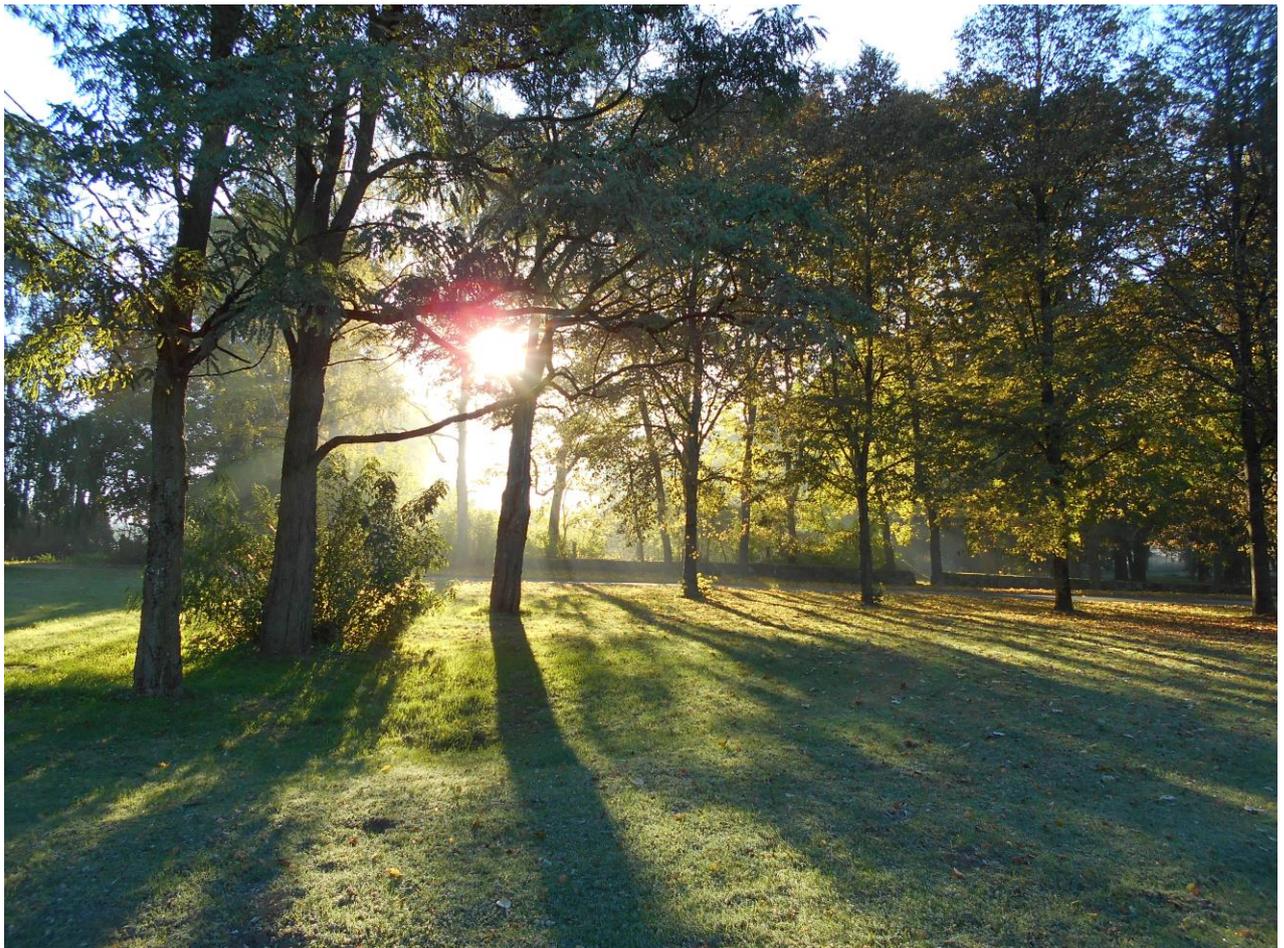


ELECTRONIC MARKETING



Vilnius School of Technologies, Business and Agriculture



International project entitled "International partnership to improve the quality of teaching in vocational schools" . This project is co-financed by the European Union.



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Introduction

Distance learning module "E-marketing" has been produced in accordance with the programme of vocational education and it is intended for marketing and management learners. The students of other programs who are interested in electronic marketing also can use the course material.

The purpose of the module is to provide students with basic knowledge of e-marketing theory in support of the practical applications of e-marketing activities of the enterprises. The course will examine the main terms used in e-marketing, the value of definitions and concepts, it discusses the essential components of e-marketing methods and principles. The main attention is given to the analysis of specific cases on the basis of the experience of Lithuanian and foreign companies.

The aim of the course is to bring up the basic training in the subject of e-marketing knowledge and practical application of their skills.

Objectives of the course:

- To be aware of the possibilities of new technologies and understand their importance.
- To be able to use e-marketing solutions in practice.
- To analyse and evaluate the development of the successful experience of international organizations in e-marketing and apply this experience in a particular organization in Lithuania.

The subject volume in credits : 5 ECVET (European credit system for vocational education and training).

The subject volume in hours : In total 135 hours in learning subject according to the program: 24 hours in theoretical occupations, 32 hours in practical occupations, 79 hours for self-study work.

Acquired competences:

1. To apply the business benefits of ICT and evaluate the functionality and benefits of content management systems by expanding the electronic marketing in your organization.
2. To analyze effectively and properly adapt to changes in the business environment.
3. To evaluate the electronic market players and environment.
4. To adjust the sales-oriented online marketing solutions in practice.

5. To evaluate the effective trade and service businesses experience (in Lithuania and international market).
6. To recommend e-marketing strategies for a specific improvement opportunities within the particular organization in Lithuania.
7. To analyze and submit proposals for the improvement of the web site, expanding the particular organization activities on the Internet.
8. To provide the appropriate domain that affects the success of e-commerce in both Lithuanian and international market in accordance with the specific nature of the organization.
9. To provide the most suitable means of advertising for a particular organization on the Internet in order to create an effective online marketing strategy.

The learning material is divided into 10 different topics:

1. The development of information technology and telecommunications and their impact on business.
2. The impact of the Internet on the traditional marketing and fundamental concepts of marketing.
3. The concept of e-marketing.
4. Online marketing objectives and functions.
5. E-marketing strategies.
6. Web sites.
7. Advertising and other communication tools on the Internet.
8. Pricing and delivery channels on the Internet.
9. The assessment of e-marketing mix efficiency.
10. Internet marketing plan.

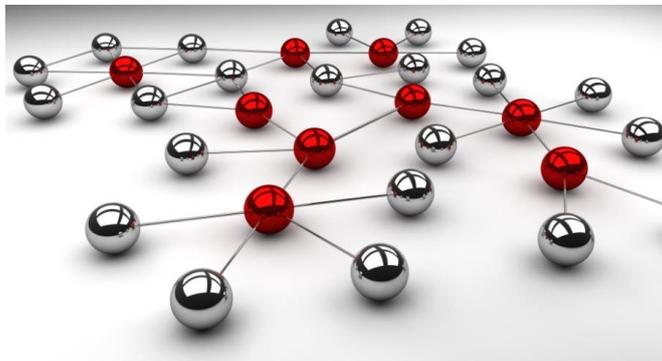
In order to examine each of the topics the purpose and objectives are provided, expected learning outcomes, the duration of the learning topic and key concepts. The questions submitted after examining each of the topics help reinforce the material as the tasks and tests for self-control, whose aim is to check the absorption of the substance. The intermediate knowledge test is given after covering 1 to 5 topics and the assessment is intended to be 15 per cent.

The learners of e-marketing module must prepare the paper. The volume of the paper covers up to 10 pages and the maximum assessment is 25 per cent.

The accumulative grade is used to evaluate students' knowledge. The capacity of the students' is checked by the intermediate assessment submitting the paper. The composition of final grade includes:

- *the accumulative grade*– 40 per cent (intermediate assessment, the paper).
- *the final assessment* – 60 per cent.

Reference list and the dictionary of key terms are at the end of the module. All the sources have been referred to in the module are in the reference list.



Glossary

Bounce Rate = This is a relative indicator reflecting what percentage of internet users leave a website after one page view compared to the total number of website visitors

CPM= (Cost Per Mile) - payment for online display advertising - applies to 1000 units. banners display volume.

CPC= (Cost Per Click) - payment for online advertising clicks.

CTR =(Click Through Rate) - online advertising impressions and click-through the ratio

CPA= (Cost Per Action / Acquisition) - payment for online activities.

Domain = a unique Internet address, which is written after the "www" with the ending "en", "EU", "com", "org", "net" and others.

Discussion group or forum = is a specific group of people , having much in common with each other, who change and share the information on the Net.

E-Marketing = Internet technologies in company's everyday marketing activities.

E-marketing complex = this is a unique interrelated set of actions and decisions , which is used in order to reduce the adverse reaction in the target market and to meet the needs of users to achieve the goals of the company.

E-Marketing goal = to get the maximum effect from the website (online store, the company's website) traffic, convert visitors to real customers, the result of all this is an increased profit of companies that advertise their goods and services online.

E-marketing strategy = the functional character of the strategy in relation to e- marketing complex elements; product formation, pricing, promotion and distribution.

E-advertising = the implementation of Internet technologies in everyday corporate's marketing activities.

E-mail = is one of the first and in comparison with others popular Internet service which aim is to receive and send information on Internet to another Internet user, which can be used for direct marketing purposes.

E-marketing / advertising budget = is part of the overall marketing budget intended for marketing / advertising means execution and implementation on the Internet.

FF= (Flat Free) - payment for online advertising time.

Information Technology and Telecommunications= (ITT) - technologies that contribute to the faster flow of information - from digital radio and finishing with mobile phones and e-mail.

The information society = is a society that constantly collects information in all scientific and industries branches, later processing this information constantly learn and develop new knowledge and adapt that knowledge in his life and work activities.

Information person= is literate person, learning to search for, collect, process and disseminate information.

Industrial economy= is one of the economic types, the economic system is based on the material production.

Integrated marketing communication = is a marketing planning concept of communication, arising from the need to assess their individual fields (advertising, sales promotion, public relations, etc.) strategic role and searching the optimal combination to ensure the clarity, consistency and communication programs affecting maximizing through coordinated integration of all individual salutations.

Website = information resource on the web, which can be achieved by using a Web browser. The information usually contains hypertext markup language (HTML) or extensible hypertext markup language (XHTML) format.

Contextual advertising = advertising targeting way, when advertisement on website or other media, depends on the request or on the web page content.

Communication = This is when individuals participating in interaction with other individuals, use posts (exchange of information) to create meaning in different contexts.

Newsletter = sent a commercial character e-mail, which the consumer ordered to get.

Link online = is highlighted, the active word or phrase inserted in the web page content, directing users to a specific and set place on the Internet.

Banner = This is not a large-scale graphics (usually GIF, JPEG or Flash (SWF) format), with a limited amount of information, with a link to the advertiser site.

Marketing is the process = marketing opportunities analysis, target market selection, complex of marketing development and management of marketing.

A marketing plan = is a marketing strategy and action plan for the complex / package intended for companies, product category or brand marketing objectives.

Marketing = purchase-sales ratio based on the economic system development process, which formed some form of market and business or individual goals conditions on that market .

Marketing complex = certain actions and decisions aimed at the company's goals and meet the needs of users.

Marketing environment = is a whole of the forces operating outside the company which have a direct and indirect impact on the activity of the company, it's marketing decisions.

Marketing ethics = it's moral principles determining what behavior is appropriate or inappropriate in marketing process.

Segmentation = the total market breakdown into separate groups (consumer or organizations) that have similar needs.

SEO = (Search Engine Optimization) - this is the web site applications / search engine optimization process.

Telematic system = is an integrated information processing and transmission system.

Blog = is a website which can manage the same author: uninhibited post his thoughts, post photos, links, receive comments from Internet users .

The research = is an activity providing business data / information that is the basis of identified opportunities and problems, marketing activities formation, development, marketing activities and their effectiveness evaluation and so on.

Content Management System =(CMS) - is an online tool that can administrate the website information, modify according to their needs at present.

URL =(Universal Resource Locator) - this is a web page address.

Login = natural person who acquirers or uses the goods and services for not professional consumption

VPTCS = This is one of the main web site quality assessment methodologies, which are based on five criteria system - visibility, picking, technology, content and services.

Viral marketing= is a strategy that encourages individuals on the basis of the voluntary to transfer an advertising message to other individuals.

VTR (View Through Rate) = online advertising displays and views.

Knowledge economy = is the legal and economic assumptions of managerial and economic mechanisms of modern technology and human resources harmonized system, arising from evolving market's economy and various technologies, particularly information technologies.

1. The development of information and communication technologies and their impact on business.

Introductory description

The aim – to familiarize with an impact of information and communication technologies (ICT) development on business and its system.

Objectives:

- To introduce the development of ICT and management, the impact of ICT development on changes of business environment.
- Be able to understand and distinguish concepts of the knowledge economy and information society.
- To identify and value extents of business transformations.

Expected learning outcomes and skills:

- Understanding of ICT and management development as well as ability to analyse changes of business environment.
- Perception of concepts of the knowledge economy and information society, ability to distinguish them.
- Ability to identify and value the extent of business transformation.

Training duration of this topic: 7 academic hours – 2 academic hours for theoretical occupations, 1 academic hour for practical occupations and 4 academic hours for self-study work.

Key words:

Information and communication technologies (ICT) – technologies, which contribute to faster flow of information – from digital radio to mobile phones and e-mail.

Knowledge economy – this is a system where legal and economic assumptions as well as management and economic mechanisms, modern technologies and human resources are combined and which emerges developing the market economy and different technologies especially information technologies.

Information society is a society, which collects information continually in all branches of science and industry later on crafting this information learns continually and develops new skills as well as adapts this knowledge to life and work activities.

Telematic system is an integrated processing and transmission system of information.



1.1 The development of ICT and changes in business environment.

World has been dynamic and constantly changing from the beginning. Society has changed together with the world. During the entire period, it passed several major phases of the development. (Fig. 1).

