#### Preface xi

# MODULE I AN INTRODUCTION TO THE INTERNET AND THE ENVIRONMENT OF INTERNET MARKETING 1

# Chapter 1 The Internet: Past and Present 2

#### Sandy Goes Online 2

#### A Marketing Perspective in the Internet Age 3

Marketing Defined 3

Internet Marketing 4

Electronic Commerce 6

#### Links from the Past 6

Communication Links 7

The First Information Revolution 8

Industrial Links 8

Numeracy and Computer Links 9

#### Links to the Internet's Present 10

The Cold War 11

ARPA and DARPA 11

TCP/IP 12

The World Wide Web 13

#### Internet Indicators and the Future 13

The Internet Economy 14

September 11, 2001 15

**Business Implications 15** 

Societal Implications 16

The Future 18

#### Summary 19

**Internet Marketing Application 20** 

**Chapter Review Questions 21** 

Case Study: Lands' End, Inc. 22

# Chapter 2 Internet Operations, Management, and Access 24

#### David Gets a Job Marketing Routers 24

#### How the Internet Works 25

Operations and Software 25

Internet Services 28

Intranets and Extranets 29

Barriers 30

Vulnerability 32

#### **Internet Management 33**

The Internet Society (ISOC) 33

Other Committees 34

Self-Regulation 34

#### How the Web Works 35

Web Pages 36

HTML Code 36

Web Addresses 37

Domains and Names 37

Domain Naming 39

Portals 40

#### New Applications and Access Alternatives 41

At Home 42

At Work 43

Wireless and m-Marketing 44

#### Summary 46

**Internet Marketing Application 47** 

**Chapter Review Questions 48** 

Case Study: Cisco Systems 48

### Chapter 3 Buyers and Online Behaviors 50

#### Charlie's Peace Rose 50

#### Online Buyer Types 51

Businesses 52

Consumers 53

Other Enterprises 58

#### What Buyers Are Doing Online 60

Communicating 60

Seeking Information 61

Gaming and Other Entertainment 62

Purchasing 63

#### Who Is Not Online 66

Digital Divides 66

Offline by Choice 67

Consumers with Disabilities 67

#### Other Behaviors 67

Social Isolation 68

Addictive and Impulse-Control Behaviors 68

Complaints and Anticorporate Activism 68

Community Building 69

#### Summary 70

**Internet Marketing Application** 71

Chapter Review Questions 72

Case Study: A Community Known as GE 72

# Chapter 4 Sellers Marketing Online 74

#### Marketing an MBA Program 74

#### **Business Sellers** 76

Web Storefronts 77

Auctions and Web Exchanges 84

Push Sites 85

#### Government and Other Enterprise Sellers 86

The Public Sector 86

Universities and Elearning 86

Contents

Arts and Culture 88

Religious Groups 88

Other Enterprises 89

#### Individual Sellers 90

Professionals 90

Artists and Craftspeople 91

Unexpected Sellers 91

#### **Environmental Influences on Internet Marketing 92**

The Economic Environment 93

Technology 94

The Social/Cultural Environment 94

The Natural Environment 94

Government and Legal Factors 95

Summary 95

**Internet Marketing Application 96** 

**Chapter Review Questions 97** 

Case Study: Can Wal-Mart.com Be the Wal-Mart of the Web? 97

### Chapter 5 Legal and Ethical Issues; Privacy and Security 99

#### Tomás Shops Thailand 99

#### Laws and Jurisdiction 100

Internet Law 100

Tips for Smart Web Shopping 101

Jurisdiction 104

The U.S. Internet Police? 107

Incidence Versus Hyperbole 108

#### Legal Concerns 109

Fraud 109

Safeguarding an Ecommerce Site 110

Property Protection: Copyright, Patents, Trademarks, and Domain Names 111

Liability 113

Contracts and Digital Signatures 114

The 128-Bit Hash 114

Speech: Consumer Complaints, Corporate Bashing, and Free Speech 115

Taxation 115

Gambling and Visual Pornography 116

#### Online Ethics and Privacy 117

Online Ethics 117

Spam—Not Illegal, Yet 120

Self-Regulation 120

Privacy or Personalization 121

#### Security 123

Hackers and Crackers 123

Cyberterrorism and Denial-of-Service (DOS) Attacks 123

