unit guide

Electronic Resources for Marketing

Unit Reference: MIS-2-210

Business, Computing and
Information Management

2006/2007

become what you want to be

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1.0 UNIT DETAILS

Unit Title:	Electronic Resources for marketing
Unit Level:	2
Unit Reference Number:	MIS-2-210
Credit Value:	1
Student Study Hours:	150
Contact Hours:	48
Private Study Hours:	102
Pre-requisite Learning (If applicable):	Level 1 IT or BIS-A managerial perspective or equivalent
Co-requisite Units (If applicable):	
Course(s):	BA Hons Marketing, Combined Honours
Year and Semester	04/05 Semester 1
Unit Coordinator:	Anne-Marie Scott
UC Contact Details (Tel, Email, Room)	020 7815 8143. scotta@lsbu.ac.uk. Room LR 306
Teaching Team & Contact Details (If applicable):	
Subject Area:	BIS
Summary of Assessment Method:	100% coursework – see below for details

2.0 SHORT DESCRIPTION

The use of electronic resources is becoming increasingly central to the marketing function. This unit allows students to develop an understanding of how to integrate electronic resources into the marketing process with an emphasis on database management and online communication channels. The internet will be studied as a research tool, an exposure tool and as a customer contact and feedback vehicle.

3.0 AIMS OF THE UNIT

To enable students to develop an understanding of the tools available for electronic marketing.

To enable students to develop an understanding of database issues in relation to the marketing process including Data Base Management, Direct Mailing, Customer Relationship Marketing and Management.

To enable students to develop an understanding of the issues of Web site development, use and monitoring.

4.0 LEARNING OUTCOMES

4.1 KNOWLEDGE AND UNDERSTANDING

At the end of this unit students should be able to:
Demonstrate an understanding of the tools available for electronic marketing.

Demonstrate an understanding of database issues in relation to the marketing process including Data Base Management, Direct Mailing, Customer Relationship Marketing and Management.

Demonstrate an understanding of the issues of Web site development, use and monitoring.

4.2 INTELLECTUAL SKILLS
Ability in critical analysis

4.3 PRACTICAL SKILLS
Use of information technology

4.4 TRANSFERABLE SKILLS
Communication Skills
Learning how to learn

5.0 INTRODUCTION TO STUDYING THE UNIT

5.1 OVERVIEW OF THE MAIN CONTENT
Database theory, Databases and direct marketing and customer relationship management.
Tools and applications of electronic marketing, Internet, extranets, intranets, web technologies, site design and maintenance, project management, e-commerce, security.

5.2 OVERVIEW OF TYPES OF CLASSES
In most weeks there will be a one hour lecture and a two hour seminar.

Lectures will be delivered to all students. The seminars will be a mixture of hands-on experience of computer software and exercises, case study and discussion to support lecture topics.

5.3 IMPORTANCE OF STUDENT SELF-MANAGED LEARNING TIME
Some students will need to develop their software skills outside the allocated class time, i.e. as part of your self-managed learning time. Tutorial texts and computer aided learning programs will be recommended for this purpose.

Your learning will be enhanced by regular self-managed learning. This should include making sure that you read the recommended texts and do

thorough research for the assignments. This should include using not only the recommended texts but also current journal articles and web based information.

6.0 THE PROGRAMME OF TEACHING, LEARNING AND ASSESSMENT

<u>Lecture - one hour per week</u>
<u>Week 1</u>
Introduction to unit. Tools and applications of electronic marketing. Internet marketing overview.

<u>Week 2</u>
Internet marketing
Internet, Intranet and extranet

<u>Week 3</u>
E- commerce models and technologies

<u>Week 4</u>
Databases and direct marketing and customer relationship management

<u>Week 5</u>
Electronic Commerce:- Business-to-Consumer

<u>Week 6</u>
Web site/page design issues and project planning – outside speaker

<u>Week 7</u>
Establishing and promoting a web site

<u>Week 8</u>
Maintaining a marketing web site and measuring effectiveness

<u>Week 9</u>

Server side technologies

<u>Week 10</u>
Business-to-business Internet marketing

<u>Week 11</u>
Security on the e-commerce site

<u>Week 12</u>
The future of electronic marketing

<u>Seminar sessions - two hours per week</u>

<u>Week 1</u> –   Web site evaluation.