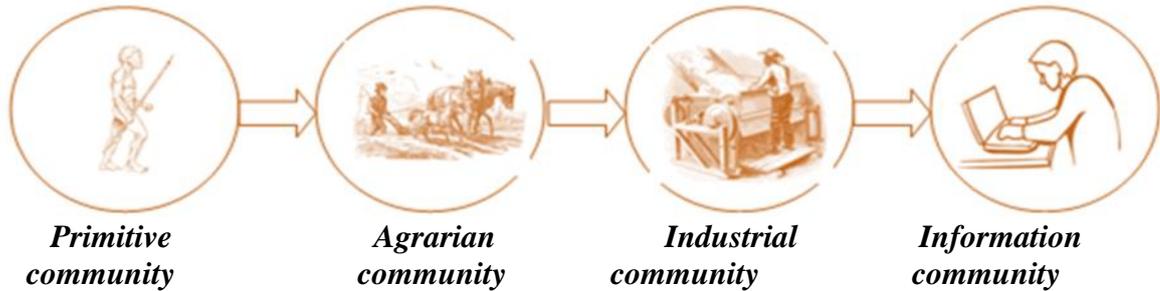


Fig. 1 Phases of society's development

Global crises determined all these revolutions: the foundation of primitive society's existence was use and processing of natural resources. The decline of natural resources led to the crisis, which caused the agrarian revolution. People engaged the cultivation of resources, transition to sedentary life because they have to maintain and foster agricultural land, to sow and to harvest. Immobility and the lack of arable land caused another industrial revolution because there was a need to increase the productivity of existing resources. This period is characterized by heavy investments in productive capacity building, the creation of new products. However, due to the rapid development of technology and productivity growth, market became saturated. This reason is because leading positions occupied not production but sales and marketing processes. All this caused an information revolution. This created favourable conditions for the formation of the information society. Economy and business were increasingly relied on the information and knowledge. Information quickly became strategically important resource which eventually began to lead to the success or failure of business.

Rapid development of information and communications technologies (ICT), globalization, changes in the political environment, the creation of the knowledge economy and other factors have significant impact on business. Necessity to solve a number of non-traditional goals associated with innovation activity appears when need to integrate ICT in organizations. ICT become integral part of the business: firstly as a tool to organize the business and secondly as a line of the business because an emergence of highlighted new business can be identified with the development of ICT.

In most cases the revolution of information age is associated with the emergence of industrial and personal computers in the literature but it can be said that other computer and communication technologies also create preconditions for changes of global business environment.

It can be said too that all three analysed areas is closely related to each other. Transition from industrial society to information society is conditioned by the fact that business is increasingly concerned with information and knowledge rather than physical value of the product.

Intensified development of ICT is conducive to business development in these latter days because business processes, which results in better performance, is restructured. The development of technologies and innovations are main contributors to the formation of competitive advantages and become the main element promoting business growth and development.

The development of ICT affects strongly trends of global society's (including business) development. All this leads to changes of dynamic production and consumption habits. These changes develop new markets and their changes, and it leads to technological development and their dissemination at the same time. ICT directly affects both the value of product and the value of service. Processes of value creation constantly gather speed and the return of capital increases.

The revolution of ICT strategies also affected the competitiveness of the business by reducing operating costs. Industrial indicators confirm that successful adaptability of ICT allows to reduce shipping costs to 10 % and these costs allow to reduce final prices of production. The impact of ICT in the field of employment is less but here is a clear need for retraining.

The impact of ICT on business-to-business relationships manifested primarily developing a suitable network and using telematic systems. However, it evolved very quickly into development of e-commerce and e-market.

The Internet is currently a major means of the communication in business. Two main directions of the internet in business are: 1) communication with business partners; 2) communication with consumers.

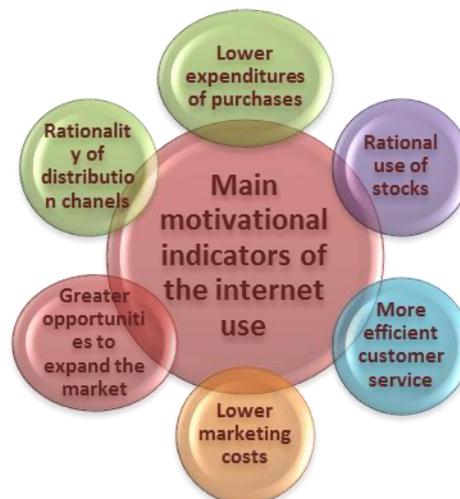


Fig. 2 Main motivational indicators of the internet use

1.2 Knowledge economy, information society.

Knowledge has always been important for economy. However, extents of knowledge’s creation, dissemination and use, which are increased currently, determine that knowledge can be seen as a key factor of the production and the use of the knowledge is very important factor for economic growth as already was mentioned. In this latter time, it is emphasized that the most important factor in creation of company’s value is not material, technological asset, but it is the ability to renew constantly, create new products, processes or services and develop new directions.

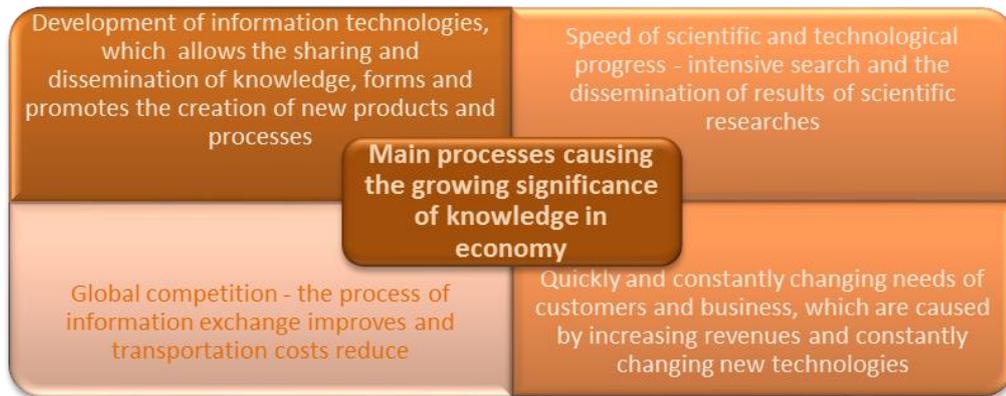


Fig. 3 Main processes causing growing significance of knowledge in economy

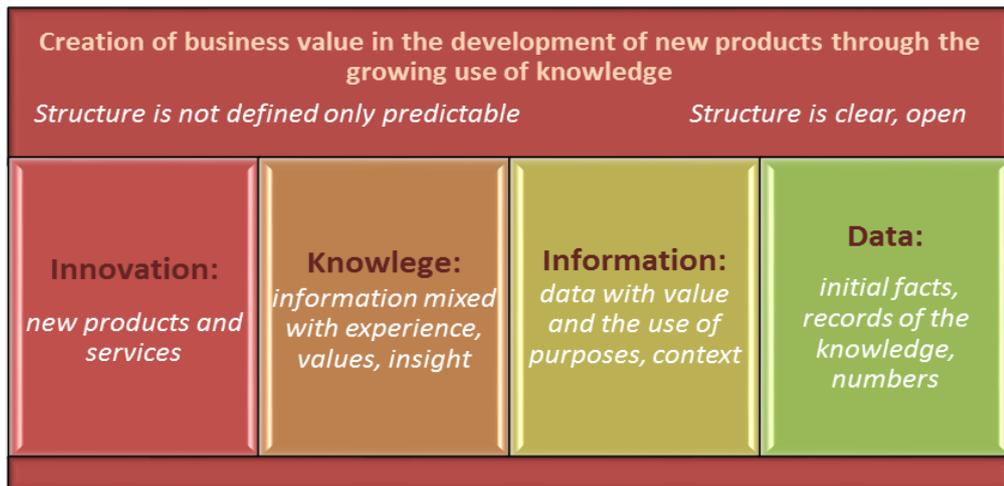


Fig. 4 Link of information’s value in the market

Knowledge embodied in the human capital and technologies have become an essential basis in process of the economic development and growth. Therefore, it is safe to say that developed economy and a business of high level involved in it is depended on the intensity of new knowledge’s creation, knowledge distribution and their purposeful use. For this reason, growing importance of the knowledge in innovation process formed a new social-economic system of the organization - knowledge economy and information society.

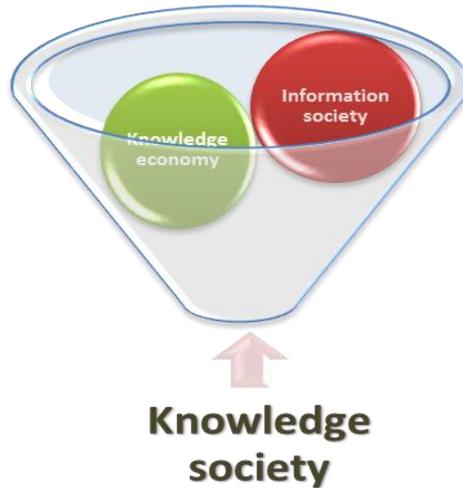


Fig. 5 The system of knowledge society

The concept of the knowledge economy formed in the late eighties. For this main reason, the society realised a role of the knowledge and technologies as well as influence on the process of economic growth.

The knowledge economy is the new phenomenon of XX and XXI centuries' junction, which formed for economic transformations, when market situation and needs of people as well as formats of production's factors and forces in development of human capital changed. Due to new systems of information transmission and technologies, not soil or other traditional factors of the production but knowledge capital has become the main competitive force in the country. The foundation of the knowledge economy is not new technologies but people with a lot of knowledge and able to manage it properly, to update and adapt constantly.

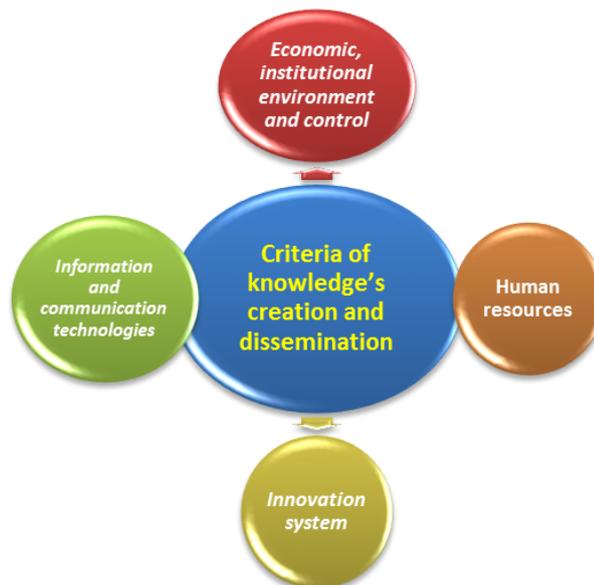


Fig. 6 Criteria of knowledge creation and dissemination in economy

Creation and dissemination of knowledge in the economy can be evaluated on the following criteria:

- *economic, institutional environment and control* - reflect country's political stability, an efficiency of government activity, market openness and competitive environment, the efficiency of state's control system, media freedom, the protection of property rights.

- *human resources* reflect the residents' level of the education, professional skills and lifelong learning opportunities. It can be argued that workers' professional skills are the main engine of the knowledge-based economy. Both human resources and their management create organizational value and help to tackle rapidly changing issues in the global business environment.

- *information and communication technologies* - represent the competency of institutions providing these services, allow to forecast perspectives of technologies' development used to ensure state's control system and etc.

- *innovation system* represents the corporation of education institutions, research centres, business incubators and other companies with systems of government in order to develop advanced business.

Continuous learning is the main competency of every organization, which wants to remain in the knowledge economy. Market leaders are more interested in the learning process and the diffusion of knowledge. Knowledge gives competitive advantage for organizations. The knowledge economy is higher farm productivity acquired by innovations and knowledge.

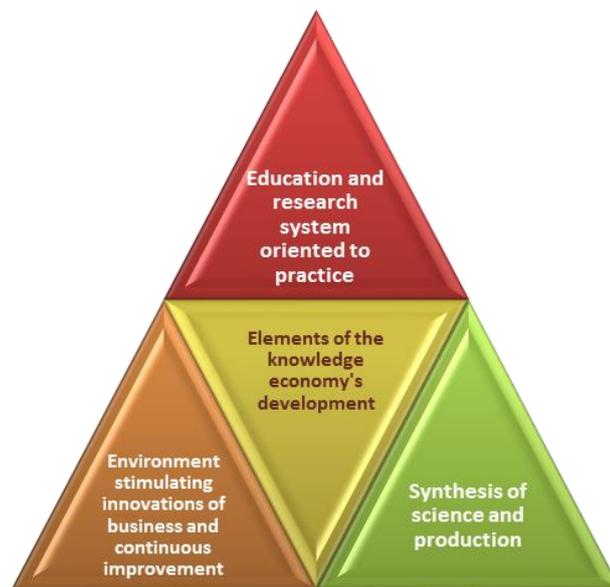


Fig. 7 Elements of the knowledge economy's development



The knowledge economy becomes the most important factor determined the development of industrialized countries. Knowledge-intensive industries and the development of information technologies are essential condition of the country's progress, prosperity and well-being.

Information society. Rapid development and expansion of information technologies has created favourable conditions for the emergence of global society in the latter decade. New information technologies penetrate not only into business, work environment, life of state and world, but also into human's daily routine and mode of life. All this forms fairly new phenomenon - the information society. This is a new type of the society that is organically linked to the practice of information technologies in various fields of life and activities. The main features of this society:

- information infrastructure - telecommunications, computer networks, databases, information systems and others.
- the ability / proficiency of society's members to use measures of information technologies
- skills to work with computers, to introduce new working methods, to access and use global databases, be able to process data, to communicate with other persons through the Internet and etc.

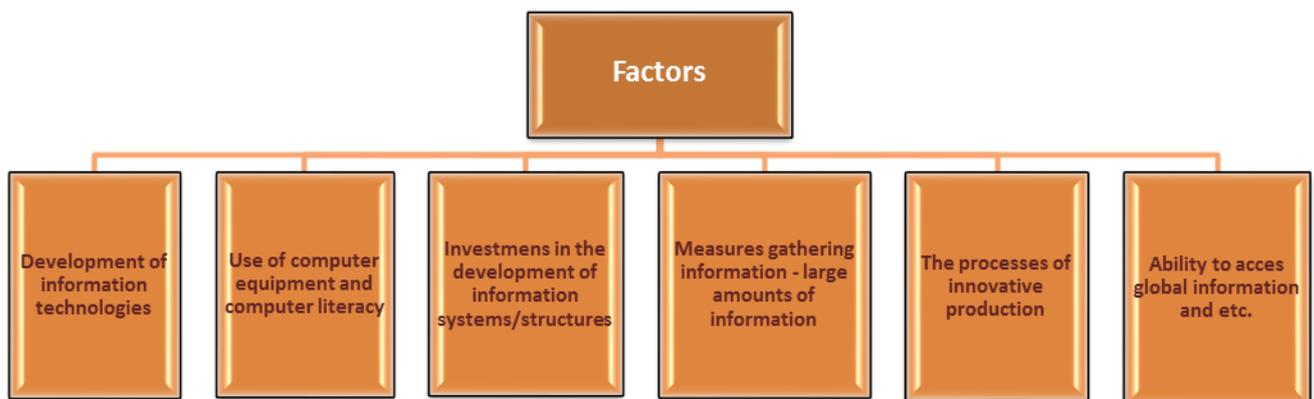


Fig. 8 Determinative factors of the information society's development

These concepts of the information society are distinguished - technological, economic, professional, and cultural.

