WWW Context

(Internet
Globalization,
Marketing one-to-one)

Context

- Main Marketing tendencies
  - Internet
  - Globalization
  - Marketing one-to-one
- 6 Cs as a framework for assessing value
  - Content
  - Computation
  - Communication
  - (e)Commerce
  - Community
  - Connectivity

What do organizations did/do with the internet?

- Internet technologies support intranets for the dissemination of organizational knowledge.
- The internet as a communication platform for everyone and everything in the supply chain, for suppliers to customers.
- Better **supply chain management** (SCM).
- Added value, structured as 6 Cs: content, computation, commerce, community, connectivity, communication.
- What about the "**DOT-COMs**" crash?
  - **DOT-COM**?
  - Failures: wrong business model, undervaluing installed interests; unpredicted consumer behavior.
- The intensifying of six classic management challenges: **efficiency**, **value creation**, **measurability**, **networking**, **interactivity**, **globalization**.

6 Cs

- Commerce
  - Producers can relate directly with consumers (Dell, Cisco…)
  - Retailers for consumers (amazon.com, buy.com…)
  - E-Market places for organizations (covisint.com)

- Content
  - To inform, educate, illustrate, attract (P&G's crest.com, formula1.com)
  - E-mags (zinio.com)
  - Video (youtube.com)
  - News (agencies: reuters.com; newspapers: **nytimes.com**)

6 Cs

- Communication
  - The internet supports many communication means
    - E-mail
    - Forums
    - Webcasts
    - Webinars
    - Meetings
- Connectivity (interconnection)
  - Intranets for sharing organizational knowledge
  - Global workforce
  - Global consumer

6 Cs

- Community
  - What does it mean?
  - wikipedia.com
  - flickr.com
  - pbase.com
  - msdn.com
- Computation
  - Tracking
    - RA244452985HK
      - HK
        » http://app1.hongkongpost.com/CGI/mt/enquiry.jsp
      - PT
        » http://www2.ctt.pt/feapl/jsp/pesqobjectos/public/pesqobjectosform.jsf
  - Payments
  - Maps

Internet for adding value to the business

- Conceptual model: efficiency, measurability, networking, value for consumer, interactivity, globalization.
- To facilitate or make possible some performance measures.
- To improve resource usage.
- Better value for the (potential) consumer.
- Better supply chain management.
- Interconnecting with other organizations and consumers, faster and less dependently of physical distance.

Questions

- Internet: communication or distribution channel?

- What is the impact of a technology solution adoption on the costs and revenues of the organization?
  - E-mail? $$
  - CRM? $$

Questions (and some answers)

- Internet: communication or distribution channel? Both.
  - Better information at all stages of the supply chain, should contribute to reduced distribution costs.
  - Digital goods can be served directly.
- What is the impact of a technology solution adoption on the costs and revenues of the organization?
  - High probability of failure on the adoption of CRM (Customer Relationship Management) systems.
    - Record and compute all interactions between the organization and its (potential) costumers, representing the sale as a process.
    - Small CRM "islands" pose an integration problem.
    - Lock-in situations can pose challenges.
  - New interaction channels can demand new support structures…

Myths (or maybe not)

- Everything can be sold on the Internet.
  - What happens with…
    - Highly sensorial items?
    - Difficult to transport items?
    - Difficult to deliver items?
    - Products and services where face-to-face interaction is of utmost importance?
- Cost of change.
  - Null? [spoiler: NEVER]
    - "The alternative is one click distant".

Myths (or maybe not)

- Disintermediation
  - "Infomediaries"

- The Internet is global
  - The language.
  - Regional content.
    - Pandora.com
    - Spotify.com
  - Political restrictions.

