

BMI 3C - E-Commerce

Click-Only Companies: These are sometimes called e-tailers or dot-coms that only sell products or services to their buyers using the Internet. Examples are Amazon.com or CDNow. This group includes search engines such as Google or Yahoo which now offer services other than just a search engine. E-Bay is a popular auction site that takes commissions for transactions conducted on their site. There are many types of content sites that help students, like you, research papers. Examples of these types of sites are the Globe and Mail and Canadian Business magazine.

Click and Mortar Companies: When e-commerce first started, many companies only used the Internet to provide information about their company and their product. Many of these companies resisted adding e-commerce to their sites as it would create a conflict for their customers on where to buy the product. Now many of these companies have embraced e-commerce knowing that they can make it more convenient for their target audience to either physically go to the store or business or buy a product or service online.

Your Task:

1. Complete the first box in the chart: I Know..... Have you ever shopped on-line? What kinds of services are available when you are shopping on line.
2. **Now Read the article** - E-Commerce: The Fifth Wave By David Kay
3. Complete the rest of the chart: What you read in the article that you thought was important & complete the therefore section. Think about where e-commerce is going to go and how the business world might change.

I Know, I Read, Therefore

I Know this about E- Commerce....	I Read this about E- Commerce

Therefore my thoughts on E-Commerce now are...

Will E-Commerce Take Over The World?

You are to choose ONE side or the other to debate the following topic:

Retail stores will no longer exist in the future. Consumers will buy their products virtually meaning they will customize all their individual preferences from designing their own clothes and shoes to creating their own music. The companies that create their businesses on line will be the companies that maintain their customers and become successful.

Choose a side

Side 1 You believe that retail stores will still exist in the future and that stores will adopt new technologies within their store to service customers.

Side 2 Most business will be conducted over the internet, allowing buyers to customize products of their own choosing.

You will type a one-page (minimum) paper explaining what side (1 or 2) you believe to be true and reasons why.

*****Be sure to include FACTS and Statistics**

E-Commerce: The Fifth Wave

By David Kay - http://www.researchdimensions.com/article_05.html
03/7

E-Commerce - NOT Just another Distribution Vehicle

The Internet and e-commerce are creating radical new products, services, ways of conducting business. They are a new mindset. But their feet are firmly planted in the first four waves of product/marketing.

Product Innovation - The First Wave

Until the early 1980's, the surest way for a company to grow was to create new and different products. From Nylon to the Walkman, the Crock-Pot to shampoo and conditioner in one bottle, there was limitless scope for newness. During the 50's and the 60's, there was a national award given to the New Household Appliance of the Year . Was it the heart shaped waffle iron that won in 1959? From Bakelite (1909) to Velcro (1955), inventors and manufacturers could operate on the principle - build it and they will buy. Marketing was simple; just explain what the product did, demonstrate the problem solved, the improvement offered and it would fly off the shelves.

Brand Image Differentiation - The Second Wave

By the 1980's, it grew more difficult to create genuine new products. Brand image ruled, sometimes on the basis of trivial or contrived brand differences. Was Nike better than Adidas? Was Ice Beer a great leap forward? Differentiation based on artificially constructed brand image came into its own. And if the product had Style , the ability to convey differentiation was easier. Consider Swatch; more image than watch. Consider lifestyle advertising which usually tells nothing about the product except that it is for People Like You or People You Aspire To Be . Remember the California raisins commercials? They became so popular that the California Raisin Growers began selling California Raisins paraphernalia (lunchboxes, tee shirts, air fresheners, wallets, bed linens, games, etc.). In fact they made more revenue from California Raisins merchandise than from California raisins. Pure Image.

Pure Image Niche Marketing - The Third Wave

As consumers became inured to mass image differentiation, marketers sought ever smaller and more targeted niche groups. They created products or product images for increasingly narrow demographic groups, psychographic groups, lifestyle groups, lifecycle groups. Insurance for seniors. Donut shops for non-smokers. Gold credit cards; platinum credit cards, affinity credit cards, reward points credit cards, credit cards almost ad infinitum. The days of simply dividing product lines into low, medium and high priced were over.

Relationship Marketing - The Fourth Wave

By the '90's, everyone knew the demographic, psychographic, lifecycle, lifestyle niches. They all produced products or more often advertising or product labeling designed for the over 55 empty nesters, or the passive aggressive 35 to 45 year olds or the single parent struggling to be upwardly mobile or whoever. And, like the marketing waves that preceded this approach, its effectiveness declined. The most successful companies today are those that develop strong relationships with their constituents. IBM is now your partner, not just a supplier of parts or solutions. Saturn holds car parties where tens of thousands of Saturn owners turn up. Many companies have developed corporate clubs or societies that customers are encouraged to join. Rewards programs have proliferated. And the importance of known personalities - with whom so many feel they have a relationship, has increased.

Not Mutually Exclusive

Of course, first wave, second wave and third wave marketing didn't atrophy. Nor were these ever mutually exclusive eras. From the start, products were advertised using image marketing ("Ivory is so pure, it floats"). Today there are genuinely NEW products offered each year, new image products appear every week and companies are still finding niches to exploit.

Fully integrated Relationship Marketing is still getting off the ground, but the process is well underway.

E-commerce - the Fifth Wave

With a click, product price, feature and quality comparisons are made. Shelf location has no meaning. Packaging and images based on lifestyle advertising are less effective. Brand switching is effortless. But the best e-players still rely on the marketing and product lessons from each of the preceding marketing eras. Unique new products personalized to an extent never before imagined are becoming available, i.e. genuine NEW products designed for a niche of one. Relationships that are truly one-on-one can happen on the internet.

Consider

Portals that know your individual preferences; clothing, CD's ordered through the internet produced uniquely for you. How about an investment portfolio tailored precisely to fit your financial circumstances, lifecycle, and predisposition to risk? The e-winners will be the ones who provide a comprehensive customer offering that includes the best technology, superb image marketing and all of the elements of a two-way relationship. The big winners will be those who understand and know how to reach their customers.