The concept of technological information society. The emergence of information society is related to emergence and development of innovative technologies. Technological information society is based on possibilities of information's formation/creation, storage and use. Modern information technologies allow to process effectively, to store and transmit information or data. It is noted that the recent massive use of technologies led to significantly reduced costs. All this makes the expansion of technologies to scientific field as well as fields of business and private life.

The concept of economic information society. Economic information society based on economic aspects. There are 5 component groups - education (universities, schools, and libraries), communication media (radio, television, and press), information equipment (computer software),

information services (insurance, legal services), and other information activities (scientific research). Each of this category is directly related to economic value and contributes to the creation of GDP (gross domestic product) by its increasing part in the latter time.

The concept of professional information society. It is noted that the biggest part of professions in the information society is related to the informative work/activities. The biggest part takes professions that come into the contact with information technology in this type of society. Several types of professions that are related to collection, processing and distribution of information can be distinguished – members of information society, who develop, install, and manage telecommunications/information technologies and members, who have a direct connection with gathering, assessment and transfer of information/data.

The cultural concept of information society. In this case, members of the society focus on the cultural aspect. In the current information society, the main and the most important element related to culture is the media and its dissemination of information and knowledge. Communication, which is identified as a creation and sharing of information and knowledge, determines largely cultural information society. All this involves media, marketing and Internet.

Information society is distinguished in positive and negative aspects.

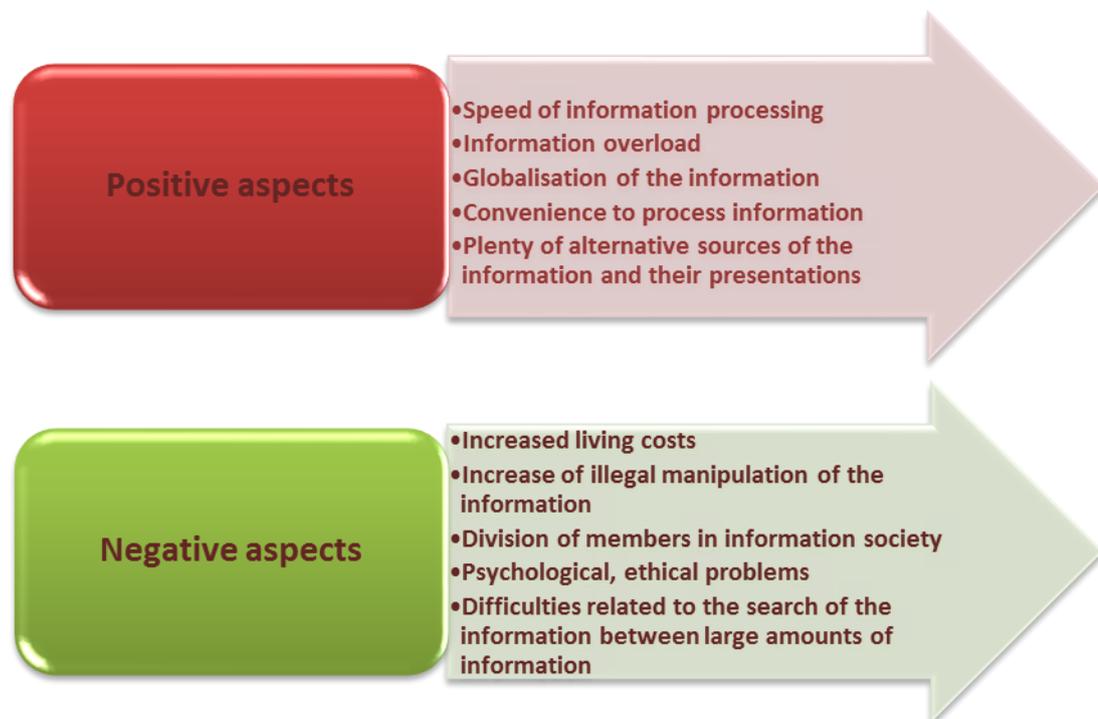


Fig. 9 Positive and negative aspects of the information society

Citizens, government and business in the information society make an intensive use of information technologies and communications in daily life. Information society creates conditions

for the prompt circulation of knowledge. Knowledge economy cannot become the factor that determines welfare of residents in underdeveloped information society. When the majority of population lives where is exclusion of information only a small elite's islets of the knowledge economy may exist.

Formation of the information society includes the following main processes:



Creation of the information society is the main factor of the economic development, job creation and social prosperity. Foundation of the economy is stored and constantly updated productive knowledge. It takes place when scientific research and practical activities is developed based on knowledge and information technologies as well as is integrated into areas of production, services, business, science and studies of competitive products.

Information society invests in self-education, members of the knowledge society learn constantly and seek higher education. Knowledge and knowledge-based technologies are used effectively in industry and enhance its competitiveness and innovativeness. The most modern information and communication technologies are widely used to transfer knowledge. So it is necessary to have technical measures and to want as well as to learn how to use them as widely as possible. This means that population of all groups must have a certain competence.

The knowledge economy is qualitative assessment of the economy showing that a high part of the society copes with challenges of the changing environment using knowledge in the economic activities. New indicators, which determine the level of the country's development are absolutely necessary when information society is created (it can be the penetration of the Internet, the level of computer literacy, digital level that divide different areas and different groups, e-government level of the development and other).

One of business goals is to reduce risks, which are caused by the development of the information society and to use positive sides at the maximum.



1.3 Transformations in business

Business is a consistent process comprising the following main stages: search for new ideas, an assessment of economic and social idea, the preparation of business plan, the search of resources needed for business development, the management of enterprise activities. The management of enterprise activities includes the following *main* processes: the creation of the service or product, the purchase of raw materials, the production of product/service, the delivery/sale of the service/product, post-warranty maintenance and *auxiliary* processes: personnel management, bookkeeping as well as financial and managerial accounting, planning, marketing, and quality control. All these stages and processes are depended on each other and any business cannot survive without them.

Rapid development of the information technology caused transformations of business processes and all business transforms moving from traditional/physical space in the e-space. All this forms very significant changes of the marketing and measures of marketing in the market.

Reasons for changes in the field of marketing:



Digital transformation is characterized by four principles (4 “C”):



When transformation takes place, business methods (commerce) of transactions change, information (content) is used, people (community) with whom are communicating also change, methods of cooperation (collaboration) change too.

All effective e-business strategies plan to implement electronic transformation. Transformation can be implemented inside the company or outside the company (by establishing a branch or subsidiary company). Business transformation to e-space can be carried out in the stages or only certain level of company’s activities can be transformed to e-space (Fig. 10).

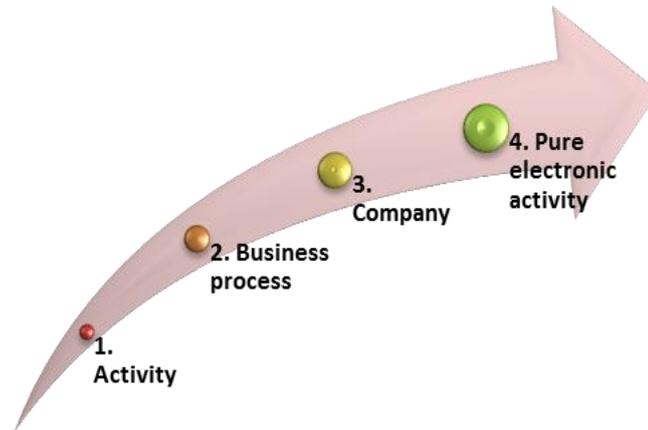


Fig. 10 Levels of e-business in organization

1. *Activity level.* Increase of the efficiency of organization's activities – reduction of cost.
2. *Level of business process.* Increase of the efficiency related to business processes (main/additional) - improved marketing, the maintenance of consumers, the management of relations with customer and others.
3. *Level of company.* Integration of both internal and external organization's processes and their management in e-space.
4. *Level of pure e-activities.* Organization carries out a comprehensive business transformation from traditional/physical space into electronic space in this stage – the redirection of the branch takes part, significant competitive advantage is formed. Organization exists and operates only in the electronic medium at this level.

The level of business transformation is measured in respect of two criteria - a speed and price. In order to retain customers as well as to ensure successful development and expansion of business, certain interdependence connection, complexity and balance must be set between speed and price. In this case, 4 digital principles of the transformation as commerce, content, community, collaboration will be transformed by equal level and a synergistic effect will be achieved. If any of elements transforms too quickly and without changing a price, misunderstanding and fluster may emerge between consumers but if there is too much focus on price and focus on speed doesn't appear, the confidence of customers can be lost.

Main business principles of the information are reflected in Figure 11.





Fig. 11 Principles of the transformation in business

Another aspect, which includes two principles (2 'c'), is also important in the digital transformation:

- Cost.
- Culture.

Mistake cannot be done making a decision about the digital transformation of company if there is not an evaluation of the level of future costs and company's corporate culture. For example, the decision to implement the digital transformation within the company is adopted in mind that this restructuring will integrate easily into specific of activities. But the need of costs and significant cultural changes can make the transformation project outside the company. That is over company's structure. Technological factor has a significant importance. Bad decisions are possible, if technologies are not analysed as a major, crucial factor but as a supporting factor for business. There are many examples when companies started e-business and went bankrupt because they were unable to foresee ongoing changes and to cope with new challenges.

Transformation in business changes working methods of employees starting from director and ending to ordinary seller. All four mentioned principles of the business change. Collaboration with costumers also changed. On-line makes a possibility to provide more information (content) for consumers; relations of partnership have changed and when a virtual production is created relations with partners (community and collaboration) change too; trade begins over the Internet (commerce).

Transformation in business is necessary not for fashion or in order to reach external effect, its aim is to increase the efficiency of the work. For example, the website of Levi's company was very modern but it was forced to refuse electronic program, because all used effective things didn't increase sales. Meanwhile, Intel, Hewlett-Packard websites are designed in such way that customer

receives all necessary information and when it is necessary to find any information he does not need to move many times from one page to another. Website should be maximally functional.

Question always arises - what should take a decision for carrying out the transformation of business and taking responsibility for possible consequences at the same time. This should not be only a director of the company or ICT department, or the department of marketing. It must be an initiative of all company's workers because success can be expected just then. As practice shows that order from the top is not enough. Those workers, who do not want reforms, usually do not hold down a job in reformed company.

Youtube video

E-Marketing

<https://www.youtube.com/watch?v=UeVlsjwYfO4>

What is Internet Marketing?

<https://www.youtube.com/watch?v=RSkWqI7M3Ts>

Online Marketing vs Traditional Marketing

<https://www.youtube.com/watch?v=d4aijRJFOq4>

Introduction to Marketing

<https://www.youtube.com/watch?v=i1xz5Kv-7VY>

Digital Marketing Trends Of 2015

https://www.youtube.com/watch?v=l_Ei7CxXwuo

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Self-evaluation Tests

1. **Which are major phases of the society's development?** (*several options are correct*)
 - Primitive community
 - Stone Age community
 - Agrarian community
 - Feudal community
 - Industrial community
 - Exploitative community
 - Ecclesial community
 - Information community
 - Technological community
2. **How much percent successful adaptability of ICT allows to reduce shipping costs?**
 - 50 %
 - 40 %
 - 30 %
 - 20 %
 - 10 %
3. **What are two major trends in the internet business?**
 - communication with business partners

communication with communities
 communication with consumers
 communication with governments
 communication with financial funds of European Union

- 4. What constitute an information infrastructure?** (*several options are correct*)

consumers
 telecommunications
 elements of marketing
 computer networks
 qualitative and structural plans
 databases
 IS user competencies
 information systems

- 5. Name 4 principles of the digital transformation, which promote synergistic effect:**

commerce
 consultations
 content
 projects
 community
 consumers
 collaboration
 education

Self-evaluation Questions

- 1. What are e-business levels in the organization? What are their main aspects?**
- 2. What are positive and negative aspects of the information society?**
- 3. The concept and attributes of the economic information society?**
- 4. What is a knowledge-based economy? What determines the development of knowledge economy?**
- 5. What are main 4 processes which cause the growing significance of knowledge economy?**

2. The information technology and telecommunications development and its impact on business

Introductory description

The aim – to get acquainted with information technology and telecommunication development's impact on business through the prism of the consumer and the economy

Objectives:

- To acquaint with changes in consumer behaviour that influences the development of ICT.
- To analyze and be able to identify consumer behaviour.
- To identify the knowledge of economy and industrial economic concept and reveal the fundamental differences between the knowledge and the industrial economies.

Expected learning outcomes and skills:

- Internet user behaviour perception and understanding.
- Ability to identify different internet users.
- Knowledge of economic and industrial economic concept, the processes of perception and the ability to distinguish them.

Duration of subject learning: 7 AH (academic hour) - 2 AH - on learning of the module (theoretical classes), 1 AH – on practical workshops and 4 of AH-on self-employment.

Basic concepts:

Informative man- is a literate person, who knows how to search for, collect, elaborate and disseminate information.

User- natural person who acquires or uses goods and services not for professional consumption

Industrial economy- is one of the kinds of economies where the economic system is based on material production

2.1. The changers of consumer behaviour related to ICT development

Today consumers are more demanding, less loyal and are hard to forgive for business organizations, if their products / services do not satisfy user requirements. Customer loyalty programs and marketing communications are a response to such customers, who have become less loyal and are more likely to change products. The reasons why companies attribute strategic importance for information systems and technologies.

- The practical usage of computers (increasing computer access and their confidence).

- Information and information technology concepts change (they started to treat as strategic resources).
- Successful use of the results.
- ITT prevalence (commercial software boom).
- Intensive and global competition (global cost-cutting trend effect)

The market, which consists of Internet users has two aspects - quite limited (only with access to the Internet and able to use it can become potential customers), on the other hand - much wider than that which consists of the district or city dwellers, as the Internet connects the entire world computers. The online market is global, because it has not got any geographical restrictions. It is observed a considerable impact on Internet marketing to individual elements that can have a significant impact on consumer behaviour. Looking on the internet entirely of the company's position is not enough. It is important to analyze what the consumer reach, using the Internet. Modern information technology and telecommunication change any business activity. Companies use the Internet for financial transactions, for investor communications, partners and customers to establish, maintain and distribute their goods. In their e-commerce Website Company or entrepreneur provides detailed information about their products and services, so that customers and partners will know they are interested in their goods and using services and application instructions, technical specifications, prices, available quantity, delivery time, their ordering ways etc. The Internet revolutionizes sales and brand management. It gives the company a new revenue-raising potential, opportunities to improve customer service, reach new markets and find new ways to gain new resources and also save the available finances. Internet Technologies forces companies to act quickly on the market, faster serve the consumer. At the same a user requires to be served 24 hours per day, 7 days a week with current information about products and services.

Internet creates conditions for companies to overstep the usual organizational and geographic boundaries and create new structures that combine business with customers, suppliers, partners and other institutions.

