



E-Marketing/7E

Chapter 7

Product: The Online Offer

# Chapter 9 Objectives

- After reading Chapter 9, you will be able to:
  - Define *product* and describe how it contributes to customer value.
  - Discuss how attributes, branding, support services, and labeling apply to online products.
  - Outline some of the key factors in e-marketing enhanced product development.

# The Google Story

- In 1998, co-founders Brin and Page delivered an innovative new search strategy that ranked results on popularity as well as keywords.
- Today, Google performs over a billion searches a day in 181 countries, speaks 146 languages and is the most-visited U.S. Web site.
- Had revenues of \$37.9B and 25.7% in net income in 2011 and continues to grow in sales, new markets, and new products offered.

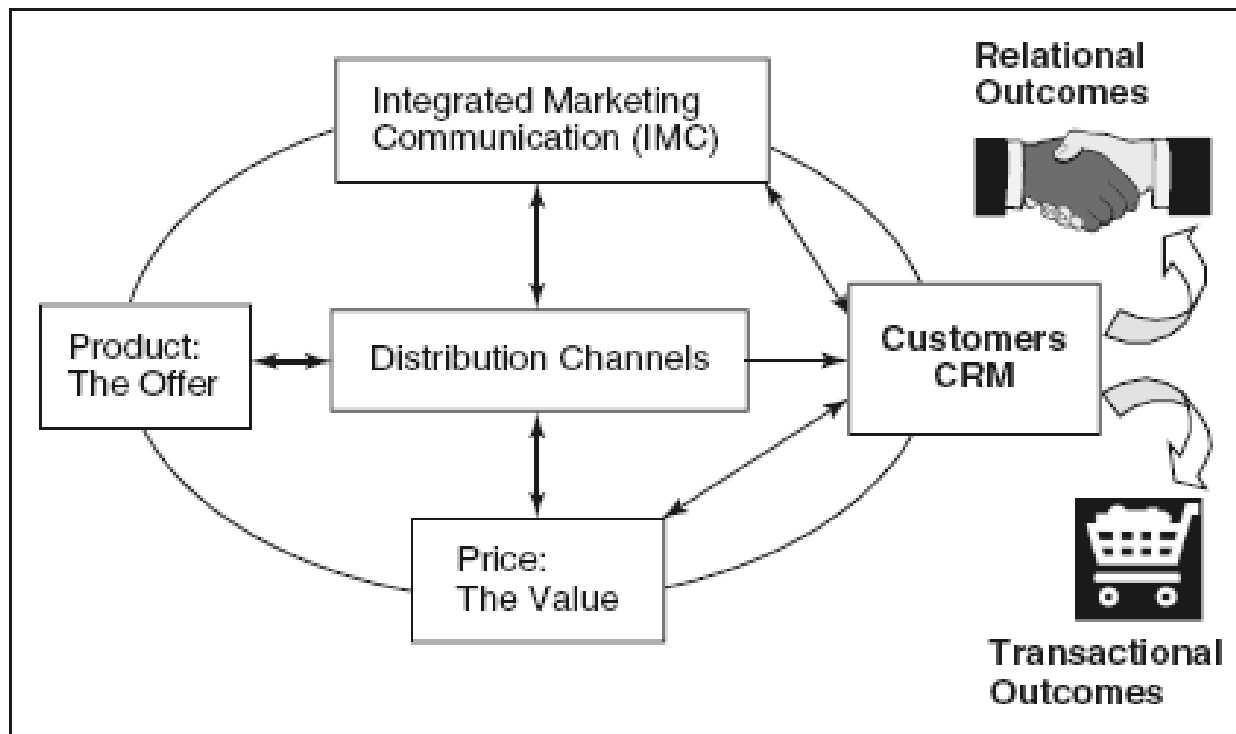
# The Google Story, cont.

- Uses a media e-business model to generate revenue, 96% of its revenues from advertising.
- Google's product mix includes 24 search products, 3 advertising products, 20 applications, and many enterprise products.
- Pays close attention to user value, keeps costs low, and delivers eyeballs to advertisers.
- What types of products do you think Google will launch next?

# Many Products Capitalize On Internet Properties

- A product is a bundle of benefits that satisfies needs of organizations or consumers.
  - Includes goods, services, ideas, people, and places.
  - Products such as search engines are unique to the internet while others simply use the internet as a new distribution channel.
- Organizations use research to determine what is important to customers when creating new products.
- The marketing mix 4 Ps and CRM work together to produce relational and transactional outcomes with consumers.

