

**Integrated Marketing Management**  
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**Lecture – 19**  
**E Business**

Welcome to this class. Let us now look at one important aspect of what is affecting marketing. This is going by different terms like digital marketing, online marketing, E marketing all these. So, we will put this under the head E Business; we will look we will give an introduction to this E business, what is it that is trying to do in the present market place.

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## E-business : An Introduction.

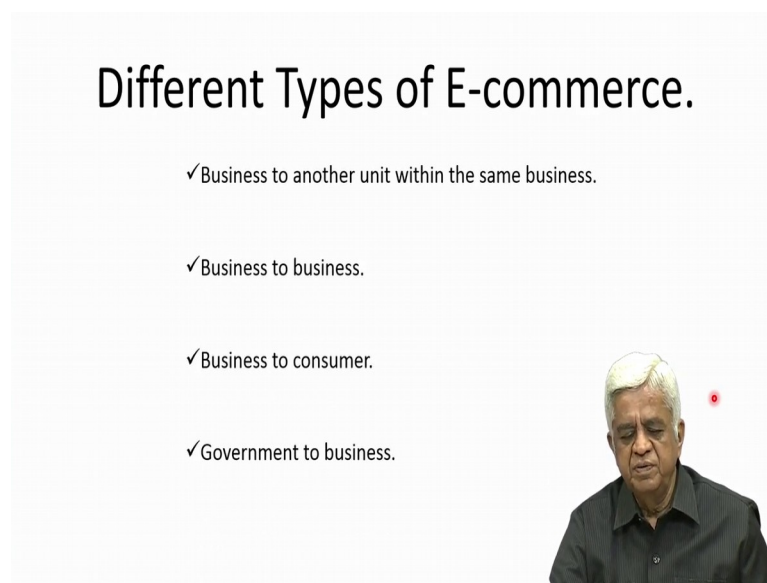
- ✓Outdoing competition by pleasing customers in new ways.
- ✓E-Commerce is a fundamental component of E-Business.
- ✓E-Business uses technology and E-Commerce processes to build better customer relationships and create new value propositions.

E business is trying to outdo competition by pleasing customers in new ways. So, they are trying to find out what are the methods by which customer will be delighted by doing business online. You find so many online shopping sites now, where from your home only you can order so many products and they get delivered to your house.

Then what is this E commerce? This E commerce is a fundamental component of E business. So, for this E business to happen you should have E commerce. Then what does E business use? It uses technology and also E commerce processes to build better customer relationships and create new value propositions. So, E business makes use of the platform of technology and E commerce, to attract the customer.

And when how do you attract this customer? You give him some new value propositions which he cannot afford to ignore. This is what most of you were, online marketing sites are doing. So, whether it is in the form of incentives, whether it is in the form of offers, or whether it is in the form of appealing products, or whether it is in the form of characteristics of products which you have not noticed earlier all these things. So, this is what is happening in the present day marketing.

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## Different Types of E-commerce.

- ✓ Business to another unit within the same business.
- ✓ Business to business.
- ✓ Business to consumer.
- ✓ Government to business.

There are different types of E commerce; one is business to another unit within the same business. So, you are in the same business, a large company, it may be having so many business units. And when you are doing business with another unit in the same business that is in the same company that is also E commerce.

Suppose you are doing it with outside business; that is business to business, that could be the next type of E commerce. Then it can be business to consumer; so you are operating the business and you are directly in touch with the consumer. So, what is happening in the whole process; you are trying to avoid the middlemen. So, in most of these online marketing sites, the consumer is in direct touch with a business. So, you take any business for that matter.

