



E-Marketing/7E

Chapter 5

Connected Consumers Online

Chapter 7 Objectives

- After reading Chapter 7, you will be able to:
 - Discuss general statistics about the internet population.
 - Describe the internet exchange process and the technological, social/cultural and legal context in which consumers participate in this process.
 - Outline the broad individual characteristics, psychology, and consumer resources that consumers bring to the online exchange.
 - Highlight the five main categories of outcomes that consumers seek from online exchanges.

The Customer's Story

- A typical one-hour adventure in the life of a 25-year-old professional, Justin:
 - Tunes his iPod to the latest DiggNation podcast while his TV is tuned to a soccer game and his smartphone and iPad tablet are within reach.
 - Picks up iPad to find a blog mentioned during the podcast, sees a video on the blog, tunes it on his TV set and texts a friend about the video.
 - Justin searches for the video title on Google and finds a job posting on Vimeo, an online video-posting site.

The Customer's Story, cont.

- He posts a link to the video and Vimeo site to his Twitter stream.
- Justin is the new consumer: a multitasker attending to different electronic media simultaneously.
- How can a marketer capture dollars from advertising online, selling music downloads, charging fees for social media subscriptions?

Consumers in the 21st Century

- 85% of U.S. consumers used the internet in 2012.
- Less connected groups tend to be:
 - Older
 - Less educated
 - Hispanic
 - Lower income or disability

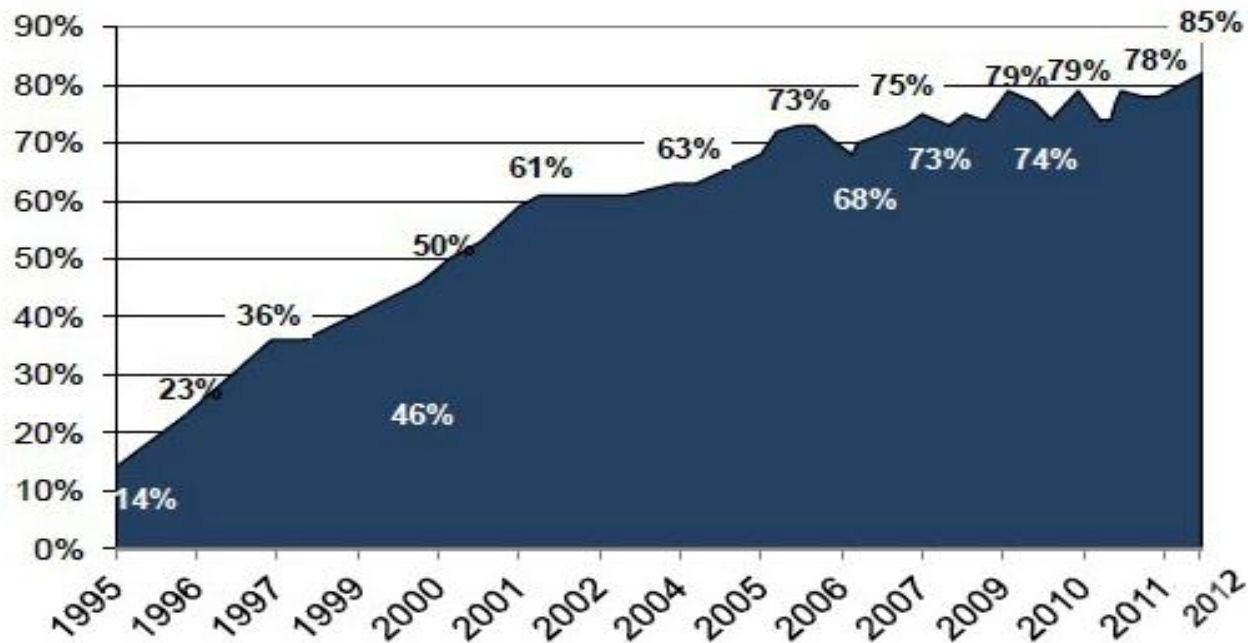
Consumers in the 21st Century, cont.

