Learning Objectives

Upon completion of this unit, students should be able to:

1. Explain electronic retailing (e-tailing) and its characteristics.
2. Describe online real estate and stock-trading services.
3. Analyze cyberbanking and online personal finance.
4. Classify the critical success factors and failure avoidance for direct online marketing and e-tailing.
5. Describe reintermediation, channel conflict, and personalization in e-tailing.
6. Explain Internet marketing in B2B, including organizational buyer behavior.
7. Illustrate the objectives of Web advertising and its characteristics.
8. Differentiate between permission marketing, ad management, localization, and other advertising-related issues.

Unit Summary

This unit introduces the student to online consumer behavior, marketing and communications; the variety of ways that a firm can communicate online with its potential and actual customers; and the role of intelligent agents in consumer issues and advertising.

The fundamental principles of marketing remain intact on the Web. Building online brands is a major source of financial and strategic strength for online firms; it is a major avenue for avoiding pure price competition and financial ruin. Nevertheless, the Web provides consumers with a whole new environment for interacting with firms since online behavior is different from offline behavior.

While the tools and technologies for marketing offline are very different online, branding is the stock and trade of all business communications. The world’s most differentiated product is worthless if the message cannot be conveyed to the potential customer.

The unit describes basic behavioral realities of online consumer behavior. It is important that the student understand three fundamental concepts:

- Online shopping includes both purchasers and browsers.
- Online shopping strongly influences offline purchases.
- Online shopping is largely intentional.

New ways of reaching the customer—E-tailing, affiliate, viral, blog and social network marketing—extend on the theme of this unit, that the Web provides new ways for marketing. This theme is emphasized again in the discussion of new ways to retain the customer; the most important are customization and personalization, which are uniquely possible on the Web.
Online marketing communications consist of several different types of online advertising including: permission marketing, ad management, localization, and other advertising-related issues. Perhaps the biggest news in online advertising is the growth of paid inclusion in search engine listings which originally had announced themselves as bias-free search listings.

Finally, the unit concludes with a discussion of the role intelligent agents play in consumer issues and advertising. There has been a paradigm shift in Internet advertising which capitalizes on the Internet’s ability to process information instantaneously. The use of intelligent agents help a company determine the appropriateness and effectiveness of displaying a specific advertisement to a visitor to their website by gathering specific information about the consumer. This unit will touch on the ethical and legal issues surrounding intelligent agents which will be explored further in Unit 7.