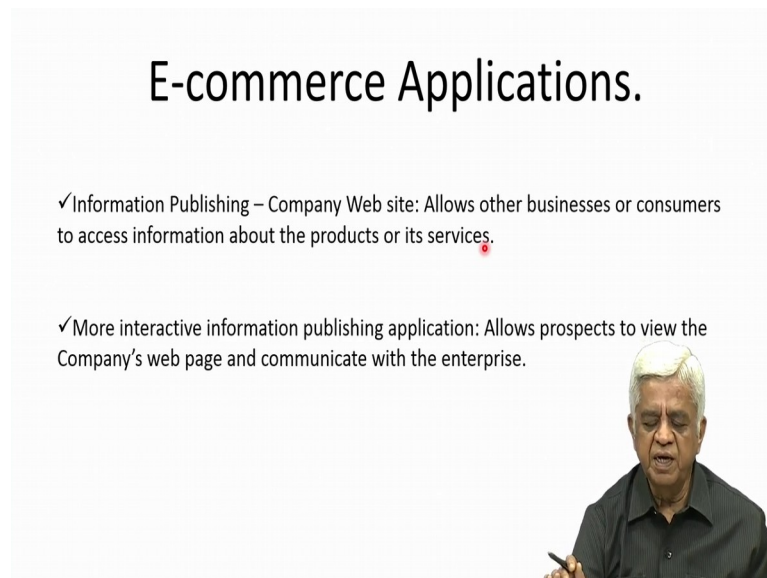
Suppose you want to make a book a travel ticket. So, one of the popular online marketing sites is your Make My Trip. So, you go to that Make My Trip, it gives you so many options, origin, destination, then time of your travel all those types of things. So, it

is very possible that you will be able to get one slot which is to your convenience and which is to your liking with respect to an origin and destination.

So, you are in this business you are directly in touch with the consumer; that is a consumer is also directly in touch with this business that is this Make My Trip. In the whole process the middleman that is a travel agent gets avoided; he does not come into the picture at all. You pay money straight to this Make My Trip; whether that is also made through your credit card or through other online mechanisms.

The other method of E commerce, other type of E commerce could be from government to business. So, these are essentially the four types of E commerce; one is business to another unit within the same business, business to business, then business to consumer, then government to business.

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**E-commerce Applications.**

- ✓ Information Publishing – Company Web site: Allows other businesses or consumers to access information about the products or its services.
- ✓ More interactive information publishing application: Allows prospects to view the Company's web page and communicate with the enterprise.

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Now, where do you apply all this E commerce; that is where are these E commerce applications. You can publish about your own company through your company website. What happens when you publish through your company website? It allows other businesses or consumers to access information about the product or its services. So, most of the times through your web only you can find out what a company is doing, what are the products it is putting out into the market and what are the types of services it is offering.

So, the same example which I gave you, the Make My Trip it allows the consumer not just to book his travel tickets; you can book your hotel accommodations also, you can book your transport to the airport from your residence. He himself gives you an option this type of taxi is available and we will be able to take you from your house to the airport at this rate. So, all these are published.

So, in other words consumer is having lot of options at his end; this is what is online marketing or this E commerce applications have done. So, you can also give more interactive information publishing application. What is this interactive information publishing? So, you can, it allows prospects to view the companies page web page and communicate with the enterprise.

So, you see so many banks; you take the example of Kotak bank. So, whenever you go to that Kotak bank; one pop up comes, would you like to speak to this Kiya. Kiya is one interactive information sharing which this Kotak bank has created on its site. So, you can ask so many questions to this Kiya; whether it is with respect to your credit card or bank account or anything like that, you are able to get answers for that.

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**Benefits of E-commerce.**

- ✓ Open commercial Transactions.
- ✓ Increased Competitiveness and Savings. More companies go online – interest in E-com grows – WOM spreads about potential saving opportunities & prospective competitive advantage.
- ✓ Availability of Commercial Applications.



So, what are the benefits of this E commerce? So, there are; the first major benefit of this E commerce is open commercial transactions. So, there is no there is nothing fishy about the whole deals which are being exhibited on the websites. So, it is open, you can see what is what you are going to get; whether you are going to get two for the price of one

or three for the price of two all those types of things. When increased competitiveness and savings to the consumer what is going to happen; you can see the websites of different companies.

In fact, now this comparisons of different companies with respect to a product say car, is also available through different web pages; you can see, how much does it cost. If you take a Honda from this particular company; that is the companies showroom or some other companies showroom all those types of things. What are the types of savings? Suppose one outlet of Honda is offering some extra savings that also is getting reflected. More companies go online; so when you find that your competitor is able to go online and you are not able to go that is a weakness in the marketplace.