- Approximately 1.8 billion people have access to the internet, 32.7% of the global population.
- Top ten countries account for 60% of all users and adoption rates range from 10-84%.
- internet usage in developed nations has reached a critical mass, leading marketers to ask more questions about consumer behavior on the internet.

Internet Reaches Maturity: 1995-2012

Internet adoption, 1995-2012

% of American adults (age 18+) who use the internet, over time. As of August 2012, 85% of adults use the internet.



Source: Pew Internet & American Life Project Surveys, March 2000-August 2012.

More: [http://pewinternet.org/Trend-Data-\(Adults\)/Internet-Adoption.aspx](http://pewinternet.org/Trend-Data-(Adults)/Internet-Adoption.aspx)

Consumer Behavior Online

- Many consumer behavior principles that describe offline buyer behavior also apply to online behavior.
- Exhibit 7.2 explains some consumer behavior theories for online buyer behavior.
 - Scarcity
 - Popularity
 - Affinity
 - Authority
 - Consistency
 - Reciprocity

Social Psychology of Social Shopping

	Popularity	Authority	Affinity	Consistency	Reciprocity	Scarcity
Social Ads				★		
Ratings & Reviews	★	★				
Recommendations & Referrals		★	★		★	★
Social Shopping	★		★	★		
Forums & Communities		★		★	★	★
SMO [Social Media Optimization]	★	★			★	★

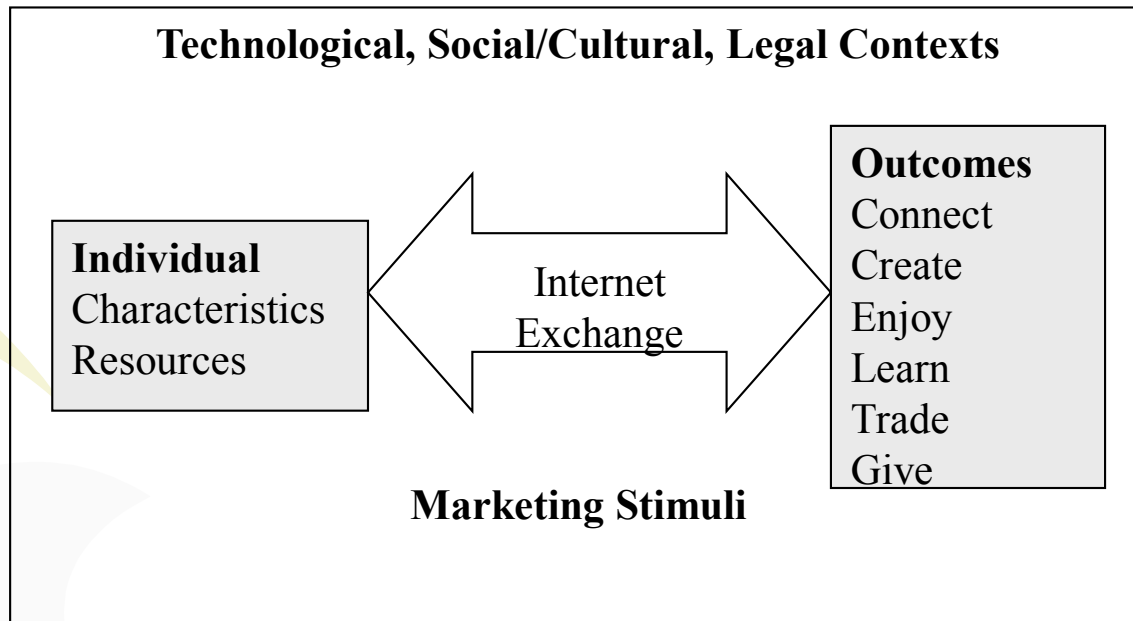


From Tools to Strategy – Using Social Intelligence with Social Media

The Internet Exchange Process

- Exchange is a basic marketing concept.
 - It refers to the act of obtaining a valued object by offering something in return.
- Exchange occurs within the following contexts:
 - Technological
 - Social/cultural
 - Legal

