

04. Consumer Behaviors and Marketing

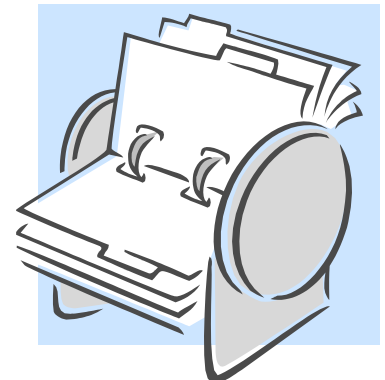
Online Consumer Behavior, Market Research, and Advertisement



- Code: 166140-01+02
- Course: Electronic Commerce
- Period: Autumn 2011
- Professor: Sangwon Lee, Ph.D.

Contents

- 01. Electronic Commerce
- 02. E-Marketplaces
- 03. Retailing
- 04. Consumer Behaviors and Marketing
- 05. Business-to-Business E-Commerce
- 06. Collaborative Commerce
- 07. Innovative Systems
- 08. Social Networks
- 09. Mobile Commerce
- 10. E-Commerce Security
- 11. E-Commerce Services
- 12. E-Commerce Strategy
- 13. E-Commerce Business and Projects
- 14. E-Commerce Applications and Infrastructures



04. Consumer Behaviors and Marketing

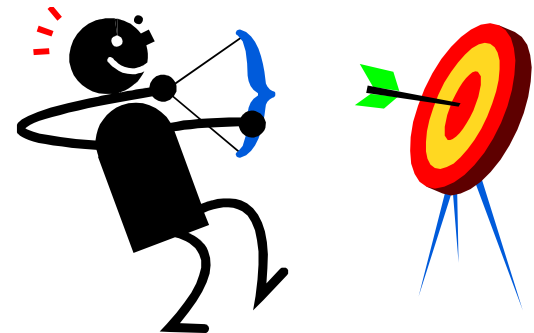
Online Consumer Behavior, Market Research, and Advertisement



- Code: 166140-01+02
- Course: Electronic Commerce
- Period: Autumn 2011
- Professor: Sangwon Lee, Ph.D.

Learning Objectives

- 01. Understand the decision-making process of consumer purchasing online.
- 02. Describe how companies are building one-to-one relationships with customers.
- 03. Explain how personalization is accomplished online.
- 04. Discuss the issues of e-loyalty and e-trust in EC.
- 05. Describe consumer market research in EC.
- 06. Describe Internet marketing in B2B, including organizational buyer behavior.
- 07. Describe the objectives of Web advertising and its characteristics.
- 08. Describe the major advertising methods used on the Web.
- 09. Describe various online advertising strategies and types of promotions.
- 10. Describe permission marketing, ad management, localization, and other advertising-related issues.



01. Purchasing Decisions Online

- The Consumer Purchase Decision-Making Process
 - A generic purchasing-decision model
 - Product brokering
 - Deciding what product to buy.
 - Merchant brokering
 - Deciding from whom (from what merchant) to buy a product.



01. Purchasing Decisions Online

- The Consumer Purchase Decision-Making Process
 - One-to-one marketing
 - Marketing that treats each customer in a unique way.



02. Personalization

- Personalization
 - The matching of services, products, and advertising content with individual consumers and their preferences.



02. Personalization

- User Profile
 - The requirements, preferences, behaviors, and demographic traits of a particular customer.



02. Personalization

- User Profile
 - Major strategies used to compile user profiles:
 - Solicit information directly from the user
 - Observe what people are doing online
 - cookie
 - Build from previous purchase patterns
 - Perform marketing research
 - Make inferences
 - behavioral targeting experiment
 - Personalized services
 - Individual services
 - Universal services



