



ONLINE MARKETING MIX

Aryan Eka Prastya Nugraha, S.E.,M.Pd
(2018)

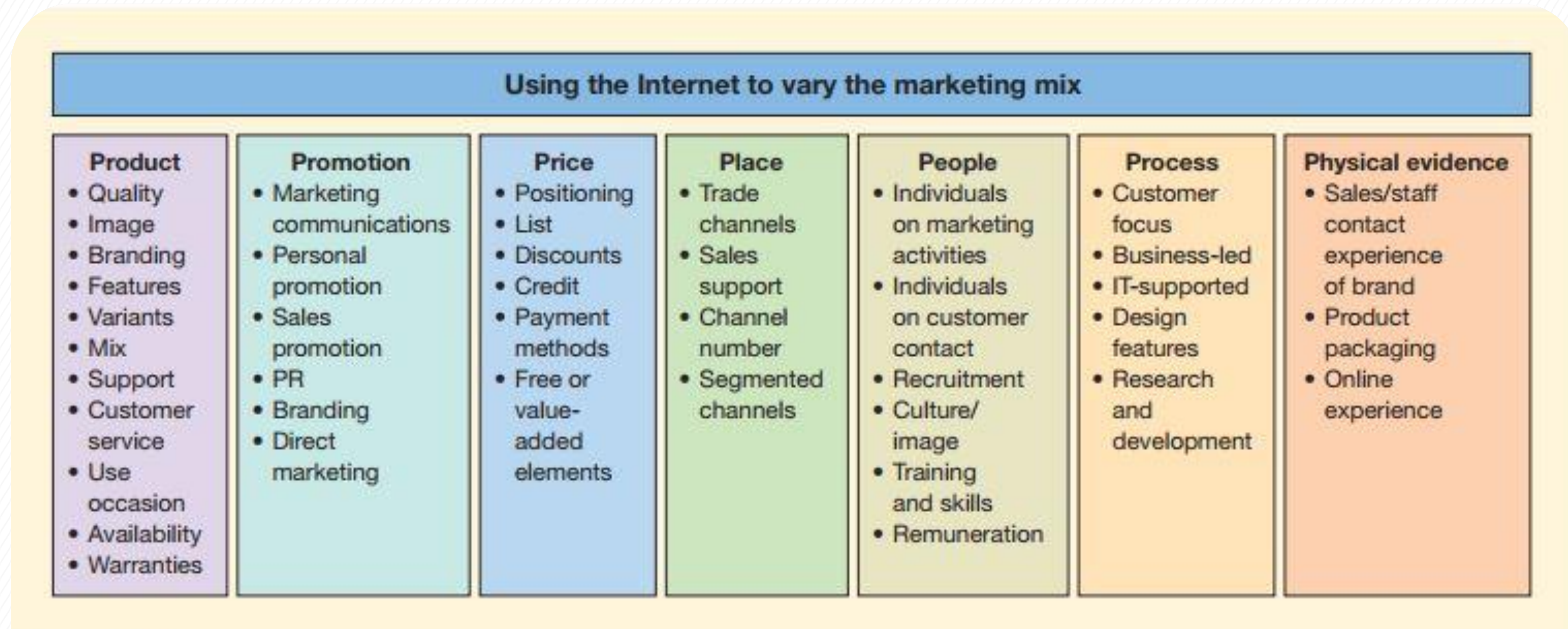


Figure 5.1 The elements of the marketing mix

Figure 5.1 The elements of the marketing mix

The key issues related to different elements of the marketing mix that are discussed in this chapter are:

- *Product* – are there opportunities for modifying the core or extended product online?
- *Price* – the implications of the Internet for pricing and the adoption of new pricing models or strategies.
- *Place* – the implications for distribution.
- *Promotion* (what new promotional tools can be applied) – this is only discussed briefly in this chapter since it is described in more detail in Chapter 8.
- *People, process and physical evidence* – these are not discussed in detail in this chapter since their online application is covered in more detail in Chapters 6, 7 and 9 in connection with customer relationship management and managing and maintaining the online presence.

Product

Product variable

The element of the marketing mix that involves researching customers' needs and developing appropriate products.

Core product

The fundamental features of the product that meet the user's needs.

Extended product

Additional features and benefits beyond the core product.

The main implications of the Internet for the product aspect of the mix, which we will review in this section, are:

- 1 options for varying the core product;
- 2 options for changing the extended product;
- 3 conducting research online;
- 4 velocity of new product development;
- 5 velocity of new product diffusion.

There is also a subsection which looks at the implications for migrating a brand online.

The prosumer

The prosumer concept was introduced in 1980 by futurist Alvin Toffler in his book *The Third Wave*. According to Toffler, the future would once again combine production with consumption. In *The Third Wave*, Toffler saw a world where interconnected users would collaboratively 'create' products. Note that he foresaw this over 10 years before the web was invented!

Alternative notions of the prosumer, all of which are applicable to e-marketing, are catalogued at Logophilia WordSpy (www.wordspy.com):

- 1 A consumer who is an amateur in a particular field, but who is knowledgeable enough to require equipment that has some professional features:
(‘professional’ + ‘consumer’).
- 2 A person who helps to design or customise the products they purchase:
(‘producer’ + ‘consumer’).
- 3 A person who creates goods for their own use and also possibly to sell:
(‘producing’ + ‘consumer’).
- 4 A person who takes steps to correct difficulties with consumer companies or markets and to anticipate future problems:
(‘proactive’ + ‘consumer’).

