

Online communities and social networks

- Example: Electronic Bulletin Boards

Promotions on the web

- Banner ads are the most common form of internet advertising
- Popup ads are less frequent and their effectiveness is questionable because it is viewed as spam by users and there is software that blocks popup ads now.
- Pre-roll video ads are also questionable because of the resistance of users to them
- Widgets are tiny applications the users can add to their social network pages to apply all sorts of effects to their content.
- Search marketing is considered one of the most effective web-based advertising.

An e-business website can serve many purposes:

- _____

Successful site development

- First we need to establish the goals of the website. This is an important part of the chapter that can be evaluated on the exam.
 - SEE FIG 4.3 Answering these questions is important
 - If a company just sells merchandise online, the website must incorporate a way for customers to ask questions about the product...[inaudible]
 - Other key decisions are how to create the website? Myself or by an outside 3rd party web developer. Some companies prefer to retain control over the content and design by doing it themselves but this is more time consuming and costly to hire your own developer and develop than just hiring an outside specialist.

Implementation and interest

- Content should be
 - Relevant to users
 - Easy to access
 - See slides for bullet points

- The site must do what it promises. For example a video website should not lead the video for ten minutes. The user expects the video to load quickly for such a site.

Pricing and maintenance

- See slides for bullet points
- Creating the website requires an understanding of how to link the website to the information about the company.
- It is important for the website to stay current. Therefore updating the site is costly for businesses. Updating design and content is a major expense.
- Site maintenance should include running occasional searches to see if it still actively pops up on [google? - inaudible] or not.

Assessing self-effectiveness

- For example. Airlines sell tickets through booking websites mostly. But would all those sales be gone if the websites didn't exist or would other more traditional methods replace the website in terms of lead generation?
- Another measure of effectiveness is the number of visits to the webpage, the time spent by each consumer.
- Advertisers typically measure the success of their websites by click-through rates. Recently the average click-through rate has been lower than it used to be when click-through ads were a new type of ads.
- Another measurement is the conversion rate. The number of purchases resulting from visits or click throughs.
- See slides for bullet points

CHAPTER 16 THE GLOBAL MARKETPLACE

- The advent of faster digital communication and faster transportation the world trades more. Almost 50% of the large companies in the entire world are multinational corporations.
- What is a global firm?

- One that operates in more than one country and which gains R&D, production, marketing and other strategic gains from those markets which it would not gain domestically.
- Ex: using gear part from Spain, electronics from Germany, car body from Mexico... Toyota assembly in the USA.
- Foreign firms are expanding aggressively into new international markets.
- The rapid move toward globalization means the companies need to consider some things before entering international markets.
 - SEE FIG 16.1
- The international trade system
 - Before deciding to expand internationally or not, the company must understand the international trade system. When selling to another country, a firm may face restrictions by the target country in the form of tariffs, duties or taxes on certain important products which is designed to raise revenues or protect the country's own businesses.
 - Countries may set quotas, exchange controls and nontariff trade barriers.
 - Exchange controls: limiting or banning the use of foreign currency in the country.
 - Non-tariff trade barriers: ex: foreign businesses in China receive unusually close inspections from the Chinese government to increase the competitiveness of Chinese companies.
- The world trade organization
 - Replaced GATT
 - See slides for bullet points.
 - For example they assist in negotiation.
- Regional free trade zones
 - For example some countries have these agreements. Ex: NAFTA, EU, TPP
- Economic environment
 - Companies have to know about the industrial structure and income distribution of the target countries in which they are operating.
 - Industrial structure
 - Is it a subsistence economy? A raw material exporting economy? An emerging economy(ex: BRAZIL, RUSSIA, CHINA)? Or an industrial economy?