In the information age, the information technologies in business processes is increasingly associated with business survival, as it allows companies to increase information receiving and processing speed and the ability. Delivered and received information in time, rapid communication with business partners, the company's competitiveness is determined by both real and virtual market. The change of information technology affects new business forms and methods, the emergence of companies or the appearance of a meltdown.



The development of information technology affects not only the competitiveness of businesses, but also transaction costs. The Internet's possibilities and its impact on the transaction costs also determine the role of mediators in the exchange of business processes. In some cases, it means a complete disappearance of the mediation, in other cases it is the emergence of the new mediators and mediation services.

Traditional companies implement its functions by conventional methods (advertising in mass- media, meetings with customers, suppliers, personal dating, socializing on the phone, employee labour exchanges). Innovative companies transfer part of its functions to an electronic (virtual) media - the Internet (customer information by e-mail, contracts and transmission of documents by EDI (Electronic Data Interchange) format and must be signed by electronic signature, looking for information on the Internet, information on the company's website presentation) .

There are many reasons forcing companies to implement e-business models:

The process of globalization:

- The disappearance of geographical boundaries between markets
- Growing competition

Time-based competition:

- Monitoring the actions of competitors
- Ability to respond quickly

Users:

- Consumer's demand - various, changing

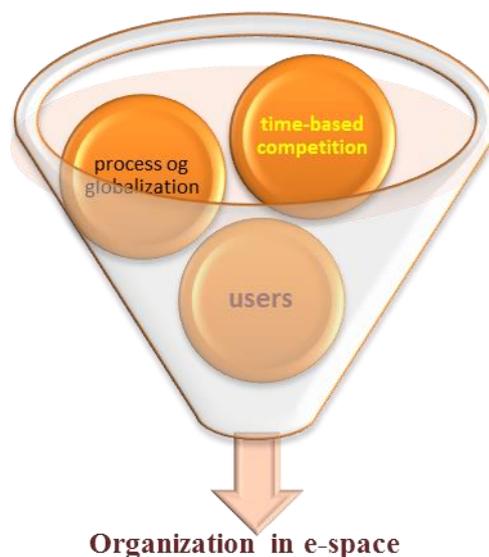


Fig. 12. The reasons forcing businesses to adopt e-commerce models.

The following factors support the view that organizations can have a significant benefit of using information technology, e.g. online marketing:

- ***Universal access.*** Global communication helps businesses to achieve maximum number of users and provide them with information about their company and products.
- ***Immediate access in real time.*** The Internet allows consumers to immediate access to information 24 hours per day, 7 days per week with one click. Real-time means that users are free to decide when to send and receive information
- ***An infinite space.*** Space on the Internet is infinite and can publish information on the Internet without any restrictions or the amount of printing and publishing costs.
- ***Interactivity.*** Two-way communication, where users receive and send information, is the explanation of interactivity. The Internet gives the user more control over transactions and gives the ability to learn more about the company, product and brand.
- ***Multimedia.*** It is described as communication and technology, which integrates a number of different media types into a single system. The Internet makes it possible to communicate with consumers using different formats (3D media) that involve users in more visual and attractive world. To understand the behaviour of consumers on the Internet, it is necessary to identify the reasons which encourage the Internet users to become e-customers.

The main lifestyle trends of consumers:

- ***Lots of money, a little time.*** Today, many people do not have enough income, but no longer have the time. These consumers are looking for convenience, speed and are tend to manage the affairs on the phone or the Internet. Sophisticated online shoppers require the information which will be available within 1-5 seconds. If it takes longer, they lose patience and go to look for faster operation competing sites offering the same services. From a marketing position, this means that consumers have unprecedented opportunities to participate not only in exchange, but also in the value creation process. It encourage business organizations to look for new and more efficient solutions to the product / service development, presentation and other areas.
- ***Longer leisure time.*** When users are limited up to 40 hours of work per week, then eating outside the home, health clubs and other forms of leisure time are increased in popularity.
- ***Increased ownership of technology.*** Consumers are vigorously embracing new technologies. The Internet took about 5 years to reach even 100 million users (TV achieve the same result in 13 years)
- ***The increasing pace of life.*** Users seek to have the product here and right now, without any delay, waiting in queues or waiting for order execution etc..
- ***The importance of self-expression.*** The increased demand of self- expression which is satisfied through the products which consumers buy and consume.

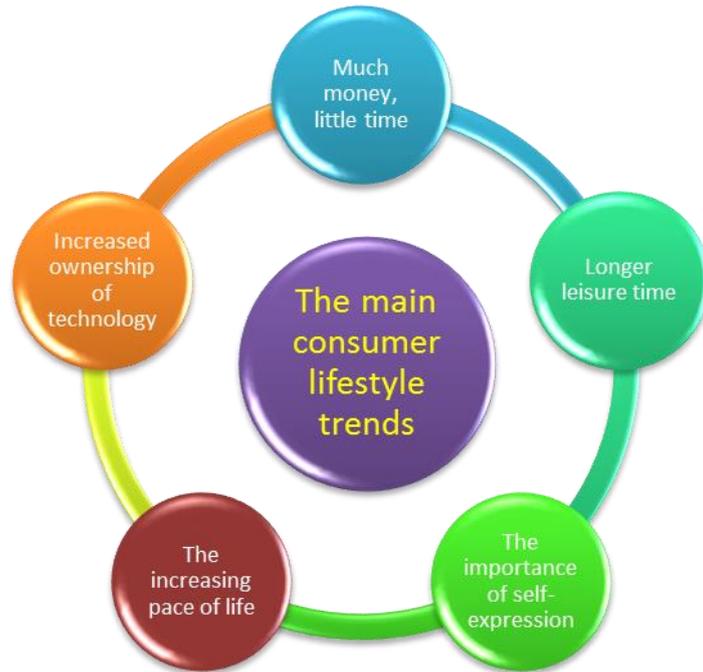


Fig. 13. The main lifestyle trends of consumers

While surfing the Internet, the user is involved in what he sees and does and it is difficult to distract him from the quest. The user in this state is extremely sensitive and open to the information he reaches, especially if it meets his needs. The customer uses the Internet on his own - forms the desired image by himself because it is easy to do, by repeatedly clicking the mouse. After walking through the website the user is satisfied with the information needs and searches the answers to the questions that will help him to take a buying decision. As a certain physiological or psychological need bring a customer to the store, the visitor is brought to the Internet for the demand of information.

Virtual environment, there dominant information technology and its possibility influence the user's behaviour.



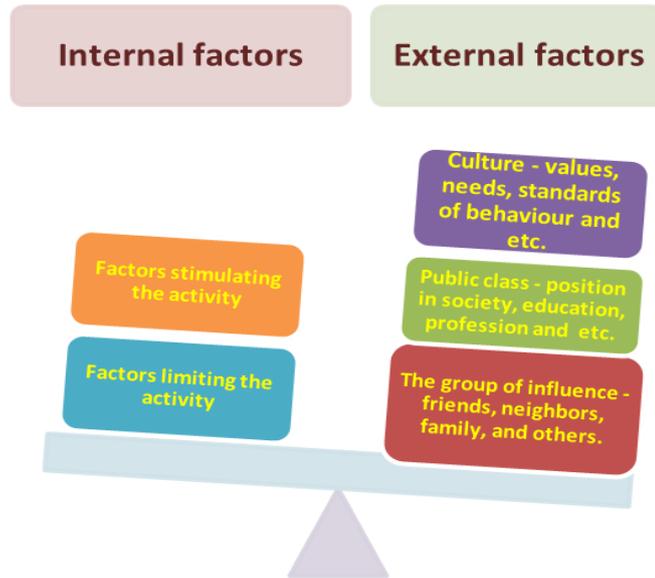


Fig.14. The system of factors, influencing behaviour of the user in e-space

Based on the above figure (picture), we will focus more on internal factors.

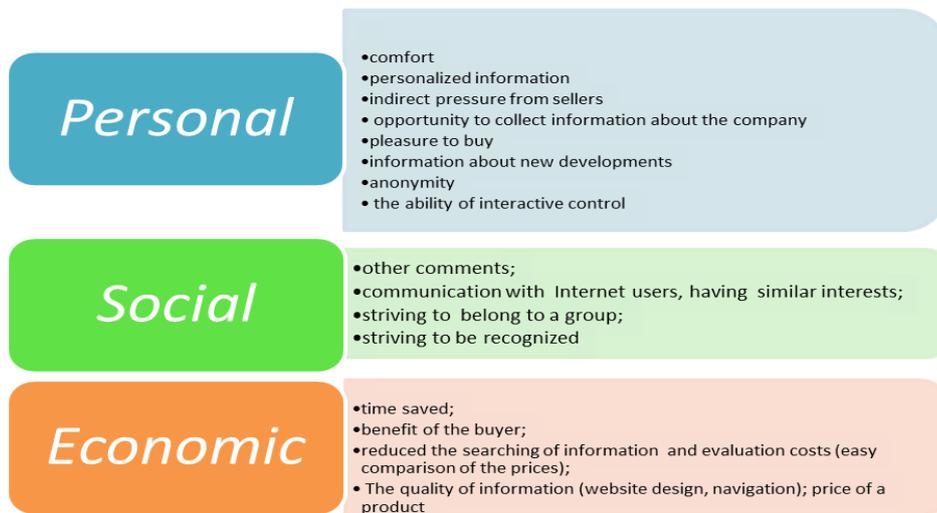


Fig. 15. Factors encouraging users' activity



Fig. 16. Factors limiting a consumer activity

There are distinguished six types of online shoppers and identified possible measures to attract them.

A beginner user. Customers who have recently surf the Net. They usually use it as a shopping search tool and are likely to buy different stuffs, which do not pose a high risk.

1. **Distrustful – a contrary customer.** Customers who are usually very worried about the security and privacy. Due to this fear, they mostly use the Internet for shopping and just looking but it is difficult for them to purchase.
2. **Saving –a buyer looking for transactions.** For these consumers the most important is price, so they often compare company stores' prices with others.
3. **A decisive buyer.** All these type of buyers, before connecting the Internet, know what they need and what they will buy. In most cases, they have set certain criteria, information about the product search criteria, therefore, it is quite difficult to change their provisions. They tend to buy what exactly comply with their attitudes and beliefs
4. **An enthusiast customer.** For these enthusiastic customers walking for online stores and shopping is just a form of relaxation. They buy very often and look for a long time.
5. **A super buyer.** This group of shoppers buy more because of the need than on their leisure spending time. They usually have already created their own search strategy and have certain habits, know what they look for, so do not want to waste their time on a futile search.

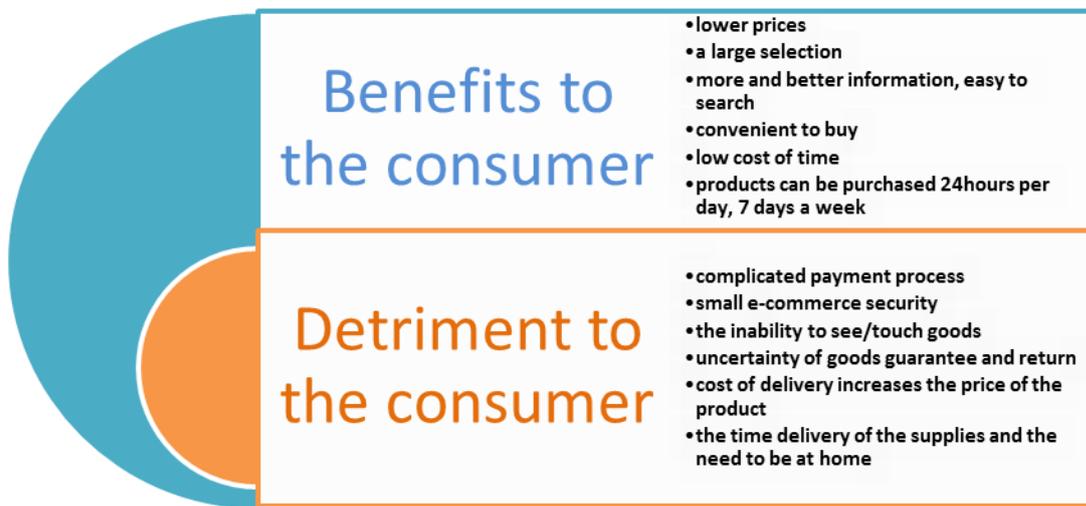


Fig. 17. Product purchasing online

It also emphasizes money as a factor determining consumer behaviour, importance. In this context the nature importance of money influences the user's behaviour. People are easily tend to spend money when the process is less tangible, e.g. digital transfer, digital money. However, the tangibility of money concept is differently adapted to the different exchanges types of situations.

When money operation is desired, people prefer to experience pleasure from direct operations actions - giving away money is not painful. On the other hand, when the operation is undesirable, it is better to pay in digital form. Less tangible forms of transactions can not only increase the

probability and frequency of transactions, but also customer satisfaction in return. To sum up, it could be said that the Internet environment, that separates the cash value from their physical presence may facilitate the unexpected, unwanted or separate operations.

The listed reasons and provided consumer habits and goals, force companies to look for new ways to organize their business more efficiently and survive in strengthened competition conditions. In order to survive in the increased competition conditions, companies need to develop competitive advantages that allow to survive in the competitive battle and even better and more appropriate to satisfy the needs of users.

2.2 Industrial and knowledge-based economic analysis

For a long time the world relies on dominated industrial economy. However, the information technology started to develop, the trend has changed and become relevant to the knowledge-based economy - the knowledge economy. The main difference between the traditional knowledge and the economy reflects the knowledge based on characteristic features of economy.

- There is a tendency that adapting new knowledge in the online business, means refusing to tie up to specific points of sale, because customers have enough knowledge and opportunities to buy products without leaving their home.
- Information used to modernize the company's business and remain in competitive battle.
- It is noticed that knowledge-intensive products and technologies have grown considerably in price.
- More popular and valued are these companies, which both focus on human capital, (it means to allocate funds for regular professional development and lifelong learning) and innovation in enterprise.

The main differences between industrial and knowledge-based economies are presented in table 1.

Table 1. The economic values of different economies

Industrial Economics	Knowledge- based economy
Value is obtained through the efficiency	Value is obtained through creativity
Investments in production	The investment in innovation
Orientation to the product - mass production	Orientation to the customer
Local-level production	Global production
Planning	Change and Innovation
Competition support relationship	Relation based on cooperation
Financial capital	Information

Based on organization level	
The labor force is managed by the tools, equipment and instruments	Tools, facilities and equipment managed by the labor force
Routine, repetitive tasks	Creative, informative work
Instructions and Control	Joint control
Growth based on financial capital	Growth based on knowledge

The knowledge economy is characterized by:

- Innovation system, but not innovation chain.- Strategic, complexity having business network, but not the business units of isolated knowledge base.
- The creative collaboration with the market, but not competition.



Youtube video

Market Sensing: Consumer Behavior Influences

<https://www.youtube.com/watch?v=LuK1dHcEjcQ>

Decision Making Process: How Consumers Make Buying Decision?