<u>Week 2</u> –   Internet marketing case study 1, exercise and discussion.
                Web site evaluation results discussion

<u>Week 3</u> –   Marketing database exercise and other online resources

<u>Week 4</u> –   Introduction to Access – tables, forms, queries

<u>Week 5</u> –   Access continued. Tables and relationships
                Internet marketing case study 2

<u>Week 6</u> –   Web based exercises to explore web marketing issues

<u>Week 7</u> -   Intro to HTML and Web design

<u>Week 8</u> -   Dreamweaver

<u>Week 9</u> -   Dreamweaver

<u>Week 10</u> -   Dreamweaver

<u>Week 11</u>-   Dreamweaver

<u>Week 12</u>-   Dreamweaver

NOTE: The order of study and exact content may change as
                appropriate throughout the unit.

7.0 ASSESMENT OF THE UNIT

100% coursework

Two pieces of individually produced work, both to involve a combination of
practical and theory.

Assignment briefs and criteria will be distributed during week 3.

Due dates
CW 1 - end of week 8
CW 2 – beginning week 13

Students are reminded of the University policy on late submission and on
claiming for mitigating circumstances. Extensions to submission dates may be
given in exceptional circumstances but only on application to the course director.

8.0 LEARNING RESOURCES

8.1 CORE MATERIALS

Chaffey, D., Mayer, R., Johnston, K., Ellis-Chadwick, F., **Internet Marketing**, Prentice Hall, 2nd edition, 2003. or 3rd edition 2006.

8.2 OPTIONAL MATERIALS

Cox, G., Koelzer, W., **Internet Marketing**, Prentice Hall, 2004

Hofacker, C.F., **Internet Marketing**, Wiley, 2001

Reedy, J., Schullo, S., Zimmerman, K., **Electronic Marketing**, Dryden, 2000.

Turban, E., Lee, J., King, D., Chung, H.M**., Electronic Commerce A Managerial Perspective**, Prentice Hall, 2000.

Turban, E., Rainer, R., Potter, R., **Introduction to Information Technology**, Wiley, 2000

Watson, R.T., Berthon, P., Pitt,L.F., Zinkhan, G.M., **Electronic Commerce**, Dryden, 2000

DreamWeaver 4 – titles of books to be given later.

Marketing and Business Journals and Press including:
Marketing Week
Journal of Marketing
Marketing
Marketing Forum
Management and Marketing
Journal of Marketing Management
International Journal of Marketing
Harvard Business Review
Web site addresses that will support learning will be recommended throughout the unit. The following sites are worth exploring for research.
www.**brint.com**
www.marketing-online.co.uk
www.economist.com
www.businessweek.com
www.mckinseyquarterly.com

Web case 1
Volvo use online advertising to launch S60 model

This article examines the increasing use of online advertising by traditional brands. It examines the benefits and some of the difficulties. It references the Volvo S60 campaign as an example of a successful campaign.

Old economy stakes a claim on the web
Traditional companies by Stephen Phillips
Published: January 15 2003 8:11 | Last Updated: January 15 2003 8:11

Advertising on the internet is a no-brainer for Scandinavian carmaker Volvo. "It's where our customers are," explains the company's e-business manager, Phil Bienert. He represents the contemporary face of online advertising. Gone are the dotcom start-ups and in their place are suited, old economy executives from well-heeled established firms for whom the web represents an extension of TV, radio and print advertisement campaigns.

Traditional companies are now the mainstay of internet advertising following the demise of the dotcoms. Although the web has been less favoured as an advertising vehicle in the past two years, consumers have never deserted the internet.

In fact, they continued logging on in ever-increasing droves. Last September, market research house, Gartner put the total active web population in the US alone at more than 121m, from 110m a year earlier. This alone ensures the internet's continued relevance for advertisers - that is an audience no company can afford to ignore.

Proven businesses such as Pepsi, Procter & Gamble, Frito-Lay and Unilever are now in the vanguard of online advertising and its fortunes look far more assured in such hands. From 2000 to 2002, Johnson & Johnson and Unilever increased their online advertising expenditure by staggering rates of nearly 18,000 and 80,000 per cent, respectively, according to brokerage, Morgan Stanley Dean Witter.
Meanwhile, convinced by the success of an internet campaign to promote its new chicken burger, fast food giant McDonald's announced in November it would lift its online advertising budget by half as much again. While it is not quite the vision of the late-90s, the internet is an advertising medium of unparalleled versatility, precision and accountability. These are clear incentives for penny-pinching companies looking for more bang for their advertising buck.

"It wasn't as simple as first supposed to pin down exactly who was looking at particular websites and accordingly know where to pitch advertisements," notes Denise Garcia, Gartner's media research director. Consumers balked at coughing up subscription fees to access content and divulging their financial status to prospective advertisers. But cookies - electronic tags downloaded on to people's browsers as they surf the web to track what sites they visit - offer marketers' effective pointers.

