


stephen dann and susan dann

e-marketing

theory and application

www.palgrave.com 
Companion Website



e-marketing

theory and application

Stephen Dann
and
Susan Dann



palgrave
macmillan



© Stephen Dann and Susan Dann 2011

All rights reserved. No reproduction, copy or transmission of this publication may be made without written permission.

No portion of this publication may be reproduced, copied or transmitted save with written permission or in accordance with the provisions of the Copyright, Designs and Patents Act 1988, or under the terms of any licence permitting limited copying issued by the Copyright Licensing Agency, Saffron House, 6-10 Kirby Street, London EC1N 8TS.

Any person who does any unauthorized act in relation to this publication may be liable to criminal prosecution and civil claims for damages.

The authors have asserted their rights to be identified as the authors of this work in accordance with the Copyright, Designs and Patents Act 1988.

First published 2011 by
PALGRAVE MACMILLAN

Palgrave Macmillan in the UK is an imprint of Macmillan Publishers Limited, registered in England, company number 785998, of Houndmills, Basingstoke, Hampshire RG21 6XS.

Palgrave Macmillan in the US is a division of St Martin's Press LLC, 175 Fifth Avenue, New York, NY 10010.

Palgrave Macmillan is the global academic imprint of the above companies and has companies and representatives throughout the world.

Palgrave® and Macmillan® are registered trademarks in the United States, the United Kingdom, Europe and other countries.

ISBN 978-0-230-20396-9

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources. Logging, pulping and manufacturing processes are expected to conform to the environmental regulations of the country of origin.

A catalogue record for this book is available from the British Library.

A catalog record for this book is available from the Library of Congress.

10	9	8	7	6	5	4	3	2	1
20	19	18	17	16	15	14	13	12	11

Printed and bound in China

This book is dedicated to the people who just want their mobile phones
to make phone calls – SMD

To Sascha and his lifelong companion, the late Bert – SJD

And to our family and friends who once more wondered where we went this
time, and why we stopped answering our calls when we bought those shiny
new phones – SMD & SJD

Preface

Writing a book on e-marketing is a challenging process of second guessing the future, monitoring the past and hoping the present will hold still long enough to stop the sentence you're writing about the Apple iPad from becoming obsolete.

For the most part, we've spent the duration of the project trying out new content, new frameworks and a host of new websites to the point that if you've got the same name as one of the authors, you're not going to have any social media sites left that will accept it as a valid username (which we discovered when one author's namesake friended them on Facebook and permanently confused everyone).

In order to put the book together, we made a few decisions at the outset. First, we'd name brand names so people knew what sort of websites, hardware and technologies matched the generic home-brand marketing theories. Secondly, that merely naming a brand wasn't going to be an endorsement any more than naming the Ansoff matrix was grounds to automatically assume a business growth strategy. Thirdly, that this was e-marketing, so we'd bet on the marketing theory ahead of the technology since marketing's older, more robust and runs in online, offline, mobile and in-flight mode. Finally, we also decided to go for the first person marketer approach of using less third person (apart from the odd cut scene) and more author integration. The only rule we had was to keep the authors anonymous (so you can't say for sure which one of them has the contemporary games habit, and which one believes gaming perfection was reached with Tetris).

Design decisions

Writing a print book about e-marketing is like using time-lapse photography as a navigation tool. The past looks pretty and it's a good field guide to what's been there previously in the same area. However, as with something as unstable as the Internet, there's room for change, upgrade and new concepts. That said, the last time the authors wrote an offline marketing book, the AMA definition of marketing changed in the same year the book was published (and that was offline marketing).

We're used to change being a constant and have factored that into the book's frameworks – including putting in some technology predictions that might come to pass if marketing students were to invest their time, effort and energy into developing and using these new areas (hint, hint). At the same time, we're also keenly aware that change doesn't negate history, and the cyclical nature of human endeavour is one of action and reaction. Build a distributed network and someone will compete with a centralized structure that in turn will find a distributed network showing up a while later for a rematch.

