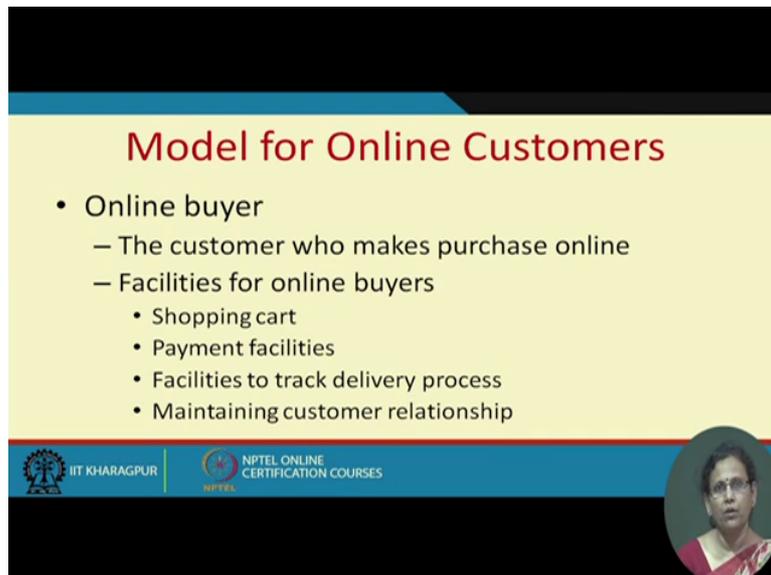
So in this process the idea that is coming out of the users you can use them to build their individualized product. Next is for making a buyer. Now the (co) prosumers who after getting motivated actually buy the product they are called online buyers. So for this what are the

facilities you make for online buyers? Shopping cart where the all of us must nowadays everybody is buying products from the internet so we know what shopping cart is.

In a shopping cart, shopping cart is some facility where you can add your product just like your physical shopping cart. Then you should have a payment facility. You should be connecting to a payment gateway for after he put the items in the shopping cart for paying. Then next is you can help them to track the delivery process.

In fact if you see the websites of most e-commerce companies you will have a facility where you can actually see where your product is in the logistics network. And when and how you are going to get the product? So (deli) he should be able to track the delivery process. Then finally you should be maintaining the customer relationship after he becomes a buyer.

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Model for Online Customers

- Online buyer
 - The customer who makes purchase online
 - Facilities for online buyers
 - Shopping cart
 - Payment facilities
 - Facilities to track delivery process
 - Maintaining customer relationship

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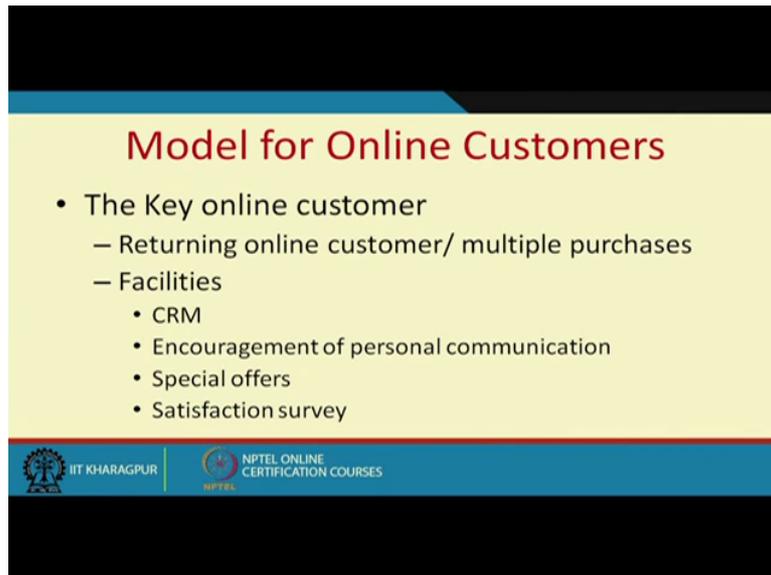


And we have already discussed about the customer relationship already in the last lecture. So once somebody becomes a customer and if he is happy with your product and service then he will be coming multiple times to your site, he will make purchases and he becomes a very value added entity for you.

Now what are the facilities the companies have for this? They have customer relationship management software and last class we have discussed this customer relationship management software they take customers complaint from multiple sources. Not only they are limited to internet and the web, they even telephone line and through various other options you can integrate all the customer complaints together and you can handle them well.

Then you can encourage personal communication in case he or she faces any problem with the product or request in service and such key online customers time to time you can provide special offers and you can also make satisfaction surveys so that in future you are able to offer them better products or you can put them in your cross selling or up selling, you can include them in your cross selling or up selling activities.

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Model for Online Customers

- The Key online customer
 - Returning online customer/ multiple purchases
 - Facilities
 - CRM
 - Encouragement of personal communication
 - Special offers
 - Satisfaction survey

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With this we finish this lecture. Thank you very much.