

# Chapter 10. Internet Commerce

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## Objectives

At the end of this chapter you will understand:

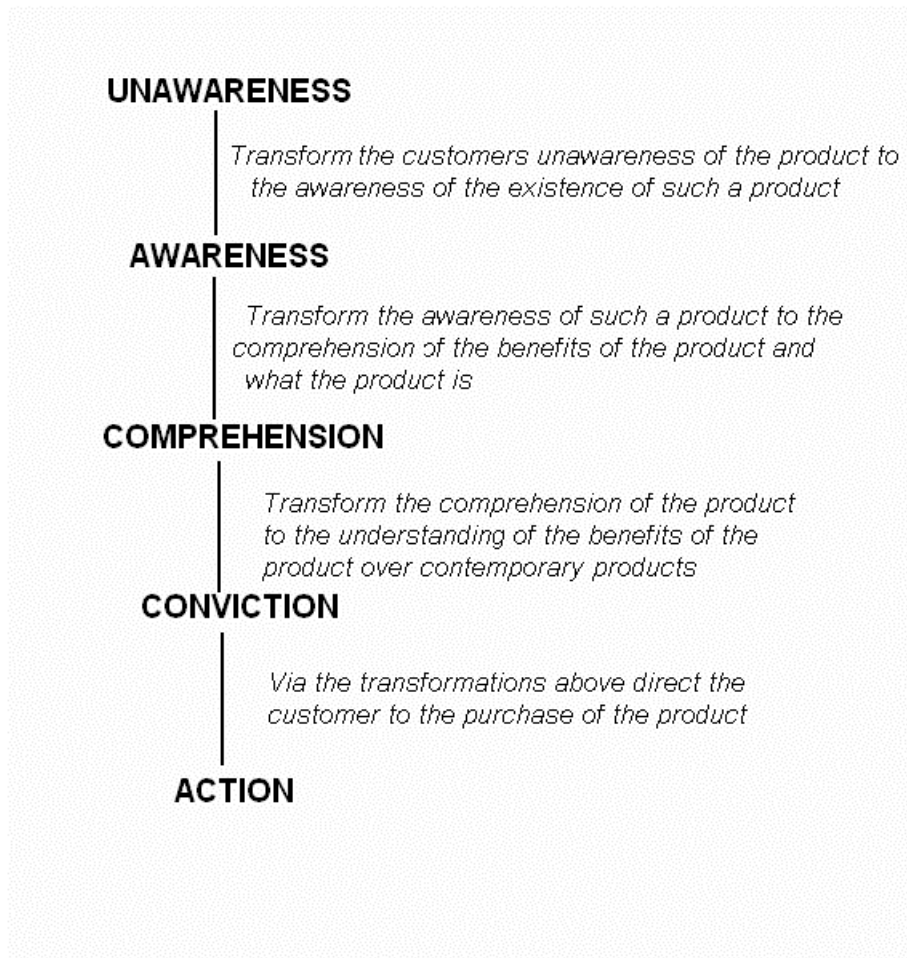
- How to advertise your website; and
- How to sell goods through an ecommerce website.

## 10.1 Advertising

### 10.1.1 The DAGMAR Strategy

Advertising is a subsection of marketing, and marketing is a company's ability to profitably manage its customer base.

The advent of the Internet is causing the redevelopment of marketing strategies in all business. This unit covers an existing advertising strategy: DAGMAR — Defining Advertising Goals for Measured Advertising Results. This strategy attempts to move a customer from a state 'unawareness' concerning the product or service, to a state of 'action', in which it is hoped that the customer will buy the product. The four stages of DAGMAR are illustrated below:



### **Awareness**

A major marketing concern facing the Internet is attracting customers to a website. In traditional media, such as the press and television, an audience is researched and targeted accordingly. Targeting via the Internet is difficult, but alternatives exist. For example, raising a site's search profile on the popular search engines such as Yahoo and Google, or by providing links to your site from Web pages most likely to be visited regularly by your target audience.

### **Comprehension**

Once the target audience has been attracted, the website must explain, in a concise way, what the characteristics differentiating its featured product from that of its competitors are. Pictures might be used, as well as a list of its technical features and benefits.

### **Conviction**

Once the target audience has been attracted, the website must explain, in a concise way, what the characteristics differentiating its featured product from that of its competitors are. Pictures might be used, as well as a list of its technical features and benefits.

### **Action**

Making claims about the product is, however, not sufficient. The audience must also be convinced that the claims are genuine. For instance, a lifetime guarantee could be given, or the claims could be backed with specific

evidence.

The action stage does not necessarily involve a purchase. However, the customer may still want further information concerning the product, or even demonstration (this is very popular with software). This is often where failure occurs, due to difficulties in communication via the Internet.