Companies would not try to expose that weakness in the marketplace; they would also like to go online, this is what is essentially competition does in the marketplace. So, it puts so many players into the market and when it put so many players into the market; the consumer is having a more open basket with respect to goods and services. So, he has so many options to make; he need not stick to one particular option only.

So, more companies go online, interest in E commerce grows; then word of mouth spreads about potential saving opportunities and prospective competitive advantage. So, this is a wonderful world of E commerce which has been opened up. Thanks to this present government, going into digital marketing in a very big way

So, availability of commercial applications; so you are able to access so many commercial applications and these are also available on site that is you can see it through your web pages.

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## Securing E-commerce Transactions.

Three things to be addressed in an E-Commerce security strategy –

- ✓ Company's security policy.
  
- ✓ Architectural security strategies.
  
- ✓ Individual security products that address hot spots or weak links in E-Commerce network.

All these are plus points of the E commerce transactions; but this E commerce companies are companies doing E commerce have to be very careful about security aspects. So, with respect to their security strategy, they have to look at the company's security policy; they have to look at the architectural security strategies; then they have to look at the individual security products that address hotspots or weak links in the E commerce network.

If you do not address these points, it is very possible that your site might get hacked by hackers; or even your individual consumers who are very intelligent, they may also hack your website. And your company information may be stolen without even your knowledge. So, this is what is happening very frequently now.

So, this just yesterday, I was told one of the hackers has cheated one consumer on the Google Pay website only. Even before she could realize that she has been cheated; more than one lakh rupees had been withdrawn from her account. So, in fact she is broadcasting to all groups on the WhatsApp to delete this Google pay application from the play store of your web phone of your mobile phones.

So, if she says that this Google pay is not a trustworthy site and your all your information can be very easily stolen, do not fill up any Google form. These are some of the types of security aspects which one has to address in this online transactions.

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## Building an E-commerce Strategy.

- ✓ To maximize efforts and minimize pain, expertise should be gained first.
- ✓ 4 Basic steps –
  - a) Identifying applications.
  - b) Selecting a trusted partner.
  - c) Learning to work on the Web site.
  - d) Planning the resources.



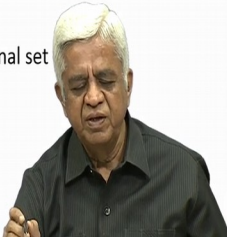
The type of building an E commerce strategy is the as the different components or the different aspects on which you should give lot of importance. These are you should maximize efforts and minimize pain; so for that first you must gain this expertise, how to do this. This involves 4 basic steps; identifying the applications, selecting a trusted partner, learning to work on the website, and planning the resources. So, this is the new trend; it is not just enough if you are in marketing, you should also be more familiar with this E marketing as we are calling it now.

So, all these aspects you should your, as a marketer you should try to develop or you should try to develop this expertise with respect to working on websites also. So, this all these are becoming key to be successful in the marketplace today; because markets have become fiercely competitive. When they have become fiercely competitive, all these the expectations from the marketer are increasing continuously. So, the marketing professional has to update himself with all this.

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## Evaluating Tools and Applications.

- ✓ To be done with an eye toward their capability to grow with company's needs.
- ✓ Can the product be tailored ?
- ✓ Is it Reliable ?
- ✓ Can it be Expanded ?
- ✓ Will it be able to handle the new requirements ?
- ✓ During application growth, do we have to replace the original set



So, what are the types of evaluating tools and applications? It has to be done with an eye towards the capability to grow with company's needs. So, you should not really go into all and all available tools; pick up that tool which will help your company's needs and help it to grow further.

The question that next comes is; you should try to as a marketer think whether your product can be tailored to certain segments. So, this market segmentation whether you can address through tailoring of products. Then your application itself is it reliable; can it be expanded. Suppose you want to scale it up let us say, are you able to do that; then will it be able to handle the new requirements.