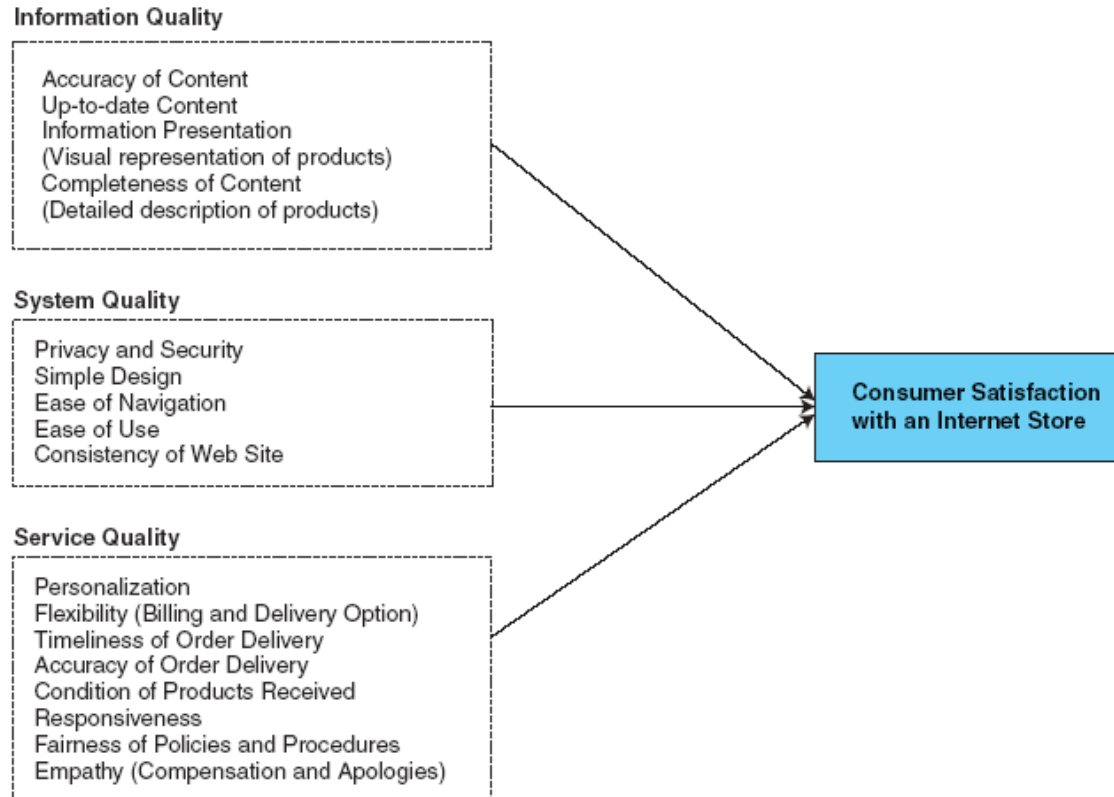
03. Customer Behaviors

- Customer Loyalty
 - E-loyalty
 - Customer loyalty to an e-tailer (or)
 - Loyalty programs delivered online or supported electronically.