The metric of click-throughs was devised for dotcoms interested in driving traffic to their sites, but is pretty crude for traditional companies' trying to gauge brand awareness. However, new ways to assess the impact of online campaigns include coupons accompanying online ads for consumers to redeem in stores. Then there's price. Online advertisements are cheap versus the premium charged for prime-time television slots, and it is far easier to tweak them than a TV commercial once the recording is done.

Moreover, the advent of myriad slick new rich media techniques such as video or animation snippets, dubbed superstitials, and images that pop up once a web page has loaded offer companies a broader canvas to promote their wares online.

Meanwhile, "surround sessions" on The New York Times web site, offering companies exclusive rights on successive pages as readers browse the site, have proved a hit with pharmaceutical and car companies. "There's more to play with, advertisers can tell a story over four or five pages," explains Martin Nisenholtz, chief executive of New York Times Digital, the newspaper's online arm. All told, 2002 was a bumper year for digital advertisement bookings at the New York Times, with revenue rising by one-third.

While corporate attitudes towards the internet's power as an advertising platform are distinctly more measured than during the late-90s, businesses also have more understanding of how it can serve their needs.

Leading TV advertisers such as Ford and Chrysler were initially reticent about the web because they "didn't know how to use it," says Gartner's Garcia. "Now they have figured out their channel strategy."
Dawn Winchester, vice president, client services at interactive New York advertising agency, R/GA, which counts Nike US and IBM as clients, agrees. "For most large clients, the internet is not the mystery it was two to three years ago."

This has gone two ways, she notes. Some companies have tightened their belts as they took more realistic views of the web's possibilities; others have increased their spending as they have cottoned on more to its possibilities. Moreover, there is more understanding of where the internet fits into overall corporate advertising strategies, she says.

Clients are now co-ordinating seamless campaigns spanning different media, Ms Winchester reports. Volvo, for one, needs no convincing about the merits of the web as a buzz-building mechanism. It was the first car manufacturer to make a web presence back in distant 1994, and in 2000, it marketed its new S60 model, exclusively online.

Mr Bienert says the web-only campaign netted $100m in clear profit from sales. The sports saloon was something of a departure for a company more associated with family-sized estates, and Volvo also chose the web to launch its latest new category entrant, the XC90 sport utility vehicle. The web is the ideal place for Volvo to break out from its "traditional reputation for safe wagons," explains Mr Bienert. "Now our cars are more fun to drive, the internet allows people to encounter us in a different way."

QUESTIONS – WEB CASE 1
1. In the lead of the article there is this quotation:

'*Advertising on the internet is a no-brainer for Scandinavian carmaker Volvo. "It's where our customers are," explains the company's e-business manager, Phil Bienert.*'

Do you agree with your assertion? For our purpose here, assume that Volvos are mainly purchased by families or older consumers with high disposable income. Use sources such as www.nua.com/surveys and www.cyberatlas.com and government statistics to assess whether this statement is true in your country.

2. What are the benefits of online advertising referred to in the article?

3. Visit the S60 Microsite (http://volvos60.volvocars.se/vcc/ (original 2001) or the current site http://vcc.volvocars.se to view the type of creative used on the microsite set up for this campaign. What methods are used on this site to integrate online and offline communications – to achieve offline sales.

Web Case 2
An interview with the founder of Lastminute.com

This case touches on a number of online environment factors raised in Chapters 2 and 3 of the core text. These are highlighted in a more structured way in the article. It consists of two parts. An appraisal of the early history of the company taken from E-business and e-commerce management (see www.booksites.net/chaffey) and a more recent article from the Financial Times.

Case study 2.2 – Source E-business and E-commerce Management
A short history of lastminute.com

This case illustrates the fortunes of lastminute.com, a startup which used the Internet to introduce an innovative service. The case describes the service and its growth. Success factors in achieving growth and threats to growth are described.

Lastminute.com was a European innovation, since at launch, no equivalent site existed in the US. Its business model is based on commission from selling 'distressed inventories' which will have no value if they are not sold immediately. This includes hotel rooms, airline and theatre tickets. It has 1000 suppliers including British Airways, Bass Hotels and Virgin. In February 2000 it claimed over 800,000 registered users, growing at about 30 per cent per month and about 5 million page impressions each month. By 30th September 2001, there were over 4 million registered subscribers, with a total transaction value on the site of £124 million. Of these subscribers, there have only been 536,000 customers since inception. However, Lastminute.com is working hard at increase the conversion rate of new subscribers to customers. This increased from 5.5% to 13.9% between 2000 and 2001. The preferences of users for the type of service required are held on database and then matched against the offers of suppliers to the site. The choice of suppliers is one of the key differences between an intermediary site such as this and one hosted by a single supplier or travel agency. Enhancements in 2001, to help increase conversion included:
- · 9 times faster image download time
- · Completely redesigned home page and navigation
- · Smarter search capability including a mapping search tool to find restaurants, hotels and entertainment options in your local area
- · 200% product supply increase with over 100,000 offers available at any given time
- · New "My Space" category with personalized offers and email alerts
- · New "Staying In" category with food and in-home entertainment delivery options