You see so many website changes of so many companies happening on a continual basis; that means, they are continuously updating their websites. What you saw a few days back may not be there on the website when you see today. You may just wonder what happened; I only saw it last week, this week it is not there that is the wonderful world of E commerce applications. You are constantly trying to evaluate yourself and put new things which are likely to appeal to the customer.

So, during application growth do we have to replace the original set of tools? In order to do this, whether your website original set of tools or the applications you have to change or replace these all the things which you should try to think off, ok.

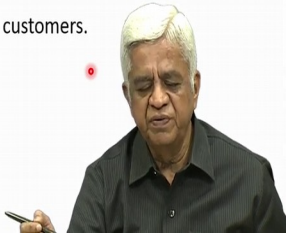


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## Steps to Building an Extranet.

Three steps –

- a) Gathering of relevant data from suppliers, customers, and other key sources.
- b) Adding value by creating information, often jointly with strategic partners.
- c) Disseminating the added-value product to customers.



Now, in order to do all this, people make use of what is called the extranets. What is this extranet? This extranet actually involves three steps; one is gathering data from relevant, gathering relevant data from suppliers, customers, and other key sources; adding value by creating information, often with jointly with strategic partners; disseminating the added value product to customers. So, these are you are having some website information.

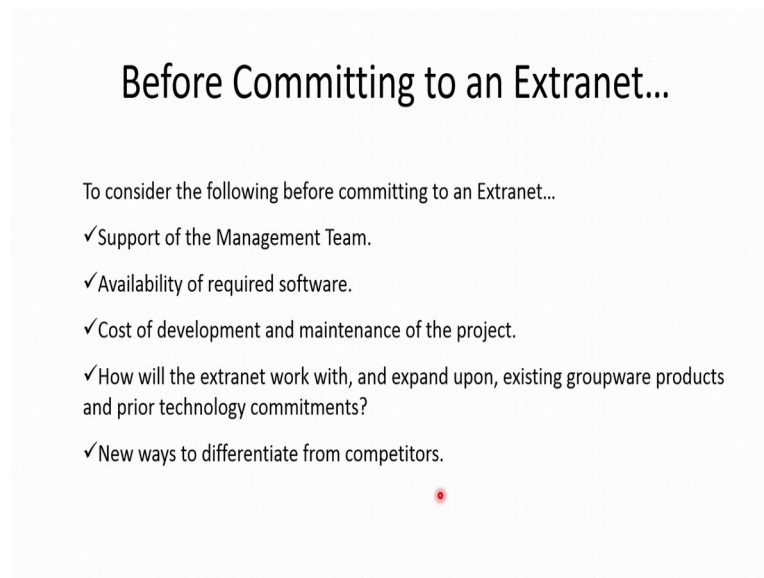
In order to face this competition or develop a competitive edge, you can tie up with strategic partners. These strategic partners can add value to this your information; what you have already put, they can create value and they can disseminate this added value product to customers. So, these are being done now by so many websites. So, just to give you one simple example there is an online portal by yes, a very what do you call mundane product manufacturing company called Sonali dot com, s o n a l i dot com from Bombay.

It gives you so many things; whether a portable shoe rack, it presents to you so many options. These are so many slots which are available where you can keep your shoes, chappals and how it is portable. And it goes into your travel bag. So, when you are in a hotel and you do not want this footwear's to be exhibited. This portable shoe rack can be kept in one corner of your hotel room and keep all this shoes or chappals and whatever it is or your bathroom chappals all these can be stacked one above the other in this portable

shoe rack and nobody will be able to even notice that, likely to appeal to frequent travelers.

So, these all the types of things which you can do and by tying up with strategic partners this information, this added value products; the strategic partners can give all these types of things. So, this is the way you develop an extranet.

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### Before Committing to an Extranet...

To consider the following before committing to an Extranet...

- ✓ Support of the Management Team.
- ✓ Availability of required software.
- ✓ Cost of development and maintenance of the project.
- ✓ How will the extranet work with, and expand upon, existing groupware products and prior technology commitments?
- ✓ New ways to differentiate from competitors.