03. Customer Behaviors

- Consumer Satisfaction



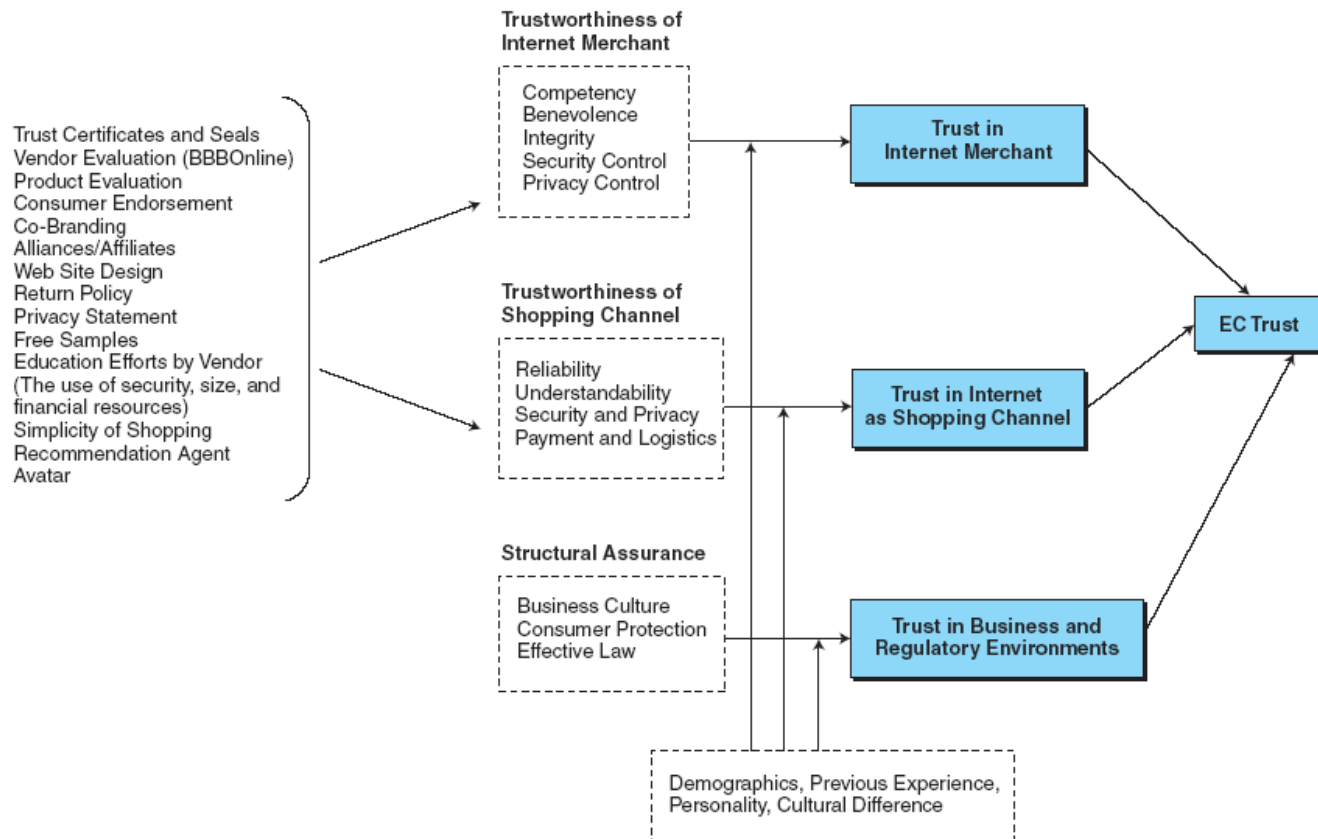
03. Customer Behaviors

- Trust in EC
 - Trust
 - The psychological status of willingness to depend on another person or organization.



03. Customer Behaviors

- Trust in EC
 - EC trust model



04. Market Research for EC

- Market Research for EC
 - What are marketers looking for in EC market research?
 - Market Segmentation Research
 - ...



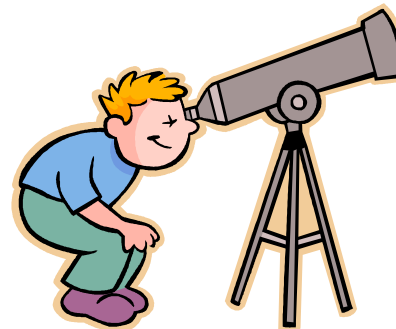
04. Market Research for EC

- Market Research for One-To-One
 - Direct solicitation of information
 - Implementing web-based surveys
 - Online focus groups
 - Hearing directly from customers



04. Market Research for EC

- Market Research for One-To-One
 - Observing customers
 - Transaction log
 - A record of user activities at a company's Web site.
 - Clickstream behavior
 - Customer movements on the Internet.
 - Web bugs
 - Tiny graphics files embedded in e-mail messages and in Web sites that transmit information about users and their movements to a Web server.
 - Spyware
 - Software that gathers user information over an Internet connection without the user's knowledge.



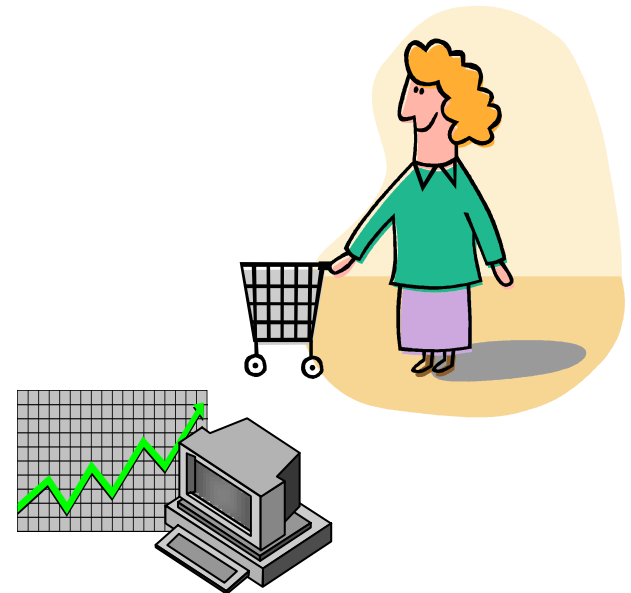
04. Market Research for EC

- Market Research for One-To-One
 - Clickstream data
 - Data that occur inside the Web environment; they provide a trail of the user's activities (the user's clickstream behavior) in the Web site.



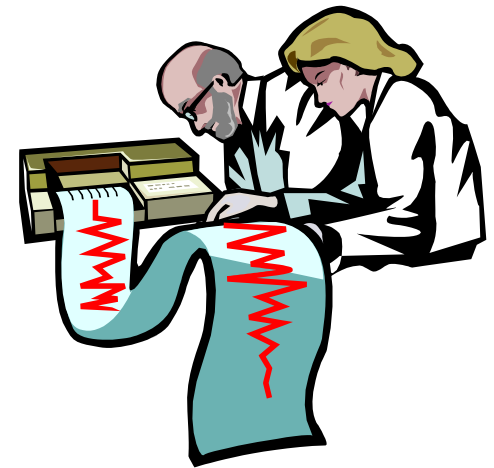
04. Market Research for EC

- Market Research for One-To-One
 - Web mining
 - Web mining explores both Web content data mining techniques for discovering and extracting information from Web documents and Web usage.