<https://www.youtube.com/watch?v=Rn5a03Xp0Kc>

Pros and Cons of Email Marketing

https://www.youtube.com/watch?v=ZVnW6s_a90c

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Self-evaluation Tests

What factors affect the behaviour of the user in e-space? (Possible several correct options)

Internal
Global
Long term
External
Direct
Defined

What factors encourage consumer's activity? (Possible several correct options)

Trading
Social
Economical
Informational
Ecological
Personal

What does the investment in human capital mean? (Possible several correct options)

Funds for professional development
Funds for employee taxes
Funds for inventory to the professionals

Funds for employees pay
 Funds for professional salaries increase
 Funds for staff training

Mark the items which are useful for the consumer buying online? (Possible several correct options)

A wide range of choice
 Delivery increases the price of the product
 Complicated payment process
 More and better information, easy to search
 Convenient to buy
 Small e-commerce security
 Inability to see / touch goods
 Low time costs
 Goods can be purchased 24 hours. per day, 7 days a week
 Uncertainty of goods guarantee and return
 Delivery time and a need to be at home

What is typical for the knowledge economy? (Possible several correct options)

Strategy, having complexity of business networks
 Business units with isolated knowledge bases
 Competition
 Creative collaboration with market
 Innovative chain
 Innovation system

Self-evaluation Questions

What are the causes / effects which are determined by the need of companies to install / apply e-business modules?

What external factors affect the behavior of Internet users in e-space? Briefly comment?

Name and briefly comment on the factors limiting the Internet users purchasing in e-space?

The main differences between traditional / industrial and knowledge-based economy (at the non-organization level)?

Factors determining the benefits of using internet technology? The main aspects of the factors?

3. Internet impact on traditional marketing, basic marketing concepts

(I)

Introductory description

The goal – to introduce with the impact of online technologies and the influence of traditional marketing system.

Objectives:

- To identify and introduce the main Internet technology affected by the traditional marketing concepts and issues
- To analyze the impact on the Internet traditional marketing complex elements.

Expected learning outcomes and skills:

- Traditional and online marketing principles affected by perception.
- The influence of Internet technology complex elements and the identification of changes in their knowledge on marketing

Duration of subject learning: 7 AH (academic hour) - 2 AH - on learning of the module (theoretical classes), 1 AH – on practical workshops and 4 AH-on self-employment.

Basic concepts:

Marketing - purchasing and sales relationships are based on economic system development process, which formed some form of market and business enterprise or individual goals in the market conditions.

Marketing complex - certain actions and decisions aimed at the company's goals to satisfy the needs of users.

3.1 Basic definitions

Historically, this concept appeared by strong development of the industry. Previously, manufacturers did not have any problems in marketing in realising their products, because a demand was higher than a supply. However, the growth of industrial productivity caused the excess of production that is supply outgrew the demand. For this reason, the market has changed from "*upstream market*" to "*consumer market*". "Manufacturers have changed the orientation (paradigms) "*sell what is produced*" to "*how to produce in order to buy*".

In the past, manufacturers were focused on product (Eng. Focused product) and by employing sales managers (Eng. Salesman, salesperson) forced the entire sales team to "push" products on the market, sometimes even without taking into account the market needs. Belief in the omnipotent effects of advertising and promotional power has formed a number of provisions, concepts such. 4P(Eng. Product, Price, Promotion, Placement ").

Traditionally, marketing has been the term used for vendors (more manufacturers, producers), bringing it closer to customers, consumers and the process sometimes is mistakenly interpreted too narrowly. The economic crisis demanded to change paradigms and business theorists suggested *to focus on the client (Eng. Focused client or client centered)*. The essence of this orientation is firstly, to determine what the clients need and then produce.

Eventually, concerning the systems theory, process approach and modern marketing prevailed to understand as 4-step process

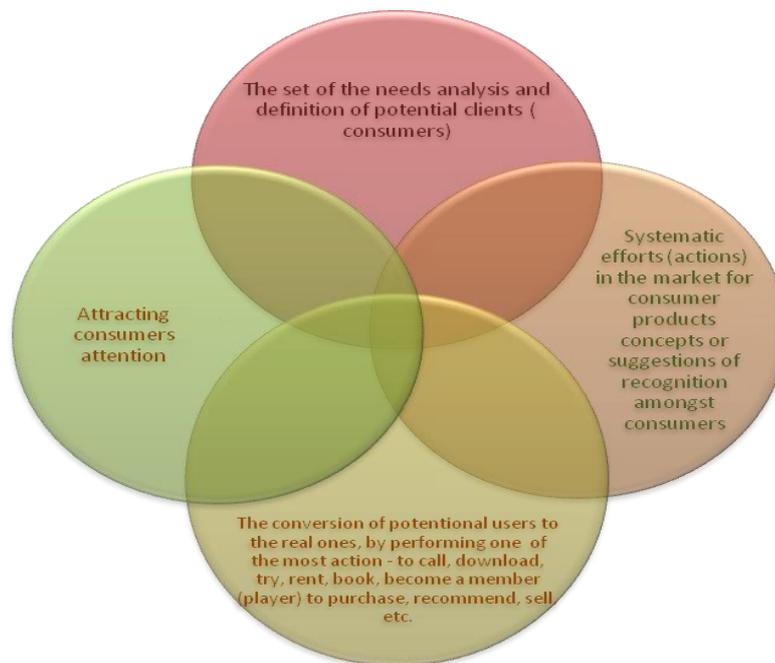


Figure17. The steps of marketing process

3.2 The impact of Internet marketing concepts and the complex of traditional marketing.

In recent years, the use of the Internet in the retail trade has increased and this had a significant impact on many clients' buying process. One of the many problems that business people are interested today is the problem of growth and access to the Internet. This growth includes entertainment, e-commerce, e-banking and e-marketing. All signs point to both business and clients growing dependence on the Internet and its related processes in the whole world.

Another important feature of the Internet- the possibility to facilitate the information search for consumers. The process of product acquisition is encouraged by allowing users to achieve greater quantities and more detailed information, depending on the product features, price, and the availability of a common value of the supply, especially when the Internet is used in conjunction of search of traditional marketing channels.

So far, in terms of e-marketing it has been suggested that the impact of the internet marketing was limited to simply creating a web site and using the Internet as a new tool for some support measures.

Internet leads to changes not only in business but also in marketing. The Internet as a tool shapes the differences between traditional and online marketing. Evaluation of the Internet as the main e-marketing tool, it is necessary to compare the traditional marketing mix and 4C (*consumer, cost, communication, convenience*) marketing model elements with new forms of these elements which are acquired online.



The examination of the affected Internet marketing became clear that the decision may have shifted from the manufacturer to the user side. Prevailing marketing situation, the manufacturer decide which products to produce, but now the consumer is a key element determining the decision. The main problem of these days is no longer the production of the product - the problem is communication, communication with the consumer. It take times to build contacts, because the user is not a machine that in certain periods comes on the market and buys the unit of a standardized product. User is a person who wants attention, helpful service, product installation, guarantee service, spare parts, etc. Purchasing decision is no longer a decision of buying an item; it is the solution to establish long-term relationships.

Long-term relationships with customers is becoming increasingly important for two reasons

- Marketing of the mass-market is gradually moving towards micromarketing.
- Most markets have already reached a mature phase, when there are not any new users anymore, so there is a need to share with current ones.

Organizations no longer have the ambition to attract more customers, while trying to retain and better serve existing ones. The latter business model is not a new thing - long applied to B2B (business-to-business) level, however a change in the rules of the game market, all organizations have realized for each individual customer / user importance. The users of today's organizations are standard statistical units that can be replaced by others, new ones. Marketing communications - is long-term customer relationship formation, maintenance, improvement, in order to satisfy the needs of users. Thus, the market focused on the customer and he is given the power to decide what, where and when to buy. With constant access not only to the company but also its competitors' offers and product information, the customer may encourage the company to meet its needs.

Dynamic Marketing frames. It discusses a number of ways, as it should be replaced by marketing, according to the basic provisions:

- Increased focus on user knowledge than ever before, and new consumer awareness creation.
- Relations with users with the information they provide, which is stored in the user database.
- Supply-making, use of information technology and the Internet in order to enhance the product value of the perception of the product or to raise the price of the service and support quality.
- Product delivery to the consumer using ICT / Internet in order to ensure efficient sales and service delivery

The use of the Internet allows business users to communicate with clients and conversely interact with consumers at anytime and anywhere. Another important reason that makes e-marketing unique is that it is a "dimensional" because all the marketing phase take place simultaneously. Traditional marketing is the opposite - "linear" by nature, because marketing includes stages: marketing research, product development, customer complaints, etc.

Online marketing enables closer relationships with customers and better personal marketing. It is now generally accepted that the Internet did not change the basic principles of marketing management, however it is noticed a considerable impact on Internet marketing to individual elements that can have a significant impact on consumer behaviour.



Figure 18. E- marketing aspects that are influenced by the Internet

Marketing enables closer relationships with customers. It is generally agreed that the Internet did not change the basic principles of marketing management. But it is noticed a considerable impact on the Internet marketing to individual elements that can have a significant impact on a consumer behaviour. To understand better the impact that the Internet has on traditional

marketing and consumer behaviour on the Internet, it is important to take into account changes related to the marketing complex and the 4P model.



Figure 19. Marketing 4 P model

Internet impact marketing complex elements - **product**: - Internet prompted the addition of products (e.g., After-purchase service) and many new products only exist due to the Internet. - The Internet provides a faster setting of user needs, product testing, better product customization and shorter life cycle of a product.

- Genuine product on the Internet has been replaced by product information which itself creates value for the consumer.

- In some e-business, information is collected about users; it is much more valuable than the most sold product or service. In the Internet networks, this phenomenon is known as data mining. This is the exact dimension that helps determine the suitability of the product for sale online.

- The Internet allows users to perform a detailed choice of a product / service and almost without any costs.

- Often, there are offered products or services on the Internet which can be digitized and available to the consumer online - directly to a computer.

- It is stated the importance of the Internet in developing new platforms for the new product innovation, with direct access to consumers, in order to collect information for the development of new products that meet consumers' needs.

- Some of the products, compared to others, have a higher demand on the Internet than in physical sales points (e.g. tickets).



Internet impact on marketing complex elements - **price:**

- Internet leads to greater price competition and leads to price standardization, the reduction of differences. Add to this the possibility to compare prices among all suppliers online.

- Product or service price reaches their limit costs / expenses by increasing competition. Organizations will have to adjust to new pricing models using the Internet.

- The critical element linked to the price - the exchange rate. If an organization wants to sell its products in international markets are required to publish the prices in the target currency, or allow the user to access the site installed automatic currency conversion system or post links to help carry out this action.

- Prices of perception affect user satisfaction with e-marketing time. Prices honesty can be a dominant factor in satisfaction and influence the desire to return to the website. So, in order to keep customers, e-merchants should not only provide the goods and services prices, additional charges, but also constantly updated to avoid misunderstandings.



Internet impact of marketing complex element - **distribution / location:**

- Place on the Internet is understood as an online organization websites.

-Place on the Internet is identified as a product or service delivery channels. Product or service delivery: the organization itself performs delivery, uses third parties or directly delivers the product via the Internet (for informative, software, entertainment and financial services products).

- The Internet makes it possible in certain cases to avoid the intermediate links of organizations - mediators; cooperation is going on with competitors and suppliers - extended their pages offering products of competitors.

-E-business on the Internet sites are competing in quality, design, attractiveness of the proposals, a variety of product presentations and so on.

- Physical distribution of goods / delivery takes longer. The negative feature in online shopping is the time during which the purchase is coming from a seller to the customer. It is not valid for digital goods (movies, music, e-books, software, etc.) In order to reduce the influence of this factor in the case of physical production, a new niche is becoming popular for - express services which the main purpose is to deliver orders as quickly as possible.

-Time changes. In a traditional trade or other business very important are working hours. The influx of customers before the holidays, after work or at the weekends is not so important, because the Internet does not depend on time. The Internet has reduced its value because it can be used at any time of the day



Internet impact on marketing complex elements - **support:**

- The Internet enables organizations to communicate interactively with consumers.
- The Internet enables to reach international customers much cheaper than using traditional media methods
 - Companies can use various supporting techniques, e.g., to pay for the placement of links in websites which are popular among the company's target consumers and are less expensive option than advertising in traditional media channels.
 - The possibility of free exchange "free" advertising to other sites.
 - Speeches in online discussion forums that are related to the company's sales of goods or services or type of target market is a great way to attract potential visitors to the site with a probability to gain new consumers.
 - Brand Management remains the most important factor in online marketing - it is very important to the company and its subsidiaries to have different sites that use different formats, visuals, messages and content.
 - The use of e-marketing instruments - target marketing by e-mail; blog; SEO- search engine optimization ; social networks; banners.
 - Internet customers, buying online prefer suppliers, from who have previously bought in the traditional way (not the Internet). Consumers buying online not the first time take preference for a well-known traditional offline merchant's website. The company wishing to move into e-business space should inform and prepare consumers to become e-customers.



Generalized traditional and technology affected marketing are given in Table 2.

Table 2. Traditional marketing and technology affected comparison

Marketing area	Marketing actions	
	Traditional marketing	Internet marketing
Segmentation	Demographic	Behavioural
Advertisement	"Pushing"	"Pulling"
Support	Massive	Adapted
Pricing	Established by organizations	Established by users
Delivery channels	Through intermediaries	Directly
New products	Restrict	Focused on consumers

For more information about e-marketing complex, possible extensions and the addition of new elements presented - e-marketing complex.



Youtube video

What is internet marketing ? - Get answers to all your internet marketing questions

<https://www.youtube.com/watch?v=TeOL7hnJFuk>

Email Marketing by Elite Email

<https://www.youtube.com/watch?v=NR3Uu1W7Po0>

How Does The Internet Work?

<https://www.youtube.com/watch?v=bw7O5fk3kqk>

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Self-evaluation Tests

What is the surplus production? (*possible one correct option*)

- When number of customers is increased
- When the price of goods are increased
- When a demand of the supply grows
- When a supply of goods and services is reduced

What is the main e-marketing tool? (*possible one correct option*)

- The traders
- Internet
- Advertisement
- Information Sources
- Press

What is marketing complex? (*possible several correct options*)

- Competition
- Product
- Offer/ Supply
- Distribution / location
- Legislation
- Support
- Press
- Price

Select traditional marketing elements: (*possible several correct options*)

Segmentation by demographic features
 Segmentation by consumer behaviour
 Advertising as a "push" feature
 The new products are restricted
 Advertisement as a "pull" feature
 The new products focused on consumers
 Pricing - prices are set by the organization
 Pricing - prices are set by users
 Delivery takes place through intermediaries
 Sponsorship focused on mass
 The presentation is directly
 Sponsorship focused on individual customer – adapted

Select e-marketing elements: *(possible several correct options)*

Segmentation by demographic features
 Segmentation by consumer behaviour
 Advertising as a "push" feature
 The new products are restricted
 Advertisement as a "pull" feature
 The new products focused on consumers
 Pricing - prices are set by an organization
 Pricing - prices are set by users
 Delivery takes place through intermediaries
 Sponsorship focused on mass
 The presentation is directly
 Sponsorship focused on individual customer – adapted

Self-evaluation questions

The impact of the Internet technology on marketing complex element "product"?

