

# DIGITAL MARKETING

## UNIT-1

### INTRODUCTION TO DIGITAL MARKETING:

#### Digital Marketing:

**Definition:** In simple terms, **digital marketing** is the promotion of products or brands via one or more forms of electronic media. Digital marketing is often referred to as **online marketing**, **internet marketing** or **web marketing**.

Digital marketing has been around for quite some time but it hasn't been very well defined. We tend to think that digital marketing encompasses banner advertising, search engine optimization (SEO) and pay per click. Yet, this is too narrow a definition, because digital marketing also includes e-mail, RSS, voice broadcast, fax broadcast, blogging, podcasting, video streams, wireless text messaging, and instant messaging. Yes! digital marketing has a very wide scope.

#### What Digital Marketing is Not?

To clearly define what digital marketing is, it's sometimes easier to start with what it's not. For instance, it does not include more traditional forms of marketing such as radio, TV, billboard and print as they do not offer instant feedback and report.



#### Why Digital Marketing?

In digital marketing, a reporting and analytics engine can be layered within a campaign which allows the organization or brand to monitor in real-time how a campaign is performing, such as what is being viewed, how often, how long, as well as other actions such as response rates and purchases made.

- The use of digital marketing in the digital era not only allows for brands to market their products and services but also offers online customer support through 24x7 services to make the customer feel supported and valued.
- The use of social media in digital marketing interaction allows brands to receive both positive and negative feedback from their customers as well as determine what media platforms work well for them.
- Digital marketing provides increased advantage for brands and businesses. It is now common for consumers to post feedback online through social media sources, blogs, and websites about their experience with a product or brand.

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Not surprisingly, billions of marketing dollars spent on traditional channels is already starting to shift to digital marketing campaigns and this will continue to increase as the Web matures.

### Benefits of Digital Marketing:

1. Puts the consumer in control
2. Provides convenience.
3. Increases satisfaction
4. Drives Brand loyalty.
5. Reduces the selling cycle
6. Reduces the cost of sales
7. Builds your brand
8. Provides targeted results
9. It is measurable cost effective
1. Principles And Drivers Of The New Marketing Environment:

### Drivers of Marketing Environment:

There's market drivers and then there is market DRIVING. It's about delivering a leap in customer value. Companies that are market driving are about radical business innovation. A few that come to mind are:

[Amazon](#) - They basically turned the way people buy regular stuff on its head. (Although Walmart may now be driving the industry due to less fees).

[Agile CRM](#) - A Customer Relationship Management platform that infuses social management with sales tactics and deep data analysis.

[Southwest Airlines](#) - Known for its innovative social media campaigns, they use their audience participation to drive business decisions.

They each run marketing campaigns that are changing the way in which people do business. Generally speaking, market drivers include anything that takes a gamble but pays out big.

### SONY:

- Founded in Tokyo in 1946 under the name Tokyo telecommunication engineering corporations than changed to sony corporations in 1958.
- The company has grown from humble roots to a multinational grants from selling tape players to led tv's computers etc.
- Sony a Diversified global company at forefront of technological innovation and entertainment
- Sony's traditional of innnovation has made at a profitable company

### ACER:

- Acer is a hardware and electronics corporation specializing in advanced electronics technology.
- The company has founded in1976 under the name multitech and changed to acer incorporate in 1981,focusing on trade and product designs.
- Acer evolved from a manufacturing power house to a globally recognized computer brand.

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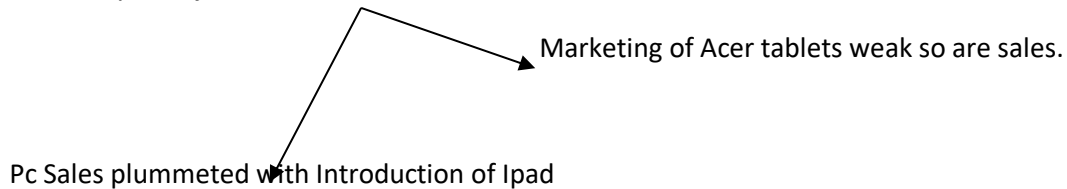
- The company grew extensively and expended its strategic and geographic footprint and become one of the world's topten pc vendors.

### Sony:

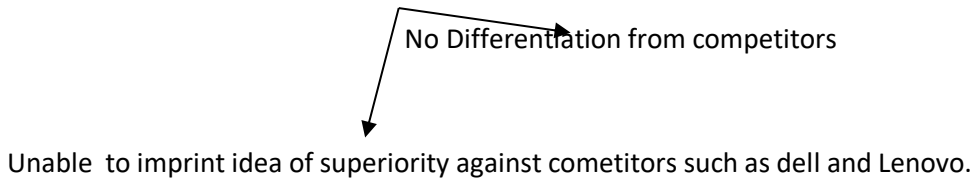
- Competition: Sales have dropped due to being overtaken by competitor's such as apple.
- Media Problem: Televisions , cameras, computer, music players, toys, music lable movie studio, digital book readers
- Lack of uniqueness: no stamp of differentiation
- Use or develop a different operating system which will help –elevate their brand.
- Adopt apple's method of using s/w that exist already but made them their own.

### Acer:

- Lack of originality
- Inability to adjust to trends and move with the times

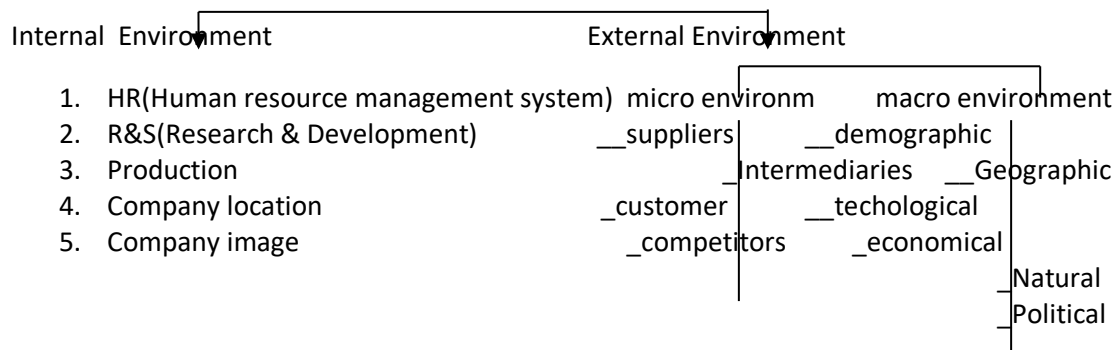


- .Use of the same computer operating system as competitors.



- Adopt to trnds on time or before hand become innovative to be on par with competitors.
- Find their own identity in their design service, products and marketing.
- Ensure that all products of the brand carry it's expence or sum their product it's down to their strong points to ensure knowledge of quality.

Market Environment: Factors and forces that affect the firms ability to develop and maintain successful customer relationships with their targeted customer group



Marketing Intermediaries: It is help to the company to promote, sell and distribute it's goods to final buyers.

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- ❖ Customer's: five types of markets that purchase a company's goods and services.
- ❖ Competitors: those who serve a target market with similar products and services.
- ❖ Publics: any group that perceives itself having an interest in a company's ability to achieve its objectives.

Demographic Environment: The Study of human populations in terms of size, density, location, age, gender, race, occupation and other statistics.

- ❖ Changing age structure of the US population is the single most important demographic trend.

Natural Environment: Involves the natural resources that are needed as inputs by marketers or that are affected by marketing activities.

- Trends: shortages of raw materials, increased population, increased government intervention.

Technological Environment: the most dramatic force shaping our destiny

- Rapidly changing forces which create many new marketing opportunities but also turn many existing products extinct.

Political Environment: Consist of laws and government agencies and pressure groups that influence or limit various organizations and individuals in a given society.

Cultural Environment: It is made up of institutions and other forces that affect a society's basic values, perceptions, preferences and behaviours.

### 7 Principles of Marketing:

Product: Style, color, fit, quality, trends, Desirability, function, occasion, market, opportunity, competition, profitability, life cycle.

Place: Location, Distribution, positioning, lifecycle, urgency, Expectation services

Price: value exception, positioning, consumers availability, premium.

People: Employees, third parties, media, endorsement, consumer complainants.

Promotions: Brand DNA, Consumer, Location, Expectation.

Process: System research, Product, Brand, Quality, Price, Availability, Trail, Purchases, customer service, logistics, recommendation issues repeat.

Physical Evidence: Experience, reassurance, Trail, Attitude in innovation.

### Functionalities of Marketing:

1. Marketing Information Management
2. Product Service management
3. Financing
4. Pricing
5. Promotion
6. Selling

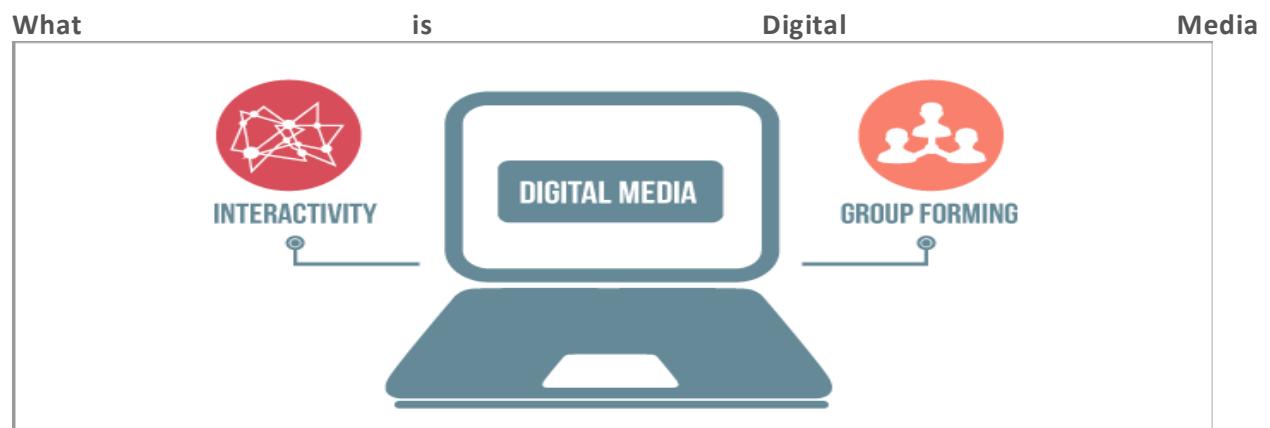
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### 7. Distribution

2. Digital Media Industry: Digital Media is defined as digitalized content that can be transferred through the internet, computer and various Electronic devices.

- This includes websites, digital images, video and audio, video games and social media.
- The digital media everywhere and all the time in our daily lives on our phones, our computers and our televisions.
- Traditional media, such as televisions, news papers and magazines are on downfall.
- A lot of it can be blamed on the displacement of consumption to online websites and videos. Instead of turning on cable tv the younger generation prefers to watch Netflix, Hulu and YouTube.
- Instead of reading a newspaper, youth prefers to use reading in their phones, and read online articles and share Facebook posts.
- Old mediums are being phased out, as traditional media companies like Time Warner, Viacom and Comcast's stock values drop.
- It is known becoming increasingly important for traditional media companies to become digitally relevant on social media in order to reach out to younger demographic. Can a successful late night talk show host produce YouTube videos? "Reviewing" video produces YouTube video games" even if he has little to no interest in video games.
- The rise of digital media marks not only a worldwide movement but also the creation of an entirely new industry.
- This opens up a plethora of opportunities for those seeking to work in the digital media industry which includes the video game industry, app development, graphics design and much more.
- A range of professionals work in the digital media industry. This includes animators, video editors, special effects artists, audio engineers, web developers, UX designers, graphic designers, social media managers, as well as many more.