Known structure of the Internet

- ## Short story
- ## Winner-takes-all
  - ### Traffic asymmetries
    - ~1% of all sites get ~33% of all Web traffic [values depend on year and other factors, but consistently capture a *growing* asymmetry]
    - Very few with plenty; plenty with nearly nothing
  - ### Civilizational extension
    - Could it be different?
- ## Bowtie
  - ### Authoring, searching and consuming contents
    - authors as producers > search infomediaries > results to be consumed
  - ### The interconnection perspective
    - Core (heavily interconnected)
    - Termination / Out (heavily pointed, weak pointers)
    - Origination / In (heavy pointers, not that much pointed)
    - Disconnected (don't point, aren't pointed)

Known structure of the Internet

- Deep Web
  - Contents out of reach of the traditional search engines
    - Demand direct queries
    - Authentication
    - Dynamic contents
  - What are the consequences of shifting from static to dynamic contents?

Other perspectives of the Internet

- **Michael Porter**
  - 5 forces framework that models an industry as being influenced by five forces: supplier power, buyer power, the threat of new entrants, threat of substitutes, rivalry.
  - **Internet == a neutral tool in the long run**
  - Profit = f(industry structure, capability for a competitive edge)
    - Internet affects both parameters
    - In the long run…
    - Andy Grove (Intel co-founder) has the same reading

Other perspectives of the Internet

- **Clayton Christiensen**
  - Harvard Professor
  - Research on innovation
  - **Disruptive** technology theory ("destructive creation")
  - Big players might **neglect** some opportunities because initially see them as
    - Niche
    - Low profit
  - Case study: Napster + MP3 + the music industry

DOT-COMs

- ## AKAMAI.COM - AKAM (B2B)

DOT-COMs

- ## EBAY.COM - EBAY (C2C)

DOT-COMs

- ## AMAZON.COM - AMZN (B2C)

DOT-COMs

- ## GOOGLE.COM - GOOG (B2B + B2C)

DOT COMs

- Bye bye
  - Check the WSJ obituary list [1999, 2002].
  - **alladvantage.com** => domain name being monetized
  - **pets.com => petsmart.com**
  - **bigwords.com** => was e-commerce site => closed on October 2000 => back online as a books price comparator
  - **boo.com** => was clothes and apparel, back as a travel site
  - **mercata.com** => failed IPO, closed operations; domain name being monetized.

Past errors

- Market achieved with free products and/or free services. The challenge in **free->fee**. The goal was to form a user base, and only after that to think about what to do with it…

- A users database is not a customers database.

- Badly estimating the pace of consumer behavior changes: too slow or too fast...

- Undervaluing the power of already established businesses.

The DOT-COMs response

- Some moved "upstream".
- Some went from B2C to B2B.
- Some adopted "**bricks-and-mortar**" models
  - "**clicks-and-mortar**" == online + physical;
  - "**pure play**" == strictly online.
- Generalization / specialization.
- Radical change: a totally different business.

Internet – some metrics

- [History](#) @
  http://www.zakon.org/robert/internet/timeline/
  Hobbes' Internet Timeline
- Quality = (latency, loss, reach).
  - Latency = time between request and answer;
  - Loss = % of answers/requests that don't get delivered;
  - Reach = % of destinations that can be reached.
- Growing number of users.
  - [EU users](#) @ https://www.internetworldstats.com/stats4.htm

From Nielsen/NetRatings (2007)

Global Index Chart

Month of August 2007, Panel Type: Home	August 2007	July 2007	% Growth
Sessions/Visits per Person per Month	34	34	0
Domains Visited per Person per Month	69	69	0
Web Pages per Person per Month	1,518	1,550	-2.07
Page Views per Surfing Session	44	45	-1.50
PC Time Spent per Month	31:25:53	31:21:33	+0.23
Time Spent During Surfing Session	0:56:06	0:55:36	+0.89
Duration of a Web Page Viewed	0:00:45	0:00:45	0
Active Digital Media Universe	344,885,319	338,220,889	+1.97
Current Digital Media Universe Estimate	516,991,633	507,932,450	+1.78

From Nielsen/NetRatings (2008)