Internet impact on marketing complex elements – price:?

The impact on Internet technology marketing complex element "distribution"?

4The Internet Impact on marketing complex elements - support:?

Comment on how information technology has changed the attitude on consumer?

4. Internet impact on traditional marketing, basic marketing concepts

(II)

Introductory description

The goal – to get acquainted with the effects of online technologies and the influence of marketing communication system.

Objectives:

- To identify and introduce basic Internet technology, affected by the marketing concepts and communication aspects.
- To present a systematic approach to marketing communication.
- Be able to assess what is typical of integrated marketing communication, what are its features.

Expected learning outcomes and skills:

- Internet technology affects the perception of the principles of marketing communications.
- Has brought a systematic approach to marketing communication.
- Ability to apply integrated marketing communication in practical aspects.

Duration of subject learning: 7 AH (academic hour) - 2 AH - on learning of the module (theoretical classes), 1 AH – on practical workshops and 4 AH-on self-employment.

Basic concepts:

Communication - this is when the individuals are involved in an interaction with other individuals, using posts (exchange of information) to create meanings in different contexts.

Integrated marketing communication - is marketing communication planning concept, arising from the need to assess their individual fields (advertising, sales promotion, public relations, etc.) the strategic role, and the search for optimal combination to ensure clarity, consistency and maximizing the effects of communication programs through coordinated integration of all individual salutations.

4.1 The impact of the Internet marketing communication process

Recently, a marketing concept is very often associated with communication. Marketing communication is more than a marketing function and covers all elements of the entire marketing support, which helps the organization to communicate with the target market players.

Traditional marketing has been applied to the case of simple communication option - **one-sided mass communication**.

The traditional way of advertising on television, radio and the press is one of many typical communication patterns - strategy. This type of mass communication is very popular, because have

the ability to reach a wide audience. In the figure below (Fig. 21), are presented the recent communication model scheme.



Marking: P - advertising provider; U user

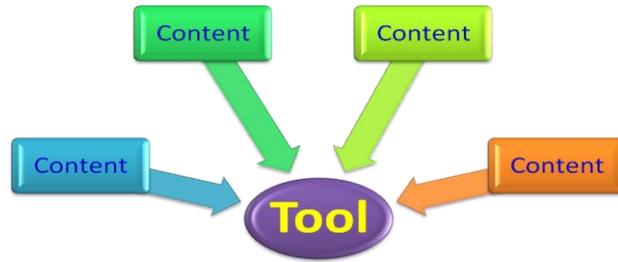
Figure 21. The traditional model is one to many communications

Recently, the market and the business took place in a number of related changes of information technology that led to another attitude towards communication and the exchange of the emergence. The Internet, which is a new form of communication, combines a large and extensive network, which covers different Internet users / consumers. In this case, both consumers and advertising suppliers may have a role in online information provider. Users have the ability to create web sites, to publish articles in it or promote various products.

Thus, the Internet and related technologies, and the development is associated with the formation of the close link between consumers and advertisers. Users can freely collect and provide information to commercial sites, communicate with other users. Advertising providers may also collect and use the information obtained from the customers and information about the consumers. All this creates conditions for advertising messages profiling, segmentation of the audience and information about the goods in order to facilitate the search.



As well as advertising providers, through a variety of means, like email, mail, websites, video conferencing, etc., can provide consumers with information, entertainment and so on. All these involves a number of many new marketing communication model / system (Fig. 22)



Marking: P - advertising provider; U- user

Figure 22. A number of many communication online models.

More and more companies are implementing their activities, moving to integrated marketing communications concept (Eng. IMC - Integrated Marketing Communications). The essence of this concept is to combine and integrate all marketing efforts and thereby achieve better results. This ensures a greater co-operation department of the company (general manager of communication, the overall budget responsibility), directional perception and common objectives. To achieve common goals of marketing, IMC uses the concept of marketing communications. A greater effect is achievable by using IMC synergies, which is not possible through individual communications. This leads to improve marketing performance at a lower cost.

IMC is traditionally divided into 4 communications.



Figure 23. IMC communication



Telecommunications and the Internet can be distinguished as a separate communication channel. On the one hand, the Internet would be the fifth IMC communication, on the other - it combines four traditional marketing communications and significantly expands their opportunities.

Internet - a strategically important decision. Internet users look for, learn about, choose, purchase. The entire sales process, from the user wish to the emergence of a transaction, can occur online. Therefore, communication with the (potential) consumers must be provided for each stage of the purchasing process. For this reasons a lot of different online marketing channels are used: any e-marketing campaign or program, from search engine optimization (SEO), online payment, partner programs, e-mail advertising, mail, advertising bands to the latest web technology based online conferencing, blogs, audio and video broadcasting and Internet TV. These measures are intended not only to implement operative purposes (as sales increasing), but there are also strategically important steps toward new markets, a favourable image on the Internet or customer loyalty.

A large part of the Internet firms appreciate business advantages, opportunities and move to e-commerce space. Part of businesses move all trade into a "new space" This is especially true for service providers, who are interested in making orders and its execution carried out in the customer's premises. Other - exploiting e-commerce as an alternative possibility, by increasing numbers of users and sales.

E-marketing is not limited to geographic frames. By implementing marketing campaign online sometimes is difficult to choose the right tools. Therefore, it should be chosen by non-traditional distribution: advertising, PR, direct marketing and sales promotion, based on their goals. Internet tools are so closely related that are often difficult to classify. Campaigns use the advantage of promotion opportunities (discounts, loyalty programs), which cannot exist without PR measures on the Internet (blogs, e. letters information campaigns), the implementation of which may be based on the direct marketing (direct e-mail. letters, payments via the Internet) means.

There are distinguished integrated marketing communications (IMC) properties:

- Clearly identify whether marketing communications objectives are consistent with the organization's goals.
- The planned approach, which fully covers the marketing communication activities in a coherent and synergistic manner.
- The range of target audiences - is not limited only to users or potential customers, but there is communication with interested persons, "employees, shareholders, suppliers and others" as well as consumers.

- All forms of communication, which can form marketing communication activities, management. This includes any related communication, resulting from the organization's internal and external communications.
- In support of activities as well as they are involved in human resources management and effective integration.
- All products / brands and corporate marketing communications efforts in connection.
- Supporting measure range - are used to support all combinations elements.
- Messaging range - branded product or company sponsorship must arise from a simple coherent strategy. Integrated marketing communication efforts to ensure that all messages are formed in synergistic way to maximize each other's strengths, or at least minimize the resulting inconsistencies.
- Information transporters (media) range - used for a wide range of measures aimed at the dissemination of the report, not only to mass communication tools.

All the above mentioned features rarely occur at the same time, even in the most successful organizations, but it should not be seen as a drawback because in practice it is not always feasible to implement. The essential advantage of marketing communications integration is synergy which occurs through a variety of marketing communications aspects of each other co-operation, supportive and enforcing ways. In particular the advantages of integrated marketing communications are provided with its advantages.



Figure 24. The benefits of integrated marketing communication.

The biggest impact on marketing communication is achieved when all its elements will be integrated into a single whole. Marketing complex elements should be integrated in such a way that they will work in harmony with each other. In other words give a synergy effect, it means allow to increase all efforts in marketing communications efficiency. Thus, the communication synergies effect is the fact that the complex means of communication (integrated communications), the

efficiency of usage differs from each method and its efficiency. This effect is visible, and the following formula 1:

$$\text{E1} + \text{E2} + \text{E3} + \text{E4} = \text{E} \quad (1)$$

E - The effectiveness of integrated marketing communication.

E1 - The effectiveness of public relations (opinion-forming)

E2 - The effectiveness of advertising.

E3 - The effectiveness of personal sales.

E4 - The effectiveness of sales promotion.

By planning an integrated marketing communications called (*Eng. "spill-over"*) effect, it means that it is impossible to identify the individual communication effectiveness on using them together. Despite many factors that promote the development of integrated marketing communications, there are also barriers, where organizations inevitably face in order to adopt a new approach.

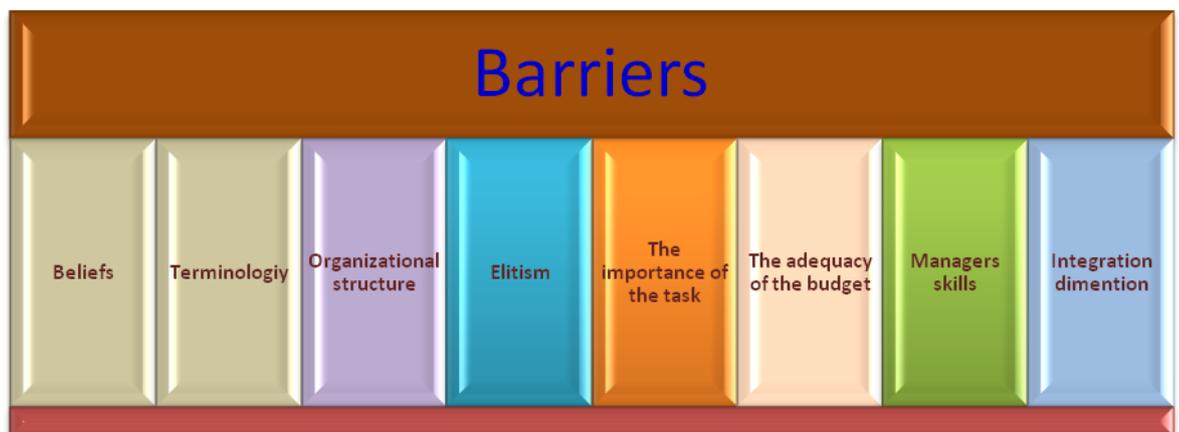


Figure 25. Integrated marketing communication development barriers

-*Beliefs*. In many cases, beliefs are a change brake.

- *Terminology*. There is no single terminology and a single support of element classification. It is often said about the same things, but are used different terms. This leads to a lot of miscommunication.

- *Organizational structure*. In many organizations, the structure can cause a number of problems in the management of IMC. Integration requires a crisis of change, conflict and management communication skills.

- *Elitism.* The specialist of each supporting element thinks that his sphere is the most important in a supporting complex. This creates a lot of conflict.

- *The importance of the task.* To achieve the integration effect, it is very difficult to determine the required influence of the organization. Nevertheless, in order to install the IMC it requires the engagement of the whole organization.

- *The adequacy of the budget.* Organizations often approve a budget that is focused on short-term effect and is much smaller than it should be to implement new methods of IMC

- *Managers' skills.* Interdisciplinary skills are obstacles to the IMC. IMC requires a wide range of skills, it is extremely important to be able to manage and use it effectively.

- *Integration dimension.* IMC Concept has many dimensions of integration, but the organizations very often are aware only of interdisciplinary integration. This is a wrong approach, which could lead to negative results of the IMC installation.

In marketing communication activities, coordination and integration are necessary to reach the consumer and enable organizations to compete in the market. Every tool of communication should not be treated as a separate stand-alone activity, but as whole interrelated marketing tools that complement each other. Each communication element is associated with each part of the preparation plan. Each piece should be linked with other parts that might lead to synergies.

IMC planning process can be understood as a never-ending, an ongoing planning. Planning and decision-making process similar to traditional marketing planning process, but here all the essential elements in the process (objectives, strategies, and tactics of the budget) is integrated. This process extends the analysis and evaluation cycle, which allows the former to evaluate the effectiveness of campaigns and improve future decisions.

The planning of marketing communications can be used in a variety of models. Traditional marketing uses the 4P marketing management framework which principles remain unchanged in the IMC concept. Abstract planning guidelines provide 5R model, which recognizes the consumer's market power and marketing systems interaction changes.



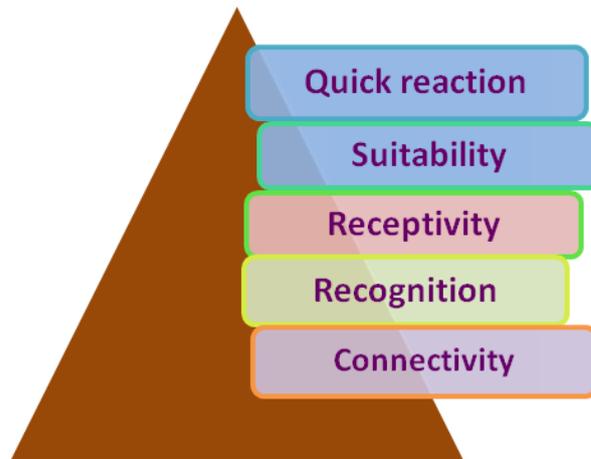


Figure 26. 5R model

1. *Quick reaction* - how quickly and effectively marketing manager can respond to user and customer requirements and needs. Most organizations are not prepared to fast response. In fact, they are ready not to speak, but to listen. In this case, the market, where marketing manager has been controlled, the reaction has not been very important. The new interoperable market reaction is necessary.

2. *Suitability* - occurs by how appropriate a marketing communication is for persons to whom it is addressed. This becomes an important issue when users expect and are invited to adopt the marketing communication rather than simply being disturbed. In addition, the appropriate communication is provided to the target audience, which is likely to receive and accept.

3. *Receptivity* - In a new interoperable market marketing challenge for communicators is achieved when users or future clients want to obtain information not necessarily when the marketing manager wants to provide information. So the challenge for a new market - communication is the time when "the customer wants to buy", not when the "salesman wants to sell." This changes the number of communication rules, such as efficiency and effectiveness through the choice of target setting, when consumers contact with the organization, but not when marketing leaders themselves send information and promotion.

4. *Recognition* - interacting market brands is becoming a necessity. It provides an instant trust and recognition. It functions quickly and effectively, allowing consumers to make decisions based on the experiences or recommendations. Market brands often become the most important marketing asset of the organization where a lot of votes require attention or where a wide range of alternatives are possible.

5. *Connectivity*- it is not a big problem that the new market will be based on communication. This value is common for both customers and organizations. The ongoing "give and take" between the customer and the organization, where each part "wins" in each exchange process, will

be the objective of marketing , rather than one-time sale. The marketing organization more no longer can force users to obey. This will be the consumer who determines the duration, intensity and depth of the relationship, which is trying to build an organization.



Figure 27. The stages of integrated marketing communication process.

In order to simplify the planning of communication is used "5K" pattern - formed on the basis of questions:

- Who are our target customers?
- What do we need to achieve them?
- How should we communicate?
- Where should we communicate?
- When should communicate?