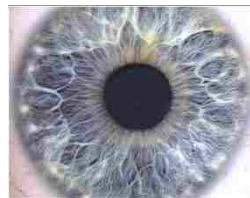
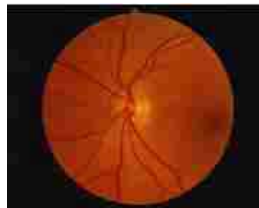
04. Market Research for EC

- Market Research for One-To-One
 - Collaborative filtering
 - A market research and personalization method that uses customer data to predict, based on formulas derived from behavioral sciences, what other products or services a customer may enjoy; predictions can be extended to other customers with similar profiles.
 - Rule-based filtering
 - Content-based filtering
 - Activity-based filtering



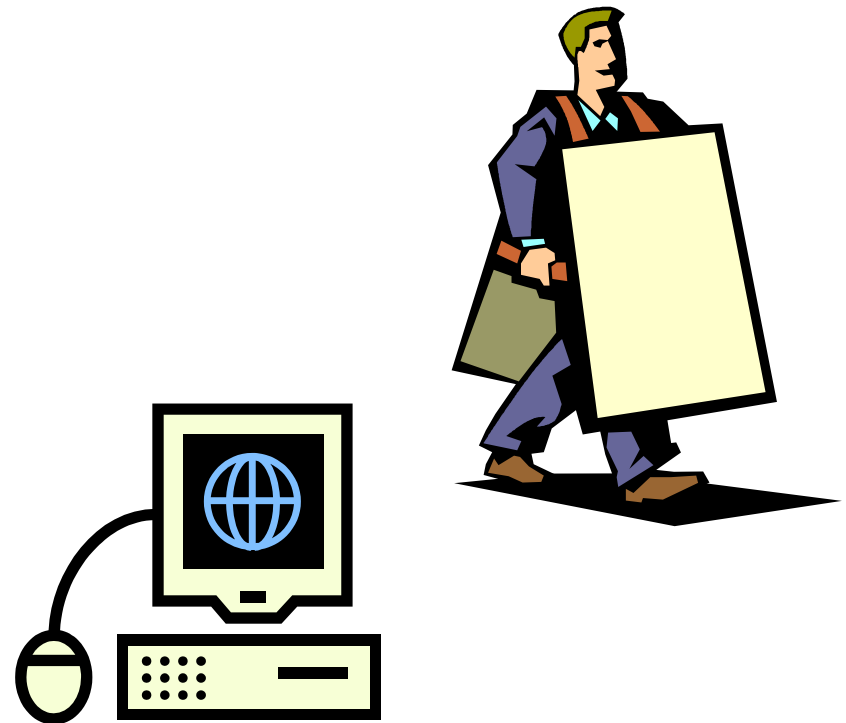
04. Market Research for EC

- Market Research for One-To-One
 - Cf. Biometric marketing
 - Biometric
 - An individual's unique physical or behavioral characteristics that can be used to identify an individual precisely.
 - Ex. retina, iris, fingerprints, hand geometry, ...