## **To Do**

Find out more about cybermarketing in your textbooks and on the Internet.

## **10.1.2 The Advertising Plan**

### **What does the customer need?**

You need to ensure that the website has sufficient information for your potential customer to make an informed decision as to whether or not your advertised product or service is of interest. Over and above supplying information, the website should also persuade the customer that the product or company is indeed of interest.

### **How large and complex does your website need to be?**

Much effort and money can be invested in developing a large and complex website to advertise any particular product. However, if the product is not profitable, then those resources have been wasted. Alternatively, very little can be invested in developing a simple website. This runs the risk of offering smaller returns than a larger website would offer. Clearly, the cost for developing an appropriate website needs to be decided.

### **Is your product conducive to the Web?**

Software sells well on the Web, apples and oranges less so. However, the Web has a great deal of flexibility: it might be difficult to sell films on the Web, but a site listing theatre performances for the local theatre can be very useful, and might lead to more business.

### **Do you want to hire someone?**

Various experts sell their Web expertise, and they may be able to help with the design, implementation or maintenance of a website. Do you want to hire them, or do you want to develop the site yourself?

While a simple website requires little expertise, hiring an external company or independent contractor is probably beneficial for any medium-sized website. A large website may require employing new staff. In this case, all the work may be kept internal, or another company could be hired.

## **To Do**

Go to the Interactive Advertising Bureau website [<http://www.iab.net>]. Here you will find a variety of interesting articles on Internet advertising.

### **What information should appear in an advert?**

There are many levels of advertising. A small company's Web site is likely less sophisticated and, for that matter, smaller than a large company's (such as General Motor's Web site — the URL is included at the bottom of the Contents section).

Different forms of information require different levels of sophistication in order to display it. Below is a list of information that could be provided on a website, ordered from 'least sophisticated' to 'most sophisticated'.

### **Contact information**

Contact information should be provided on any site. Supplying contact information allows a visitor to easily obtain more details concerning a product or service, if they so wish. Contact information should include the address of the company, the telephone number, and the name of the person to contact if appropriate. It may also include an email address.

### **Product descriptions**

The 'product' being advertised may be a specific item, such as a watch, or it may be a service, such as bookkeeping. Initial product descriptions should be limited, but as the site grows larger (assuming that it is successful), more product information should be included.

### **More sophisticated information**

Further information can come in many forms: product specifications, testimonials, pictures and graphics showing the product or company offices, and so on. A site for the local library might include information about library events or stock additions.

### **Links to related information**

Providing links to more information may encourage visitors to buy the product or service. This is a, essentially, a trust building exercise — if the site has something good to advertise, providing more information about can only increase the visitors' trust.

### **Information on Selling**

Advertising a product is not the same as selling a product. A website can attempt to do both (see the next Section), but should make it clear in the advertising portion of the site that on-line sales are available.

## **10.1.3 Advantages to Advertising on the Internet**

### **A big audience**

Many people use the Internet every day, but making them visit a particular website can be difficult. Appropriate visitors can more easily be found — and the site's hit rate hence improved — by using an HTML document's META tag.

### **24/7**

The Web is available 24 hours a day and seven days a week. It is available all around the world. Every browser accessing the Web is a potential visitor and customer, and customers can visit a site at any time they find convenient, day or night.

### **An interested audience**

An advertising billboard attracts the attention of many people, even those not interested in the product. It is seen only by those people in a particular area. People use the Internet to look for a particular product. If the product happens to be a product you are attempting to sell via a website, and the site can easily be found, it is much easier for your potential customers to find out about the product than via a billboard. A billboard may be said to be creating demand — the website is not creating demand, but instead making shopping easier for the customer.

### **Possibly quite inexpensive**

The connection fees, hardware and software costs for setting up and running a website are minimal. Using an ISP (Internet Service Provider), running a simple website can cost under R100 per month. A Web server can be run on a standard PC, or, alternatively, free or commercial Web-hosting service can be used. As a result, many people have their own websites.

### **You can collect customer information**

Collecting visitor data can generate useful information concerning customer interests and preferences. Collection can be done in a number of ways, for example: visitor actions can be recorded; visitors can be asked to fill in forms supplying information; their email addresses and interests can be recorded. Once this data has been collected, regular updates can be sent to customers using either email or physical mail, informing them of new products and further information.

It is important to keep customers happy, as well as to keep their interest on the website — sending a lot of unwanted mail, however, can damage this customer relationship.

## To Do

- Visit Search Engine Watch's tip page [<http://searchenginewatch.com/webmasters>] for submitting to search engines.
- Read up about how businesses make use of the Internet to market their products and services.