Before committing to an extranet; what is important for you is to have the support of the management team, the required software, then cost of development and maintenance of the project. And how will the extranet work with and expand upon existing groupware products and prior technology commitments.

So, you are committing to an extranet, before you coming to that these are the points which you should give lot of thought to; the new ways to differentiate from competitors. So, if you are looking at an extranet, are you getting a competitive advantage; if you are not getting a competitive advantage, it is not wise to get into this strategic partners and all that.

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### Key Aspects of Intelligent E-business

- ✓ Optimization.
- ✓ Multi enterprise integration and collaboration among organizations using the web.
- ✓ Forward visibility.
- ✓ Business value through clearly established ROI criteria.

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So, now what all we said; this extranet, this E commerce all this is making E business to become more intelligent. Earlier it was just in B business; now all these aspects are making it intelligent E business. So, what are the key aspects of this intelligent E business; one is optimization. What is optimization?

So, just to give your mundane example, it is a very simple this thing, where let us say you have an origin and destination; you want to go from this origin to the destination. What are the things which are looking at; you are looking at how you can reach the destination in the fastest possible time one, second at the minimum cost.

So, take for example, you want to go from Bangalore to Chennai. Suppose you went by road let us say; you are able to cover this distance in about 6 hours. Suppose you want to let us say you want to go by air; now how much time does it take? You have to look at one that travel from your house to the airport, then generally before you board a flight you have to be at least some one to one and a half hours before the actual flight timing, then the actual flight itself.

So, in a city like Bangalore with the present state of availability of transport; you require about from any points unless of course you are very very close to the airport which is not so. You are likely to take about one and half hours to reach the airport and put to that another one and half hours before the actual travel time, actual travel; then the actual travel time. So, you are like then when you disembark in Chennai from Chennai you

have to collect your luggage, come out of the airport, then again take a transport to your house or office or whichever place you want. So, you may be going through all this exercise; you may find that, the time that you take by air and the time you might possibly take by road not drastically different.

So, this E business, intelligent E business now looks at all these optimization aspects. So, it provides you a host of options. So, should you travel by air, should you travel by road only; you reach your destination in the same time or even perhaps earlier all these types of things are available to you. Then or should you go different or different modes and other things; I just give you an example; you can amplified it by taking more and more examples.

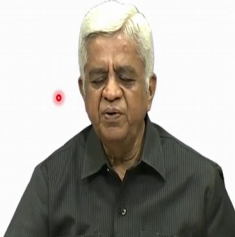
Then multi enterprise integration and collaboration among organizations using the web; this is what we are looking at as strategic partnership. That can give you a lot of edge in the competitive place. So, it can get a lot of competitive edge, then forward visibility, then business value through clearly established ROI criteria; that is what is the return on investment. I put so much money into this E business platform; what is a return that I am going to get. So, all this you have to build it into your product pricing. Kindly note that, your product pricing has to take into aspects all this E business costs also before you say this is the price of the product.

So, what does it what does all these means? It means that today's marketplace is highly complicated, it is not the one which it use to been. So, this complications we are seeing in so many ways and this when we looked at the marketing environment, I did explain to you these aspects through a diagram ok. So, this E business is the one which has made so many game changes in the marketplace ok, in the present day.

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## Key Business Processes.

- ✓ Customer Management.
- ✓ Supply Chain Management.
- ✓ Inter-process Planning.
- ✓ Strategic Planning.




So, the key business processes that you have to look at. What are the key business processes; basically customer management, then the supply chain management, then the inter process planning, then the strategic planning these are the key aspects of business processes. Four of them that is your customer management, then the supply chain management, then the inter process planning, then the strategic planning.

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## Problems With Conventional Systems

- ✓ No direct link to product transportation or information on arrival and delivery due dates.
- ✓ There is no ability to link multiple purchases together including delivery options.
- ✓ Feedback and responses are slow.
- ✓ No true competitive engines that examine-real time information.



So, why are we doing all this; what was the problem with the conventional systems? The problem with a conventional system was no direct link to product transportation or

information on arrival and delivery due dates. So, take for example, you send a product through a well known courier; say or even your speed post from the Indian post and telegraphs, you can track your speed post. You send it from your origin to destination; you can at any point of time.