Old theory, new technology

There's a deliberate strategy behind our selective mixture of antique theory and cutting-edge content. Back in the early days of the Internet there was a propensity for self-proclaimed and actual experts to declare all of the old rules of business dead and that the Internet changed everything so fundamentally that new rules were needed. This turned out to be wrong, and the old rules of profit, loss, revenue and consumer satisfaction still applied (along with the rest of the notes). Fast forward to a new decade, social media and a new batch of proclamations about the old rules being dead, and we're suffering a serious case of *deja Google*. So we elected to run with the rules, models and frameworks from the 1990s to showcase the idea that fundamental principles of marketing outlive software, hardware and self-proclaimed experts. We may not be using dial-up modems (just the mobile wireless laptops and smart phones), hopping onto the Internet to check mail on CompuServe and AOL (Google and Yahoo!) or talking to our friends in IRC (Twitter) or USENET groups (Facebook groups) but we are still using the new technology for same old communications outcomes.

Learning from history

By far and away the most surprising reaction to the Internet has been the opportunity to abandon the social constraints imposed by the Industrial Revolution. Prior to industrialism (the manufactured goods superhighway), cottage industries dominated the production landscape as small producers serviced local and niche markets. With the development of factory systems and the high demand for manual labour, society recalibrated to cluster workers around their employment sources (factories) in order

to expedite the production processes by getting employees to work as fast as possible. Cities, suburbs and whole towns were based around geographies that suited the physical locations of factories, shipyards and other industrial activities.

As the Internet has gradually moved information production into the forefront of contemporary employment, a 'revolution' has taken place. Separation of employees from the production location is touted as new and revolutionary despite having been the dominant industrial model several centuries prior to the Internet. The development of temporary businesses, loose coalitions of individuals who cluster together for the duration of a project then spread out into their next projects, sounds just like the sort of thing the Internet was designed to support. Said model of 'temporary companies' is the operational model of Hollywood and the film industries, where the break up of the big studios was driven by the 'Company of Strangers' model, some fifty years prior to the Internet being little more than a back-of-a-napkin idea.

The lesson for the Internet is to accept that the use or development of a new technology does not negate the lessons of history. Anyone sold on the idea of the Internet as a 'revolution' should be reminded (with varying degrees of force) that revolution does mean 360° rotation and going around in circles as much as it means the overthrow of established order.

Plus ça change, plus c'est la même chose.

Notes for the readers

There are a couple of points we'd like to highlight about the book.

Cross-linked content

The chapters are sufficiently cross-wired that you'll probably try to click the (chapter) references out of habit. As soon as we're doing this in an e-book, that'll work. For now, we've heavily cross-linked and cross-referenced the content so you know where it first appeared and when it's next likely to appear. When you reach the far end of the book, the cross-referencing increases dramatically as we're drawing together a whole book's worth of the content to showcase how to use the concepts, theory and notes in more practical examples.

It's a trap

There's one thing we should warn you about this book – it's loaded with links to highly interesting places that will capture your attention. If you're easily distracted, buy a kitchen timer and ration your online research time into short units. That said, we'd also like to point out that we had to field test our research in Facebook games, which meant playing around in addictive Flash gaming *as a form of work*. It's the only time procrastinating about our homework resulted in a book chapter being written.

Cats

The Internet is powered by cats. We don't know why, but if you're a dog person (or chicken person), then it might be a bit annoying to constantly have cat references littered throughout the online world. You'd have our sympathy, but we're cat people, and the plethora of captioned cat photos is quite relevant to our interests.



Oh my god, it's full of cats
Source: <http://xkcd.com/262>

e-introduction (aka Chapter 0, the Web chapter)

The dead tree edition of the book comes with an online chapter that is variously known as Chapter 0 (since it's the precursor to Chapter 1), e-introduction or 'that web chapter'. The chapter covers the sign up and registration details for a range of e-marketing activities, and since the Internet is considerably volatile we figured a chapter full of screenshots, URLs and recommended web companies being printed out was just asking for trouble. The chapter will probably go through a few revisions over the lifespan of the printed book since web pages change, companies, brands and products come and go, and all the screenshots will fall victim to the passage of time and web design fashions. The e-introduction is available on the Companion Website: www.palgrave.com/business/dann.