# Marketing Mix & CRM Strategies & Tactics



# Creating Customer Value Online

- Customer Value = Benefits - Costs
- Product decisions must be made that deliver benefits to customers.
  - Attributes
  - Branding
  - Support Services
  - Labeling
  - Packaging

# Product Benefits: Attributes

- Attributes include quality and specific features.
- Benefits are the same features from a user perspective.
- The internet increases customer benefits in ways that have revolutionized marketing.
  - Media, music, software, and other digital products can be presented on the Web.
  - Mass customization is possible.
  - User personalization of the shopping experience can be achieved.



# Product Benefits: Branding

- A brand includes a name, symbol, or other identifying information.
  - When a firm registers the information with the U.S. Patent Office, it becomes a trademark and is legally protected.
- A brand represents a promise or value proposition to its customers.
  - Delivering on this promise builds trust, lowers risk, and helps customers by reducing stress of making product switching decisions.

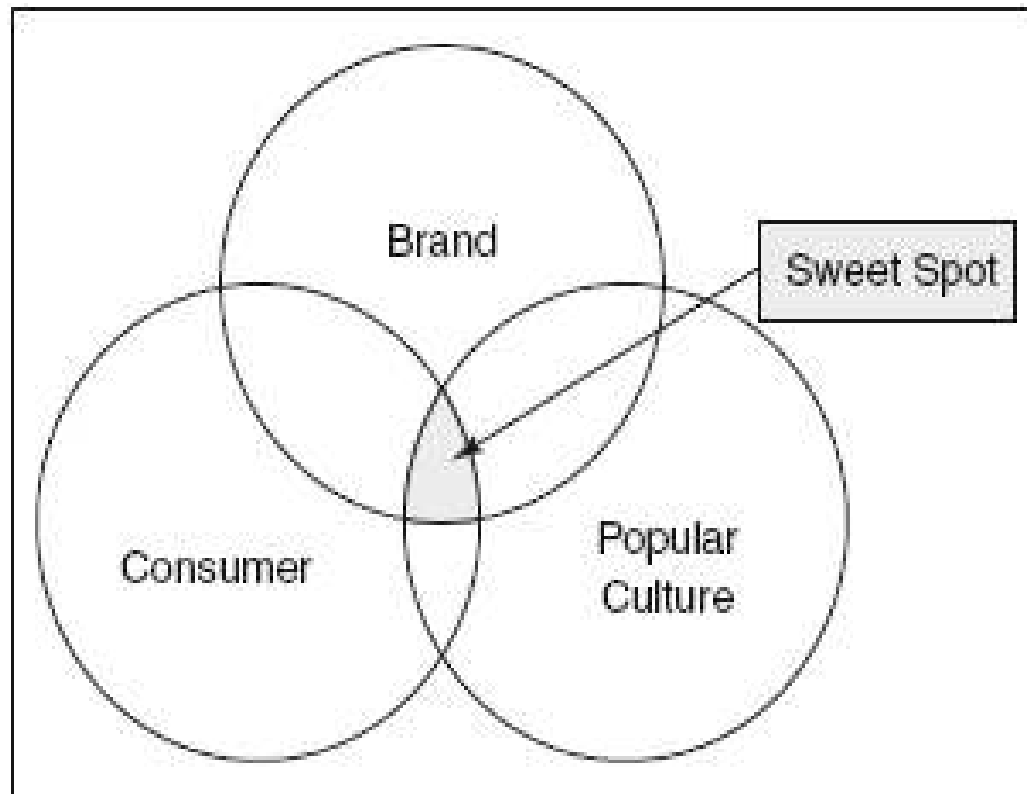
# Brand Equity

- Brand equity is the intangible value of a brand, measured in dollars.
- A great brand taps into popular culture and touches consumers.
- Exhibit 9.3 displays rankings for some of the top brands.

# Highest Value Global Brands

2011 Ranking and (Estimated Value in \$ millions)			Brand
Interbrand	Brand Z	Brand Finance	
1 (71.9)	6 (73.8)	16 (25.8)	Coca-Cola
2 (69.9)	3 (100.8)	4 (36.2)	IBM
3 (59.1)	5 (78.2)	2 (42.8)	Microsoft
4 (55.3)	2 (111.5)	1 (44.3)	Google
5 (42.8)	10 (50.3)	7 (30.5)	General Electric
6 (35.6)	4 (81.0)	17 (21.8)	McDonald's
7 (35.2)	58 (13.9)	27 (19.1)	Intel
8 (33.5)	1 (153.3)	8 (29.5)	Apple
9 (29.0)	38 (17.3)	47 (15.4)	Disney
10 (28.5)	18 (35.4)	13 (26.8)	Hewlett Packard
Additional Internet Pure Play Companies, according to Interbrand (most business done online)			
2011 Interbrand Rank	Brand	Value in \$millions	
26	Amazon.com	12.8	
36	eBay	9.8	
43	Dell	8.3	
76	Yahoo!	4.4	