Viruses 124

Summary 124

**Internet Marketing Application 126** 

Chapter Review Questions 126

Case Study: Napster, File-sharing, and Copyright Infringement 127

# Chapter 6 The International Environment of Internet Marketing 128

Selling Top-Notch Saddles 128

International Orientation 129

#### Contents

Factors Affecting International Strategy 130

Stages of International Involvement 132

Exclusionary Strategies 133

**Inclusionary Strategies** 135

#### Selecting International Markets 136

Serendipity Markets 136

Current Buyers 137

Economic Factors 138

World Bank Groups 138

Internet Readiness 139

Least-Internet-Ready Areas of the World (LIRAs) 140

Internet-Ready Areas of the World (IRAs) 141

#### The International Internet Population 142

The Americas 142

Europe 143

Asia and Oceania 144

Other Regions 145

#### International Issues 145

Language 145

Culture 148

Governments 150

Other Factors 152

Summary 153

**Internet Marketing Application 154** 

**Chapter Review Questions 154** 

Case Study: Yahoo! Everywhere 155

# MODULE II INFORMATION FOR COMPETITIVE MARKETING

### ADVANTAGE 157

# Chapter 7 Internet Marketing Research 158

#### Chandra Needs to Know 158

#### Research Basics 159

Applied Research 159

Research Methods 161

The Research Process 163

Advantages and Disadvantages 164

#### Primary Marketing Research 165

Qualitative Methods 165

Quantitative Methods 170

#### Secondary Marketing Research 176

Secondary Research Basics 176

Secondary Methods 177

Secondary Sources 177

#### Research Issues 179

Risks 179

Ethics 180

Online Marketing Research Tutorials 180

MRA Code of Data Collection Standards 181

MRA Internet Ethics Guidelines 181

Reliability, Validity, Projectability, and Sampling 182

In-House or Outsourced? 183

Summary 185

**Internet Marketing Application 186** 

Contents vii

Chapter Review Questions 187 Case Study: Greenfield Online, Inc. 187

### Chapter 8 Operational Data Tools 189

#### Morgan Cuts Cookies 189

#### Operational Data Tools and Databases 190

Databases 191

Some Basics 193

Database Planning and Construction 195

Database Design 197

In-House and Compiled Databases 198

#### Data Warehousing and Mining 199

Data Warehousing 199

Data Mining 200

#### Collect and Apply 202

Cookies and Bugs 203

Server Logs 204

Web Analytics and eCRM 205

#### Marketing Intelligence 206

The Intelligence Process 207

Intelligence for Internal Control 208

Intelligence about the Competition and Environment 208

Keeping It Legal and Ethical 209

Summary 209

**Internet Marketing Application 211** 

**Chapter Review Questions 212** 

Case Study: DoubleClick Clicks On 212

### MODULE III THE INTERNET MARKETING MIX 215

# Chapter 9 Products and Brands 216

#### Shawn's Soccer Haus 216

# Product Fundamentals 217

Buyers and Product Use 217

Product State 218

Product Layers 220

Mass Customization 221

Buying Products Online: Advantages and Disadvantages 224

#### Consumer Products 227

Convenience Products 227

Shopping Products 229

Specialty Products 234

Unsought Products 235

#### **Enterprise and New Products 237**

Enterprise Products 237

Government and Organization Products 239

New Products 240

#### **Branding 241**

Brand Names 242

The Domain Name 243

Building Brand Awareness 244

Creating and Maintaining the Brand 244

Brand Risks 245

Summary 246

**Internet Marketing Application 247** 

Chapter Review Questions 248

Case Study: Nike's iD 248

### Chapter 10 Price 250

#### Nadia Seeks a Price Advantage 250

#### Price Fundamentals 251

Price and Demand 251

Customer Value 253

Influencing Factors 253

Price Setting 255

Price and Sustainable Competitive Advantage 257

#### Price Issues 257

Downward Pressure or Not? 258

Transparency and Search Sites 259

Access 260

Fairness 261

Shipping and Handling 262