An example of the application of the prosumer is provided by BMW who used an interactive web site prior to launch of their Z3 roadster where users could design their own preferred features. The information collected was linked to a database and as BMW had previously collected data on its most loyal customers, the database could give a very accurate indication of which combinations of features were the most sought after and should therefore be put into production.

Price

Price variable

The element of the marketing mix that involves defining product prices and pricing models.

Pricing models

Describe the form of payment such as outright purchase, auction, rental, volume purchases and credit terms.

The main implications of the Internet for the price aspect of the mix, which we will review in this section, are:

- 1 increased price transparency and its implications on differential pricing;
- 2 downward pressure on price (including commoditisation);
- 3 new pricing approaches (including dynamic pricing and auctions);
- 4 alternative pricing structure or policies.

Place

Place

The element of the marketing mix that involves distributing products to customers in line with demand and minimising cost of inventory, transport and storage.

The main implications of the Internet for the Place aspect of the mix, which we will review in this section, are:

- 1 place of purchase;
- 2 new channel structures;
- 3 channel conflicts;
- 4 virtual organisations.

Table 5.2 Different places for cyberspace representation

Place of purchase	Examples of sites
A Seller-controlled	<ul style="list-style-type: none">● Vendor sites, i.e. home site of organisation selling products, e.g. www.dell.com
B Seller-oriented	<ul style="list-style-type: none">● Intermediaries controlled by third parties to the seller such as distributors and agents, e.g. Opodo (www.opodo.com) represents the main air carriers
C Neutral	<ul style="list-style-type: none">● Intermediaries not controlled by buyer's industry, e.g. EC21 (www.ec21.com)● Product-specific search engines, e.g. CNET (www.computer.com)● Comparison sites, e.g. uSwitch (www.uswitch.com)● Auction space, e.g. eBay (www.eBay.com)
D Buyer-oriented	<ul style="list-style-type: none">● Intermediaries controlled by buyers, e.g. the remaining parts of the Covisint network of motor manufacturers● Purchasing agents and aggregators
E Buyer-controlled	<ul style="list-style-type: none">● Web site procurement posting on company's own site, e.g. GE Trading Process Network (www.tpn.geis.com)

Promotion

Promotion variable

The element of the marketing mix that involves communication with customers and other stakeholders to inform them about the product and the organisation.

The main elements of the promotional or communications mix can be considered to be (as stated by, for example, Fill (2000)):

- 1 advertising;
- 2 sales promotion;
- 3 personal selling;
- 4 public relations;
- 5 direct marketing.



People, process and physical evidence

The **people** element of the marketing mix refers to how an organisation's staff interact with customers and other stakeholders during sales and pre- and post-sales communications with them.

Smith and Chaffey (2005) suggest that, online, the main consideration for the People element of the mix is the review of how staff involvement in the buying is changed, either through new roles such as replying to e-mails or online chat enquiries or through them being replaced through automated online services. These are some of the options:

- *Autoresponders.* These automatically immediately generate a response when a company e-mails an organisation with an enquiry or submits an online form.
- *E-mail notification.* Automatically generated by a company's systems to update customers on the status of their order, for example, order received, item now in stock, order dispatched.
- *Callback facility.* Customers fill in their phone number on a form and specify a convenient time to be contacted. Dialling from a representative in the call centre occurs automatically at the appointed time, and the company pays, which is popular.

- *Online chat.* A real-time chat session is initiated by the customer with customer service staff to discuss questions about the product or service. For example, One Account (www.oneaccount.com) offers this facility once the customer is on an enquiry path (this facility could not be offered on the home page since this would generate a volume of enquiries that is too high for staff to respond to sufficiently quickly).
- *Co-browsing.* Similar to online chat, but in this case the customer support staff share the customer's desktop to explain how they should use the site. This is often combined with a phone call. Such a situation has technical limitations since it requires a broadband connection and software needs to be downloaded onto the end-user's machine to manage the session.
- *Frequently asked questions (FAQ).* For these, the art is in compiling and categorising the questions so customers can easily find (a) the question and (b) a helpful answer.
- *On-site search engines.* These help customers find what they're looking for quickly, and are popular when available. Advanced online retailers invest in optimising online search so that the customer's queries are answered with relevant results, rather than be presented with a blank page. Site maps are a related feature.

The **Process** element of the marketing mix refers to the methods and procedures companies use to achieve all marketing functions such as new product development, promotion, sales and customer service (as described in the previous section). The restructuring of the organisation and channel structures to accommodate online marketing which were described in the previous chapter are part of Process.

The **Physical evidence** element of the marketing mix refers to the tangible expression of a product and how it is purchased and used. In an online context, 'physical evidence' refers to the customers' experience of the company through the web site. It includes issues such as site ease of use or navigation, availability and performance, which are discussed further in Chapter 7.



REFLEKSI

1. Informasi penting hari ini
2. Manfaat penting dari informasi penting hari ini
3. Tindak lanjut yang dapat saudara lakukan



That's all. Thank you! 😊

Any Questions?