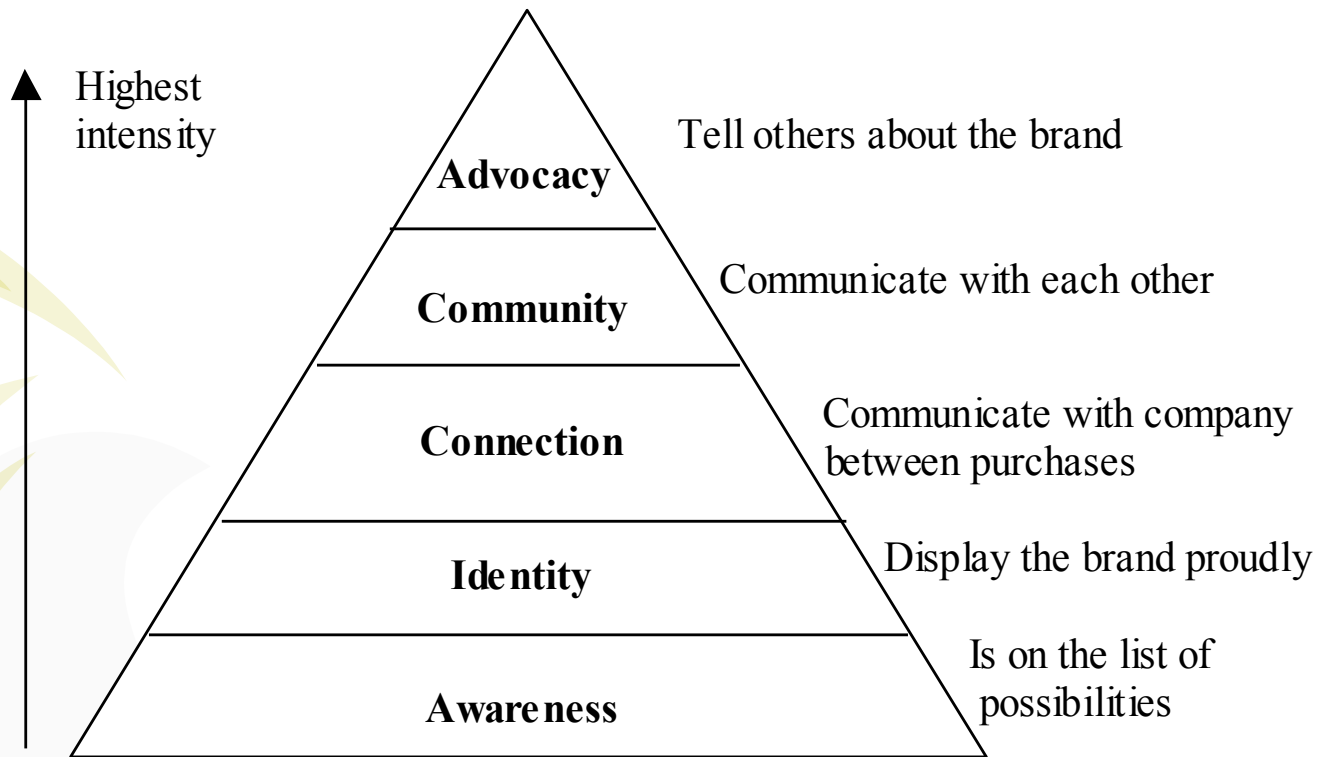
# A Great Brand Intersects with Popular Culture and Touches Consumers



# Brand Relationships and Social Media

- The explosion of social media sites escalates the brand relationship process with peer-to-peer communication about brands.
- Ernst & Young found that 63% of entertainment and media CEOs used social media to build brands.
- Forrester Research identified 3 roles for social media in branding:
  - Build trust.
  - Differentiate the brand.
  - Nurture consumers to build brand loyalty.

# 5 Levels of Brand Relationship Intensity



# Branding Decisions for Web Products

- Firms can use existing brand names or create new brands on the internet.
- Some firms may use different names offline and online to avoid risk if the new product or channel should fail.
  - *Sports Illustrated* created thriveonline.com.
  - *Wired* originally changed its online version name to *Hotwired*.

# Creating New Brands for Internet Marketing

- Good brand names should:
  - Suggest something about the product.
  - Differentiate the product from competitors.
  - Be suitable for legal protection.
- On the internet, a good brand name should be short, memorable, easy to spell, and translate well into other languages.



# Co-Branding

- Co-branding occurs when two companies form an alliance and put their brand names on a product:
  - *Sports Illustrated* co-brands with CNN as CNNSI.
  - Yahoo! Has joined with *TV Guide* and Gist to provide TV listings.
  - EarthLink joined with Sprint in 1998 to provide ISP services.