## 10.1.4 Disadvantages to Advertising on the Internet

### Being unable to show the product

When advertising software on a Web-site, the customer is always able to download and run a demonstration copy of the software. On the other hand, it is difficult to demonstrate the freshness and ripeness of any fruit or flowers, for example that might be sold via a website. Showing a photograph of a mango does not let a customer examine the fruit in any way. Similarly, photographs of an automobile and a list of its specifications are informative, but customers are unable to drive the car. This problem can be lessened by supplying quality guarantees. Remember that the main goal of advertising is to catch the attention of possible customers, and hopefully a well-designed website will encourage them to seek further information, and possibly purchase the product or service.

### Emotions cannot be easily communicated

The means to communicate emotions through non-verbal contact are limited, and therefore certain emotions that would be detected in person-to-person conversation are not easily detected in email or other textual information exchange. For instance, it is difficult to tell via email if a customer really is delighted to be investing a product.

### The global user cannot always physically reach a business

When running a local business — a bakery, for instance — the benefits of advertising via the Web on the global market are lost. If the business is based in London, it does not matter if someone in New York City can see its website, because they cannot reach the shop to buy any goods.

### A security breach can really hurt

If someone gains enough access to your site in order to edit its content, they will be able to negatively effect its advertising. For instance, Governmental sites have been broken into, and the Web pages have been changed to display pornography.

### Competitors can see the site

The competition can look at your site, see the listed prices, the available stock, and so on. Hence, a website provides competitors with easy intelligence. However, this is information that could probably be found elsewhere by any interested party, and so is not a major disadvantage.

### Review Question

Do Review Questions 1, 2, 3 and 4.

## 10.1.5 Advertising to support your site

It is important for a website itself to be advertised. Therefore, when building an informational website (as opposed to a commercial site), it is possible find funding by advertising other sites on your own.

Many larger websites have a large income from advertising other sites. This can be irritating to visitors, however, as they can easily be bombarded with a lot of (mostly) useless information.

Some ISPs, such as Geocities, provide free Web access. They can do this because, among other reasons, they advertise other products. This means that when one of the ISP's customers is browsing the Web they also see

advertising placed there by that particular ISP.

An informational site about a particular area of interest often has people wanting the site to link to their sites, especially when they are selling a product related to the informational site's area of interest. These people could be charged in order to have such a link.

One factor to consider when advertising someone else's site is the quality of their product or service. You might want to only advertise what you consider to be good quality products. Showing their advertisement could be thought of as offering your seal of approval on their product.

## 10.1.6 Other ways to find 'the' website

People search the Internet for websites that interest them. The designer's job is to make it easy for them to find your site. The big search engines can easily have people visit at a site, provided the META tags are used appropriately. Also, linking to the site in as many places as possible and appropriate helps as well. There are a number of websites that act as central reference sources; these often link to other websites. It is important to have your site linked from all such appropriate centres. Some of these sites are:

- The **product** website: When selling a product, it is very likely that there is already a general website for the kind of product you are selling. For example, when selling printers there is likely to be a general website for printers. Such a site may link to other sites that have information about printers, as well as to sites that sell printers. If there is such a site for your product, ensure that your site is listed here.

Some people predict that in the near future product Web sites will abound; they will be how people search the Internet.

- The **area** website: If your website advertises a service or shop based in a particular location, then it is worth finding websites for the area as a whole. If such a site exists, then you want to be listed on it. Such area sites often link to local shops and amenities. For example, if your website is for a theatre in Islington, London, then your site should be linked to on Islington's website.
- The **interest group's** Web site: A website that supports a group of people who share similar interests is an ideal place to link to your Web site, provided that you can identify an interest group matching your target audience. For instance, when building a site to advertise a series of painting exhibitions, link to the site from the home pages of local artist's.

Advertising another site is one way to fund your site.

### Activity 1: Checking your site popularity

You can determine your site's popularity in many ways. We are going to illustrate these methods by using the the University of Cape Town's website [<http://www.uct.ac.za>].

The first method is to employ a ranking tool such as the one at Mike's Marketing Tools [<http://www.mikes-marketing-tools.com/ranking-reports/>]. Such a tool can be used to rank a site with respect to particular keywords. In the case of UCT, we can find its ranking with respect to the key word (or phrase) 'Cape Town': in other words, this is how high the UCT site ranks when people enter the phrase 'Cape Town' in a search engine. Of course, you could manually enter the phrase in all the search engines yourself, but these tools automate this process. Follow these steps:

1. Go to the Mike's Marketing Tools — Search Engine Rankings Tool [<http://www.mikes-marketing-tools.com/ranking-reports/>].
2. Look for the 'Submission Form' section
3. In the URL enter [www.uct.ac.za](http://www.uct.ac.za)
4. In the keyword enter Cape Town
5. Submit the request by pressing the 'Check Rankings' button
6. Analyse the results and reflect on what they mean for the UCT website. Try key words and sites.