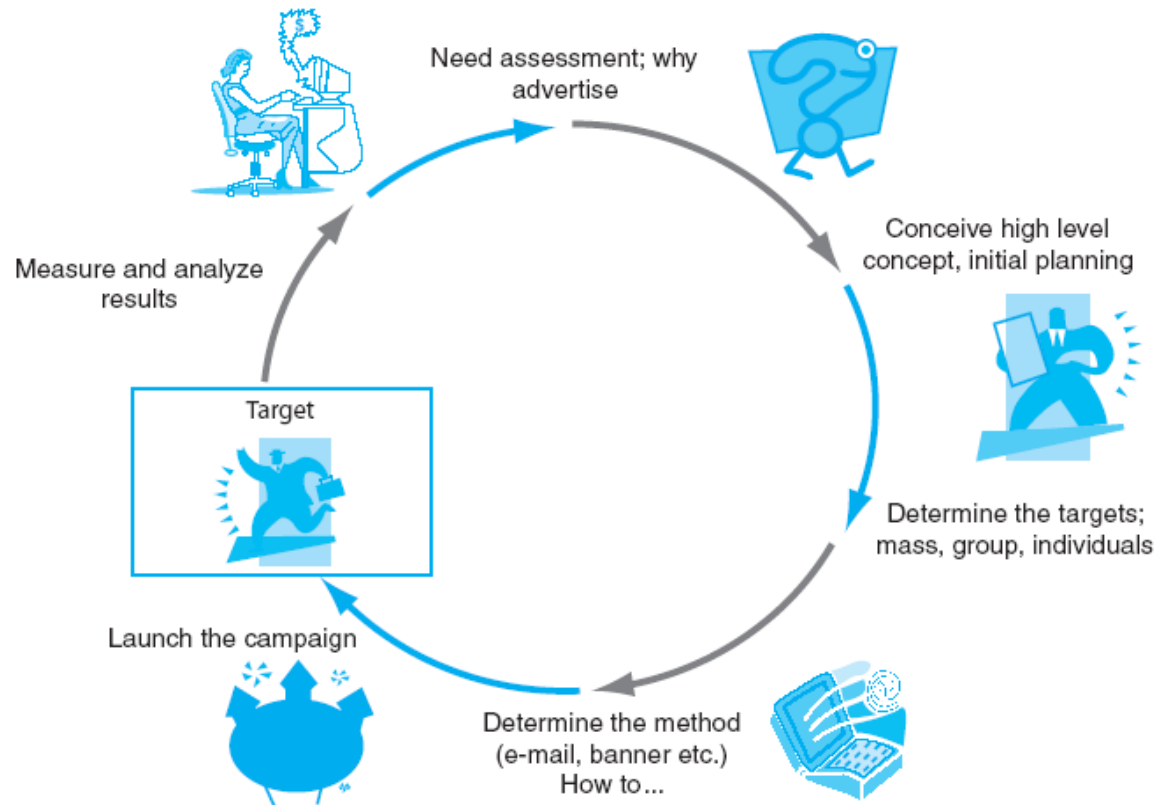
05. Web Advertising

- Web Advertising
 - An interactive marketing on Web
 - Cf. interactive marketing
 - Online marketing, facilitated by the Internet, by which marketers and advertisers can interact directly with customers and consumers can interact with advertisers/vendors.



05. Web Advertising

- Advertising Cycle



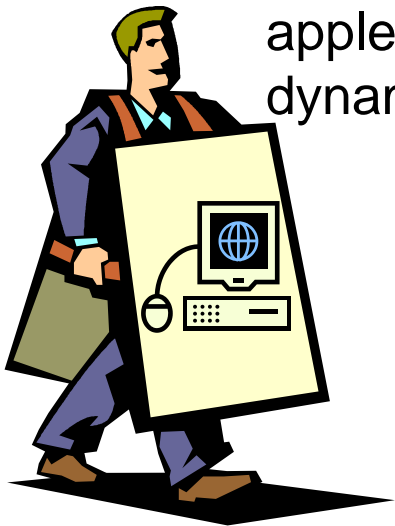
05. Web Advertising

- Cf. Advertising Networks
 - Specialized firms that offer customized Web advertising, such as brokering ads and targeting ads to select groups of consumers.



05. Web Advertising

- Internet Advertising Terminology
 - Ad views
 - The number of times users call up a page that has a banner on it during a specific period; known as impressions or page views.
 - Button
 - A button is a small banner that is linked to a Web site. It can contain downloadable software.
 - Page
 - A page is an HTML (Hypertext Markup Language) document that may contain text, images, and other online elements, such as Java applets and multimedia files. It can be generated statically or dynamically.



05. Web Advertising

- Internet Advertising Terminology
 - Click (click-through or ad click)
 - A count made each time a visitor clicks on an advertising banner to access the advertiser's Web site.
 - CPM (cost per thousand impressions)
 - The fee an advertiser pays for each 1,000 times a page with a banner ad is shown.



05. Web Advertising

- Internet Advertising Terminology
 - Conversion rate
 - The percentage of clickers who actually make a purchase.
 - Click-through rate
 - The percentage of visitors who are exposed to a banner ad and click on it.
 - Click-through ratio
 - The ratio between the number of clicks on a banner ad and the number of times it is seen by viewers
 - Measures the success of a banner in attracting visitors to click on the ad.



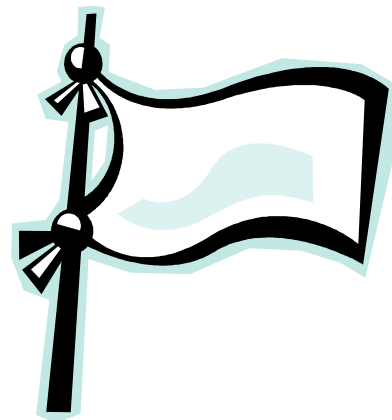
05. Web Advertising

- Internet Advertising Terminology
 - Hit
 - A request for data from a Web page or file.
 - Visit
 - A series of requests during one navigation of a Web site; a pause of a certain length of time ends a visit.
 - Unique visits
 - A count of the number of visitors entering a site, regardless of how many pages are viewed per visit.
 - Stickiness
 - Characteristic that influences the average length of time a visitor stays in a site.