The company was founded by Brent Hoberman, 31, and Martha Lane-Fox, 27, both Oxford graduates. Hoberman suggested the idea in 1996 while working at Spectrum, a company specializing in new media strategies. At the time, Lane-Fox said that the idea was too complex and would need thousands of suppliers to be effective. Hoberman and Lane-Fox raised £600,000 to get the company going and achieved many high profile backers such as France Telecom, Deutsche Telecom, Sony Music Entertainment, the British Airports Authority and Intel and venture capital company Arts Alliance Advisers. One problem was the domain name which had been registered by a Sardinian businessman. Both founders were adamant that their site had to be called this and the Sardinian was happy to sell it for several hundred thousand pounds. This can be compared to the owner of Jungle.com, a Californian who sold it for £235,000 to the site's founder.

The company hoped to use the money from flotation to increase access to the service by offering access to its service by WAP mobile and has signed deals with BT Cellnet and Orange to help achieve this. Other site improvements will also be made – Lane-Fox has been quoted as saying 'We've spent a lot of money improving the back-end, but we want to do more with the front-end'. The improvements to the 'back-end' have been necessary to avoid problems with customer service. Writing in Computer Weekly, 2 March 2000, Anne Hyland reported that several customers had money deducted from their account without purchasing any products from the site. For example, Charlotte Brett, a London customer has

had £50 deducted from her account on three occasions in January and February 2000. The money was recredited to her account, but Ms Brett was quoted as saying 'I am a very angry customer; in my experience they have failed on the three key areas of technology, customer service and Internet capability'. Brent Hoberman said the problems were caused by its third-party credit-authority firm.

What of the future threats and opportunities for the company? In a Guardian interview with Jamie Doward on 27 February 2000 Lane-Fox was asked about the threat of a major ticket site setting up its own site. Lane Fox dismissed this possibility: 'Companies can't do it on their own web site because they fear cannibalization', and she says of first-mover advantage: 'you still have to set the company up and we're starting to get critical mass in Europe'. Lastminute.com have opened offices in London, Paris, Munich and Stockholm to help achieve this. Towards the end of 2001, nine European airlines including including Air France, BA, KLM and Lufthansa.Airlines responded to Lastminute.com with the launch of Opodo (which stands for OPportunities tO DO (www.opodo.com) which has been setup by nine european airlines. By April 2002, Opodo had become the third most important travel site in the UK, but it appears that the Lastminute.com brand is now well established and it is unlikely to be displaced.

Table 2.6 Comparison between a traditional company and a dot-com, June 2000

	Thomson Travel	lastminute.com	
Formed	1965	1998	
		FY 2000	FY 2002
Turnover	£3 billion	£2.6 million	18.4 m (on Total Transaction Value of 124.2m)
Profit/loss	£77 million	– £6 million	-£53 million
Market capitalization	£980 million	£700 million	£ 200 million

Brent Hoberman of Lastminute.Com
By Stephanie Kirchgaessner
Published: February 5 2003 8:20 | Last Updated: February 5 2003 8:20

Need inflatable sheep, fast?

It was quite a shakeout, but the internet is winning back its reputation as a moneymaker.

Lastminute.com, the online travel site and brainchild of co-founders Brent Hoberman and Martha Lane Fox, late last year became one example of how the bumpy road travelled by most dotcoms is finally evening out.

The London-based group is the European leader for online travel and reported its first underlying quarterly profit in 2002. Apart from luxury weekends in Mauritius, the website is offering users enticements to "staying in," such as drink and hamper delivery services, and an "adult fun" link that offers inflatable sheep and other surprises.

The future for a second record year in online retailing looks promising in Mr Hoberman's view, and statistics prove he has reason to be optimistic.

UK online sales were up 79 per cent in December compared with the same period in 2001, according to data collected by the Interactive Media Retail Group and the Royal Mail.

The Lastminute chief executive attributes the boost to an increase in the reliability of websites, and more use of personalisation - a trend he said would gain more ground in the future. "There are a few sites that do it well, like Amazon, and the others are just beginning," Mr Hoberman says.