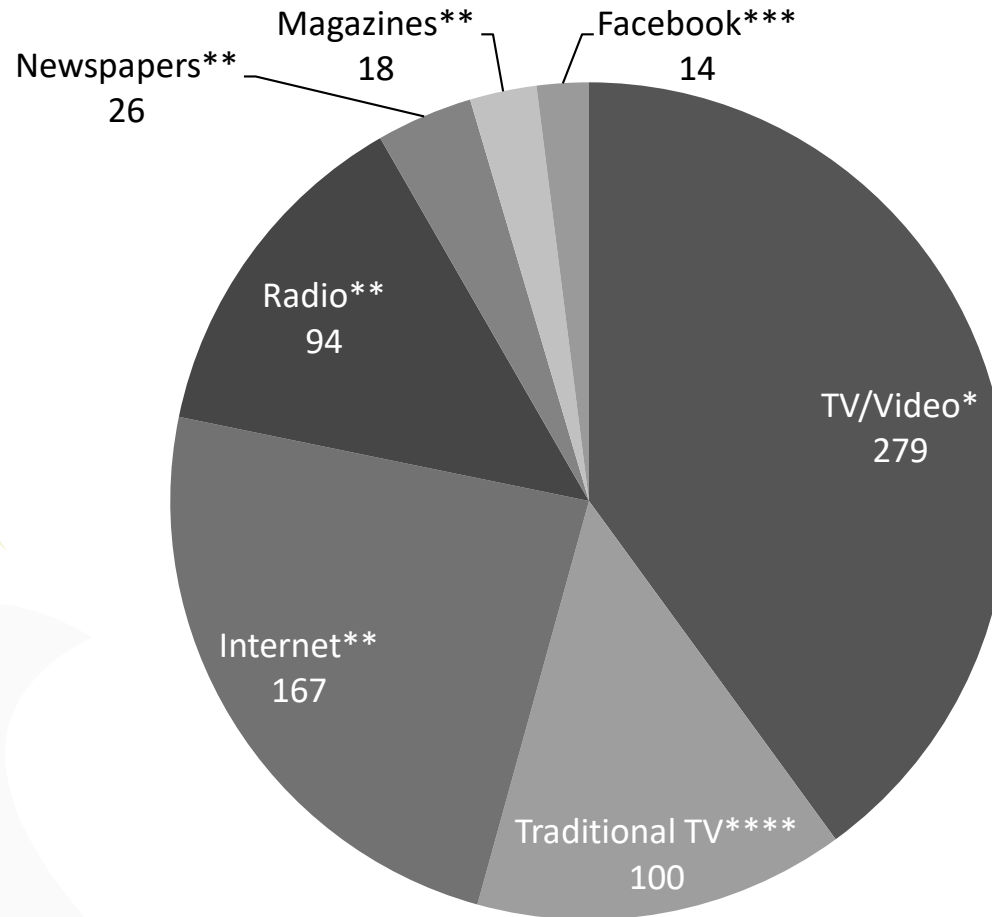
The Online Exchange Process



Technological Context

- 66-77% of online Americans connect to the internet at home with broadband.
- Broadband users enjoy more multimedia games, music, and entertainment because they download quickly.
- The typical U.S. home has 26 different electronic devices for media and communication.
- Web 2.0 technologies are driving marketing strategies and tactics.