Suppose there is a query have you send this, you can immediately give an answer; yes it is sent and it is arriving on this particular day, it is now somewhere here. So, you are sending it from here to Delhi and you may say it is somewhere in Bhopal; you are likely to get it in a day or 2. So, this is with respect to a simple letter, it is the same with respect to products also.

There is this conventional systems could not do all this; the present with the present day E business, the online systems you can get all these types of online tracking information. Which was unthinkable earlier; there is no ability to link multiple purchases together with including delivery options. So, suppose there was so many purchases made by a person; this all these purchases could not be linked together. Now through your E business platform all these are possible.

Earlier the feedbacks and responses were slow. Now no longer you can give your feedback immediately on whether the service was good or not good or the product is good or not good, you are likely to get your response very fast. No true competitive engines that examine real time information, this is what I just mentioned. So, there were note in the conventional systems the concept of competitive engines and real time information was absent; which the present day E business systems are providing.

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## Problems With E-tail Companies.

- ✓ Limited integration of the back end operations on sales side causing unrealistic promised due dates and inaccurate costs.
- ✓ No ability to coordinate multiple line items.
- ✓ No ability to see from the web site the progress of the order. •
- ✓ No coordination between trading partners.
- ✓ Poor customer care and little ability to provide advanced customer centric solutions.


Not that everything is hunky dory with E business; there are problems with E tail companies as well. What are the types of problems which you are facing? It is limited integration of backend operations on sales side causing unrealistic promise due dates and inaccurate cause. You have to be very careful when you are putting up all these figures to the consumer. So, in the end the consumer might feel that the cost which was promised and the cost which he has to pay in the end they are different.

So, this inaccuracy in costs is now commonly being reported. So, company is coding one figure, customer in the end has to pay a different figure. No ability to coordinate multiple line items; similar to the one which we discussed. No ability to see from the website to the progress of the order; then no coordination between the trading partners; poor customer care and little ability to provide advanced customer centric solutions. In other words E tail companies have these types of problems which they have to address; and unless and until they address all this, they will find it very difficult in the marketplace

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## Brick and Mortar Companies - Problems.

- ✓ Do not have customer facing applications tailored to individual customers.
- ✓ Not scalable.
- ✓ Existing systems are designed to provide information in minutes or hours; Internet users require responses in less than second, which results in lost sales.
- ✓ Little or no communication between trading partners.



Now, there is something called the brick and mortar companies. So, similar to your startups; what are the type of problems they are facing? They do not have customer facing applications tailored to individual customers. So, many times you find youngsters saying that; they will have their own startup, it is not very easy to have a startup, it has its own share of problems.

So, whenever you want to market a product, you are coming into contact directly with the customer or through your E business platforms. So, when you are coming there in to these types of contacts, you should have this customer facing applications. Many times this brick and mortar companies do not have that; many times they are not scalable that is you cannot expand the operations very easily. Existing systems are designed to provide information in minutes or hours; internet users require responses in less than second, which result in lost sales.


So, your system suppose you are there are not very fast enough, you may lose your orders; little or no communication between trading partners. So, in other words what is all this trying to tell you? When you are in this business of E business, you have to be more than on your toes; that is many times you keep on saying you should be on your toes. Now you have to be more than on your toes, something more extra you have to keep on. So, there is you have to visualize so many scenarios, this is a type of thing which comes into the marketplace.



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## Customer Centricity.

- ✓ Smart store fronts.
- ✓ Secure transaction handling.
- ✓ Customer care solutions.
- ✓ Links to operational planning solutions.

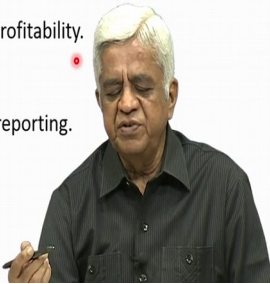


So, that brings you that this E commerce companies or E business companies have to be more customer centric. What does it mean? It can have smart store fronts, secure transaction handling, customer care solutions, links to operational planning solutions. In other words these are things where you manage your CRM much better; CRM stands for customer relationship management. So, through this platform of E commerce your customer centric issues are likely to be addressed better.