Media are tools we use to communicate:

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I think everyone has a pretty good idea what media are. Humans use tools, and the tools we use to communicate across distances, across time and to more people at once than we could with our own voice and body are "media." Although the definition could include interpersonal and non-mass media, like the telephone, in common usage we typically have a sense that "media" are for communicating with more than just one person. Traditional examples include books, magazines, newspapers, film, radio, and television.

Digital relates to the use of computers.

Digital is even easier, in a sense, since it is almost entirely a technical definition and relates to the use of computers – with their "binary" language of on/off, 1/zero, bits and bytes. This is the digital world and includes computers, the software to run them, and the movement and storage of digital information via networks and storage (hard drives and cloud services).

So then is digital media just media with digital tools?

In a sense, yes, but in another sense, no. (See, academics are not just picky and pedantic, they equivocate). If you put the radio on the internet, you certainly have digital media. And if you put a newspaper in a tablet, then you have digital media, as well. The problem with sticking with that definition is that it misses two important elements that have been made possible by the combination of computers, software, and networks: **interactivity and group forming**.

Interactivity is made possible because most computer networks are bi-directional and addressable. In other words, you can specify where your message is to go, and get a return message right away. This is a feature that is built into the telephone, but most mass media are one-way, or broadcast, media. They are engineered to deliver the same message to many people at once, but they don't provide for any return messages. For more on the value of interactivity in telecommunications networks, see the [The second unique feature of networked digital media](#) is that – because it is based on software – the people participating in the network can organize themselves into ad-hoc and arbitrary groups. This is most obviously seen in Facebook, where you can instantly and easily create a new group around any sort of topic. These ["group forming" networks](#) have enormous value since they help us coordinate, communicate, and collaborate on projects large and small – from parties to promotion of brands.

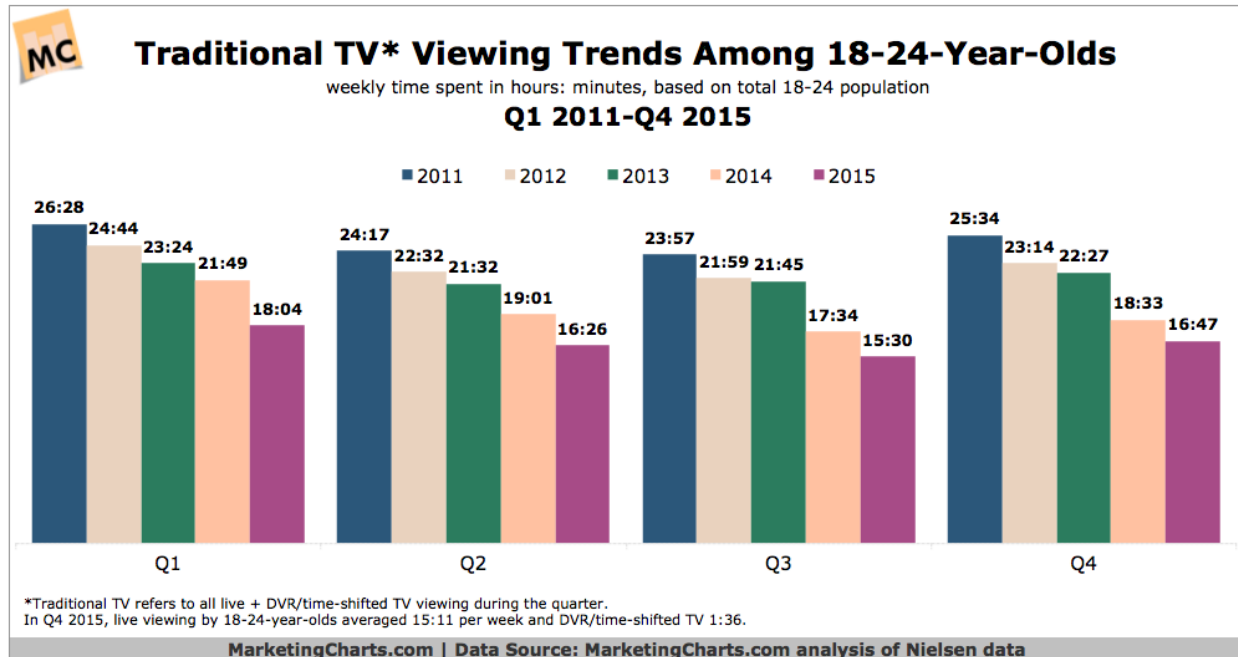
When you look at it in this way, the most important parts of digital media are not simply the conversion of regular media to digital formats. That is the easy part. The hard part – and the part that unleashes tremendous value for society – is taking advantage of these new capabilities relating to interactivity and group forming.

### **The Digital Media Takeover**

Traditional media, such as television, newspapers and magazines, are on the [downfall](#). Why? A lot of it can be blamed on the displacement of consumption to online websites, apps and videos. Instead of turning on cable TV, the younger generation prefers to watch Netflix, Hulu and Youtube. Instead of reading a newspaper, youth prefer to use their phones and read online articles and share Facebook posts. Old mediums are being phased out, as traditional media companies like Time Warner, Viacom and Comcast's stock values [drop](#).

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It is now becoming increasingly important for traditional media companies to become digitally relevant on social media in order to reach out to a younger demographic. This may be why Hillary Clinton so frequently uses Twitter. This may also be why Conan, a successful late night talk show host, produces Youtube videos “reviewing” video games on a segment called “Clueless Gamer”, even if he has little to no interest in video games.

The rise of digital media marks not only a worldwide movement, but also the creation of an entirely new industry. This opens up a plethora of opportunity for those seeking to work in the digital media industry, which includes the video game industry, app development, graphic design and much more, as we will discuss next.

### What is Digital Media?

Digital media is defined as digitalized content that can be transferred through the internet, computer networks and various electronic devices. This includes websites, digital images, video and audio, as well as video games and social media. This includes this very website you are reading right now, INKspire, which publishes online web articles for people like you to read.

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### Industries That Take Part In Digital Media



Video Games  
Film  
Advertising  
Marketing  
Television  
Online video  
Web development

Graphic Design  
App Development  
Social Media  
Interactive Multimedia  
E-learning  
Project Management  
... and more related technologies

#### **Who Works in this Industry?**

A range of professionals work in the digital media industry. This includes animators, video editors, special effects artists, audio engineers, game designers, web developers, UX designers, graphic designers, social media managers, as well as many more.

#### **How Can You Get In this Industry?**

.If you wish to pursue a specific career in digital media, such as animation, colleges may be the best option for you. Both Sheridan and Seneca College have a great reputation for their animation programs.

Beyond formal education, skill and experience are arguably the most important components in your resume. Building a strong portfolio with numerous examples of your capabilities as a graphic designer or animator is the best way to show employers exactly what you can do.

If you are interested in the production of digital media and consider yourself technologically savvy, perhaps you should keep an eye on this industry. You never know where it could take you.

#### **3.Reaching Audience Through Digital Channels:**

You can have the most aesthetically appealing online store with easy navigation, the highest quality products backed by top customer service and bottomless pockets when it comes to marketing budget. Yet, none of this matters if you aren't reaching and engaging the right audience for your brand.

In order to drive the right traffic to your online store and increase sales, you first need to define what a qualified audience is for your brand. You want to determine who they are, what they value and how they use each channel at the various stages of their purchase journey, from interest and validation through to decision and advocacy..



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### Audience report:

It provides with in target group reach,frequency,affinity and trps as well as allowing you to optimize your digital advertising plan across digital media platforms by giving site-by-site comparisons.

This is all provided in real time,meaning you can change your digital media mix on unabling you to obtimize your media investment quikly and effectively.

### Effect lab:

Holistic and integrated marketing compaigns increase the likelihood of effect as do sound media strategies and creative content.Typically effects can be segmented into two categories attitudinal effects and sales effects.

### Planing Lab:1

In helps optimize the media budget across multimedia channels by official channels.we provide with reach and frequency estimates for your campaign.

It gives rank digital publisher based on their reach and brand effect so know where to focus your web advertising and marketing efforts.

The traditional way of marketing brands products and services make use of their indirect and direct methods of reaching out to targeted customers.this is a clear cut and very straight farword.

Traditional methods that were effective before may not be as effective in this current market powered by the complexities and the wealth of opportunities by the internet.

The new markets and new doors of opportunities make available that only accessible through digital marketing channels.

### 1. Learn What's Important to Your Audience

As marketers and business operators, we have near limitless amounts of data at our fingertips. Google Analytics and Search Console can tell us how people find our store and what they do upon arriving. Facebook Insights and Ad Manager can tell us the age, location, relationship status, interests and behaviors of our fans and customers. Social media listening tools can tell us what customers think about our company and products, and what other topics are interesting to them.

### 2. Speak Your Audience's Language

To relate to and connect with your audience, you need to speak their language. That means not only using the appropriate voice and tone.

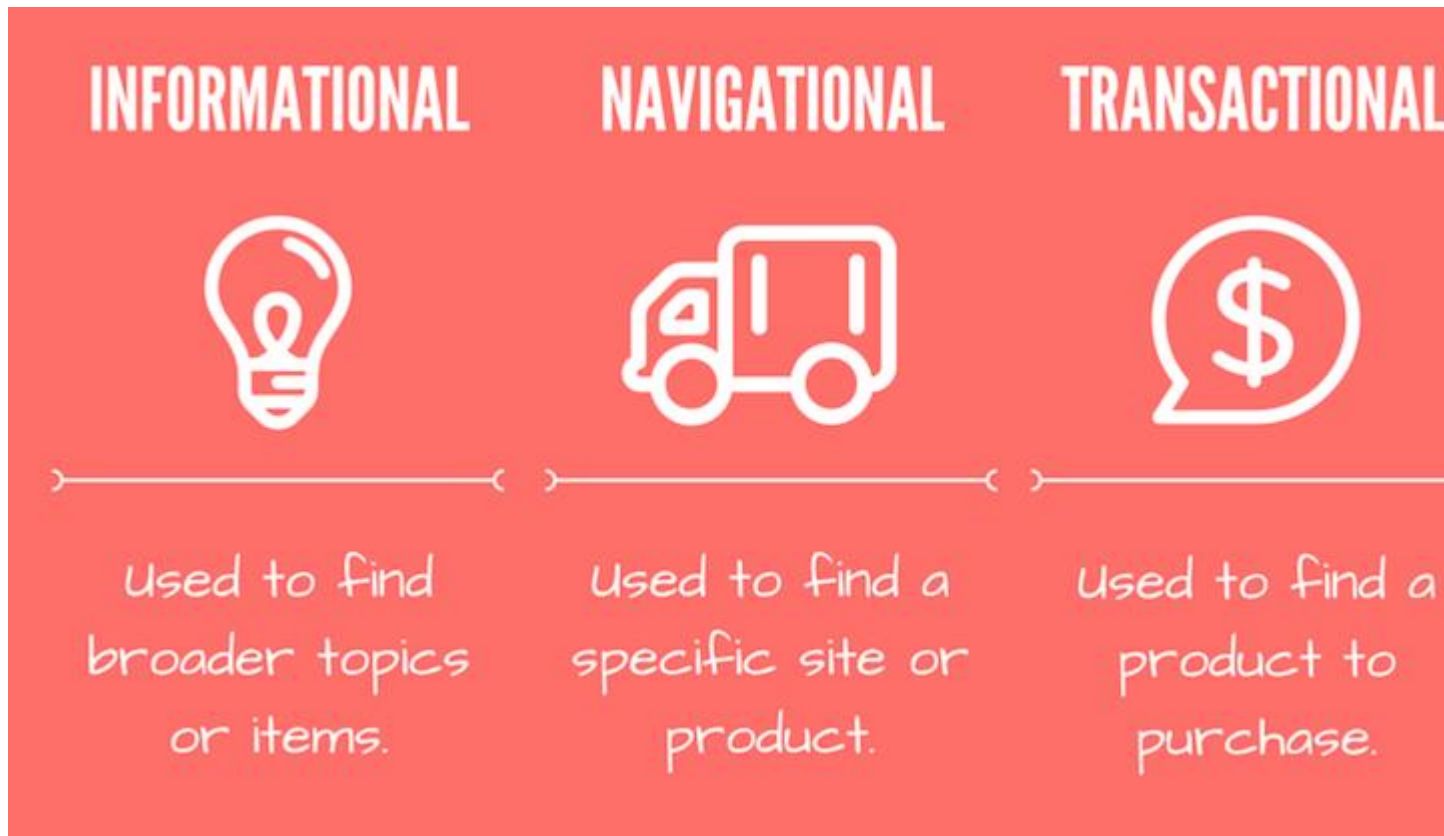
Through an extensive ethnographic study for a woman's apparel brand, our team learned that numerous customers used the term "darling" to describe their clothing products. We began using this term in advertising creative and social media conversations to better connect with their customers and immediately saw an increase in the campaign's click-through rate.