Global Index Chart

Month of November 08, Panel Type: Home	November 08	October 2008	% Growth
Sessions/Visits per Person per Month	36	37	-2.22
Domains Visited per Person per Month	72	72	+0.47
Web Pages per Person per Month	1,594	1,600	-0.33
Page Views per Surfing Session	43	42	+2.16
PC Time Spent per Month	37:06:49	38:07:33	-2.66
Time Spent During Surfing Session	1:02:19	1:02:36	-0.44
Duration of a Web Page Viewed	0:00:50	0:00:50	+0.72
Active Digital Media Universe	375,520,162	366,579,976	+2.44
Current Digital Media Universe Estimate	552,694,455	544,618,961	+1.48

From Nielsen (2011)

Top 10 Global Web Parent Companies, Home & Work

January 2011

RANK	PARENT	UNIQUE AUDIENCE (000)	ACTIVE REACH %	TIME PER PE (HH:MM:SS)
1	GOOGLE	378,600	85.8%	:22:14
2	MICROSOFT	327,474	74.2%	:30:06
3	FACEBOOK	272,395	61.7%	:07:58
4	YAHOO!	236,763	53.6%	:43:34
5	WIKIMEDIA FOUNDATION	156,094	35.4%	:13:08
6	AMAZON	144,267	32.7%	:31:27
7	EBAY	138,090	31.3%	:20:54
8	INTERACTIVECORP	133,132	30.2%	:08:33
9	APPLE COMPUTER	124,549	28.2%	:09:47
10	AOL, INC.	104,008	23.6%	:51:07

Source: The Nielsen Company

Top 10 U.S. Web Parent Companies, Home & Work

January 2011

RANK	PARENT	UNIQUE AUDIENCE (000)	ACTIVE REACH %	TIME PER F (HH:MM:SS
1	GOOGLE	162,499	82.1	2:15:38
2	MICROSOFT	142,137	71.8	1:41:23
3	FACEBOOK	135,622	68.6	7:24:13
4	YAHOO!	130,926	66.2	2:20:10
5	INTERACTIVECORP	81,411	41.2	0:12:43
6	AOL, INC.	76,173	38.5	1:58:31
7	AMAZON	70,399	35.6	0:29:45
8	WIKIMEDIA FOUNDATION	65,961	33.3	0:15:36
9	APPLE COMPUTER	63,296	32.0	1:18:48
10	NEWS CORP. ONLINE	63,142	31.9	0:19:26

Source: The Nielsen Company

From Nielsen (2015)