Another method is to determine the link popularity for the website. Link popularity refers to how often other

pages link to the site's address. You can do this by using a free tool such as 'http://www.webseoanalytics.com/free/seo-tools/link-popularity-checker.php'. Enter 'www.uct.ac.za' in the url search back and see what results are returned.

## 10.1.7 Getting Visitors

No matter how good a site is, it is useless unless people visit it. Here are some useful tips for attracting visitors to a site:

- Add it to a "What's New" Web Page. Some sites maintain lists of new websites, in essence advertising these sites. These "What's New" pages tend to be viewed mostly by the more sophisticated user, which makes it less than ideal for attracting new customers.
- Submit the site to a Web Directory, such as Yahoo [http://www.yahoo.com] or DMoz [www.dmoz.com]. Web directories are designed to help users find the sites they are looking for by browsing — rather than searching — the Internet.
- Make the page searchable. Search engines automatically search documents and classify them, looking for information in the title, the top of the page, and in the HTML META tags. Pages can be made searchable by giving it a good title, putting appropriate keywords near the top of the page, and making use of the META tags.
- Announce the site using Newsgroups, Newsletters, Books, and Magazines advertising sites.
- Use lists of lists. These applications reference a site from hundreds of other sites. In many cases, these sites require sites that they link to reciprocate, by advertising them in turn.

### Activity 2: META Tags

Below is an example of a typical title and meta tag applied to a company, Cape Biscuits. The keywords used are biscuits, cookies and savouries.

```
<TITLE>Cape Biscuits CC.<TITLE>  
<META name="keywords" content="biscuits, savouries, cookies">
```

Design a website for a company that produces Crisps. The name of the company is, "The Crisp Factory". Choose a suitable title and keywords for the opening Web page.

## 10.1.8 Advertising Review

Advertising is a sub-field of marketing. At the beginning of the section we examined a strategy based on the DAGMAR model, but we have not yet discussed this strategy in any detail with respect to the Internet. Below we return to three of the four transformations in the DAGMAR model. The fourth transformation, action, is left to the next section.

### Awareness

Product awareness can be improved by submitting a Web page to one of the major search engines, or by linking to the site from other Web pages popular with your target audience. Insert appropriate keywords in the META and TITLE HTML tags. Carefully chosen keywords can greatly enhance the likelihood of a page being identified by a particular search engine. One important method in keyword selection is to use synonyms. Synonyms can be found by performing a search with a given keyword and finding associated topics.

Awareness of a website can also be improved by linking from other popular websites, especially those with a similar topic area.

### Comprehension

Product comprehension can be improved by providing detailed product information, statistics and / or scientific results. It is important, however, to allow the customer to choose how much information that they receive. It is

possible to lose customers by inundating them with unwanted information.

## Conviction

Winning customer confidence can usually be best achieved by giving away samples. This often results in an 'action' (in the DAGMAR sense) from the customer's point of view, and might mean that the customer might never make it to the action of buying the product! There is a thin line between these two transformations: from Comprehension to Conviction, and from Conviction to Action. With software advertising, for example, demo software is often made available. This is good from the customer's point of view, since the demo gives them a much better understanding of the final product. This increases their confidence in the product. It is also healthy from the company's perspective as it allows them to receive important information about their customers, such as the networking domain they are attached to, employment and general demographics.

### Exercise 1: Walt's Music Shop 1

Walt has several Music shops from which sells both new and used CDs and LPs. He began his career 20 years ago selling used LPs out of a small second floor room. After years of only scraping by and working very hard Walt expanded to three shops, all of which are in the same large metropolitan area (which we will call Metropolis).

The MP3 hype on the Web has made Walt interested in computers. He's bought a computer, and he and a few of his employees are now avid Web surfers.

Walt wants to do some advertising on the Web. He's thought about selling items on-line, but has decided, at least for now, only to advertise. Do you think Walt is wise to advertise on the Web? Write approximately 150 words justifying your answer and suggesting how Walt could use his site to support his business. Write your response as if you were addressing Walt himself.

Read Discussion of Exercise 1 at the end of the Unit.

### Exercise 2: Walt's Music Shop 2

Walt is convinced by your answer. Realising that you are something of an expert in this area, he asks what you think he should put on his site.

Walt does not have much of an advertising budget and is unsure how much this site would cost. Provide him with three options: one for an inexpensive site, another for a slightly more expensive site, and finally one for a full-blown, highly interactive website. Which one would you recommend?

Read Discussion of Exercise 2 at the end of the Unit.