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### .3. Know Your Organic Keywords

Organic search is typically the largest source of traffic for any website. It's important to understand not only what terms are bringing folks to your store, but why those terms are being used and what stage those audience members are in. Keywords typically fall into three main categories:



- **Informational Keywords:** Used to find broader topics or items. The user probably doesn't know what they want or need just yet. They're still researching. This is your opportunity to be helpful and/or interesting, increasing likelihood that you'll be considered when they are ready to purchase.
- **Navigational Keywords:** Used to find a specific website or product. For example, they may be searching for your brand name, or a specific product you carry. These users have likely already done their research or know exactly what they want, but may not be ready to purchase just yet. Or, they may be existing customers coming back for a repeat purchase.
- **Transactional Keywords:** Used to find a product to purchase. For example, "buy bicycle tires." The user is either ready to purchase immediately or well on their way.

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### 4. Stay Top of Mind with Retargeting

When customers reach your store early in their purchase journey — whether they come from an informational keyword search, guest blog post link, display ad or any other means — they're likely not going to make a purchase that visit. That's expected and it's okay. You can remain in the consideration phase and bring those customers back to your store through retargeting efforts.

Gaining a deep understanding of who your customers are and what motivates them will help you define a more qualified audience. Only then can you use digital channels to reach that audience, and drive higher quality traffic, improve on-site engagement and, most importantly, increase sales.

### 4. Traditional Marketing and Digital Marketing:

**Defining** Traditional **Marketing**

There are many facets of **traditional marketing** and examples might include tangible items such as business cards, print ads in newspapers or magazines. It can also include posters, commercials on TV and radio, billboards and brochures. Traditional marketing is anything except digital means to brand your product or logo. Another overlooked means of traditional marketing is when people find a particular business through a referral or a network and eventually you build a rapport with them.



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### Defining

The world of digital marketing continues to evolve and as long as technology continues to advance, digital marketing will as well. Examples of digital marketing include things like websites, social media mentions, YouTube videos, and banner ads. Specifically, digital marketing is similar to traditional advertising, but using digital devices. However, digital marketing is considered a form of inbound marketing and its goal is for people to find you. Businesses put content (or ads) out for individuals to find. People may conduct an organic online search, a paid search, **find your business on a social network** or by reading content that has been published online such as a blog or an article. The more they see you or your content, the more familiar they will become with your brand and they will eventually develop a trust and a rapport with you through this online presence.

### Digital

### Marketing



### Benefits of Traditional Marketing:

You can easily reach your target local audience

The materials can be kept It's easy to understand



### The Downside to Traditional Marketing

There is very little interaction between the medium used and the customers.

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Print or radio advertisements can be very costly.

Results on this marketing strategy cannot easily be measured.



### ***Benefits of Digital Marketing***

You can target a local audience, but also an international one.

Your audience can choose how they want to receive your content.

Interaction with your audience is possible

Digital marketing is cost-efficient

Data and results are easily recorded

Level playing field

Real time results

Brand Development

**Traditional Marketing's Advantages and Disadvantages** Because of its longevity, people are accustomed to traditional marketing. Finding ads in magazines and newspapers, or reading billboards are still familiar activities and people still do them all the time. Most of the time, traditional marketing is reaching only a local audience even though it is not limited to one. One of the primary disadvantages of traditional marketing is that the results are not easily measured, and in many cases cannot be measured at all. In most cases, traditional marketing is also more costly than digital marketing. And perhaps the biggest disadvantage today is that traditional marketing is static which means there is no way to interact with the audience. It's more like you are throwing information in front of people and hoping that they decide to take action.

### **Digital Marketing's Advantages and Disadvantages**

One benefit to using digital marketing is that the results are much easier to measure; and another is that

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a digital campaign can reach an infinite audience. It is also possible to tailor a digital campaign to reach a local audience but it can also be used on the web and reach the entire globe when appropriate. Digital marketing is also a very interactive means of reaching an audience since it makes use of social outlets. There can be plenty of direct contact between the audience and the business which means that the business can get some very valuable consumer feedback. One of the disadvantages to using digital media marketing strategies is that it can take some time to realize measurable success.

**Is there a realistic balance between the two?**

The world has transitioned into a very digital environment. Not only are magazines going digital, we perform many of our daily tasks such as banking online and much of our reading is done on e-readers. Because of the rise of the digital age, it just seems like common sense to invest in a digital campaign. Even though traditional marketing still has a place, it is diminishing in our digitally based world. For today's businesses, it is imperative to have a website and use the web as a means to interact with their consumer base. There are some successful traditional marketing strategies, particularly if you are reaching a largely local audience, but it is important to take advantage of digital marketing so as to keep up in today's world.

Popular digital marketing channels:

1. Email marketing : when business perform lead generation and other marketing strategies, they collect contact information like phone numbers and email address from potential customers, including permissions to send them update and other information through email. It is one of the most effective digital marketing channels
2. Pay per click advertising: Paid advertising channels like pay per click advertising deliver highly targeted traffic of potential customers within a very short period of time.
3. Search engine optimization(SEO) : almost all people using the internet are familiar and are marketing use of search engines to look for anything there is they want to know or searching for SEO involves several activities like search making use of both on-page and off-page optimization
4. Displaying Advertisements: more people visit blogs forums and other websites that are interesting or useful to the digital marketers can reach out to these potential customers by placing relevant display ads on these third party sites.

These includes banners,boxes,interactive ads,videos,overlays.it creates greater brand awareness as well as generate highly targeted traffic that may convert into leads or sales that may convert into leads or sales

5. Social media marketing(smm):social media marketing is definitely one of the most phenomenal thing to happen in the digital are that business owners and digital marketing can average on to create brand awareness for their products and services.  
Through (smm) ,digital marketers can reach out to highly targeted potential customers through direct and person to person engagement  
Ex: facebook, twitter, linkedin, google+.
6. Content is at the heart of every digital marketing campaign and is the one major element that will remain constant that many changes that occur in the market place.with good high quality and very relevant content.

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### 5.Introduction to Online Marketing Environment:

#### Definition - What does *Online Marketing* mean?

Online marketing is a set of tools and methodologies used for promoting products and services through the internet. Online marketing includes a wider range of marketing elements than traditional business marketing due to the extra channels and marketing mechanisms available on the internet.

Online marketing can deliver benefits such as:

- Growth in potential
- Reduced expenses
- Elegant communications
- Better control
- Improved customer service
- Competitive advantage

Online marketing is also known as internet marketing, web marketing, digital marketing and search engine marketing (SEM).

#### Techopedia explains *Online Marketing*

The broad online marketing spectrum varies according to business requirements. Effective online marketing programs leverage consumer data and customer relationship management (CRM) systems. Online marketing connects organizations with qualified potential customers and takes business development to a much higher level than traditional marketing.

Online marketing combines the internet's creative and technical tools, including design, development, sales and advertising, while focusing on the following primary business models:

- E-commerce
- Lead-based websites
- Affiliate marketing
- Local search

Online marketing has several advantages, including:

- Low costs: Large audiences are reachable at a fraction of traditional advertising budgets, allowing businesses to create appealing consumer ads.
- Flexibility and convenience: Consumers may research and purchase products and services at their leisure.
- Analytics: Efficient statistical results are facilitated without extra costs.
- Multiple options: Advertising tools include pay-per-click advertising, email marketing and local search integration (like Google Maps).
- Demographic targeting: Consumers can be demographically targeted much more effectively in an online rather than an offline process.

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The main limitation of online marketing is the lack of tangibility, which means that consumers are unable to try out, or try on items they might wish to purchase. Generous return policies are the main way to circumvent such buyer apprehension.

Online marketing has outsold traditional advertising in recent years and continues to be a high-growth industry.

### 6.Dotcom Evolution:

The **Internet Boom** or the **Dot Com Bubble Era** was at its peak and it was an exciting time developing internet models for tomorrow. Some of India's leading internet companies were borne around that time, those who aren't leading today and are trying their best to reinvent business models at a time when the competition has got fiercer and much bigger.

It's taken more than a decade to redefine the rules of the game. After the **dotcom bust**, many people believed that the future of dotcom companies was doomed. The traditional retailers dismissed the Internet as just another channel. Mohanbir Sawhney, a renowned Internet guru had opined "***And after the dotcom bust, people now believe that all dotcoms are dead, and now even the word `dotcom' is a four-letter word.***"

The internet marketplace has well survived the four letter word and are in an era where **consumers rule the Internet**. With the burst of the technology bubble in 2000, many online companies vanished and businesses folded. A few prattled on, encouraged by the growing number of internet users. Now valuations are rising again and businesses have become much more cautious about the internet's potential.

The game now is far bigger, with far bigger stakes. Internet marketplaces today are trying their best to woo the consumer with cash on delivery, on time commitments, freebies and discounts ; all while the consumer is far more aware and conscious of what he/she wants. **The consumer today rules the game. No faults are permissible**, as there is absolute skepticism if the online portal commits a fault in deliveries, quality or promise. The consumer is surely the king and the online portals have to increasingly vie for a differential edge to win the heart of the consumer.

The competition is fierce. Flipkart, a new age marketplace, announced a \$ 1 bn investment from its investors earlier this year and Amazon was close to follow suit announcing a whopping \$ 2 Bn investment in India! Most other prominent companies are well funded too...remains to be seen which ones will lead and which would perish.