TOP SMARTPHONE APPS OF 2015

RANK	APP	AVG UNIQUE USERS	YOY % CHANGE
1	FACEBOOK	126,702,000	8
2	YOUTUBE	97,627,000	5
3	FACEBOOK MESSENGER	96,444,000	31
4	GOOGLE SEARCH	95,041,000	3
5	GOOGLE PLAY	89,708,000	7
6	GOOGLE MAPS	87,782,000	8
7	GMAIL - EMAIL FROM GOOGLE	75,105,000	4
8	INSTAGRAM	55,413,000	23
9	APPLE MUSIC	54,550,000	26
10	MAPS (APPLE)	46,406,000	16
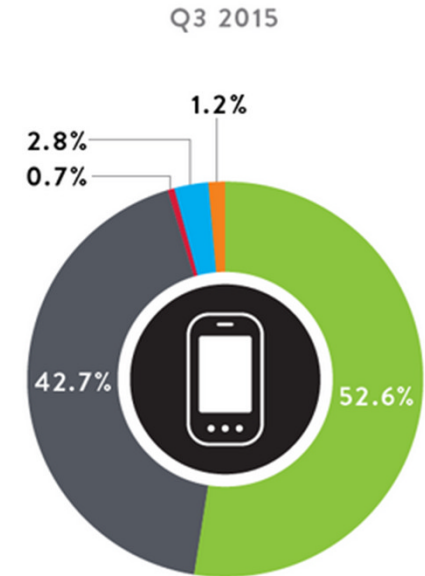
Note: The list is ranked on average unique audience, which is the average of January 2015-October 2015.
The year-over-year percent change represents the unique audience of October 2015 compared to the unique audience of October 2014.
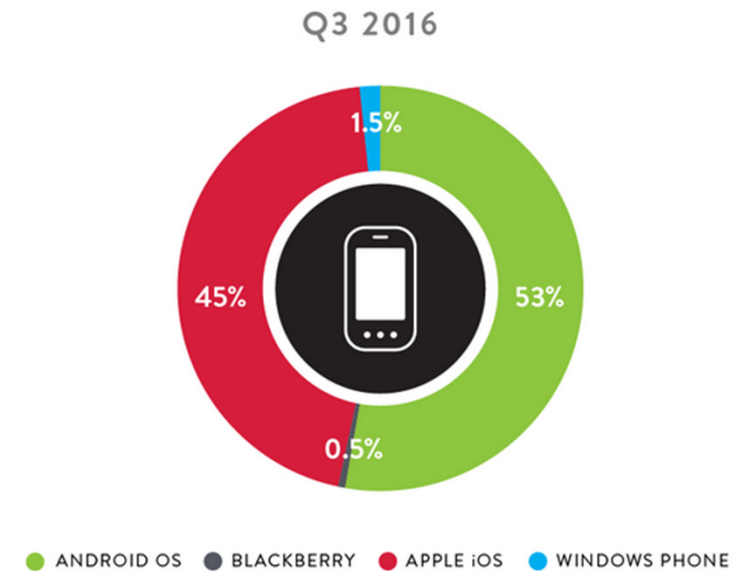
Source: Nielsen

TOP U.S. SMARTPHONE OPERATING SYSTEMS BY MARKET SHARE

Q3 2015

1.2%
2.8%
0.7%
42.7%
52.6%

● ANDROID OS   ● APPLE iOS   ● BLACKBERRY

● MICROSOFT   ● OTHER

From Nielsen (2016)

TOP SMARTPHONE APPS OF 2016

RANK	APP	AVERAGE UNIQUE USERS	YOY % CHANGE
1	FACEBOOK	146,027,000	14
2	FACEBOOK MESSENGER	129,679,000	28
3	YOUTUBE	113,738,000	20
4	GOOGLE MAPS	105,749,000	22
5	GOOGLE SEARCH	103,959,000	9
6	GOOGLE PLAY	99,773,000	8
7	GMAIL	88,572,000	18
8	INSTAGRAM	74,672,000	36
9	APPLE MUSIC	68,392,000	20
10	AMAZON APP	65,511,000	43

Note: The list is ranked on average unique audiences, which is the average of January 2016 - October 2016. The year-over-year percent change represents the unique audience of October 2016 compared to the unique audience of October 2015.

Source: Nielsen Mobile Netview 3.0

TOP U.S. SMARTPHONE OPERATING SYSTEMS BY MARKET SHARE

Q3 2016

1.5%
45%
53%
0.5%

● ANDROID OS   ● BLACKBERRY   ● APPLE iOS   ● WINDOWS PHONE

Read as: During Q3 2016, 53% of U.S. smartphone owners used a handset that runs on the Android operating system.
Source: Nielsen Mobile Insights

arturmarques.com

Exercises

- Which factors contributed to the growing number of internet users in the past, namely since 1996?

- What future growth factors do you envision?

Exercícios - Respostas recebidas em oportunidades anteriores

- Até ao presente...
  - Tecnologia de banda larga.
  - Decréscimo do custo das telecomunicações.
  - Partilha de ficheiros / apelo da gratuitidade de conteúdos digitais ou digitalizados.
  - Novas tecnologias de compressão de dados que facilitam a partilha de ficheiros.
  - Acesso facilitado a informação, antes indisponível, por motivos diversos: preço, distância...
  - Novos serviços e/ou reformulação de serviços já existentes, com vantagens: preço, distância, comunidade, transparência...
  - Serviços úteis: correio electrónico, instant messaging, VOIP...
  - Compras/comércio online, cómodo, transparente...
  - Facilidade/conforto do acesso sem fios, que torna potencialmente ubíqua a infraestrutura de Internet.
  - Aumento do território coberto, por infraestrutura que permite o acesso à Internet;
  - Sítios/serviços de comunidade, para a partilha de problemas/informação (fóruns de discussão, chat rooms...).
  - Internet como espaço para novos negócios (por natureza, por novo canal...)
  - Entretenimento.