## 10.2 Selling

### 10.2.1 Everyone's doing it

Many people sell things via the Web. Statistics — always of varying quality — concerning how many people are buying things, selling things, and how much money is being transacted, abound. There are predictions of the future value of on-line sales stretching into trillions of dollars. Some predictions even claim that the majority of items bought and sold in the world will eventually be bought and sold over the Internet.

Even with a healthy scepticism of statistics and predictions, it is still clear that there are many Internet sales currently taking place, and that this number seems likely to only increase.

This section explores the following questions:

- How are things sold using this medium?
- What should websites for Internet commerce look like to perform successful sales?



## 10.2.2 Selling is Similar to Advertising

Selling on the Internet has largely the same advantages and disadvantages as advertising on the Internet.

### Advantages

- A Big Audience
- 24/7
- An interested audience. Just because a website appears popular does not mean that it truly is, or even that it's useful. For example, a high hit rate could simply mean that a lot of people visited the page by mistake.
- Possibly quite inexpensive: running on-line sales is more expensive than advertising alone, but should still be relatively inexpensive.
- You can gather customer information

### Disadvantages

- You cannot show the product, although quality guarantees can be used to counteract this.
- Your competition sees the site
- Security breaches are dangerous. Firstly, computer criminals are highly motivated to break into on-line systems when money is involved. Secondly, if customers are defrauded, future sales from your site may be effected.
- A possible disadvantage of advertising is that global users cannot always get to you. Sales have a similar problem: the product must somehow reach the customer.
- Nothing can be sold unless people visit the site. This means that the site has to be advertised.

## 10.2.3 Wholesalers and Retailers

Wholesalers buy a particular product in bulk and sell it on to retailers, who deal directly with the customer. Internet sales break down this relationship. This can have both positive and negative effects on the industry concerned. One positive consequence of introducing Internet sales is that it cuts out the middlemen (i.e. the wholesalers and retailers), and therefore the product price can be reduced. However, eradicating wholesalers can be a risk to the supplier. Since wholesalers buy the product in bulk, they pay for the space to store your product, and also take the risk of buying the product without knowing its shelf-life. Retailers deliver the product to the customer and handle the majority of customer complaints. Selling directly to the customers removes these middlemen, so successful Internet sales require the implementation of the following:

- increased storage space
- tighter predictions concerning the demand for the product
- a good delivery system to the customer
- increased staff for customer relations

### To Do

Find out more about how Internet commerce has affected the man on the street. Visit websites such as EBay [<http://www.ebay.com>] and Amazon [<http://www.amazon.com>]. List the reasons why you think people would or would not buy or sell items using these services.

## 10.2.4 Security and Selling

When selling something over the Internet, money has to be transferred between people. Money transfer is a potential target for misuse and is therefore a possible security problem. However, this problem has been studied for many years and there are now a number of technologies, largely encryption-based, that exist to secure communication channels. Under this approach, information about the purchase, including the user's credit card details, is encrypted in such a way that the seller is the only one who can decrypt it. Hence, the transaction is secure.

Examples of these technologies include cyber-cash, digital signatures and PGP encoding of the transaction.

Of course, the provider (the person building and supporting the site) must provide the security features. These may be transparent to the user (i.e. the user is not required to do anything special) but they must exist.

A major concern to customers is that their details are adequately protected. Customers should be provided with assurances that their transactions are indeed secure, and there should be explanations of how this security is ensured.

Security complicates matters, but adequate precautions can be taken. Currently a customer is more likely to be defrauded by a waiter in a restaurant via a credit card transaction than by someone gaining access to a secure communication channel used for e-commerce.

For a more thorough discussion of security see Unit 13.

## Review Questions

Do Review Questions 7—8.

## 10.2.5 Usability for Internet commerce sites

High level usability considerations such as consistency, adequate feedback, good use of screen geography, colour and sound, navigability, on-line help, and so on, are as important for a website as it is for other interactive systems. Indeed, some would argue that they are even more important.

Sites should be easily understood by a first-time user. It is important to realise that if a first-time user does not find the site usable, it is unlikely that they will return.

A site needs to guide the visitor through the transformations in the DAGMAR model in an easy and confident manner. This means that a visitor should be able to browse a collection of products on offer, browse the products' details, receive a demonstration of any particular product, purchase a product, and feel confident that the transaction has been performed correctly and safely. Usability is a key consideration at every step. For example, if it is not clear when the purchase has been accepted, not only is it frustrating for the user, it might result in multiple purchases being inadvertently made — or, indeed, no further purchases at all.