The growth of internet shopping is producing a profound change in consumer behavior. People are not just becoming more confident about buying goods and services online, they are also increasingly adept at using the internet to decide where and how to spend their money offline. Malls and offline markets are prone to to risk...categories like shoes are taking off online in a big way and there is a growing segment of voyeuristic online shoppers who check shoes offline and go online to buy the pair at a discount.

The spread of fast, broadband internet connections has been a key factor in fueling the growth in e-commerce. With speeds like 8 mpbs which haven't been seen earlier in India, the internet shopping experience is more pleasurable than earlier.



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Online shopping is no longer restricted to the PC - consumers today transact through their tablets, smartphones and the form factors are increasing by the day as even moving towards wearables.

Its an interesting era we are living in. And as e-commerce companies battle it out for leadership, the customer would further evolve. The customer drives the need for speed on the internet and would be the single factor for companies to continue to differentiate themselves and survive, as the Dot Com era continues to evolve. The bubble wont burst again, but ***the Good Guys would win in the end !***

### Dotcom Evolution:

Get ready to use the Internet in a whole new era: the era of custom domains. But let's start at the beginning.

At the birth of the Internet in the 1980s a system of "country codes" was developed to differentiate the Web sites registered in each country from each other. Since then, countries such as Canada, Germany, and Libya have been allowing companies to register domain names within their country (for a fee of course) so that the domain name ends with the country code, such as .ca, .de, or .ly. This has allowed some companies to further customize their domain names with clever endings, giving them that extra little push forward in the crowded world of the Web. Temporary tattoo website Tatt.ly was a good example of this.

In renting domain names from other countries, however, companies are also stuck with a 'cost of doing business.' Restrictions, policies, and regulations of Internet usage differ from country to country, and, like with any off-shore effort, there can even be issues related to the country's stability. This past year, Libya pulled the plug on the .ly domain, leaving hundreds of companies in the dark and offline. Tatt.ly, which previously used Libya's .ly domain, has now become Tattly.com. For many companies, using another country's code hasn't been worth the effort, or provided the flexibility that they are really after. And so the Internet Corporation for Assigned Names and Numbers (ICANN), the non-profit tasked with monitoring and regulating internet domains and activity, will now be allowing any group to register their own generic top level domain, or gTLD.

"The first seven domain names were introduced in the 1980s: .com, .edu, .gov, .int, .mil, .net, .org," states an [article by NPR](#). It goes on to say, "In the 2000s, more were added by ICANN: .aero, .coop, .museum, .asia, .cat, .jobs, .mobi, .tel, .travel." So while most Americans do not currently know what a gTLD is, according to [Fast Company](#), "that may change come January 12, when ICANN starts taking applications for dot-anything domains—meaning our bookmarks could include dot-apples, dot-googles, and even dot-cheezburgers." Though at \$185,000 a pop for a gTLD it will be interesting to see what the reaction is like.

In recent news, a new domain '.xxx' has already been released for purchase and registration just last week. This domain is geared towards adult entertainment companies to better secure their sites from children surfing the Web, and make it easier to identify adult content. The reaction has not been positive from the adult entertainment industry because of a fear of easier blocking and assumption of content. "We're not a believer of .xxx," says [Michael Klein](#), president of Hustler. "We don't think it should be out there, nor have we registered any .xxx domains."

Still, already over 100,000 new domains have been registered under .xxx. And it's not all adult entertainment companies who are rushing to the registration. Colleges and other institutions have registered variations of their names to prevent them from being tarnished and used by another company with a drastically different business model.

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There is a lengthy process and hefty fee to register a custom domain name, but the exclusivity and freedom that comes along with it will be worth the price tag to some companies. We will have to wait until January to see the development of this new freedom of domain.

As we usher in a new era of the Internet, I can't help but think what other advances and changes we will see during the next few years.

### 7. Internet Relationships:

An **internet relationship** is a **relationship** between people who have met **online**, and in many cases know each other only via the **Internet**. **Online relationships** are similar in many ways to **pen pal relationships**. This **relationship** can be romantic, platonic, or even based on business affairs.

An **internet relationship** is a relationship between people who have met [online](#), and in many cases know each other only via the [Internet](#)<sup>[1]</sup>. Online relationships are similar in many ways to [pen pal](#) relationships. This relationship can be romantic, platonic, or even based on business affairs. An internet relationship (or online relationship) is generally sustained for a certain amount of time before being titled a relationship, just as in-person relationships. The major difference here is that an internet relationship is sustained via computer or online service, and the individuals in the relationship may or may not ever meet each other in person. Otherwise, the term is quite broad and can include relationships based upon text, video, audio, or even virtual character. This relationship can be between people in different regions, different countries, different sides of the world, or even people who reside in the same area but do not communicate in person.

"the Internet was originally established to expedite communication between governmental scientists and defense experts, and was not at all intended to be the popular 'interpersonal mass medium' it has become",<sup>[2]</sup> yet new and revolutionary devices enabling the mass public to communicate online are constantly being developed and released.

Rather than having many devices for different uses and ways of interacting, communicating online is more accessible and cheaper by having an Internet function built into one device, such as [mobile phones](#), [tablets](#), [laptops](#), and [smartphones](#). Other ways of communicating online with these devices are via services and applications such as [Email](#), [Skype](#), [iChat](#), [instant messaging](#) programs, [social networking services](#), asynchronous discussion groups, online games, [virtual worlds](#) and the [World Wide Web](#).

Some of these ways of communicating online are asynchronous (meaning not in real time), such as [YouTube](#) and some are synchronous (immediate communication), such as [Twitter](#). Synchronous communication occurs when two or more participants are interacting in real time via voice or text chat.<sup>[3]</sup>

### 8. Business in Modern Economy:

Business Economics, also called Managerial Economics, is the application of economic theory and methodology to business. Business involves decision-making. Decision making means the process of selecting one out of two or more alternative courses of action. The question of choice arises because the basic resources such as capital, land, labour and management are limited and can be employed in alternative uses. The decision-making function thus becomes one of making choice and taking decisions that will provide the most efficient means of attaining a desired end, say, profit maximation. Different aspects of business need attention of the chief executive. He may be called upon to choose a single

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option among the many that may be available to him. It would be in the interest of the business to reach an optimal decision- the one that promotes the goal of the business firm. A scientific formulation of the business problem and finding its optimal solution requires that the business firm is equipped with a rational methodology and appropriate tools. Business economics meets these needs of the business firm. This is illustrated in the following presentation. Economic Decision Theory and problems in Methodology Business Business Economic Application of Economic Theory and Methodology to solving Business problems Optimal Solution to Business Problems it may be that business economics serves as a bridge between economic theory and decision-making in the context of business. According to Mc Nair and Meriam, "Business economics consists of the use of economic modes of thought to analyse business situations." Siegelman has defined managerial economics (or business economics) as "the integration of economic theory with business practice for the purpose of facilitating decision-making and forward planning by management." We may, therefore, define business economics as that discipline which deals with the application of economic theory to business management. Business economics thus lies on the borderline between economic and business management and serves as a bridge between the two disciplines. Nature of Business Economics : Traditional economic theory has developed along two lines; viz., normative and positive. Normative focuses on prescriptive statements, and help establish rules aimed at attaining the specified goals of business. Positive, on the other hand, focuses on description it aims at describing the manner in which the economic system operates without stating how they

should operate. The emphasis in business economics is on normative theory. Business economics seeks to establish rules which help business firms attain their goals, which indeed is also the essence of the word normative. However, if the firms are to establish valid decision rules, they must thoroughly understand their environment. This requires the study of positive or descriptive theory. Thus, Business economics combines the essentials of the normative and positive economic theory, the emphasis being more on the former than the latter. Scope of Business Economics : As regards the scope of business economics, no uniformity of views exists among various authors. However, the following aspects are said to generally fall under business economics. 1. Demand Analysis and Forecasting 2. Cost and production Analysis. 3. Pricing Decisions, policies and practices. 4. Profit Management. 5. Capital Management. These various aspects are also considered to be comprising the subject matter of business economics. 1. Demand Analysis and Forecasting : A business firm is an economic organisation which transform productive resources into goods to be sold in the market. A major part of business decision making depends on accurate estimates of demand. A demand forecast can serve as a guide to management for maintaining and strengthening market position and enlarging profits. Demand analysis helps identify the various factors influencing the product demand and thus provides guidelines for manipulating demand. Demand analysis and forecasting provided the essential basis for business planning and occupies a strategic place in managerial economics. The main topics covered are: Demand Determinants, Demand Distinctions and Demand Forecasting. 2. Cost and Production Analysis : A study of economic costs, combined with the data drawn from the firm's accounting records, can yield significant cost estimates which are useful for management decisions. An element of cost uncertainty exists because all the factors determining costs are not known and controllable. Discovering economic costs and the ability to measure them are the necessary steps for more effective profit planning, cost control and sound pricing practices. Production analysis is narrower, in scope than cost analysis. Production analysis frequently proceeds in physical terms while cost analysis proceeds in monetary terms. The main topics covered under cost and production analysis are: Cost concepts and classification, Cost-output Relationships, Economics and Diseconomics of scale, Production function and Cost control. 3. Pricing Decisions, Policies and Practices : Pricing is an important area of business economics. In fact, price is the genesis of a firm's revenue and as such its success largely depends on how correctly the

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pricing decisions are taken. The important aspects dealt with under pricing include. Price Determination in Various Market Forms, Pricing Method, Differential Pricing, Product-line Pricing and Price Forecasting.

4. Profit Management : Business firms are generally organised for purpose of making profits and in the long run profits earned are taken as an important measure of the firms success. If knowledge about the future were perfect, profit analysis would have been a very easy task. However, in a world of uncertainty, expectations are not always realised so that profit planning and measurement constitute a difficult area of business economic. The important aspects covered under this area are : Nature and Measurement of profit, Profit policies and Technique of Profit Planning like Break-Even Analysis.

5. Capital Management : Among the various types business problems, the most complex and troublesome for the business manager are those relating to a firm's capital investments. Relatively large sums are involved and the problems are so complex that their solution requires considerable time and labour. Often the decision involving capital management are taken by the top management. Briefly Capital management implies planning and control of capital expenditure. The main topics dealt with are: Cost of capital Rate of Return and Selection of Projects.

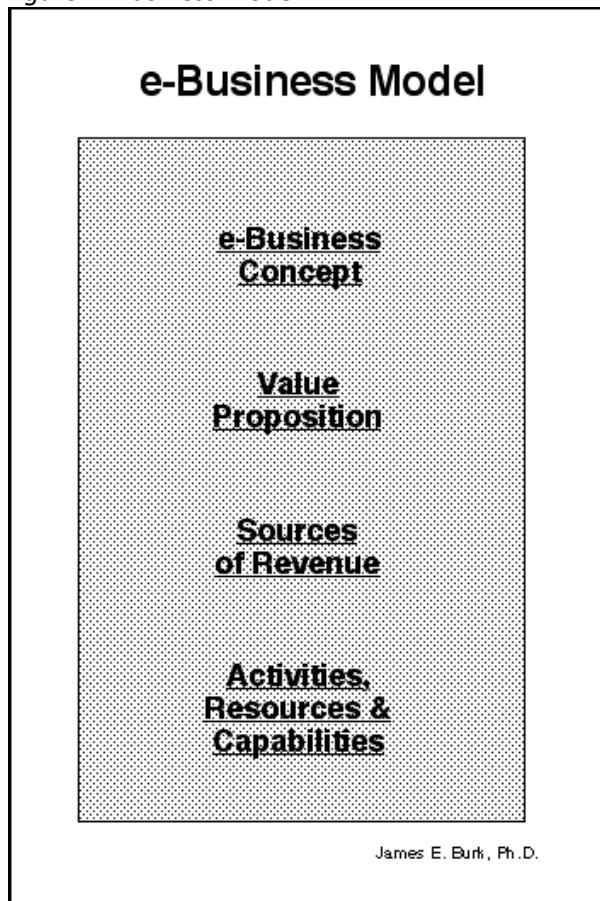
### **What Is A Business Model?**

The e-Business model, like any business model, describes how a company functions; how it provides a product or service, how it generates revenue, and how it will create and adapt to new markets and technologies. It has four traditional components as shown in the figure, The e-Business Model. These are the e-business concept, value proposition, sources of revenue, and the required activities, resources, and capabilities. In a successful business, all of its business model components work together in a cooperative and supportive fashion.