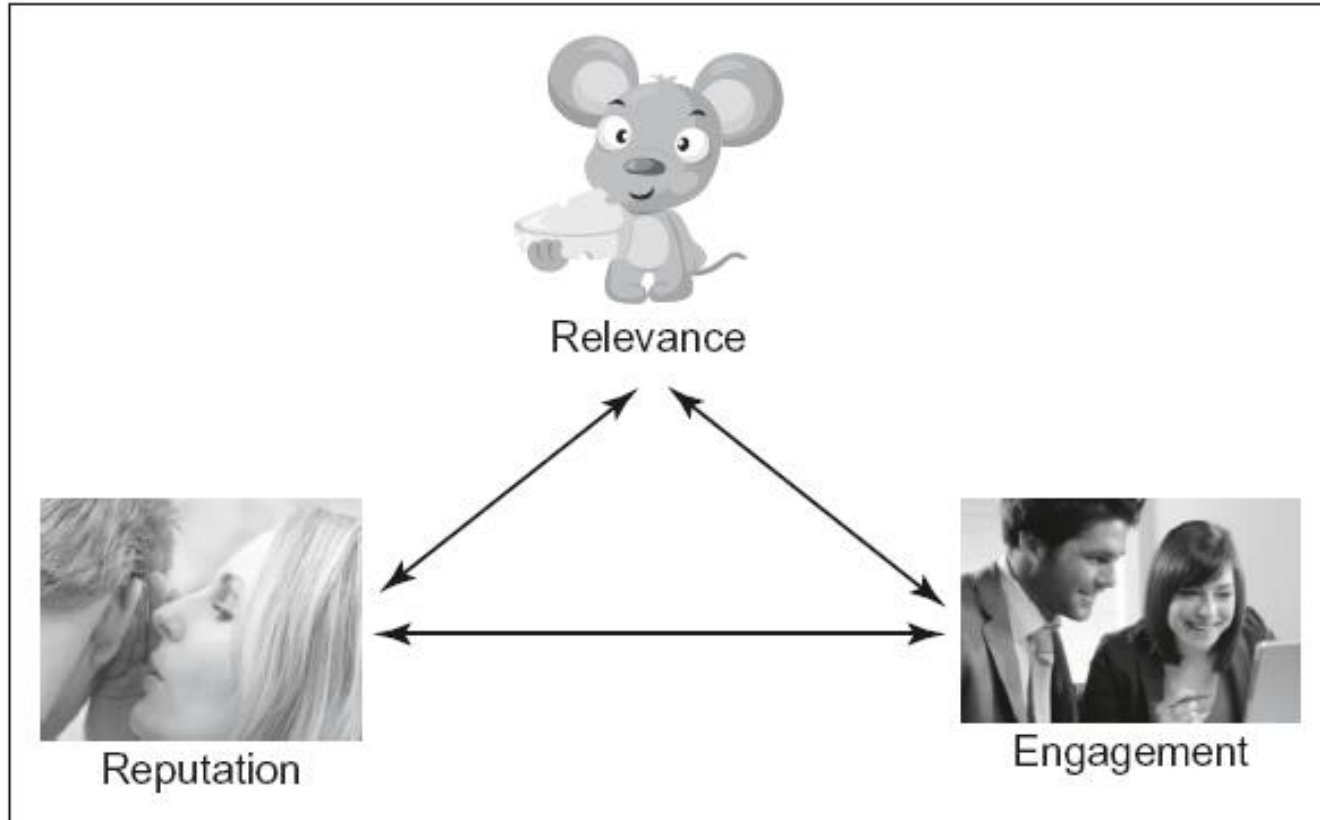
2012 U.S. Daily Media Use (Minutes/day)



Social and Cultural Contexts

- Three cornerstones for attracting customers online:
 - Reputation: Brand image and reputation are based on the market's perception.
 - Relevance: Consumers don't like being interrupted with irrelevant communication.
 - Engagement: Marketers must provide relevant content or entertainment.

Engaging Customers With Relevant Content



Legal Context

- In spite of the Can-Spam act the number of unsolicited emails was 71.9% in June 2012.
- When the recording industry sued illegal music file downloaders, consumer behavior was affected.
 - In 2002, 37% of online consumers shared music files, but the percentage has dropped.
 - The Recording Industry Association of America still claims \$12.5B in annual losses from music piracy.

Individual Characteristics & Resources

- Individual characteristics affect internet use.
 - Demographics such as age, income, education, ethnicity, and gender.
 - Attitudes toward technology.
 - Online skill and experience.
 - Goal orientation.