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## Operational Excellence – Planning and Execution.

- ✓ Forecast demand in a collaborative framework.
- ✓ Plan distribution and manufacturing in a holistic approach to maximize customer support and minimize costs.
- ✓ Provide insight into a future optimal customer mix to profitability.
- ✓ Optimize transportation to reduce costs.
- ✓ Provide end to end process monitoring and exception reporting.

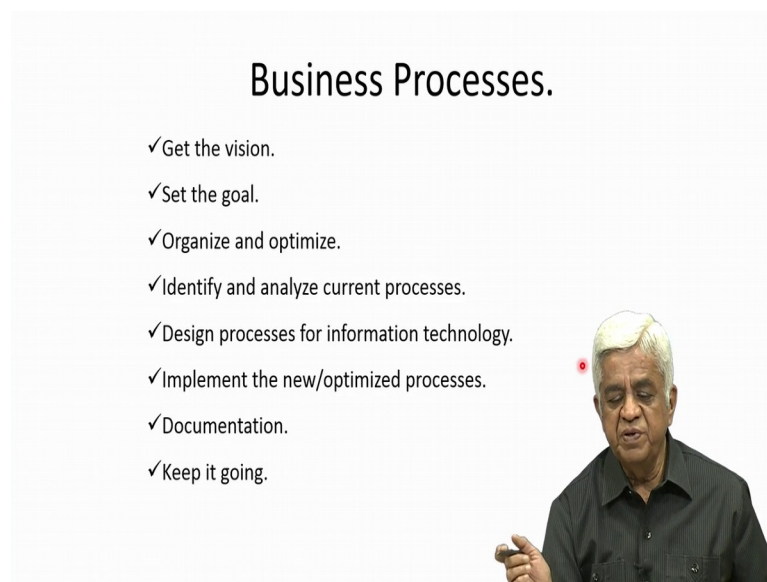


So, how do you make up for this operational excel excellence planning and execution. In order to do this; some of the points you should have in mind or you should be able to forecast demand. So, demand forecasting becomes very important and in a collaborative framework. And it should be able to plan distribution and manufacturing in a holistic approach to maximize customer support and minimize cost; this is what we are referring to as optimization many times under different scenarios.

Provide insight into a future optimal customer mix to possible to profitability. In other words for the company you should have a good marketing mix; for the customer it will be an optimal customer mix, the end result will be to have good profits to the company. Optimize transportation to reduce costs; then provide end to end process monitoring and exception reporting.

If something goes wrong somewhere and you do not have to immediate; you do not keep on contacting your immediate boss only, you can do this exception reporting where you go to the higher ups saying that this has happened and how do we address this particular scenario.

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**Business Processes.**

- ✓Get the vision.
- ✓Set the goal.
- ✓Organize and optimize.
- ✓Identify and analyze current processes.
- ✓Design processes for information technology.
- ✓Implement the new/optimized processes.
- ✓Documentation.
- ✓Keep it going.

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So, all this business processes have this set objectives; one is to get the vision, set the goal, organization and optima organize and optimize, then identify and analyze current processes, design processes for information technology, implement the new optimized processes; then have a good documentation, it can be your E documentation only.

All this will help you to keep it going. So, you should be very very net savvy one and you should be very very information savvy; that is your you should be able to what do you call, deal with the information easily. So, you should be able to get so much of information from so many portals or so many websites of your competitors; not just your companies, but others also to keep your business process going.