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Figure: E-Business Model



Although an e-Business is often thought of as **e-Commerce**, there are other types of online activities that fall under the definition of **e-Business** that can benefit from this discussion (see **e-Business Basics** for basic concepts and definitions).

### **E-Business Concept**

The *e-business concept* describes the rationale of the business, its goals and vision, and products or offerings from which it will earn revenue. A successful concept is based on a market analysis that identifies customers likely to purchase the product and how much they are willing to pay for it.

### **Goals And Objectives**

The e-Business concept should be based, in part, on **goals** such as "become a major car seller, bank, or other commercial enterprise", and "to become a competitor to some of the well-known firms in each of these industries." Objectives are more specific and measurable, such as "capture 10% of the market", or "have \$100 million in revenues in five years." Whether these goals and objectives are realistic or not, and whether the company is prepared to achieve these goals is addressed in the **business plan** process for startup firms and in the **implementation plan** for an existing firm that is considering a significant change. In looking at the business model it is sufficient to know what the goals and objectives are, and whether they are being pursued.

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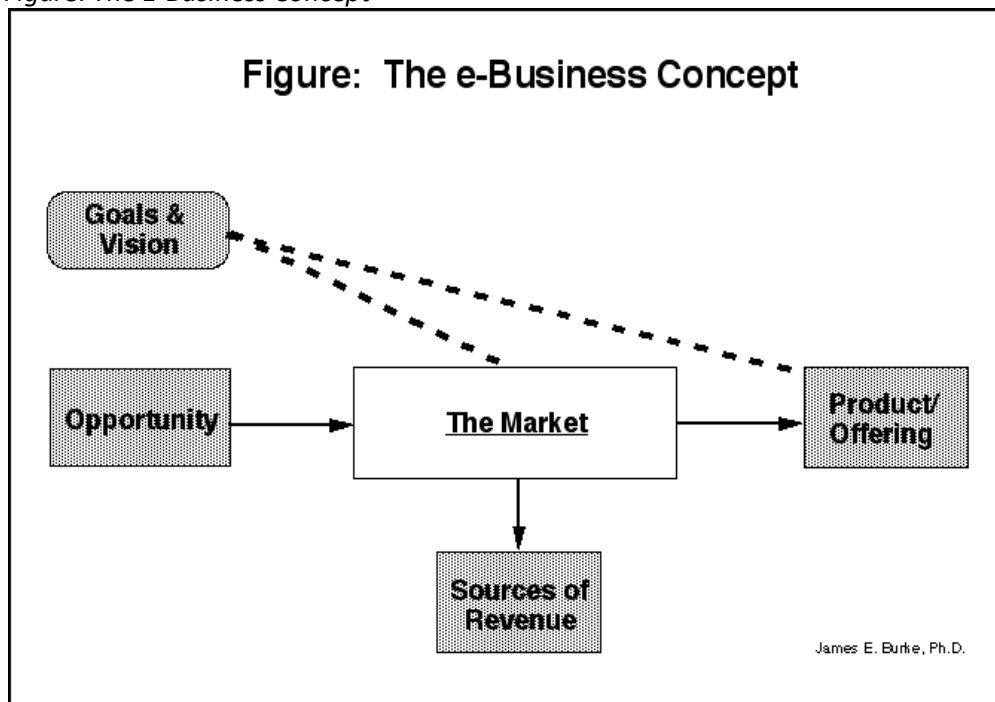
### Corporate Strategies

Embedded in the e-Business concept are strategies that describe how the business concept will be implemented. These are known as *corporate strategies* because they establish how the business is intended to function. These strategies can be modified to improve the performance of the business. Environmental strategies, discussed in a following section, describe how the company will address external environmental factors, over which it has no control.

### The E-Business Concept And Market Research

The selection and refinement of the business concept should be integrally tied into knowledge of the market it serves. In performing **market research** care must be taken to account for the global reach of the Internet for both customers and competitors. It is also important to remember that markets shift, and can shift rapidly under certain conditions. But most important is to truly understand what the market is, who comprises it, and what do they want.

Figure: The E-Business Concept



### Products And Offerings

**The Problem with WebVan**

*WebVan sold groceries online and delivered them to your door. It burned through \$800 million before declaring bankruptcy. The company apparently didn't understand its goal or its market, and suffered from a faulty business concept.*

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*Nearly every household in the country buys several hundred dollars worth of groceries each month. WebVan marketed to the upper income families yet didn't try to sell to all of the households that had difficulty getting to the grocery store. It could have had a much wider appeal through advertising, and could have initiated programs with organizations helping shut-ins (e.g. to help fill in the order forms), the disabled, and busy housewives with young children. These customers would have found Web Van's prices lower, the quality of its food higher, and the level of service higher than is found in other grocery stores. WebVan continued to market its service to young professionals and never seemed to realize that it didn't matter who bought the groceries they were selling and delivering!*

### Price

Pricing is an important part of the e-business concept and should be established on the basis of market research. Price is often set with an eye on the competition and can have a direct effect on market share. In traditional commerce in the U.S., the seller sets the price. Online pricing, on the other hand, may include negotiation or auction pricing, where the interaction of sellers and buyers can effect the price. Knowledge of competing prices is also readily available online, and will keep downward pressure on prices.

When is it OK to increase prices? It depends on the business. If a company has high fixed to variable costs, prices should be changed cautiously. If customers are "locked-in", and the product or service is less sensitive to price, then prices may be changed, to a degree, with less risk. But all changes should be checked beforehand with market research and financial analysis.

A potential problem for some products is that the market may change faster than the seller can change the product or service. One way to survive in this environment is to sell at the minimum price that allows a profit, avoid price changes and continuously upgrade the product. This approach is often used in computer hardware and software sales. At the same time the seller should invest in finding how to shorten the development cycle, and put in place a market research program that will quickly identify trends and changes.

The steady development of a product has other advantages. It evens out the revenue stream rather than having the "boom or bust" cycle of a single product. It also shows that the company is steadily developing and upgrading products for the customers who should begin to buy into the company's vision. And customers, analysts, and investors will develop confidence that the company is going to be around for the long-term.

The price must also provide real value to the customer, that is the customer must be pleased with the purchase of the product or service. In addition to price, the buyer may also be interested in how the product can be of assistance to his company. In this case, comparisons of price and ROI may be used to show that the offering adds more value than a competitor's. The price can also be a basis for building long-term customer relations, which can lead to multiple sales. For example, as retail customers become more comfortable shopping on a site, it should be easier to get them to migrate to higher margin products.

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### Value Proposition

The *value proposition* describes the value that the company will provide to its customers and, sometimes, to others as well. With a value proposition the company attempts to offer better value than competitors so that the buyer will benefit most with this product.

A value proposition may include one or more of the following points:

- Reduced price
- Improved service or convenience such as the "1 click" checkout
- Speed of delivery and assistance
- Products that lead to increased efficiency and productivity
- Access to a large and available inventory that presents options for the buyer

Providing value in an e-business uses the same approach as providing value in any business, although it may require different capabilities. But common to both are the customers who seek out value in a business transaction. The value proposition helps focus the business on the well-being of the customer, where it remains in successful companies.

### **Value Delivery Through Integration Of Activities**

#### Integration Of Organization Or Enterprise Operations

The integration of systems inside and outside the organization can provide value for both customers and the organization. One of the requirements for e-business is to link front-end with back-end systems in order to automate the online operations of the organization.

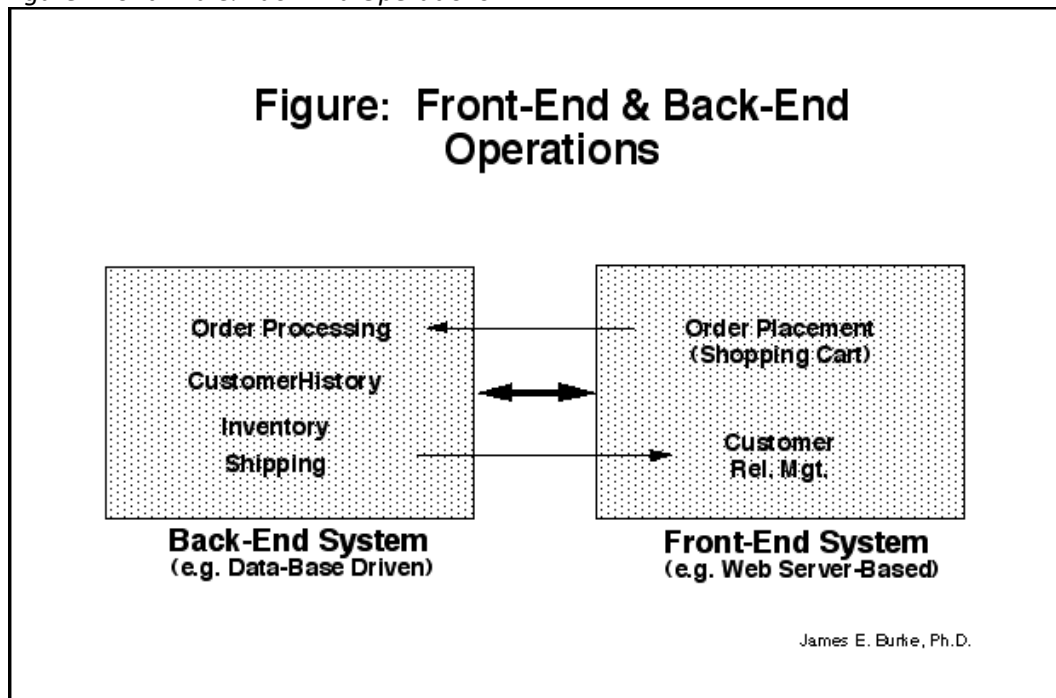
Front-end activities deal directly with the customer while back-end systems include all of the internal support activities that do not deal directly with the customer. Some enterprises have different geographic locations for **front-end and back-end** office activities and rely on the integration of the associated computer and network systems for successful corporate operations.



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Figure: Front-End & Back-End Operations



Examples of activities that require integrated systems are:

- Order placement through point-of-sales systems
- Customization of products based on user requirements
- Production tracking
- Customer order fulfillment

### External Integration: The Supply Chain

Operations on the Web can also extend to cooperating firms such as partners in a **supply chain**, also known as a "Value Web". The Value Web may include a wide range of participants as well as the possible use of a **digital exchange** to procure or sell products. Many firms have participated in a supply chain for years using **Electronic Data Interchange (EDI)** technology to buy and sell components and products.