But personalisation may not be as simple as it looks, with some online retailers having a more natural fit to the technology involved in guessing what consumers want.

One advantage to Amazon's campaign, in which users are greeted with suggestions of what books or music they might enjoy based on past purchases, is that the algorithms used to generate the suggestions are quite easy to write, according to Mr Hoberman.

"It is easier than saying, you like this restaurant, and therefore this is the hotel that you would like," he says, pointing to one obstacle facing Lastminute if it pursues a more highly targeted marketing campaign.

It would not be too difficult for selling DVD rentals online, however. Mr Hoberman predicts 2003 will be big for this market.

Netflicks, a website with about 1m members that rents DVDs, is showing great promise in the US, according to Mr Hoberman, who says the company sends subscribers three DVDs via mail, and sends additional films when one is returned.

Like Blockbuster, the giant video rental chain, Mr Hoberman's says Netflicks makes a chunk of its money from "back catalogue" rentals - "which the studios love". Back catalogue rentals are those films that never quite hit it off on the big screen.

Like Amazon, Netflicks can generate lists of films a subscriber might be interested in based on past choices. It is a good way to push titles that have not made money in the box office.
"The response rate to recommendations is very successful," Mr Hoberman said.

Still, profit growth for online retailers does not rest on personalisation alone. More important for groups such as Lastminute is getting more people online who believe that e-shopping is just as safe as shopping in a store.

It also needs to be seen as more cost efficient and more convenient for the sector to keep on growing, he says.

The Lastminute chief says conversion rates - the number of people visiting a website who also purchase goods online - need to be higher. This year's boost in online sales was the product of higher conversion rates and more online traffic in general.

"Broadband helps us. Some sites are seeing a tripling of conversion rates. That is an overall trend, but the conversion rates are still low, but because of [the success of last Christmas], it means next Christmas will be even better," Mr Hoberman says.

The future, he says, is about "dynamic packaging", not only making online shopping less time consuming, but also easier on the wallet. Simply put, it is about making every aspect of e-tailing better than doing it offline.

It is clearly a strategy Amazon has adopted. The group, posting its second quarterly profit in January, offers users free shipping on items that are priced above $25 in the US as well as discounts on some best-sellers.

Mr Hoberman says that online groceries are another example of businesses that will do well because of emphasis on pricing and convenience, especially with weekly, repeat purchases.
He also gives high marks to the gift business, "because you don't have to touch something you are giving to someone else."

Using the same logic, there are some ideas that would probably flop online. Cars, shoes and high-end luxury items are not likely to be big sellers in the future, Mr Hoberman contends.
"Luxury is high touch, and shopping is part of the experience," the chief executive says.
However, he is still on the fence about online clothing retailers, which have been doing "increasingly well" despite the UK being "a nation of catalogue shoppers".

Still, critical to getting offline shoppers connecting to the net is the trust factor.
Mr Hoberman, citing the UK's national train information and ticket service, Trainline.com, says "people are getting more confident. The longer a user has been online, the more likely they are to buy from the web".

But if one good experience buying a train ticket means the user will be back, a bad online retailing experience could do real damage to how a person perceives internet shopping.

"One bad scenario is another Boo.com [the spectacularly failed online clothings retailer]. Or worse, customers who buy products which are not honoured or delivered. Fraud is the worst. The other worst thing is if part of the internet goes down," Mr Hoberman says.
But beyond the threat of short-term outages, Mr Hoberman is optimistic that technology developments will ultimately prove to be one of the biggest attractions for reluctant online shoppers.

"We will see larger percentages of television and mobile commerce - but first we need technology improvements. Speed needs to be easier," he says.

Overall, the future looks bullish for the online retailers that have managed to make it this far. With e-commerce groups outperforming the rest of the market last year, Mr Hoberman says that internet groups could see capital markets begin to open up with renewed faith in the future of bright dotcom ideas.

Questions

1. **Internal analysis**
   - From the web site assess the current market Lastminute occupies – what are its products.

   - How does Lastminute position itself in the consumer's mind as to what it offers.

   - What is the stage of its Internet development (with reference to stage models detailed in Chapter 4)?

   - Visit the lastminute.com investor relations site (accessible from 'About Us', or http://cws.huginonline.com/L/131840/last_index.html) and research news sites such as Hoovers (www.hoovers.co.uk) or FT.com (www.ft.com) to establish the current success of lastminute.com in terms of the measures listed above and site registrants and page impressions.

2. Demand analysis
Summarise changes in demand for online retail services.

3. Competitors
Who are the main competitors and how is this marketplace structured?

NOTES