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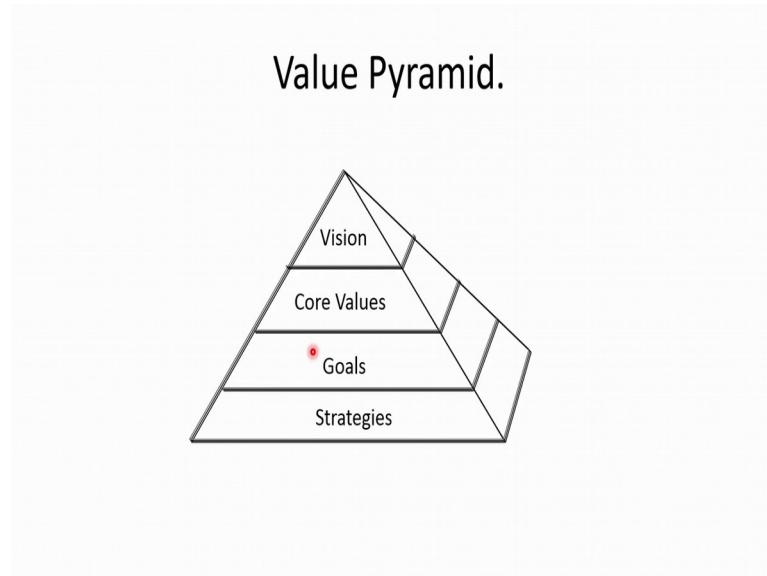
## Company to Meet Customer Expectations of ...

- ✓ Highest quality.
- ✓ Leading technology.
- ✓ Competitive pricing.
- ✓ Individual and company accountability.
- ✓ Best-in-class service and support.
- ✓ Flexible customization capability.
- ✓ Superior corporate citizenship.
- ✓ Financial stability.



So, in order to do all these, companies to meet this customer expectations; they have to be of highest quality, they have to be having good leading technology, competitive pricing, individual and company accountability, best in class service and support, have flexible customization capability, superior corporate citizenship, and financial stability all these are keys to have a good E commerce and the E business application.

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So, that comes with what is called a value pyramid. What is this value pyramid? This value pyramid with respect to the company has these types of components. What are the types of components which you should have? You should have good strategies. This is what we refer to in a marketing place as strategic marketing; and this strategic marketing should have good defined goals.

What are these defined goals? Generally with respect to sales, we gave this; when we are discussing earlier we said, there is a strategic planning gap. So, this is the actual value you may get on your sales, if you go at the present performance levels; but your management might desire a different level altogether. So, there is a gap between what you think you can achieve and there is a and the management expectations.

So, how do you bridge this gap? This bridging the gap which we said it can be through different methods; it can be backward integration or forward integration or diversification, look through different matrices, you have to be your apply this unsort product market matrix all this should give you the ability to set up a value pyramid. A value pyramid where you say, I will be able to achieve this type of strategic planning projects and keep these core values of the company intact and have a vision.

So, every company has a vision statement; whether you name Infosys or whether you look at the administrative staff college at Hyderabad from the education stream all having a vision statement.

So, this value pyramid should be able to give you this four aspects; one is able to help you to frame good strategies for the strategic marketing aspect; second is set up goals. When you setup goals, you should be able to look at different methods by which you bridge the gap, the strategic planning gap; and keep the core values of your company intact, these are called many times you refer to them as your core competences in the marketplace.

The core competences you cannot afford to trade off. If the core competences are traded off, then the company survival itself becomes a question mark. So, keep to your core competences in the marketplace that will help you to develop a vision. And when you develop a vision, that vision could be articulated by one phrase; it may not be a full sentence also, it may not mean much to others, but it mean a lot to you that is the company personal.

So, for example, the administrative staff college of India's statement just says we train our managers so; that means, a lot to them. Suppose they want to set up a training program; in order to setup this training program, they do lot of work, groundwork before they say this program is being launched. So, many times taking several months before they say yes we are ready to launch this program. So, these are the aspects of the value pyramid which you are looking at in this E business.

So, the idea of this E business which we have discussed in the present class is to help you to get an insight into what is happening in the field of this digital marketing or online marketing. So, if some of you are interested further you can get into this more in depth going to different this things.

So, the present day field is dominated by marketing analytics and also financial analytics. So, companies are doubling with analytics; the most important being a marketing analytics and the financial analytics. So, that is a one which is providing these companies the competitive edge in the marketplace. With this we will stop here.

Thank you.