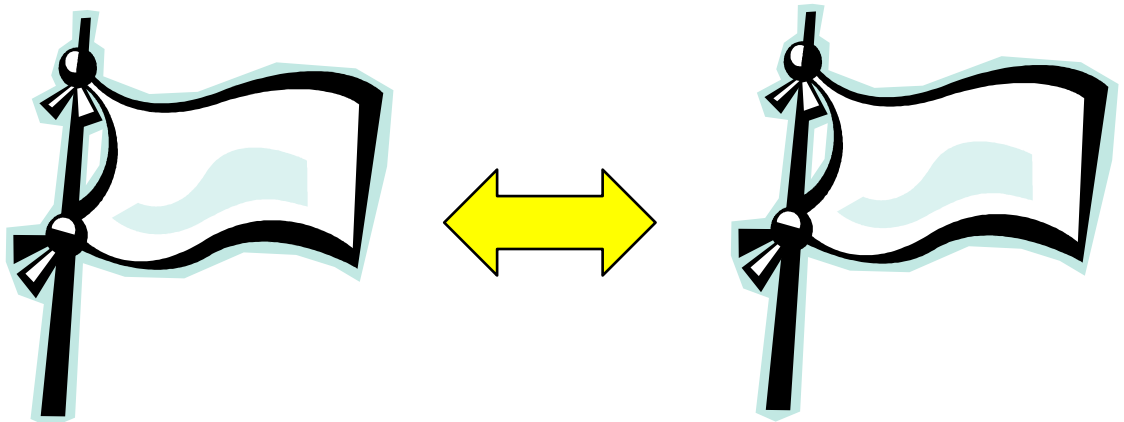
06. Online Advertising Methods

- Banner Advertising
 - Banner
 - On a Web page, a graphic advertising display linked to the advertiser's Web page.
 - Keyword banners
 - Banner ads that appear when a predetermined word is queried from a search engine.
 - Random banners
 - Banner ads that appear at random, not as the result of the user's action.



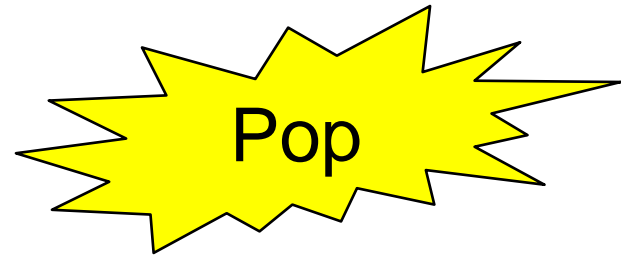
06. Online Advertising Methods

- Banner Advertising
 - Banner swapping
 - An agreement between two companies to each display the other's banner ad on its Web site.
 - Banner exchanges
 - Markets in which companies can trade or exchange placement of banner ads on each other's Web sites.



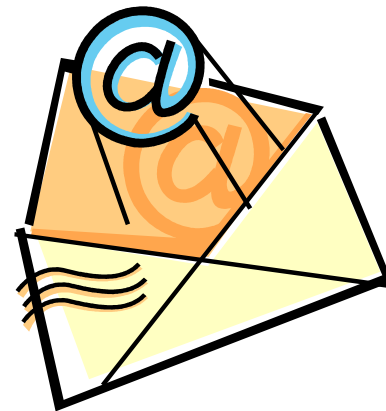
06. Online Advertising Methods

- Pop Advertising
 - Pop-up ad
 - An ad that appears in a separate window before, after, or during Internet surfing or when reading e-mail.
 - Pop-under ad
 - An ad that appears underneath the current browser window, so when the user closes the active window the ad is still on the screen.
- Interstitial
 - An initial Web page or a portion of it that is used to capture the user's attention for a short time while other content is loading.



06. Online Advertising Methods

- Email Advertising
 - Email ad
 - Email management
 - Hoaxes
 - Fraud



06. Online Advertising Methods

- Classified Advertising
 - Newspaper-like ad



06. Online Advertising Methods

- Search Engine Advertising
 - Improving a company's search-engine ranking (optimization)
 - Paid search-engine inclusion
 - Advertising in social networks
 - Google - the online advertising king