Acknowledgements

The authors would like to acknowledge the ongoing support of the backroom workers of the Dann & Dann publishing machine. Thank you to Jean Shepley, Michael Dann, Peter Dann and Jennifer Gearing for their ongoing support. Thanks also to the team at Palgrave Macmillan who shook hands with us and said, 'Call when it's done'. Since we're still figuring out that bit of our phones, we e-mailed them instead.

Stephen would like to thank his colleagues at the Australian National University for their contributions, suggestions and assistance over time, and the IT team at the College of Business and Economics, who steadfastly refused to ask what precisely he was doing with that computer (it's been much appreciated and heavily documented). Thanks go to everyone who has contributed to this book by being part of Stephen's online life through USENET, IRC, Facebook, MSN, Twitter, e-mail and the many hundreds of hours logged in game servers. It's the people who make the Internet, especially the thousands of you who will never read this dedication because it's printed on a dead tree. Susan and Stephen would like to thank Randall Munroe of XKCD.com for providing us with the opportunity to use his cartoons throughout the text. XKCD has been proof that the Internet can bring together the extremely potent combinations of awesome observation and stick figures into a powerful force for good (even if mouseover text is impossibly hard to render in print).

Finally, Susan and Stephen would like to thank you for reading this page.

About the authors

There are two authors. Neither remembers who was lead author and since they're both Dann, S., it doesn't actually matter. For the record, their parents never expected them both to work in the same field, co-author books and generally have copious confusion when the letters addressed to Dr S. Dann arrive at the mail box (which is one reason they both like e-mail).

Dr Stephen Dann (BA, B Com (Hons First Class), GCHE, MHE, PhD)

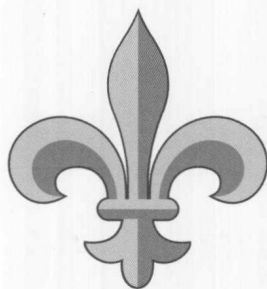


Dr Stephen Dann's Avatar logo

Stephen Dann is a senior lecturer at the Australian National University in Canberra, Australia. Stephen's research specializations include social marketing, strategy, consumer behaviour and Internet marketing. His ambition is to collect one of each qualification available in post-secondary school education.

URL: www.stephendann.com

Dr Susan Dann (BA, MPubAdmin, PhD, FAMI, CPM, MAICD)



Dr Susan Dann's Avatar logo

Dr Susan Dann is Professor of Marketing and Deputy Head, School of Business, Australian Catholic University. Susan combines an extensive career in academia with a role as an independent company director, bringing marketing expertise to a number of boards and as a member of government tribunals. She first taught an e-marketing subject in 1994 where students complained about having tutorial exercises e-mailed to them, and asked why they couldn't come to class to get the notes instead. Susan's research specializations are in the non-commercial applications of marketing, including social marketing and corporate-level marketing strategy, and she has a publication background in business strategy, marketing and public policy. Her ambition is to find out the best three laws people would pass if they were arbitrarily made ruler of their local area.