One important user task is the ability to browse a product list, perhaps to confirm product details or access further product information. Whatever the reason, the implementation of this task should be well considered, especially how the product list can best be displayed, ordered, and searched. Simply listing the products in numerical order will not support even a simple product search: users likely do not know the product's position in the list, and it is incorrect to assume that users know exactly which product they wish to buy when they first visit the site.

While usability is important to an advertising site, it is even more essential at a point of sale — this is the only chance customers have to confirm that they want a product before they buy it.

Providing a mechanism to enquire about the products on offer is a minimum user requirement. This can be achieved by, for example, providing the e-mail details of a virtual shop attendant. This is, essentially, one type of on-line help system.

Repeat visitors / customers should also be considered. It is possible to ignore them, but if customers are expected to repeatedly purchase products it becomes good customer relations (and good usability) to provide website functionality targeted towards them. This could be done by keeping an individual record of a customer's purchases, including how often they have visited the site. If a high percentage of a customer's recent visits have resulted in the purchase of the same or similar goods, it might be appropriate to offer them these goods on their next visit, or to suggest similar products. A record of customer details, such as address and payment details, could be stored, which stops customers from having to repeatedly supply these details for every purchase.

Remember that Internet commerce sites are expected to be highly interactive, and should provide high levels of support for the customer.

## 10.2.6 The Virtual Shopping Trolley

The details of how a user browses, inspects, selects, and purchases items differs from site to site. However, a common metaphor has been developed: that of the 'virtual shopping trolley', or 'virtual shopping cart'.

The metaphor can be thought of as going to a supermarket: items are taken from various shelves and placed in a shopping trolley. The customer carries the items with them as they move through the store, and are free to add more things to the cart or even to return items to the shelves. Once the customer has selected all the items that they want, the trolley is taken to a cash register and the goods are paid for.

Using this metaphor for on-line shopping is usually a good thing, as lots of people are already familiar with it from their own lives. A virtual shopping trolley operates in much the same way as a real trolley: items can be selected from those available on the site and placed in a virtual trolley. Once in the trolley they can be examined further or returned to the store. Finally, once the customer has finished selecting all of their goods, all the goods in the trolley are paid for and shipped to the customer.

While this is the basic shopping trolley metaphor, further functionality can be added to it. For instance, a website can, for the customers' convenience, keep a running total of the cost of the items in the trolley.

## 10.2.7 Delivery

Once the purchase has been completed, the products must be delivered. Sometimes this is trivial: if the 'product' is a hotel reservation, confirmation can be sent by email and nothing physical need be delivered. Software can also be delivered over the Internet (through email, or FTP, for instance), although if the software comes with paper-based support materials, such as a manual, then physical delivery is still an issue. Most items need to be physically delivered. The problem of physical delivery is also faced by telephone and mail orders, and so is nothing new.

It is important to remember that since the Internet gives access to a global market, a company's existing delivery channels may not be adequate for their website's potential customer base. One common form of delivery is Express Mail, which allows books, music, documents, and other small items to reach anywhere in the world for a reasonable price. However, alternative possibilities will be required for some items: for instance, a store may not be able to deliver fresh flowers through standard Express Mail, but it may be possible to fulfil orders using a store close to the customer.

Useful functionality for an e-commerce site is to allow customers to check on the progress of their delivery, such as by finding where their order is in the delivery chain, and how long they will have to wait for it to arrive.

## Review Questions

Do Review Questions 9—10.

## 10.2.8 Selling Review

The final customer transformation in the DAGMAR model is action. The action, as mentioned above in the advertising review, is the customer ultimately purchasing an item from the site. Only a thin line separates this stage from the conviction stage. Usually, once the customer is convinced, an action is immediate. This action may take the form of either trying a product sample, or buying the product. From the seller's point of view, of course, the purchase action is the more desirable action.

Selling is similar to advertising, but Internet sales raise two further issues:

- Security. Sales require a money transfer, and customers must be confident that the transaction can be accomplished smoothly, accurately, and securely, otherwise no sale will result
- Delivery. The Internet gives access to a global market, requiring product delivery to anywhere in the world. This requires appropriate delivery channels to be established.

Site usability is of paramount importance. Customers deserve, and will demand, high levels of support and easy access. Remember that customers can easily go elsewhere if a site is confusing or difficult to use. Issues concerned with user interface design were dealt with in Unit 3.

### **Exercise 3: Walt's Music Shop 3**

Consider Walt's Music Shop from a previous exercise. Walt now wants to try to sell records over the Web. What does Walt need to do?

Read Discussion of Exercise 3 at the end of the Unit.

## **10.3 Review Questions**

1. When designing a website to advertise a product, what design issues should be considered other than aesthetic and usability ones?

Answer at the end of the chapter

2. Imagine that you are constructing a website to advertise a local coach or bus company. What information would you include on the site?

