Electronic Commerce

Chapter 4: Marketing

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Objectives

• Marketing basics
• Advertising on the web
• Search engine positioning and domain name
Marketing basics

• Marketing mix: Element combination to achieve goals
  • Selling and promoting products and services

• Four Ps of marketing
  • Product
  • Price
  • Promotion
  • Place

• Marketing strategies
  • Product-based
  • Customer-based
Marketing basics

• Communicating with Different Market Segments
  • Physical world
    • Use building construction and floor space design
  • Online firm
    • No physical presence
    • Customer contact through media and Web site
    • Communications media selection is critical
• Online firm challenge
  • Customer trust with no physical presence

CuuDuongThanCong.com
https://fb.com/tailieudientucntt
Marketing basics

- Trust and communication media

**FIGURE 4-4** Trust in three information dissemination models
Advertising on the web

- Advertising: communication
- Five-stage customer loyalty model
  - Awareness stage
    - Advertising message should inform
  - Exploration stage
    - Message should explain how product, service works
    - Encourage switching brands
  - Familiarity stage
    - Message should be persuasive
  - Commitment stage
    - Reminder messages
  - Separation stage
    - Not targeted
Advertising on the web

- Five-stage customer loyalty model

**FIGURE 4-6** Five stages of customer loyalty
Advertising on the web

- Banner ad
  - Small rectangular object on Web page
  - Displays stationary or moving graphic
  - Includes hyperlink to advertiser’s Web site
  - Versatile
  - Leaderboard ad: designed to span Web page top or bottom
  - Skyscraper ad: designed to be placed on Web page side => Remains visible as user scrolls through page
- Banner ad placement
  - Use a banner exchange network
  - Pay sites to carry ad
  - Use a banner advertising network
Advertising on the web

- Text ads
  - Short promotional message
  - Usually placed along Web page top or right side
  - Simple but very effective
- Pop-up ad
  - Appears in its own window
  - Extremely annoying
- Ad-blocking software
  - Prevents banner ads and pop-up ads from loading
- Rich media ads (active ads)
  - Generate graphical activity that “floats” over the Web page itself
Advertising on the web

• Online advertising cost
  • Cost per thousand (CPM)
    • “M” from Roman numeral for “thousand”
    • Dollar amount paid for every thousand people in the estimated audience
  • Measuring Web audiences (complicated)
    • Web’s interactivity
    • Value of visitor to an advertiser
Advertising on the web

• Some popular metrics
  • Visit: occurs when visitor requests a page from Web site
  • Trial visit: first time a particular visitor loads Web site page
  • Repeat visits: subsequent page loads
  • Ad view: occurs if page contains an ad
  • Impression: each time banner ad loads
  • Click (click-through): action whereby visitor clicks banner ad to open advertiser’s page
## Advertising on the web