URL: www.susandann.com

Short contents

<i>List of figures and tables</i>	xi
<i>Preface</i>	xv
<i>Acknowledgements</i>	xix
<i>About the authors</i>	xxi
1 Introduction to e-marketing	3
2 Foundations of e-marketing	29
3 e-marketing strategies	59
4 e-marketing planning	87
5 Online consumer behaviour	123
6 Creation, delivery and exchange of value offerings	153
7 Branding and promotion	185
8 Services and relationship marketing	221
9 Community and networks	253
10 Implementation	279
11 Applications of e-marketing	315
12 Social media	343

Short contents

13	m-commerce	381
14	Beyond the Web	407
15	Social impact	437
	<i>Index</i>	465

Contents

<i>List of figures and tables</i>	xi
<i>Preface</i>	xv
<i>Acknowledgements</i>	xix
<i>About the authors</i>	xxi

Section 1 Background and planning

1 Introduction to e-marketing	3
Learning objectives	3
Welcome	4
Marketing with an e	4
I can't believe it's not e-marketing	6
Defining e-commerce	7
The Internet	8
Network of networks (infrastructure + exchange)	10
Virtual geography (infrastructure + environment)	12
Virtual economy (interaction + environment)	16
A brief history of the Internet	18
The parameters of the book	22
Conclusion	26
References	27
2 Foundations of e-marketing	29
Learning objectives	29
Introduction	30
Marketing	30
Core concepts refresher	35
Features of the e-marketing environment	41
Business considerations for e-marketing	49

Unique e-marketing issues	54
Conclusion	56
References	56
3 e-marketing strategies	59
Learning objectives	59
Introduction	60
Big picture strategies	60
Objectives and goals	76
Segmentation	80
Positioning	84
Conclusion	85
References	85
4 e-marketing planning	87
Learning objectives	87
Introduction	88
Purpose, nature and point of planning	88
Step 1: Where are we now?	90
Step 2: Where do we want to go?	104
Step 3: How do we get there?	109
Where should we end up?	114
Reporting and documenting: it's all part of the plan	115
Conclusion	121
References	121
5 Online consumer behaviour	123
Learning objectives	123
Introduction	124
Innovation and the Internet	124
Consumer psychographic characteristics of the Internet	139
Consuming the Internet – consumer behaviour applications of the Internet	142
Conclusion	149
References	149
Section 2 Principles of e-marketing	
6 Creation, delivery and exchange of value offerings	153
Learning objectives	153
Introduction	154
Value offers and customer requirements	154
Marketing mix for value creation	157
Product theory	157
Distribution	167
Pricing theory	172
Conclusion	182
References	182

7 Branding and promotion	185
Learning objectives	185
Introduction	186
Communications of offerings that have value	189
Communicating online using the promotional mix	198
Principles and tactics	207
The communication checklist	215
Conclusion	218
References	219
8 Services and relationship marketing	221
Learning objectives	221
Introduction	222
Services marketing	222
Relationship marketing	238
Conclusion	249
References	250
9 Community and networks	253
Learning objectives	253
Introduction	254
Cybercommunity	254
Fitting community into e-marketing and e-marketing into communities	267
Planning for community	269
Conclusion	276
References	276
10 Implementation	279
Learning objectives	279
Introduction	280
Implementation	280
e-marketing management technology: the product–market fit	291
Task 1: Define the product–market fit	292
Task 2: Design the fit	295
Deliver the fit	300
Defend the fit (metric)	306
Effective and ineffective e-marketing application	309
Conclusion	311
References	311

Section 3 Applications

11 Applications of e-marketing	315
Learning objectives	315
Introduction	316
Principles in application: frameworks for classifying the Internet	316

International and export marketing: putting 'world wide' into the Web	326
Applications of the Internet	334
Conclusion	340
References	341
12 Social media	343
Learning objectives	343
Introduction	344
Social media	344
Social media planning process	348
Social media sites	363
Conclusion	379
References	379
13 m-commerce	381
Learning objectives	381
Introduction	382
m-commerce	382
The m-marketing marketplace	391
Conclusion	404
References	405
14 Beyond the Web	407
Learning objectives	407
Introduction	408
The off-web environment	408
Exploring beyond the Web	418
Conclusion	435
References	436
15 Social impact	437
Learning objectives	437
Introduction	438
Dealing with the future present: preserving the ethos of the 'old Internet'	442
Clash of cultures: scarce versus abundant	448
Intellectual property	449
Dealing with the new	460
Conclusion	461
References	462
<i>Index</i>	465