All activities of the organization (including communication and marketing) directly and / or indirectly influence by various environmental variables, and ongoing environmental survey and its analysis is a very important process of each organization's well-being. Both the communication process as well as a whole business activity takes place in one or another environmental context. Environment forms a communication context in which operates all communications of marketing. Therefore, the creation of IMC plans is essential to carry out full and detailed analysis of all the relevant environmental factors that can affect the success of the communicative process. All organizations' influencing environmental factors in their broad sense are divided into micro (immediate, direct environment, in which occurs marketing communication, the microenvironment considered to be one of the key factors, that influence the marketing communication effectiveness) and macro (environment, which is functioning organization that includes internal and external factors), which form the communication context.

In one or another case, the most attention has been focused on marketing communications macro environment that has changed dramatically in the last decade. Creating IMC plans it is important to take into account the environmental changes, which directly affects the IMC - computer technology, communication technology, social changes, increased market segmentation significance, variable marketing role and expectations of production systems, technology changes, international competition and the market, the marketing communications industry structure, changes in the organization and management, marketing communication production changes in technology, marketing communications industry regulatory changes.

The integral use of sources increase efficiency and allows users to achieve better positions in the subconscious of the market distribution period. Also, this way, companies reduce the cost of management, staff, marketing and sales budget account.



[Youtube video](#)

What Is Internet Marketing - How Does Internet Marketing Work

<https://www.youtube.com/watch?v=er1ws10FBBC>

What the Internet is Doing to Our Brains

<https://www.youtube.com/watch?v=cKaWJ72x1rI>

What is Email Marketing? You'll know in 1 minute 25 secs

<https://www.youtube.com/watch?v=4IXG3ncRhAw>

Digital Marketing Trends Of 2015

https://www.youtube.com/watch?v=l_Ei7CxXwuo

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Self-evaluation Tests

Mark the integrated marketing communications? (possible 4 correct options)

Advertisement
 Strategy
 Sales Promotion
 Order Execution
 Direct Marketing
 Public Relations
 Government Relations
 Lobbyism

Advertisement campaigns exploited possibilities of promotion? (possible several options)

Special Offers
 Strategy
 Discount
 Projects
 Loyalty program
 Customer relationship
 Visual Communication

What factors encourage consumer's activity? (possible several correct options)

Trading
 Social
 Economical
 Informational
 Ecological
 Personal

Describe the planning guidelines 5R model? (possible 5 correct options)

Selection
 Quick reaction
 Suitability
 Compatibility
 Authentication
 Exclusivity
 Relations
 Reality
 Receptivity
 Informativeness

Organization influencing environmental factors are divided into:

Micro environment
 Turbo environment
 Macro environment
 Global environment
 Real environment
 Info environment

Where is the traditional advertising used?

TV
 Online
 Radio
 Events
 In virtual environments
 Press

Self-evaluation Questions

What methodology is applied in order to simplify the communication planning?

What are the advantages/ benefits of integrated marketing communication?

What are the main features of the integrated marketing communications / issues?

What is the difference of traditional and online marketing communications?

What are the major stages of integrated marketing communication process?

5. Concept of e-marketing

Introductory description

Goal – to introduce the online marketing system, its principles and aspects

Objectives:

- To get acquainted with the basic principles and concepts.
- To be able to create marketing mix
- To know the chain of Internet marketing activities.

Expected learning outcomes and skills:

- To know basic principles and concepts.
- To be able to create marketing mix.
- To know the chain of Internet marketing activities.

Duration of topic studying: 7 academic hours – 2 of them are allocated to the study of the module (theoretical classes), 1 academic hour – practice classes and 4 academic hours – self-study.

Key words

E-marketing – application of IT to company's marketing activities.

E-marketing mix – a unique set of inter-related actions and tactics which are used to reduce the desired respond in the target market and to achieve company's goals by meetings the customers' needs.

The marketing environment – refers to forces outside the company, which have a direct or indirect impact on company's work and its marketing decisions.

Marketing ethics – deals with the moral principles which determine what is appropriate and inappropriate behaviour in marketing process.

5.1. Basic principles and concepts.

Business, at least in part, is forced to move into the electronic space. It is due to spread of the Internet, competition rise and globalisation of business. In order to attract more customers and survive in the global market entrepreneurs have also had to change means of advertising. It is not enough to have high quality products to operate successfully in the market; high quality service and successful introduction of new methods of competition are vital.

Online marketing (e-marketing) – is an interactive process, when using information technologies long-term relations between the company and customers are developed. In the broad sense, marketing comprises strategic and tactic planning processes which are to meet customers' needs and bring maximum profit. E- marketing can be of two types:

- As a marketing strategy component of a whole organisation.
- As a standalone system, which contains all traditional marketing components, but they are transferred into e-space.

In e-marketing customers are not grouped into segments by the traditional demographic method but by their behaviour. To provide more and better quality information sales advertising is used. The number of distribution channels grows and the number of intermediaries increases as manufactures discover new ways of delivering the product to the buyer directly. Companies have to introduce a different type of marketing to be able to adjust to new circumstances. E-marketing is characterised by certain features:



Fig. 28 Characteristics of e-marketing

E-marketing is associated more with an external perspective, how the Internet can be used to liaise with traditional environment, providing services to customers and reducing costs (administrative, etc.). Internet technologies make it possible for businesses to create the following competitive advantages:



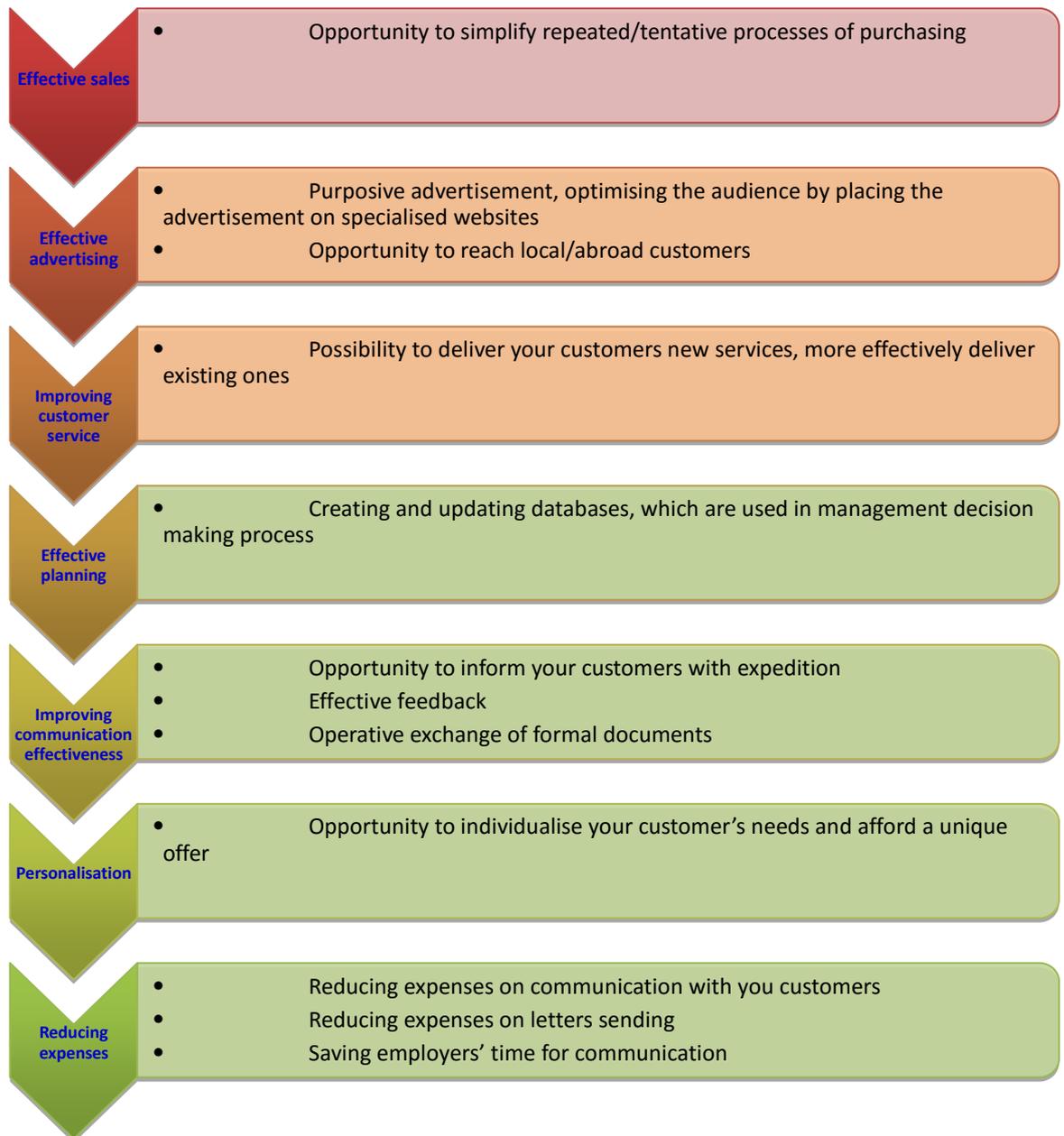


Fig. 29 The Internet and its ability to create competitive advantages.

The impact of information technology on e-marketing

- *A customer is the most important.* In today's business world conditions are dictated by consumers who determine competition conditions. Increased buying power, constantly changing needs and expectations lead to a shortened product life cycle.
- *Speed.* Information on the Internet is changing at a high speed, so the customer has to constantly monitor the process.
- *Distance abolition.* With the emergence of the Internet geographical barriers have disappeared. Companies communicate with their clients from various parts of the world.

Attainability on a global scale is the factor which allows reaching markets which previously were not available. Therefore, the Internet is regarded as the global market with no limits.

- *Lack of time constraints.* It is non-stop activity, that is twenty-four hours a day, seven days a week (24/7)
- *The intellect-based capital* – imagination, creativity and entrepreneurship are more important resources than financial capital.

The impacts of electronic technology mentioned above let us conclude that e-marketing is a complex process designed for marketing purposes using the Internet and other digital technologies related to it.

Impact of the virtual environment on traditional marketing:

- Increases effectiveness of traditional marketing functions.
- Provides flexibility for marketing solutions (abolition of physical limits, access to information about products and services, transformation from a passive customer's state to an active).

5.1.1 Particularity of the Internet: environment, markets, target audience etc.

A company is continuously affected by some uncontrolled forces: competitors, government issued regulations, etc. This is marketing environment which cannot be changed, that is why the only way is to adapt to it.

Internal restrictions (Who are we?) When making decisions on marketing mix a number of constraints, that exist both internally and externally, should be taken into account. Goals of the company, nature of business, financial resources, strengths and skills of the company and its weaknesses can be mentioned as basic company's inner restrictions.

External restrictions (Where are we? What is around us?) There are external forces not subject to the will of the company management. They operate according to their own laws and no single company can change the situation – it is company's environment. It is impossible to create universal marketing mix forever and suitable for most business companies.

Attention must be paid to the market definition which focuses on two categories of customers, actual and potential:

- *Actual* customers are those who have already bought the product, and the marketing efforts should be put into ensuring that they will remain loyal to the product.

- *Potential* customers are those who have not bought the product yet but using active marketing tools could become such.

5.1.2 E-marketing chain of activities

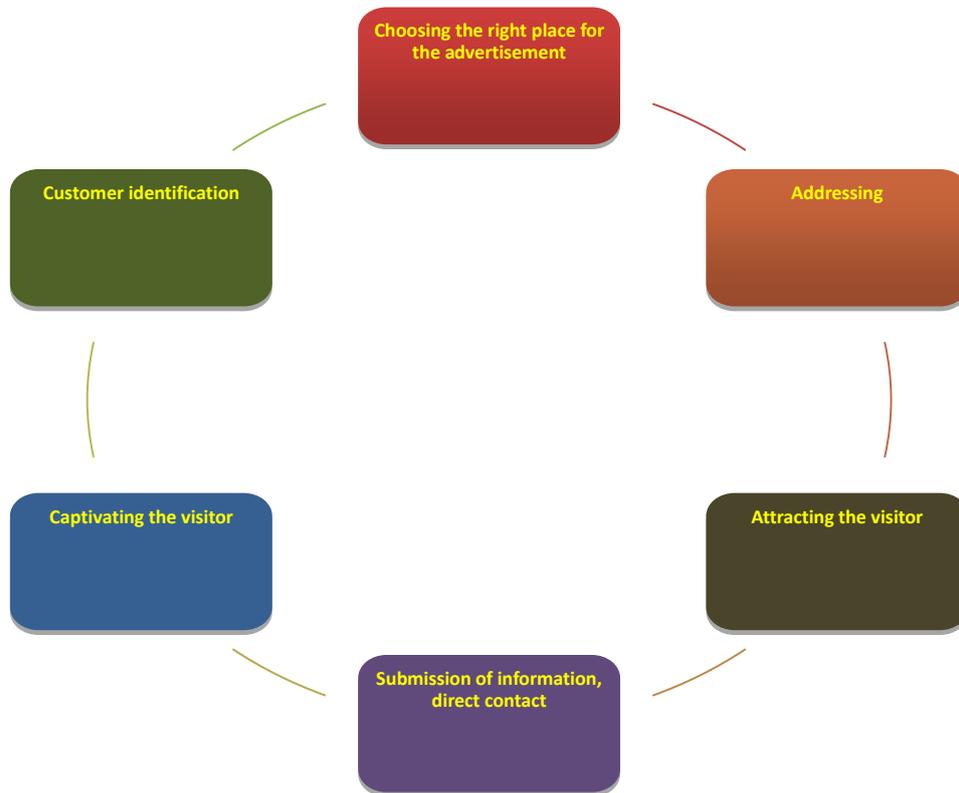


Fig. 30 E- marketing chain of activities

In e-marketing the following chain of activities can be identified:

- *Choosing the right place for the advertisement.* It must be found out: How many visitors does this place get? What percentage of visitors meet the company's target audience definition? On average, how much does it cost the company to show the ad to one member of the target group?

- *Addressing.* It is not necessary in an advertisement to identify particular mark of a product or service. 'Rough lie' may make visitors interested, but may repel them. It is important at any cost to attract those visitors who are defined as target group members.

- *Attracting the visitor.* The main objective here is to lure the visitor into the company's product catalogue. Critical factors: attractive homepage of a company, high speed loading the page, clear and easy link to the product or service catalogue.

- *Captivating the visitor.* The visitor should like the product so much that they want more information about it. Critical factors: good products, attractive presentation, easy link to request information.

- *Customer identification.* The visitor must disclose their data and request more information. Critical factor: a balanced information order form, not deterrent, promising an adequate compensation for the effort when presenting all the information needed for marketing.

- *Submission of information, direct contact.* The visitor has to get all the data they want, and even more, just to feel flattered. Critical factors: efficient and accurate response, direct work with the client, constant feedback.