Cross-Border 263

Illegal Practices 264

#### **Alternative Price Models 265**

Fixed Prices 265

Negotiated Prices 266

Single Channel, Multichannel, and Multitier Prices 268

Dynamic and Test Prices 269

Bargain Prices: Discounts, Liquidations, Free-After-Rebate 270

Estimators 270

Extranet Pricing 271

Demand Aggregators 271

#### Payment Strategies 272

Credit and Smart Cards 272

Alternate Payment Systems and Micropayments 272

Online Bill Management 274

#### Summary 275

**Internet Marketing Application 276** 

**Chapter Review Questions 277** 

Case Study: Let's Auction! Ebay.com Leads the Way 277

## Chapter 11 Place 279

#### Gerard Hears about Gazoo 279

#### Place Fundamentals 280

Marketing Channels 281

Supply Channels 282

Distribution Channels 286

Logistics/Physical Distribution 288

#### Place Issues 289

Disintermediation and Reintermediation 290

Channel Cannibals 291

Metamediaries 292

Automatic Replenishment 293

Multilevel Marketing 293

#### Consumer Channel Strategies 294

What Consumers Want from Online Storefronts 295

Etailing 297

Auctions 300

### Customer Relationship Management 301

The Basics 301

eCRM Implemented 302

It's Harder Than It Looks 304

Summary 305

**Internet Marketing Application 306** 

Chapter Review Questions 306

Case Study: Ford and E-Automobility 307

# Chapter 12 The Promotion Mix 308

#### Fiona Cans Spam 308

#### **Promotion Fundamentals 309**

The Promotion Process 309

Promotion Goals 310

The Promotion Mix 311

Promotion Delivery Channels 315

Promotion Targets 316

Promotion Directs Behavior 317

Promotion Planning 318

#### **Promotion Issues 318**

Consumers in Control? 318

Promotion Integration 320

Clutter and Search Engine Promotion 320

Metatags 321

Criticisms 322

#### **Advertising Applications 323**

Advertising Overview 323

Advertising Forms 323

Placing Advertising 328

Advertising Metrics 329

#### Sales Promotions and Permission Email Marketing 332

Sales Promotions 332

Permission Email Marketing 333

Summary 336

**Internet Marketing Application 337** 

Chapter Review Questions 337

Case Study: Marketing Movies Online 338

# MODULE IV INTERNET MARKETING ACTION PLANS 341

# Chapter 13 The Web Marketing Plan 342

#### Kim Plans a Web Marketing Site 342

#### Planning Fundamentals 343

A Nest of Plans 344

Plan Responsibilities 345

Answering Key Questions 346

Marketing Plan Formats 347

#### The Web Marketing Plan 348

Company, Market, and Environmental Analysis 348

Web Marketing Plan Elements 348

Marketing Mix Analysis 350

The Action Plan 353

Financials 353

Controls 354

#### Implementing the Plan 355

Timeline 355

Site Construction and Management 355

Plan Revision 356

#### The Web Marketing Budget 356

The Web Budget in the Marketing Budget 356

Expenses, Revenue, and Projected Net Profit 356

Summary 357

**Internet Marketing Application 359** 

**Chapter Review Questions 359** 

Case Study: A Plan for Monster.com 360

### Chapter 14 Marketing Site Development: Content, Design, and Construction 361

#### Toby Becomes the Web Site Project Director 361

#### Site Fundamentals 362

Sites Evolve 362

Site Development Decisions 364

Web Site Upfront and Backend 364

Development Costs 365

Implementing Privacy and Security 366

Usability 367

Site Redesign 369

#### Web Site Content 370

Finding Content 372

Managing Content 373

Organizing Content 373

The Power of the Front Page 374

#### Web Site Design 374

Web Site Atmospherics and Flow Aesthetics 375

Layout Issues 376

Graphics and Animation 378

Special Considerations 379

#### Web Site Construction 380

Preparing Content 380

**Backend Construction 381** 

#### Summary 381

**Internet Marketing Application 383** 

**Chapter Review Questions 383** 

Case Study: Adobe Everywhere 384

Notes 385

Index 405