Answer at the end of the chapter

3. Your employer wishes to build a website to advertise the company, but is apprehensive and needs some reassurance. Write a short essay (no more than 300 words) explaining the advantages of marketing on the Internet.

Answer at the end of the chapter

4. List the main disadvantages of advertising on the Internet. Answer at the end of the chapter

5. What are the financial advantages of having a popular Web site? Answer at the end of the chapter

6. Why is it necessary to increase awareness of the product or service you offer among your customers, and what techniques can you use on the Internet to increase their awareness?

Answer at the end of the chapter

7. Explain some of the advantages and disadvantages of selling products on the Internet. Answer at the end of the chapter

8. Explain how an organisation may restructure itself once it begins advertising on the Internet. Answer at the end of the chapter

9. Explain improvements that can be made to a website to cater for returning customers, as well as to the marketing of several products (for instance, as in with a virtual bookshop such as Amazon).

Answer at the end of the chapter

10. Refer to the DAGMAR model and explain how the different transformations of the customer's state may be achieved in the context of the Internet.

Answer at the end of the chapter

## **10.4 Discussions and Answers**

## 10.4.1 Discussion of Exercise 1

Your answer might be something along the line of:

*Yes Walt, I think you should put up a site advertising your shops. You could find a lot of interested customers. While it is unlikely that you'll get customers from around the World, it is likely that you will be able to reach thousands of customers here in Metropolis. You can provide support for people who already know about your shop, and you might even be able to attract a few new customers. You can probably put it on your ISP's server for under 100 dollars a month and maybe even for free. You're not really going to be giving away anything to the competition: he's in here every week anyway. Finally, it might help you to learn something more about your customers, especially those shy ones who never speak to you when they come in.*

*You should be aware that, like you, a lot of music enthusiasts are hitting the Web. Some people are actually distributing music this way. This kind of delivery might cut into your business, but if you pay attention you might be able to use the medium to enhance your business.*

Note that this is just an answer, not *the* answer. Other points are relevant. If you've come up with some different points, discuss them with your classmates.

## 10.4.2 Discussion of Exercise 2

Your answer might be something along the line of:

*Well Walt, let me propose three options:*

- 1. A simple yet effective site could include just a few pages, or even just one. Seeing as you're getting relatively handy with a computer, you might be able to do this yourself. This should have a list of the addresses of your stores, their phone numbers, the managers' names, and the hours that the stores are open. Of course you'd put in your email address. You might want to throw a bit in about your LP and CD collection, and maybe even advertise a few specials. You probably could put this together reasonably quickly for just the cost of your time.*
- 2. A slightly more complex site would include all of the information mentioned in the first option, but would also have some more sophisticated material. You'd probably need someone who has some skills in Web-based applications, but they could put it together in a day or so. Once developed, you wouldn't have to modify it, so maintenance costs would be negligible.*

*This version could include a form for visitors to supply some information about themselves. This might include the music they're interested in, where they live, and their email address. You might want to send out mailings to your customers for special events, so you could ask them if they'd like to receive this kind of information. (Don't just send them information as the spam could offend your customers and do more harm than good.) If you do this, you should also include a text box so that the users can write in anything that isn't included in your form. Other pages could include details about your stock.*

*If the site grows to be more than 10 pages, you'll need to consider navigation issues to make sure that the site is usable and that visitors don't get lost.*

- 3. You could go whole hog, and put your entire catalogue of records on the Internet. This would require a lot of maintenance, especially if the catalogue frequently changes. You could hook the website up to your stock-taking programme (you do have one of those, don't you? If not, you probably should invest in automating that). That'll take some serious coding, but this could be a real boon for your customers. They could search the collection from their home, and you might even provide a mechanism for them to reserve records, or to order records that you don't have in stock. If you do that you'll have some security issues, but they can be solved. This will probably also require some regular maintenance. You will need to recruit some extra help for this style of Web page. I wouldn't recommend that you try and produce this yourself.*

*Other neat things you could do include providing music samples, or perhaps links to other local music sites and live music venues. In fact, this might be useful to do for even the simple version of the site. It'll only bring more people to your site, even if they're on the way to elsewhere. The sites that you link to might be willing to link to you in return. You could even sell over the net.*

*I recommend that you go for the second option. It's not really that expensive, so you're not taking much of a risk. If it goes well you can always upgrade to the more sophisticated site later, or do so gradually, as you learn more about your customers' needs. Whichever option you choose, you will have to advertise the site to get people to come to visit it. If you want more ideas on that, just ask!*

### **10.4.3 Discussion of Exercise 3**

Walt needs to provide a way of showing the product and their prices to the user. This could simply be a list of album titles and artists, though more extensive information would be useful. For example, you might also include the album tracks, its release date, and all of the artists performing on it.