Exercises – Some answers

- Future growth...
  - Mobile access
  - VOIP.
  - New devices.
  - Greater accessibility.
  - New geographies (Rural China, North Korea).
  - Social dependency (already a reality).
  - E-learning.

From etforecasts.com

Table 1.2 Internet User Driving Forces

1996-2004	2005-2010
- Email proliferation	- DSL & broadband connections
- Free web browser	- Handsets with Internet access
- Content explosion	- Home LANs for Internet access devices
- Under $1K PCs (1997)	- Wireless Internet access points
- Intranets for business users	- Internet-enabled CE devices
- Web hosting services	- Multifunction handheld devices
- Business-to-consumer e-commerce	- Web content for wireless devices
- PC purchase rebates from ISPs	- Pre-paid Internet access cards
- Business-to-business e-commerce	- Un-metered Internet access fees
- Declining & fixed ISP rates	- E-commerce in developing countries
- Under $500 PCs (2000)	- M-commerce for mobile devices
- "Free" ISP rates in international markets	- Internet cafes in developing countries
- Web-driven productivity gains	- $200 PC for developing countries
- Internet/cyber cafes	- Internet entertainment content
- Business-to-business e-commerce	- $50 handset with Internet access
- Cable modem & DSL connections	- Wireless broadband (WiMax)

Expressions

- Small-ticket items == low-cost items
  - Books, most software, music, toys, clothes, apparel…

- Big-ticket items == high-cost items
  - Computers, hotel reservations, plane tickets, cars…

Suggestions, since the DOT-COMs crash

- Hold the "exit strategy".
- "Nichification" (e.g. gamecolony.com).
- Higher margins
- "Small is beautiful".
- Growth by acquisitions
  - Non-organic growth

E-commerce triangle

- {technology, business model, marketing}
- Management perspective…
  - Technology
    - How is the internet organized?
    - How to locate content, products, services?
    - Technology affect business variables, e.g. costs and revenues…
  - Business Model
    - What are the business goals?
    - Where is the value for the consumer?
    - Model revenues and costs, profit and loss centers.
  - Marketing
    - What targets to pick? How to get traffic from targets? How to hold traffic? Model value using 4 Ps and 6 Cs.
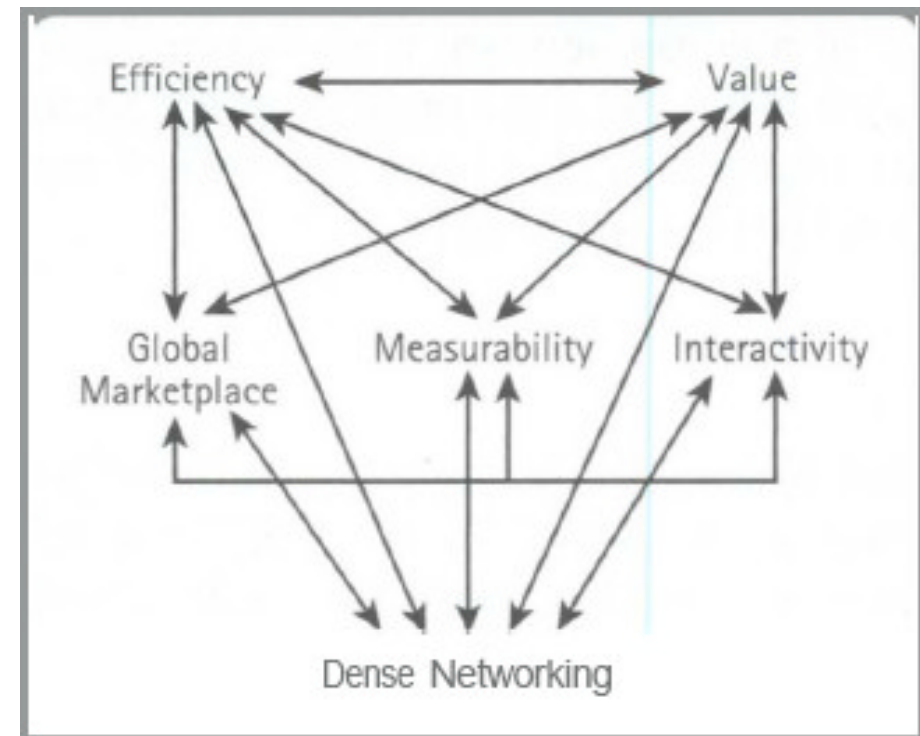
E-commerce Conceptual model