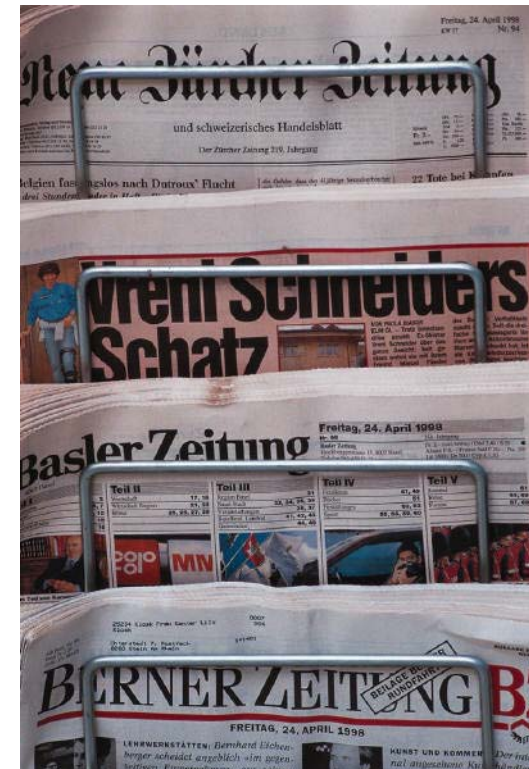
06. Online Advertising Methods

- Social Advertising
 - Chat rooms
 - Blogs
 - Social networks



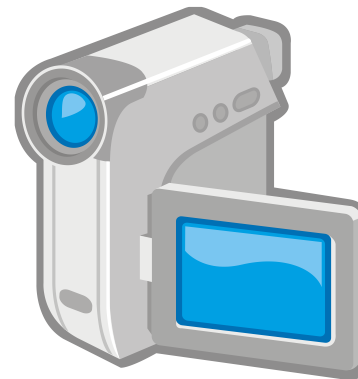
06. Online Advertising Methods

- Newspaper Advertising
 - Newspaper ad
 - Newsletter
 - Advertorial
 - An advertisement “disguised” to look like editorial content or general information.



06. Online Advertising Methods

- Embedded Advertising
 - Web 2.0
 - Advertise in videos
 - Advergaming
 - The practice of using computer games to advertise a product, an organization, or a viewpoint.



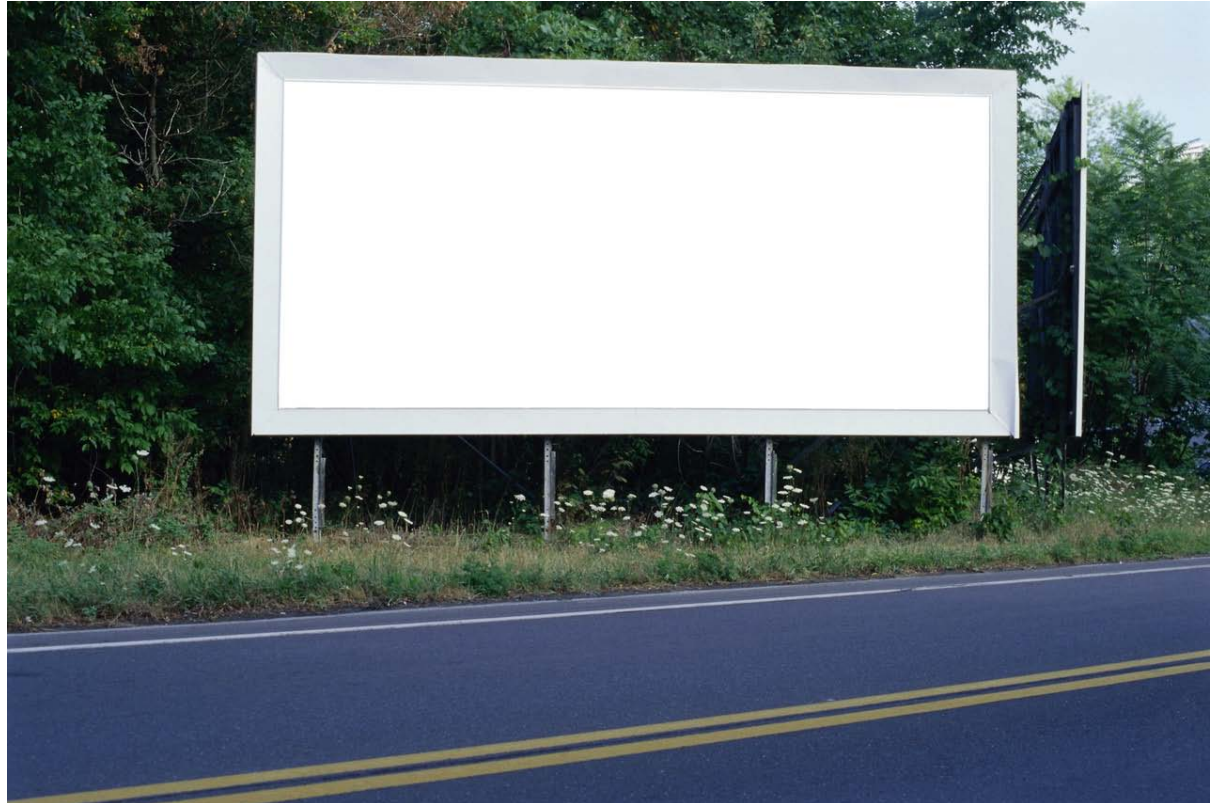
07. Advertising Strategies Online

- Affiliate Marketing
 - A marketing arrangement by which an organization refers consumers to the selling company's Web site.