### **Electronic Data Interchange (EDI)**

*Most large manufacturers, such as those in the automobile industry, have used EDI to engage in electronic purchasing and selling with supply chain partners and various buyers since the early 1970s. The number of firms using EDI has been in decline since 1997, when about 100,000 firms used EDI propriety software and a private network known as a **value-added network (VAN)** to buy and sell*

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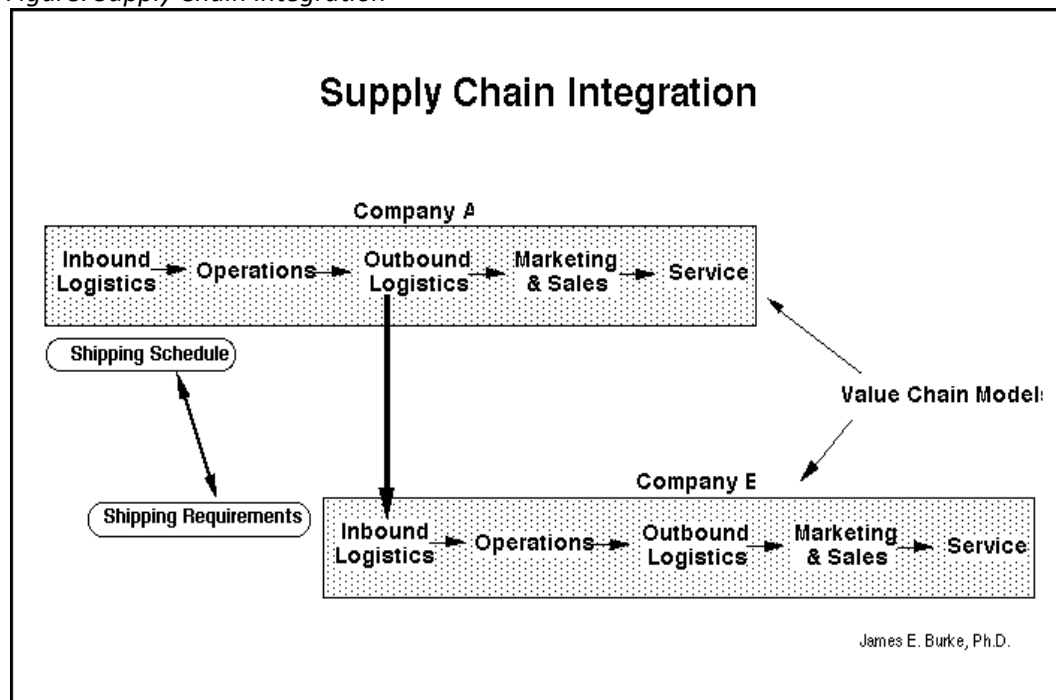
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approximately \$500 billion in goods. This networking system is too expensive for many small and medium-sized enterprises, although some are forced to use it in order to remain a supplier to a particular company.

Some firms using EDI are moving to the Internet to reduce the communications costs associated with VANs, but many are maintaining the status quo because the firms in their supply chain may not be ready to make the move. On the other hand, some smaller firms are utilizing the Internet and **XML** to achieve EDI on the Web. A large company like Sears, with thousands of suppliers, is able to continue working with large suppliers on a traditional EDI system, while moving smaller suppliers to a Web-based EDI system. The supplier systems are integrated with Sears's back-end systems in order to shave weeks off of the purchasing cycle.

Successful supply chains are vital for manufacturing operations since the timeliness, cost and success of the final product may depend on a component part made by a single supplier. The competence of suppliers may now be demonstrated through the ISO 9000 qualification process, which is critical when using suppliers from foreign countries or when the final products are exported.

Figure: Supply Chain Integration



When the supply chain transactions of the partners can be automated and integrated over the Web into the back-end systems of each other, then the resources of all the chain partners can be planned and managed for an efficient operation. An emerging approach to automate transactions with partners is to link systems through the corporate **portal**, which greatly reduces the integration requirements. Portal software now has potential connections, or hooks, where the systems of different enterprises can be linked to securely transfer data.

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In addition to good technology, it takes a strategy, time, resources and, most importantly, trust between partners, for the supply chain to function successfully.

### **Structural Concepts To Deliver Value**

The effective delivery of value to a customer, requires that a company organize its structure and functions according to the type of product or offering delivered. The *value chain*, as popularized by Michael Porter <sup>1</sup>, describes a linear set of steps, which could be activities or business processes such as design, production and sales, whereby a manufacturing company delivers value. This value chain delivery model strives for overall efficiency and cost reduction by increasing the efficiency and reducing the cost of each business process. Each step is independent and separable, and can be *outsourced*, or contracted out to another company. The value chain becomes a supply chain when a company uses the inputs and activities of other companies in its manufacturing process.

However, the value chain doesn't appear to describe how many service-oriented businesses operate. Stabell and Fjeldstad, Timmers, and Afuah and Tucci, have developed additional concepts of "value shop" and "value network", following the work of Thompson to address other types of businesses.<sup>2</sup>

The *value shop* describes a service operation, such as a consulting, law or accounting firm, that focuses on customer needs rather than on the production process of the value chain. It may also describe a department, such as customer service, within a larger organization. For example a manufacturing company, a value chain operation, could have within it a department that operates as a value shop.

The e-business set up as a value shop works directly with the customer to provide a necessary, often unique, solution. The value shop is geared to solve specific client problems rather than to make a common solution more efficient. Some value shops, such as large consulting companies, will attempt to duplicate solutions among clients by introducing jargon to describe steps in an approach, and by attempting to fit the client's problem to the approach, rather than focusing on the client's problem.

The *value network* is a type of e-business where networked users negotiate a transaction on a web site. The value network hosts online auctions, brokering, market making, intermediation, or other types of transactions.

The value network depends on growth in order to attract more users. When the number of users on a value network increases, the network becomes more valuable to each participant since it increasingly becomes the site where desirable transactions will take place. Ultimately the strategy of network dominance results in large companies like eBay, since in theory it drives all of the users to be on one network. However, for various reasons described in a following section, this limit is never reached, and competitors do emerge, even for a company like eBay.

### **Sources Of Revenue**

Depending on the business model, several revenue sources may be available to an e-business. Many online businesses will have a three or four of these sources. A mix of revenue sources is often referred to as a *revenue model* but may be mistakenly called a business model. Some of these sources of revenue are:

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- Advertising
- Affiliation
- Agent commissions
- Licensing
- Sales commissions
- Sales profits
- Sponsorship
- Subscription
- Syndication
- Use Fees

For large public-private or government projects revenue sources might also include:

- Bonds, usually for large capital expenditures
- Taxes, primarily income, property and sales taxes
- Use fees and tolls

With small fast-growing companies such as e-Business startups, investors often track expected revenues and revenue growth and may make changes to increase revenue. However, after the **Dot-Com** boom ended, more traditional measures such as cash flow and earnings have come back into favor as means of evaluation.

### Activities, Resources And Capabilities

The activities, resources and capabilities of a business are sometimes known as its requirements. In order to perform the activities required to carry out the **mission** of the business, certain resources are needed; for example, employees with certain skills, or capabilities, are needed to perform activities correctly and efficiently. Also, inventions, processes and other **intellectual property** may add to the individual knowledge of an employee to develop a competence in the performance of the required activities.

### **Activities**

Activities are specific business processes or groups of processes such as design, production and sales that implement the business concept. The operational business model identifies the costs and outputs of each activity.

Activities drive the need for resources. Existing activities should be carefully scrutinized in order to conserve resources and reduce costs. Activities left over from previous initiatives, but not currently necessary should be curtailed. This may sound elementary but businesses start many activities over time, especially if its business concept changes. But one doesn't often hear of a large business curtailing its activities in order to focus on its current mission.

Also, proposed activities should be carefully reviewed before a commitment is made to develop them. Not only should they be aligned with the goals of the organization and contribute to offerings in demand in the market, but the required resources and capabilities should be considered. The implementation of

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some activities, such as production or manufacturing, have high costs that must be incurred before a product can be sold and revenues begin to flow.

### E-Business Processes

Beware: Some fundamental e-business activities may infringe on patents. Business processes, or the "method of doing business" may be patented, so that a business model may unwittingly include the development or use of intellectual property owned by another party. Patents have been freely awarded for even the most straight forward business processes.<sup>3</sup>

- Some examples are:
- Amazon.com has a patent for "one click" purchasing technology and its "Affiliates" program.
- CyberGold has a patent for pay-per-view ads where the customer enjoys an incentive for clicking on them
- Netincentives has a patent for online incentives programs, possibly in conflict with CyberGold's
- Network LLC has a patent for a Web navigation based on keywords rather than URLs
- Open Market has a patent on electronic shopping carts, on paying with credit cards using the secure socket layer encryption and on secure credit card transactions. However, there are now several types of shopping carts.
- Priceline.com was issued a patent for its reverse auction method, that is, "name your price" auction.
- Sightsound.com has a patent for selling digital content (e.g. downloading films) on the Web.
- CI Software has a patent for EDI on the Internet

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One of the most widely renowned patent infringement cases was Amazon.com's patent for "one click" technology for purchasing items, which was at the center of its dispute with Barnes and Noble. One-click shopping allows the prospective buyer to bypass the use of a "shopping cart", which is cumbersome for many users.

Amazon.com also has a patent for its "Affiliates" program, which allows the company to market the products of other companies in return for a commission. This business process has been used freely by traditional businesses since the beginning of recorded history and the fact that this process has been patented is very controversial. Also controversial is Priceline.com's patent for a reverse auction method, which it uses to sell airline tickets.

In effect, a few companies have patented Internet business models, which are being used by many other companies. If these patents can be easily licensed at reasonable rates then there won't be a problem in the future development of e-business. But if not, the resulting chaos will inhibit the growth of the online business world.

### Resources

In order to perform activities an organization requires human, tangible, intangible and supporting resources. Human resources, in particular the skills and knowledge of employees are important, as are the programs (e.g. incentives, training) and institutions that support them. Of related importance is the "corporate culture" that shapes how employees work together and which may also be instrumental in determining how a company works with its partners, or whether a merger between two companies can be successful.

Tangible, or physical and financial, resources include facilities, equipment, and cash reserves. Intangible resources include intellectual property, business processes that can be patented, brands, customer profiles and personalization data in databases, and customized software. Supporting systems include organizational structure, information systems or communications processes that may have little value as stand-alone resources.

### Capacity

The total resources of the organization represent its *capacity*. When resources are underutilized, the company has resources that aren't used, or *idle capacity*. Idle capacity in manufacturing tends to be measured in terms of additional output that could be produced. In service organizations the measure for idle capacity is usually a number of employees. Resource capacity can also be measured in job-hours, machine-hours, sales per employee, or square feet. Often these are compared with industry standards to assess the efficiency of the organization.

Resources may also be misallocated. Processes may be successively introduced over time that result in an overall inefficiency. This may be a significant potential problem in e-Business since activities are accumulated based on market demand and there are few if any other companies available for a comparison.