- Efficiency, measurability, networking, value for consumer, interactivity, globalization.
- What's new? The intertwined relation between the concepts.

•**Efficiency** – More efficient business processes; supply chain improvements; faster, cheaper, more accurate marketing research; easier networking.

•**Value** – Better user experience; better price; better product; more product.

•**Measurability** – Tech automates metrics.

E-commerce Conceptual model

- Efficiency, measurability, networking, value for consumer, interactivity, globalization.

•**Networking** – Consumers and organizations communicate more than ever.

•**Interactivity** – Greater reach. The expectations of decreased latency in everything.

•**Globalization** – The internet is one expression of the global market.
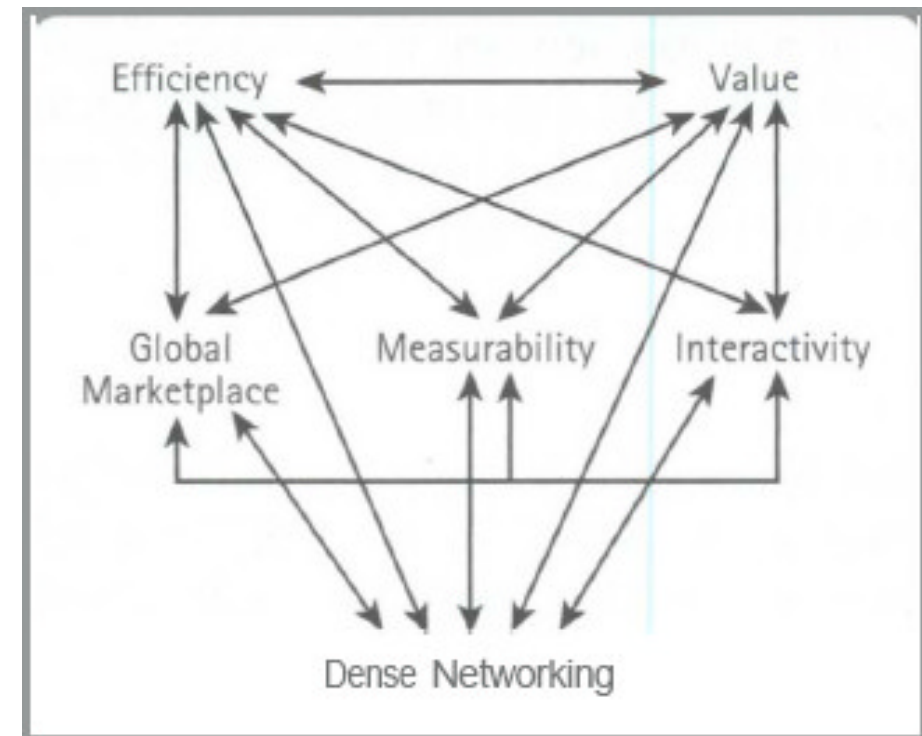
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