07. Advertising Strategies Online

- Ads as a Commodity



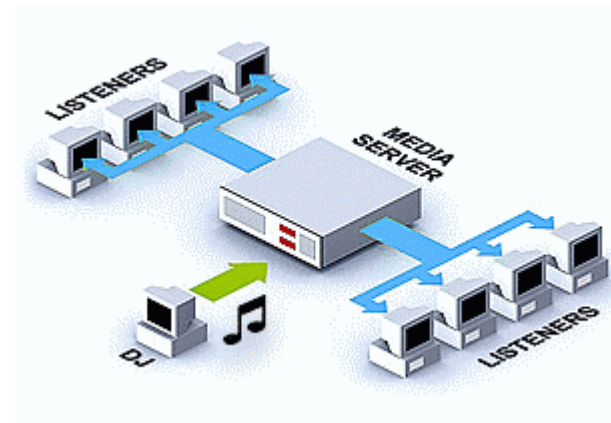
07. Advertising Strategies Online

- Viral Marketing
 - = Buzz marketing
 - Word-of-mouth marketing by which customers promote a product or service by telling others about it.
 - Social networks are used for buzz marketing



07. Advertising Strategies Online

- Customizing Ads
 - Webcasting
 - A free Internet news service that broadcasts personalized news and information, including seminars, in categories selected by the user.



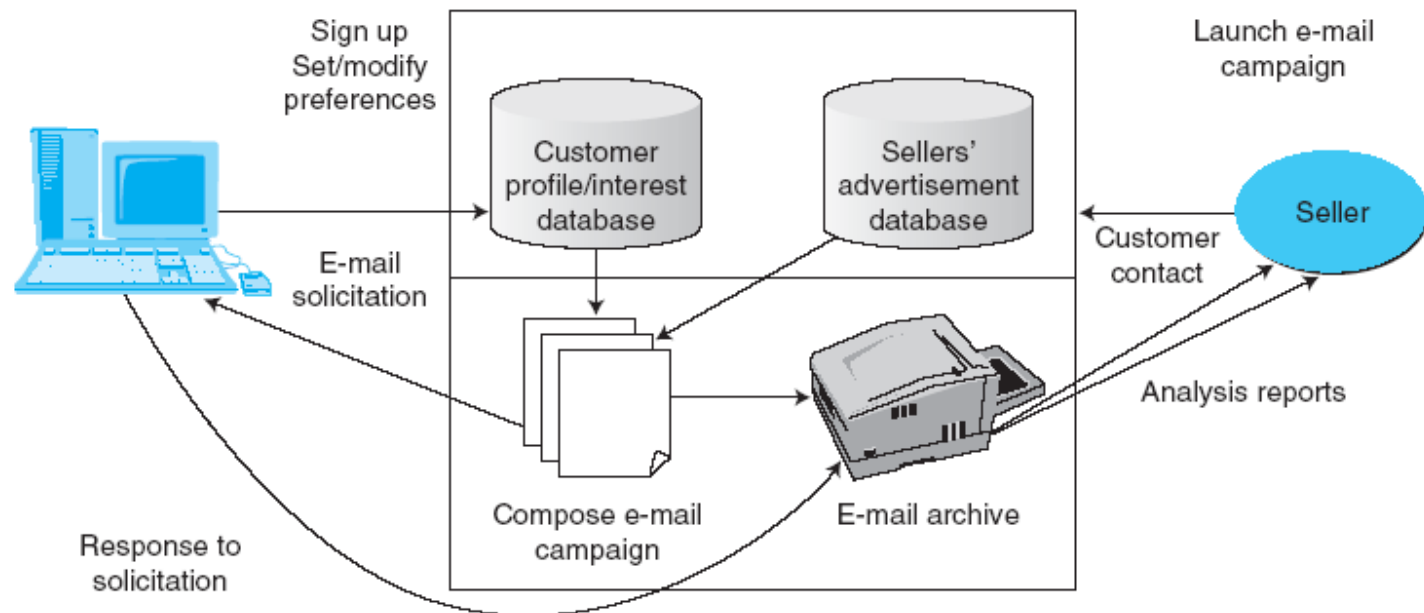
07. Advertising Strategies Online

- Online Events, Promotions, and Attractions
 - Live web events
 - Selling space by pixels
 - The case of Million Dollar homepage
 - Advertising in second life and other virtual worlds
 - Admediaries
 - Third-party vendors that conduct promotions, especially large-scale ones.



07. Advertising Strategies Online

- Online Events, Promotions, and Attractions
 - A framework of admediaries



08. Special Advertising Topics

- Permission Advertising
 - Permission advertising (permission marketing)
 - Advertising (marketing) strategy in which customers agree to accept advertising and marketing materials (known as “opt-in”).
 - Non-permission advertising (spamming)
 - Using e-mail to send unwanted ads (sometimes floods of ads).



08. Special Advertising Topics

- Wireless Advertising
- Software Agents in Marketing