# Internet Domain Names

- A URL (Uniform Resource Locator) is a Web site address.
  - Also called IP address and domain name.
  - `http://` indicates that the browser should expect data using the hypertext protocol.
  - The top-level may be `.com` or a country name, such as `.mx` for Mexico or `.uk` for the United Kingdom.
  - “`www`” is no longer necessary and most sites register their name with and without it.

# Largest Top-Level Domain Names

Domain Designation	Top-Level Domain Name	Number of Hosts (millions)
net	Networks	332.7
com	Commercial	201.5
jp	Japan	63.6
it	Italy	25.5
de	Germany	20.6
br	Brazil	24.3
cn	China	20.2

# Internet Domain Names, cont.

- The Internet Corporation for Assigned Names and Numbers (ICANN) is a non-profit corporation that makes decisions about protocol and names
  - .xxx and .post are two recently-approved extensions.
- GoDaddy and other sites provide domain registration services at low cost.
- More than 97% of words in the dictionary have already been registered as domain names.

# Internet Domain Names, cont.

- Organizations should purchase alternative or related names and spellings.
  - Coca-Cola owns [cocacola.com](http://cocacola.com), [coca-cola.com](http://coca-cola.com) and [coke.com](http://coke.com), among others.
- Picking the right domain name can make a huge difference in:
  - Directing people correctly to a site.
  - Building consistency in marketing communications.

# Support Services

- Customer support is a critical component in the value proposition.
- Customer service reps help customers with installation, maintenance, product guarantees, service warranties, etc. to increase customer satisfaction.
- CompUSA combines online and offline channels to increase customer support.

# Product Benefits: Labeling

- Labeling has digital equivalents in the online world.
  - Online labels provide information about product usage and features.
  - Online labels also provide extensive legal information about the software product.
- Online firms may add the Better Business Bureau logo or TRUSTe privacy shield.

# FTC's "Label" Page Discusses Its Privacy Policy

The screenshot shows the Federal Trade Commission website. At the top left is the FTC logo and the text "Federal Trade Commission". To the right is a search bar and navigation links for "Privacy Policy", "Contact Us", "Advanced Search", and "En Español". Below this is a navigation menu with categories like "Home", "News", "Competition", "Consumer Protection", "Economics", "General Counsel", "Actions", "Congressional", "Policy", and "International". A secondary menu lists "About the FTC", "Commissioners", "Offices & Bureaus", "Inspector General", "Jobs", "Diversity", "FOIA", and "Budget & Performance".

## What Does the FTC Do with Your Personal Information? — Our Privacy Policy —

Federal law requires us to tell you how we collect, use, share, and protect your personal information. Federal law also limits how we can use your personal information. Protecting the privacy and security of consumers' personal information is very important to us. Please read this notice carefully to understand what we do with the personal information we collect both online and offline.

When you contact us to help you with a problem, any personal information you provide is voluntary. We collect and use only the minimum information necessary to respond to your concerns and conduct investigations. In most cases, we collect limited personal information, such as name, address, telephone number, or email address. In limited cases, depending on the nature of your request or of our law enforcement investigations, we also may collect other personal information such as Social Security numbers, account numbers, or mortgage or health information.

### When do we collect personal information?

**When you contact us...**

- to order publications, obtain redress, or register for the National Do Not Call Registry.
- to file a complaint or seek help for possible consumer fraud or identity theft.

#### More Information

**Q.** Why does the FTC collect personal information?  
**A.** We collect and maintain...

**Q.** Here to Do Business with the FTC?  
**A.** [If you are doing business](#)

**Q.** What about information from children under the age of 13?  
**A.** If a visitor to our website...

**Q.** What information does the FTC collect when you visit an FTC website?



# Customer Codesign via Crowdsourcing

- Internet technology allows collaboration to occur electronically among consumers and across international borders.
- Software developers often seek customer input about new products.
  - They often allow users to download beta version products, test them, and provide feedback.
- Good marketers look for customer feedback to improve products.
  - Some set up sites to gather customer ideas and input: [mystarbucksidea.com](http://mystarbucksidea.com).

# New-Product Strategies for E-Marketing

- Many new products, such as YouTube, Yahoo!, and Twitter, were introduced by “one-pony” firms built around the company’s first successful product.
- Other firms have added internet products to an already successful product mix.
- Product mix strategies can help marketers integrate offline and online strategies.

# Product Mix Strategies

- Firms will select one or more of the following strategies, based on marketing objectives, risk tolerance, resource availability, etc.
  - Discontinuous innovations are new-to-the-world products.
  - New-product lines are new products in a different category for an existing brand name.
  - Additions to existing product lines.

# Product Mix Strategies, cont.

- Improvements or revisions of existing products.
- Repositioned products can be targeted to different markets or promoted for new uses.
- Me-too lower-cost products.



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