Consumer Resources

- Consumers perceive value as benefits minus costs.
- These costs constitute a consumer's resources for exchange:
 - Money
 - Time
 - Energy
 - Psychic costs

U.S. Combined Home/Work Internet Usage

Metric	April 2011
Sessions/visits per person	56
Number of domains visited per person	80
Web pages per person	2,573
PC time spent per person	56 hour, 20 minutes, 54 seconds
Duration of time spent per page	57 seconds

Exchange Outcomes

- There are 6 basic things that people do online:
 - Connect
 - Create
 - Enjoy
 - Learn
 - Trade
 - Give
- Each is ripe with marketing opportunity.

Connecting Online in the U.S.

Outcome	Percentage	Outcome	Percentage
Send or read e-mail	91	Read a blog	32
Send or receive text messages from cell phone	74	Make internet phone call	25
Support for specific situation	58	Share files (P2P)	15
Use social networking site	66	Use Twitter	15
Send instant messages	46	Visit dating Web site	8
Post or review a comment online	32		

Creating & Uploading Content in the U.S.

Outcome	Percentage	Outcome	Percentage
Upload photos to share	46	Create content and post	30
Rate a product, person, service using online rating system	37	Create webpages	14
Post comments to blog or other site	32	Create an avatar for virtual world	6

Entertainment Online in the U.S.

Outcome	Percentage	Outcome	Percentage
Surf for fun	74	Play a game	36
Watch video on social media site	71	Download video	27
Sports scores	52	Download podcast	21
Download music	37	Visit adult Web site	13

Top 10 Search Terms for 2011

<u>Google</u>		<u>Yahoo!</u>		<u>Bing</u>	
Rank	Term	Rank	Term	Rank	Term
1	Rebecca Black	1	iPhone	1	Fauja Singh
2	Google+	2	Casey Anthony	2	Katy Perry
3	Ryan Dunn	3	Kim Kardashian	3	The cardinals
4	Casey Anthony	4	Katy Perry	4	Harry Potter
5	Battlefield 3	5	Jennifer Lopez	5	Adele
6	iPhone 5	6	Lindsay Lohan	6	Rory Mcllroy
7	Adele	7	American Idol	7	Japan Earthquake
8	Tepco	8	Jennifer Aniston	8	Job crisis
9	Steve Jobs	9	Japan Earthquake	9	Foreclosures
10	iPad2	10	Osama Bin Laden	10	Weather disasters

Learning and Getting Information

Outcome	Percentage	Outcome	Percentage
Use search engine for information	91	Research for school/training	57
Map or driving directions	84	Info about a job	56
Hobby information	84	Find phone number/address	54
Check the weather	81	Use Wikipedia	53
Health/medical	80	Virtual tour of location	52
Get news	76	Financial	37
Search for info about a person	69	Look for religious/spiritual info	32
Find "how-to" or repair info	68	Listen to/see a live event online	29
Government site	67	Research family genealogy	27
Buy/make travel reservation	65	View live images of places or of a person	17
Political news/information	61	Take a class online for fun	13

Trading Online in the U.S.

Outcome	Percentage	Outcome	Percentage
Research product before buying	78	Pay bills online	38
Buy a product	71	Participate in online auction	26
Buy/make travel reservation	65	Sell something online	15
Bank online	61	Take class for college credit	13
Use online classifieds (Craigslist)	53	Buy/sell stocks, bonds, mutual funds	11

Giving Online

- Trendwatcher.com mentions “Generation Generosity” as one of the top global consumer trends.
- 25% of Americans made an online donation to charity in 2011.
- Kickstarter.com offers a Web platform for individuals seeking funding for creative projects.



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Millennials

- Greatest Generation (1901-1924)
- Silent Generation (1925-1945)
- Baby Boomers (1946-1964)
- Generation X (1965-1976)
- Millennials/Gen Y (1977-1995)
 - Younger Millennials (18-27)
 - Older Millennials (28-36)
- Generation Z (1995-Present)