An interface for purchasing various items will be needed. Since it is likely that people will buy multiple items, a shopping trolley could be used. It would be really good to have a tutorial to help the first time user use the system if they needed it. For return customers, you might want to suggest products based on their previous purchases. This could be irritating to a customer, so there should be some way for them to turn this feature off.

### **10.4.4 Review Question 1**

You should consider the following:

- The size of the website
- How complex or how simple should the website be? Or does it need to be?
- Should you employ external contractors or employ new staff?
- What information should the website include about your product?

### **10.4.5 Review Question 2**

The advertisement should include the following items of information (the list is not exhaustive — it is only indicative).

- Individual routes and a timetable.
- Prices, including any special offers or cheap ticket deals. This may involve too much maintenance, but we don't have any information about budget constraints.
- Quality of service, such as the type of coach you use.
- Any guarantees offered regarding quality and punctuality of service. If statistics are available, such as percentage of coaches running on time for the last year, this would build customers' confidence in the offered service.
- How a customer can book a ticket. For example: contact details for the booking office, and opening hours.

### **10.4.6 Review Question 3**

The main advantages of advertising on the Internet are:

- It is open 24 hours, 7 days a week
- There is a very big potential audience.
- It is relatively inexpensive compared to, say, television advertisements.
- You can easily find out more about your customers via forms and questionnaires
- Sales via the Internet cut out the middleman, and hence reduce the product cost.

### **10.4.7 Review Question 4**

The main disadvantages are:

- It is difficult to give the customer a realistic product experience. For example, The Web is not ideal for selling fruits or other products with a short shelf life.
- Locality — a small Pizza Bar in Las Vegas, may be able to sell Bagels anywhere within Nevada via the Internet, however, it would be a stretch for a customer in Madrid to make an order.
- Security breaches can have an adverse effect on your company.
- Wholesalers/Retailers often order in bulk and therefore take away a large portion of your stock. If you are relying on sale from the Internet you may have to consider extra storage space for your advertised product.

## 10.4.8 Review Question 5

Advantages:

- Popular websites have a large number of hits (e.g. 1 - 2 million per day).
- Popular websites charge for advertisement space.
- The revenue created by advertisements can support the upkeep of the site e.g. see Yahoo.

## 10.4.9 Review Question 6

Awareness is necessary because the amount of customers visit the site, as well as their behaviour, directly relates to your profit. On the Internet, customers have to come to you, and this means that you need to lure your customers to you.

You can increase awareness of your website by advertising on other sites such as the major search engines or interest group pages, and by making your website attractive. Good websites have very high hit rates (up to 1 million per day, a very big potential audience).

## 10.4.10 Review Question 7

Advantages:

- It is open 24 hours a day, seven days a week.
- It never tires, and never shows the emotions of working 12 hour shift.
- You potentially have a huge audience (50 million).
- It is relatively inexpensive.
- You can gather information concerning your audience.
- The price of your product is reduced by cutting out the middleman.

Disadvantages:

- Product usually cannot be physically experienced or demonstrated.
- Your competition sees the site, and is aware of your product information and development.
- A security breach can have a detrimental effect on your customer base.
- Cutting out the middleman has implications concerning your organisational structure.

## 10.4.11 Review Question 8

Changes that may need to be made include:

- Increasing storage space for stock.
- Retraining of staff to handle the increased direct customer contact.
- Production will be based on a supply and demand strategy rather than mass production. The bulk of storage, and hence shelf-life, risk is carried by the wholesalers
- Delivery channels may need to be set up or modified.

### **10.4.12 Review Question 9**

For returning customers, improvements might include: a hyperlink in the introduction that leads them straight to the pages they have often visited in the past; an option to keep a record of their details so that they do not need to be re-entered on each visit; free offers for customers who make several purchases.

For marketing, multiple products improvements might include: a search engine for your products; easier access to products and demonstrations; use of a shopping trolley with a running cost total.

### **10.4.13 Review Question 10**

The four transformations of DAGMAR could be interpreted in the context of Internet commerce as follows:

1. Unawareness to awareness may be achieved by, among other things: judicious use of the META and TITLE HTML tags so that search engines find the page; using synonyms carefully to maximise hit rates; adding a link to the page from those pages popular with the target audience.
2. Awareness to comprehension may be achieved by providing suitable information about your service or product, including descriptions, statistics and pictures, as appropriate.
3. Comprehension to conviction may be achieved by offering samples of the product or service. If the customer provides information through, for example, a questionnaire, this may be a sign of increased confidence.
4. Conviction to action is sometimes perceived to have happened when the customer receives samples of the product. However, from the producer's viewpoint, this transformation only occurs when the customer actually purchases an item.