Capacity also represents a constraint to growth. Demand for product or services may exceed capacity and managers may take a variety of steps to temporarily resolve the problem: overtime for existing

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employees, additional shifts to increase the utilization of equipment, contracting to outside entities, even competitors! For example, a software company may outsource code writing, which is standard fare - almost a routine activity, in order to increase its design capacity. Of importance here is to be able to distinguish between real growth in demand versus periodic spikes in activity, which frequently occur in some industries such as printing. Real growth would merit the expansion of capacity. However, this should take place only after careful analyses of the current and future market, relevant technologies, and resource and financial requirements. And it should be executed based on an implementation plan.

### **Capabilities, Competencies And Competitive Advantage**

In order for the business to be successful, workers with certain skills, or capabilities, must be available. This is important for two reasons. First wages are usually the highest expense of a business, as much as 70% of the budget of an organization with low capital requirements (e.g. an accounting, or legal firm). Second, capable workers may not always be available, which may lead to the issue of outsourcing, as discussed in a following section.

When activities, or sets of activities, are performed extremely well and are, in fact, among the best in the industry, then these are known as *competencies*. Competencies result from workers with distinctive capabilities; skills and processes that efficiently utilize resources, and combinations of activities that add significantly to the value of the output. Competencies become organizational strengths and an important component of the business model.

Sometimes competencies will allow a firm to lead an industry in providing value to customers. When other companies can't easily duplicate these competencies, the firm is said to have a *competitive advantage*. For example, a low cost manufacturing process may enable a company to sell products at a very low price and still make a profit - a situation that can't be matched by competitors.

Competencies may also point to possible future directions for the firm. When the business model fails due to factors beyond its control, such as a shift in the market, then a new business concept may be based on the competencies of the firm. Firms with leading edge programming staffs, for example, can often shift to another type of software application without too much difficulty. An e-tail operation such as Amazon can easily add new product groups to its Web site due to its industry-leading competencies in online transactions, customer tracking, order fulfillment/shipping, and customer service.

### **E-Business Environment And Strategies**

The rate of change in e-business presents an enormous challenge to managers. Business on the Internet is just beginning, and is evolving through a process of trial and error. Management flexibility is a key for survival and success in e-business.

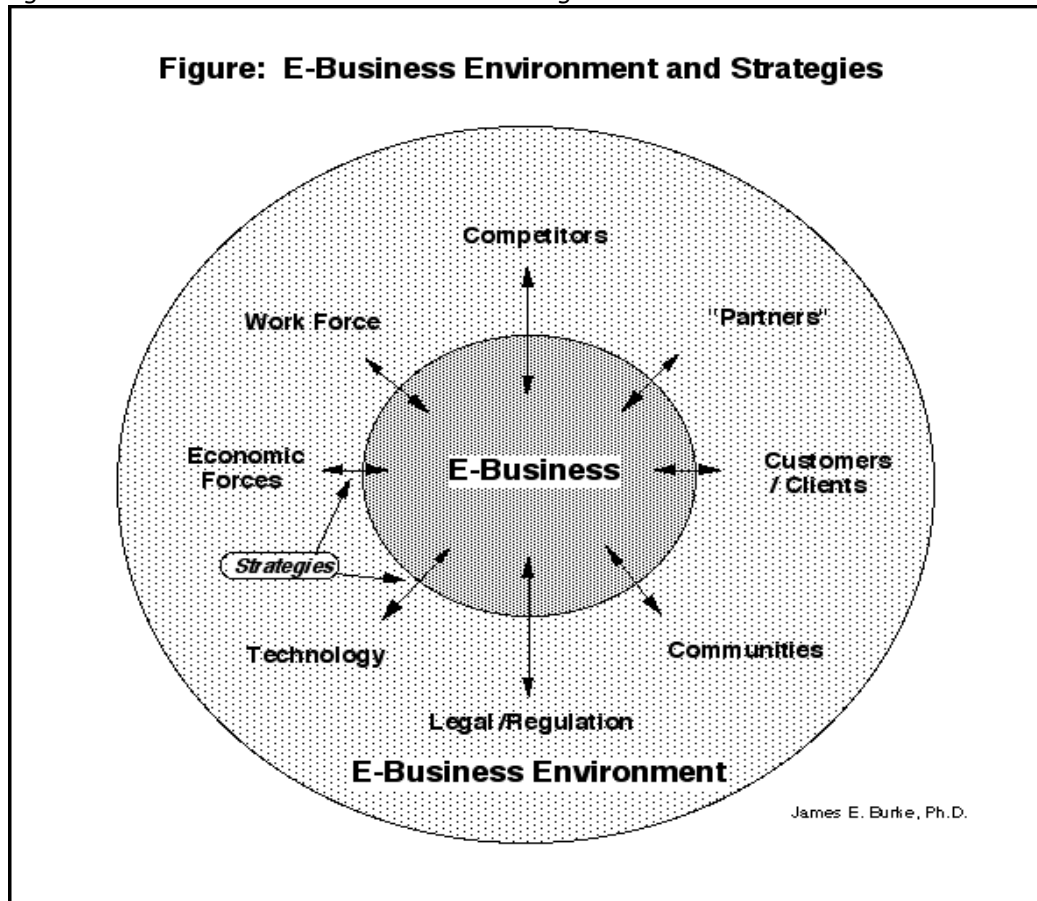
The environment of any organization consists of all of the factors that are beyond its control, but influence it in one way or another. Examples of these factors are shown in the figure, E-Business Environment and Strategies. To counter the potential adverse affects of these factors, the e-business can respond with strategies. An external strategy is an approach to deal with factors in the external business environment such as competitors, markets, and technological developments, that are beyond the company's direct control. This is different from a corporate strategy, which addresses factors under

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the company's control such as the approach to marketing, sales, and pricing. Other components of the business model such as the value proposition and sources of revenue may also include strategies.

Figure: The E-Business Environment And Strategies



External strategies may be driven by components of the business model, such as finding workers with certain capabilities to staff activities. If the required work force is not available locally, the business concept may have to change, and workers brought in, or the work outsourced. Even though strategies may be implicit in the business model, such as hire workers at the industry wage, it is important to recognize them explicitly because they may have to change as the business environment changes.

### The Competitive Environment And Strategies

The competitive environment, sometimes known as the industry environment, results from relationships with other firms. These relationships are with suppliers, customers, producers of substitute products, potential new entrants, competitors, "complementors", and strategic partners, which are described by Porter.<sup>4</sup>

When suppliers are limited, they may keep prices high and reduce the profit of a firm that buys from them. A strategy for the buyer is to find new suppliers, or producers of substitute products. On the other hand, if there are only a few buyers, they can keep prices low, but a strategy for the seller is to find more customers to compete for products in order to raise prices, or to find a more profitable of their



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industrial capacity. Therefore the Internet serves to increase the knowledge of prices, find producers of substitute inputs, and subsequently cause downward pressure on prices.

Potential new entrants to a market may also disrupt prices. Either they enter the market with low prices to gain market share, or they cause the existing firm to lower its prices in order to create a entry barrier to the new firm. Competitors may also cause prices to drop through price wars, but can also contribute to stability in the marketplace. Finally, complementors, firms that make products that need the firm's product to add value (e.g. software developers for particular PC operating systems), as well as strategic partners can create demand for the firm's products. In each case the Internet may be used to the advantage or disadvantage of the e-business. The point is that an e-business must have an Internet strategy to be successful.

### First Mover Advantage

A strategy that has been used by some dot-com companies is the *first mover advantage*, that is, to be the first to serve a new online market. The common wisdom is that the first business into an unserved or underserved market captures the largest share of the market and is in a better position to survive and might even increase its market share in an economic downturn that causes competitors to go out of business.

### Second Mover Advantage

In some traditional sectors, such as real estate development, being a first mover is often shunned as too risky, and the *second mover advantage* is sought. Second movers learn from the mistakes of first movers and may take advantage of the investments made by first movers by buying them at discounted prices. This strategy may be appropriate in the early years of an e-business where the risk is high and managers are responding quickly to a changing environment.

### Increasing Value Through Network Dominance

Another strategy, mentioned earlier, involves one situation where being a first mover is very important. *Metcalfe's Law* states that the value of the network to each user increases as more users are added to the network. Therefore, one of the competing networks becomes dominant as most of the buyers and sellers shift to it. Competing with a company that has achieved network dominance is very difficult and expensive.

The best example of network dominance is the online auction, where eBay dominates the market. The auction site that starts first in a particular market and attracts the most attention and customers, is probably the most valuable to the occasional user who wants to buy or sell something. Only larger online companies with high traffic volumes, such as Amazon, Google, and Yahoo, can begin to compete on a "head-to-head" basis with eBay. However, smaller online auctions have opened in niche markets, where they may provide specialized knowledge and services.

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### Maintain And Improve Competencies

One obvious strategy is to develop the capabilities, and to build and maintain competencies in order to keep an advantage over other firms. To do this, one must understand market conditions and the firm's strengths and weaknesses.

Other strategies to maintain competencies include:

- **Block:** The "block" strategy makes it difficult for other companies to copy business processes and intellectual property. Blocks can be achieved by limiting knowledge transfer about critical features or by reducing or indicating a reduction in prices.
- **Run:** The "run" strategy means the business innovates faster than potential competitors. To pull it off the company needs competencies in critical areas.
- **Strategic Alliance:** The e-business works with other firms that are not usually direct competitors. For small e-businesses, alliances may be essential since every facet of growth can be facilitated through association with a well-known and capable partner. Strategic alliances can solve immediate problems of developing capabilities in distribution, shipping, and billing, and will allow the company to be "up and running" very quickly. However, the small company should be concerned about losing its autonomy and intellectual property to its larger partner.

### **The Technology Environment And Strategies**

Technology plays an important role in e-business and must be tracked closely. It can shift very quickly and greatly disrupt an unprepared company.

### Disruptive Technologies

When a new technology creates a different approach to performing a task that is less costly, more efficient, or otherwise relatively advantageous and displaces existing technology, it is known as a *disruptive technology*. These technical disruptions can cause businesses to fail, particularly in those organizations unprepared to change their business model.

Examples of disruptive technologies are:

- Alternative Energy Generation at low cost
- Artificial Intelligence including Autonomous Systems
- Emergent Computing: Biocomputing, DNA Computing, Optical Computing, Molecular or Chemical Computing, and Quantum Computing
- Global e-Commerce with the Electronic Product Code (EPC) and RFID
- Grid Computing, including Bioinformatics Grids and Economic Development Grids

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- Human-Machine Interaction: Intelligent Collaboration, Intelligent Design, and Intelligent Training Systems
- Nanotechnology
- Open Courseware
- Open Design & Problem Solving
- Parallel Computing
- Knowledge Representation and the Semantic Web
- Superconductivity
- Voice, Sight and Haptic (i.e. touch) Response Systems
- Wireless Internet

When high-speed optical networking was developed, many of the existing networking companies were slow to recognize its potential or miscalculated the time required to deploy the technology. As a result, new firms began meet the demand for glass fiber and switching components, and competed successfully with communications manufacturing companies that didn't change.

### Technology Strategies

Every e-business concept based on a technology break-through runs the risk of being replaced by a company with a newer technology. Therefore, a strategy to maintain technological leadership, or to have access to the leading applicable technologies, is essential for the long-term survival of a technology-based e-business.