- What can we sell to export economies? tools/machinery
 - What can we sell to industrial economies? Luxury goods
 - Think “what is this country a good market for?”
 - What is the best product to export to an emerging economy? Raw materials.
- Income distribution
 - See slide 9 for bulletpoints
- Political/Legal environment
 - Political stability is important because the more corrupt the government the higher the risk of doing business there.
- Cultural environment
 - Each country has its own folkways, norms and taboos.
 - It is important to consider the reaction consumers will have in a given culture.
 - Those countries with lower uncertainty avoidance are good markets for new innovative products and conversely.
 - Companies that ignore cultural factors can make huge and costly mistakes...ex: Burger King apologized to India for their ad that had a beef burger
 - It's not just culture that affects business activities. Marketing strategies can affect the culture of a target country. EX; social media has made the whole world more americanized.
 - Not all companies need to venture into international markets to survive because there are many factors that are out of their control. Ex: my canadian company is not familiar with China's environmental factors.
 - Coca cola has emphasized international growth to offset stagnant growth in the soft drinks market in the USA.
 - Before going abroad the company must assess the risks and decide whether to do it or not.
- TABLE 16.1 indicators of market potential
 - Before going abroad, the company should define its international marketing objectives and policies.
 - EX: WAL-MART's decision to enter the African Market. Can it compete effectively with hundreds of local competitors? What about the stability of local governments? What about the logistics services that Wal-Mart needs? What about the buying preferences of African consumers.

- *How to enter the market?*
 - SEE FIG 16.2 slide 14
 - The simplest way to enter a foreign market is through exporting, which can be direct or indirect.
 - Indirect: working through independent international marketing intermediaries
 - Direct: handling my own exports.
- Deciding how to enter the market - Joint venturing
 - There are 4 types: licensing, contract manufacturing, management contracting, joint ownership
 - Licensing: coca cola markets internationally by licensing local manufacturers and supplying them the syrup.
 - Contract manufacturing - Apple and Foxconn
 - Management contracting: ex: Hilton hotels does this
 - Joint Ownership: here the local business shares ownership and control.
- Deciding how to enter the market - direct investment
 - Ex: developing a foreign-based assembly or manufacturing facility.
- Distribution Channels
 - SEE FIG 16.4
- Sustainable Marketing
 - The focus here is sustainability for the present and future generations of consumers
 - See figure 3.1 on page 5 of chapter 3.
- Social Criticisms of marketing
 - Marketers are sometimes accused of deceptive practices in pricing, promotion or packaging. Examples include misrepresenting the products features or luring a customer to the store for a bargain that is out of stock.
 - Deceptive practices have led to legislation and other consumer protection actions.
- Social criticisms of marketing:
 - High-pressure selling - "yell and sell"
 - Unsafe products
 - Most marketers have little to gain from high-pressure selling...value is created in the long-term relationships rather than one-time interactions.

- Planned obsolescence
- The impact on society which encourages materialism, and cultural pollution by [marketers] overselling private goods.
 - Ex: an increase in auto ownership, which is a private good, requires more highways and wider roads which is a public good. Overselling private goods creates public costs.
- Marketing practices reduce competition by acquisition and shrinking of competitors, creating barriers to entry and unfair practices such as predatory pricing (see: deep pocket strategy).
 - Large marketing companies can patent, or pay suppliers to drive out competitors.
 - Existing and new laws can challenge these barriers.
 - It is difficult to prove that a company's actions are predatory in court...so companies tend to get away with it.
- Consumer actions to promote sustainable marketing
 - Some grassroots movements have risen from time to time.
 - Consumer activism is the organized movement to improve the rights of buyers.
 - See slide 3-14 for a comparison buy buyer and seller's rights
- Environmentalism
 - An organized movement to protect and improve people's living environment
 - SEE FIG 3.2
 - At the most basic level, the company can practice pollution prevention-eliminating or reducing waste before it is created (ex: energy-efficient operations, ex: Nike makes shoes out of environmentally friendly recycled materials)
 - The following level is practicing product stewardship-minimizing environmental impact throughout the entire product lifecycle. Ex: IBM created a global discarded-computer recycling program.
 - Two more levels that are looking to the future are described in the slides
- Customer-value marketing
 - The company should put most of its resources toward customer-value -building marketing investments.
- The next principle is innovative marketing

- Ex: NIKE shoes are manufactured in collaboration with different manufacturers in a more environmentally friendly way.
- Last principle- societal marketing: a company makes marketing decisions based on consumers wants, the company's requirements and society's long-term interests.

Fig 3.3 relevant.

Project due next week

This was the last class. *GOOD LUCK* in exams!