<table>
<thead>
<tr>
<th>Medium</th>
<th>Description</th>
<th>Total cost</th>
<th>Audience size</th>
<th>Cost per thousand (CPM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network television</td>
<td>30-second commercial</td>
<td>$80,000–$500,000</td>
<td>10 million–20 million</td>
<td>$5–$30</td>
</tr>
<tr>
<td>Local television station</td>
<td>30-second commercial</td>
<td>$1000–$50,000</td>
<td>50,000–2 million</td>
<td>$3–$25</td>
</tr>
<tr>
<td>Cable television</td>
<td>30-second commercial</td>
<td>$3000–$10,000</td>
<td>100,000–500,000</td>
<td>$8–$20</td>
</tr>
<tr>
<td>Radio</td>
<td>60-second commercial</td>
<td>$200–$1000</td>
<td>50,000–2 million</td>
<td>$1–$18</td>
</tr>
<tr>
<td>Major metro newspaper</td>
<td>Full-page ad</td>
<td>$20,000–$80,000</td>
<td>100,000–600,000</td>
<td>$80–$130</td>
</tr>
<tr>
<td>Regional edition of a national magazine</td>
<td>Full-page ad</td>
<td>$5000–$50,000</td>
<td>50,000–900,000</td>
<td>$40–$80</td>
</tr>
<tr>
<td>Local magazine</td>
<td>Full-page ad</td>
<td>$2000–$10,000</td>
<td>3000–80,000</td>
<td>$100–$140</td>
</tr>
<tr>
<td>Direct mail coupon pack</td>
<td>Mailed in letter-sized envelope</td>
<td>$100–$3000</td>
<td>10,000–200,000</td>
<td>$15–$20</td>
</tr>
<tr>
<td>Billboard</td>
<td>Highway billboard</td>
<td>$5000–$25,000</td>
<td>100,000–3 million</td>
<td>$2–$5</td>
</tr>
<tr>
<td>World Wide Web</td>
<td>Banner ad</td>
<td>$100–$2,000</td>
<td>10,000–50 million</td>
<td>$1–$50</td>
</tr>
<tr>
<td>World Wide Web</td>
<td>Rich media ad</td>
<td>$200–$1 million</td>
<td>10,000–50 million</td>
<td>$16–$50</td>
</tr>
<tr>
<td>World Wide Web</td>
<td>Text ad</td>
<td>$100–$2,000</td>
<td>10,000–50 million</td>
<td>$1–$200</td>
</tr>
<tr>
<td>World Wide Web</td>
<td>Site sponsorship</td>
<td>$300–$2 million</td>
<td>10,000–50 million</td>
<td>$30–$75</td>
</tr>
<tr>
<td>Targeted e-mail</td>
<td>Single mailing</td>
<td>$50–$150,000</td>
<td>10,000–10 million</td>
<td>$5–$15</td>
</tr>
</tbody>
</table>

*FIGURE 4-9*  CPM rates for advertising in various media
Search engine positioning and domain name

- Ways that potential customers find Web sites
  - Referred by friend
  - Referred by affiliate marketing partner
  - See site’s URL in print advertisement, television
  - Arrive unintentionally after mistyping similar URL
  - Use a search engine or directory Web site
Search engine positioning and domain name

• Search engine
  • Web site that helps people find things on the Web
  • Contains three major parts
    • Spider (crawler, robot, bot): program automatically searches the Web to find potentially interesting Web pages for people
    • Index (database): storage element of search engine
    • Search utility: takes terms, finds matching Web page entries in index
Search engine positioning and domain name

• Search engine ranking
  • Weighting of factors: factors to decide URLs that appear first on searches for a particular search term

• Search engine positioning (search engine optimization, search engine placement)
  • Results from the combined art and science of having a particular URL listed near the top of search engine

• Paid placement (sponsorship, search term sponsorship)
  • Option of purchasing top listing on results pages for a particular set of search terms
Search engine positioning and domain name

• Website naming issues
  • Companies would like URLs for their Web sites to reflect name or reputation
• Troublesome domain names
  • Purchase more suitable domain names
• Companies often buy more than one domain name
  • In case user misspells URL: redirected to intended site
  • Have different names or forms of names
Search engine positioning and domain name

- Buying, selling, and leasing domain names
- Recently, higher prices have prevailed in the market for domain names

<table>
<thead>
<tr>
<th>Domain name</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business.com</td>
<td>$7.5 million</td>
</tr>
<tr>
<td>Altavista.com</td>
<td>$3.3 million</td>
</tr>
<tr>
<td>Loans.com</td>
<td>$3.0 million</td>
</tr>
<tr>
<td>Wine.com</td>
<td>$3.0 million</td>
</tr>
<tr>
<td>Autos.com</td>
<td>$2.2 million</td>
</tr>
<tr>
<td>Express.com</td>
<td>$2.0 million</td>
</tr>
<tr>
<td>WallStreet.com</td>
<td>$1.0 million</td>
</tr>
</tbody>
</table>

**FIGURE 4-16** Domain names that sold for more than $1 million
End of chapter 4