A technical innovation strategy can be as simple as outsourcing the technical side of an e-business rather than trying to maintain the competency in-house. If it is large enough, a firm can develop new technologies. But for most firms, an R&D program is too expensive. One option is to partner with an organization known for developing new technologies, so that they become available as they are developed. Co-developing and licensing technologies are also options. The use of a strategic alliance can serve as a technology strategy, as well as a competitive strategy.

To avoid falling victim to a new technology, a firm must try to keep abreast of technological developments that may affect its industry. Any company that is technology-dependent must have someone in-house who is knowledgeable about the latest technical developments. But more importantly, the company must be willing to take action when it appears that a major advance in technology poses a threat.

### **The General Environment And Strategies**

The general environment contains those factors that face most businesses: laws and regulations, the economic climate, and worker availability.

### Laws And Regulations

New laws and regulations may have unexpected effects on e-business, especially in the areas of privacy, patents and other intellectual property. E-Business leaders should understand regulations and the rationale for local taxes, including how tax revenues are spent. Unfair tax breaks should not be expected by an e-business; neither should businesses expect to compete unfairly with other businesses.

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### Economic Climate

Sound financial strategies will help maintain cash flow and solvency during an economic downturn. Many small businesses simply run out of money before products begin to generate revenues. E-business should use the conservative accounting practices preferred by most investors.

### Worker Availability

The availability of qualified employees is one of the biggest problems for an e-business attempting to grow from a startup into a small or medium sized enterprise. Although technical workers became available in the economic downturn after the Dot-Com crash, the availability of foreign workers decreased significantly after the terrorist attack of September 11, 2001. Larger technical companies, who had augmented their work force through hires of foreign workers prior to "9/11" now feel that must outsource large numbers of jobs abroad in order to find the talent needed to stay competitive. Whether outsourcing will be proven as a successful strategy over time remains to be seen. Certainly it will work in some situations, but it is unlikely to work in all situations.

Strategies for the local work force include obtaining and keeping qualified employees with programs such as training, child care, and employee services. Training programs are also necessary for all employees to develop skills in new technologies.

### Summary

The Business Model:

- describes how a company functions; how it provides a product or service, and how it produces revenue
- indicates how a company will create and adapt to new markets and technologies
- has four components: e-business concept, value proposition, sources of revenue, and business activities, resources and capabilities
- shows how a company can be successful provided that all the components work together in a cooperative and supportive fashion.
- helps management to focus on the whole business, not just on one activity

### 10. Online Marketing Mix:

The **digital marketing Mix** is essentially the same as the **marketing mix**. It is simply the adaptation of price, place, **product** and promotion to the **digital marketing** context. Of course one could also include physical evidence, people and process when **marketing** planning for an **online**

### **Digital marketing Price**

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The digital marketing mix is simply an adaptation of the traditional marketing mix, and 'P' for *price*. However, the Internet has influenced how online businesses price in a number of ways. Read more...



### Digital marketing Place

The digital marketing space consists of new Internet companies that have emerged as the Internet has developed, as well as those pre-existing companies that now employ digital marketing approaches as *part of their overall marketing plan*. For some companies the Internet is an additional channel that enhances or replaces their traditional channel(s) or *place*. Read more....

### Digital marketing Product

We've already considered *product* as part of the marketing mix. Two previous tools for product decision-making have been introduced – Product Life Cycle (PLC) and the Three Levels of a Product. Read more...

### Digital marketing Promotion

- This lesson looks at ways of increasing the popularity of your website by looking at the **internal optimization** of the website itself. It considers many important ways of building your traffic, including Search Engine Optimization (SEO) approaches. Read more...

### 11.Mobile Marketing:

Mobile marketing encompasses all those activities which connect advertisers to consumers through mobile devices and networks. Mobile devices include phones, PDAs, media devices, portable gaming consoles, tablet computers—and, of course, those devices which function as all of the above. Some mobile devices may only be open to a few advertising channels (for example, a basic cell phone can receive text messages); while other devices support many additional possibilities, including mobile Internet access, video messaging, and the ability to actively initiate and interact with advertising (for example, by scanning a QR code).



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6. Smartphone users are frequent social networkers with 86% visiting social networks on their device with 60% of these visiting at least once a day.

Source: <http://services.google.com/fh/files/misc/omp-2013-ie-en.pdf>

Marketing through social networking sites allows marketers access to 60% of users daily.

source: <http://www.mobilephoneadvertising.biz/mphonemarket.php>

Mobile phones have become a huge area for marketers since the 1990's:

- Higher click through rates which also generate sales
- 7% increase in click through advertisements

From an advertising perspective:

- Cheap way of marketing compared to other outlets
- Cost efficient
- Effective – high possibility to generate good results

Mobile is arguably the closest you can get to the consumer. There is no other device that is:

As personal (everybody has their own phone)

As pervasive (is with you all of the time)

and provides the opportunity for proximity

### **12. Digital Signage:**

What is Digital Signage? Digital signage is a tool for providing information to the campus community by displaying information on video monitors which may be updated dynamically and remotely over the campus network. Several areas of the campus have requested assistance with implementing a digital signage solution. The need to display and share images, video, text, live data from the internet, news, and weather are commonly asked functional requirements. The solution must be enterprise level, meaning signs must be connected campus-wide. Goals An identified digital signage solution should provide: • Ability to disseminate emergency notification messages • Remote management • Multimedia

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content capabilities, including video • An intuitive interface for updating individual signs Solution We have contracted with ConnectedSign, partner resellers of FourWinds Interactive. This software is used in several major universities and private companies across the globe. It not only meets, but exceeds our requirements for a digital signage solution. This system is primarily designed to notify the campus community in times of emergency. Emergency notification is crucial to the implementation of the system and is the main reason we have a networked digital signage system. This document's goal The purpose of this document is to familiarize yourself with the Web App software and to learn how to use a template, how to create and schedule content, and how to deploy your sign. We will be covering a lot of information in this document and you should keep it as a reference. Basic System Layout Diagram ENTERPRISE DIGITAL SIGNAGE @ ITHACA COLLEGE Page 4 of 17 Definitions Content Manager Express Web App (CMX) The web application version of Content Manager. vision.ithaca.edu VISION Server The brains of the sign system. It houses the Content Manager software, database, & website to control the sign system. Media Player (or Player) A small, specialized computer that attaches to the back of the TV monitor. It displays content from the system. Secure File Transfer Protocol (SFTP) The method used to securely upload data to the signage system. Template The 'skin' of your sign that contains the background and regions where content can be placed. Deployment (Deploy) The method used to send your data to a Media Player in order to change or update your sign. <http://vision.ithaca.edu> to access the sign system through your computer's browser. On campus access is on by default. Off campus access requires a remote access connection for security purposes. Please contact the service desk for more information. VISION is where the sign software, web page, and sign database exist. Any of the content you upload for your sign is stored here. The Media Player displays data deployed to it. The Media Player can also access the Internet for content, if necessary. These are typically mounted to the back of your tv. User Computer (Mac or PC) VISION Sign Server Media Player (connected to monitor) Page 5 of 17 WEB APP INTERFACE First, go to <http://vision.ithaca.edu> from your internet connected PC or Mac, and login with your Ithaca Netpass username and password. If you are off-campus you will need to use remote access with Junos Pulse. Once logged in, you will see that the Web App is divided into sections. These show a list of the signs that are in your system, content that you have already added, and templates you can use for your sign. Content already added List of signs in the system Template library tab Content library tab Page 6 of 17 The Menu Bar The Network Overview Section This section shows the signs in your system. You can see the hierarchy of the system, starting with the company, location, player, template, region and content sections. The Company is Ithaca College and each Location is a specific school or department. We will be bringing in different locations as they join the signage system. Players are listed under each location and there can be multiple if needed. Players represent your actual media player computers that are mounted to the back of the tv. Templates can be applied to each player. If they are not specifically scheduled to play at certain times, then the templates play in order from top to bottom. In this example above, the "blank screen" template will play before the "BSchool1" template. Inside the templates are Regions where content is housed. Think of the regions as folders for content. Content is what you want to play. It can be images, video, powerpoint, etc.. Content also plays in the order that it's stacked. Company Location Player Template(s) Region Content The Menu Bar at the top of the Web App is where you will Save, Save & Deploy, Get Info, Refresh, and generate Reports. The primary buttons you will use are: Save - saves your work Save & Deploy - saves your work and sends changes to the media player Refresh - keeps the Web App current, in case changes are being made by other people logged in and changing your signs at the same time Page 7 of 17 The Content Section There are several types of content you can add to a sign to make it very dynamic. You can also set up a sign to simply play one fullscreen file. It can be as simple or complex as you need. Each content type is identified with a small logo next to it. In the picture above, you can see the pink icon representing an Image. The yellow icon represents Text. Also, please note that the system refers to folders, shown above in black, as a Content Category. Some of the more interesting content



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types allow you to use links to data on the internet, or in locations where the system can access the latest version of that file. For example, you can make an Excel sheet as a Live Data item to display in a sign. When you make changes and save the Excel file, your sign detects the change and displays the most recent version. It can even detect specific column headers and allow you to customize how that file looks (fonts and color and size, etc.). The same is true for animated GIFs - copy and a paste the URL of the GIF into an Image content type and you can display it in your sign in all its animated glory. All the content type examples are listed below with a brief description. The lower left-hand section of the Web App houses the Content Library. This area displays the content that you have available to add to your sign. Note: The Apps Library and FWI Store is not currently being used so please disregard. Page 8 of 17

Types of Content Note: You may find that specific content types that seem similar are better at one purpose than another. For example, "Live Data" vs. "Content Feed". They can do similar things, but after some experimentation, you may find that only one of these can effectively work for your purpose. Live Data content can be created through Excel, text editors, or imported from various event management systems and servers. Microsoft Bing Maps content is dynamically provided from Microsoft Bing servers. Video content can be created through media design tools, downloaded from cameras, etc. (MP4 recommended). Live TV content is supplied by a television signal. You will need a small additional USB adapter for this to work. Excel content can be created using Microsoft Excel or compatible applications (file types XLS and XLSX). Weather content is dynamically downloaded from NOAA servers. Feed content is dynamically downloaded from servers that provide syndicated feeds such as RSS. PowerPoint content can be created using Microsoft PowerPoint (file types PPT and PPTX). Progressive Slot Meter content is dynamically provided by progressive slot servers. Text content can be created directly in Content Manager or through any number of text editing applications. PDF content can be created using Adobe Acrobat (file type PDF). Image content can be created using graphic design tools, downloaded from digital cameras, created through screen capture tools, etc (file types JPG, PNG, BMP, GIF, recommended). Date/Time content is based on the player machine's local clock. Document content can be created using Microsoft Word, OpenOffice Writer, or compatible applications (file types DOC, RTF, and ODT). Control Pad content is created in Content Manager. Touchscreen capable hardware is required. HTML content can be created through website editors or can be dynamically downloaded from a web server. Content Feed content allows you to use a feed file you create to change what is being played on the sign without redeploying. Flash content can be created using the Adobe Flash authoring tool (file types SWF and FLV). Wayfinding content can be created using graphic design tools (file types JPG, JPEG, PNG, BMP, GIF) to draw map(s) that can then be overlaid with paths and locations. Page 9 of 17

Add New Content You can add new content to the system as follows: Choose the type of content you want from a list. You will then see a window that will have options for uploading your content. For our example, we chose Image. You will see a prope