When planning successful e-marketing campaigns, it is necessary to bear in mind the core needs of each customer:

- Customers want their purchased services and products ‘to work’.
- Customers do not want to pay too much.
- Customers do not want to waste their time.
- Customers do not want any trouble.
- Customers do not want any surprises.
- Customers do not want to go deep into technology.
- Customers want to feel respected.
- Customers do not want to feel deceived.
- Customers generally do not want to learn new things.

Neither traditional nor online marketing campaign will help if there is no attention paid to the customer and their needs.

5.1.3 Ethical code, regional specifics, consumer mentality.

There are 4 main reasons why marketers should stick to the ethics:

1. Ethical marketing can boost the process of decline in public confidence. Marketing prestige has been diminished in the eyes of many people. In addition, the emergence of very questionable activities contributes to customer issues. Although it is often related to a small part of marketing activities, all marketing specialists’ reputation suffers.
2. Ethical marketers’ behaviour would help to avoid increasing government regulation. Some apathy and resistance arise in business when unethical behaviour symptoms increase the likelihood of government regulation.
3. Ethical marketing helps to restore public confidence.

4. Ethical marketing helps to protect company's image.

Ethics is the basis of many companies' business success. It is therefore not surprising that such internationally recognised corporations as „Johnson & Johnson“, „Coca-Cola“, „IBM“, „Kodak“, „Xerox“, „Gerber“ permanently increase their annual profit.

Marketers, who care about social welfare, try to create products which would not only appeal to the customers, but also be useful. Products can be divided into two categories: ones that bring short-term satisfaction, others – long-term benefit. A fake product (e.g. tasty but ineffective drug) neither brings short-term satisfaction nor long-term benefit. An attractive product satisfies the needs fully and quite quickly, although it may be harmful for the user (e.g. cigarettes). A useful product does not satisfy the needs immediately but in the long term it is beneficial. (e.g. car safety belts). A desirable product satisfies the needs immediately and provides long-term benefit. (e.g. delicious and nutritious breakfast cereals). Attractive products are sold quickly but can be harmful for the user. A manufacturer can adjust the composition of the product at the same time not reducing attractiveness of the product. Customers should be given the opportunity to choose by giving them clear, truthful information. They can complain about an improper delivery of goods or services and thus discipline companies.



5.2 E-marketing mix

The biggest advantage of e-marketing is that the Internet makes it possible to provide services at every stage of selling the product: before selling the product, during the sales and after the sales transaction.

To achieve marketing objectives, after the target group i.e. customers have been identified, the next step is to foresee marketing measures and actions and their application. Following traditional marketing strategy model a company develops integrated marketing tools and set of actions which are called marketing mix. In the traditional marketing case it includes *product, price, promotion and distribution*. However, transferring this set into the Internet, the power of decision-making moves from seller to buyer. The main focus is on the communication with the customer, who has the

power of decision-making. That is why the manufacturer has to figure out the needs of the customer even before the production stage.

Traditional marketing mix does not possess elements of interactivity, consequently e-marketing, unlike traditional, is characterised by a wider scope.



Fig. 31. E-marketing mix

Various authors treat e-marketing and its elements differently. What is more, some treat it at different levels and to different degrees.

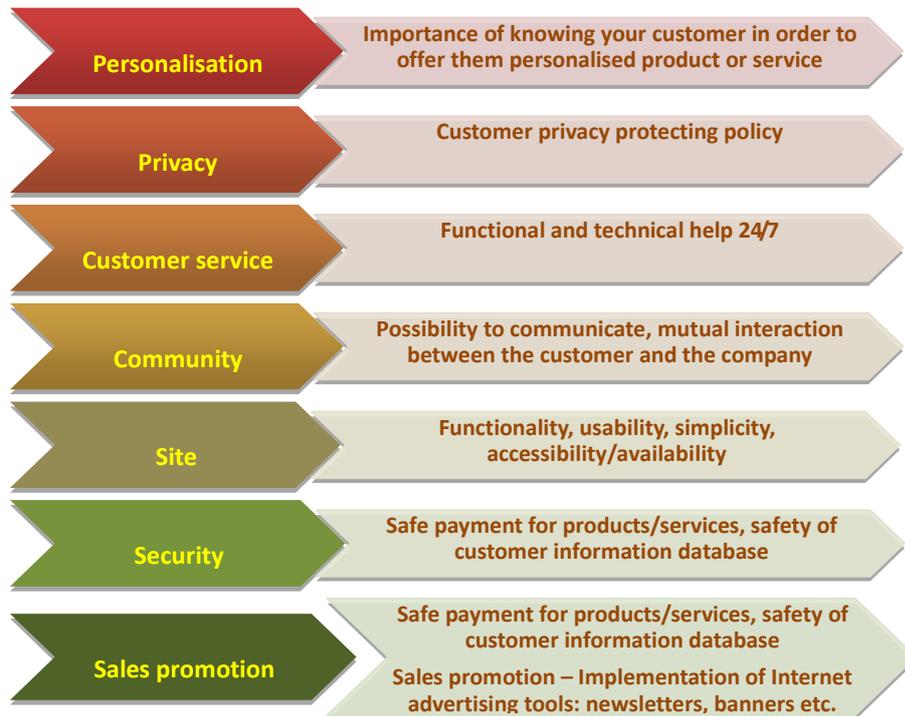


Fig. 32 . E-marketing mix – 2P-2C-3S

E-marketing is attractive and useful because it enables to establish communication with customers, and therefore, it requires special attention.

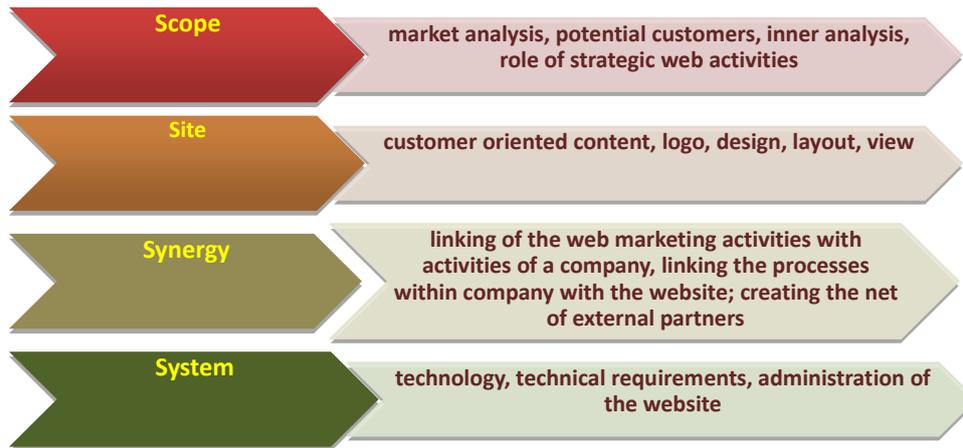


Fig. 33 . E-marketing mix 4S

In e-marketing it is advisable to stick to the 4C model:

- *Customers needs and wants*
- *Cost to the customer*
- *Convenience*
- *Communication*

When coordinating web marketing 6I system should be followed

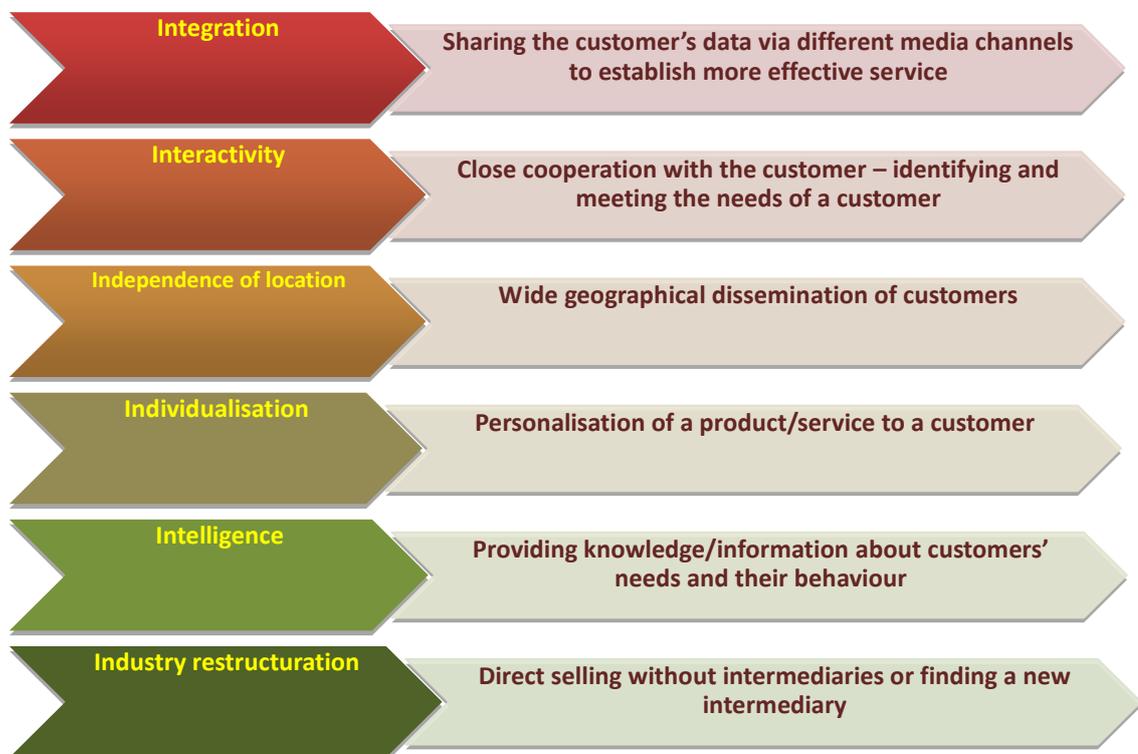


Fig. 34. E-marketing based on a 6I system

E-marketing – is a set of actions which are used to strengthen business position according to 4P model, incorporating interactivity and its elements, but not excluding them as separate elements and evaluating when making marketing decisions.

- Web design matches product packaging.
- Navigation, ease of use and content reflects quality.
- Website addresses are often consistent with the trademark
- The speed of communication channel enables the user to receive the product or service at any time and therefore it characterises the product not the place.

More information about the impact of IT on the basic elements of marketing mix is presented in Part 3.2.

There can be distinguished two main features in e-marketing mix:

1. Controlled area within the company's scope
 2. Properly coordinated marketing mix gives company synergistic effect
- overall result of marketing mix impact is bigger than the effect of separate constituent elements. If a synergistic effect does not occur it means that marketing mix (actions and decisions) is managed badly.

Information and globalisation have radically changed marketing goals – from strongly homogenous actions, tailored for masses, marketing is becoming heterogenous and focuses on specific target markets. It means that all marketing mix elements need to be adapted not for the masses but for specific target market segments.

In e-marketing key elements of marketing are implemented –*product, price, distribution, communication/promotion*. All other elements such as interactivity, personification and so on are considered as complementary to the basic elements, although they are sometimes distinguished as separate elements.



Product/Service. Products in a virtual environment are divided by *nature*:

- *Physical products* – tangible goods – household appliances, books, cars, etc. Drawback – when buying on the Internet there is no possibility to test them.
- *Digital products* – goods existing only in cyberspace. They include software, e-books, pictures, audio and video e-products, etc.
- *Services* – this produce cannot be separated from the service provider, it is intangible, they are used and supplied at the same time when two parts, i.e. the service provider and the user, are present. These services include travelling, distance learning, virtual games and so on.

IT allows the customer to save money, time, and this in turn contributes to a higher value of goods on the Internet. It is very important to provide the most complete information about the product on the website.

Pricing. The Internet is seen as an efficient market, since it is marked by such features as lower prices, increased price flexibility, frequent but less significant changes in prices. *Lower costs* of commercial activities on the Internet lead to lower prices – reduces need for staff, no expenses for premises rent and maintenance, etc. Buying agents contribute to lowering the price (public presentation of benchmarking results), reverse auctions (buyers set the price and the supplier tries to meet the offer), tax-free zones (lower taxes are imposed as there are no state borders), venture capital (most e-businesses are funded by venture capital funds and the latter is focused on the long-term rather than faster and higher profits), active competition (a large number of market participants, easy price comparison, simple replication of commercial offers, etc.). *Price flexibility* is caused by variety of purchasing behaviour and price changes. Aspiration to attract price-sensitive customers, easy and simple process of price changing, experimentation and possibility to compare prices lead to *frequent and less significant changes in prices*.

Prices increase determinants on the internet:



- *Distribution* – retail trade participants on the Internet are exposed to significant product distribution expenses since the goods are transported to various places. Very often customers themselves cover delivering costs to the indicated address. In this case the cost of the product online increases.

- *Partnership programmes* - the vast majority of websites selling their products online carry out partnership programmes, so they pay from 7% to 15 % interest rate for each transaction. These costs contribute to the price rise of the product and reduce company's profit.

- *Website design and maintenance* – requires considerable financial resources. Maintenance includes such expenses as hardware, software, the Internet, etc.

E-marketing and e-advertising – the Internet is dominated by harsh competition thus it requires heavy fixed costs on advertising to attract and retain customers online. According to world studies up to 40 % of the Internet revenue is allocated to e-marketing.

Price types on the Internet:



- *Tangible price* – it is physical, i.e. price shown in figures next to the product on a website. According to this type of price, the Internet user knows the value of the product.

- *Intangible price* – it is a price that is usually attributed to cyber products. The Internet user has an impression that the information online is free, but in reality the company providing the product receives in return user's attention and consumers traffic. Thus it is possible to direct user's attention to the online advertisement, which is paid by a company which ordered to put it on a website offering free information for a user. The core point of this price type strategy is to attract as many users as possible and make them spend a lot of time on the website.

- *United price* – it is use of both tangible and intangible price strategy. On informative websites a part of information is free, the other – not. (e.g. www.vz.lt)

Internet pricing strategy:



- *Penetration price* – to enter easier and occupy the biggest part of a market a lower price for a new product is set.

- *Market skimming* – to attract consumers who like Internet innovations a high price is set. Subsequently, the price is gradually lowered.

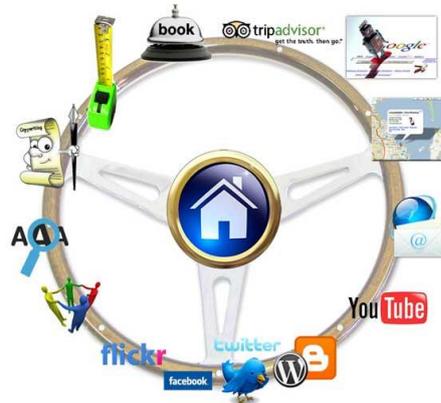
- *Estimated profit and cost recovery* – pricing is based on a simple methodology – markup is added to the price of a product.

- *Achievement of projected earnings growth* – pricing is based on product cost. Project profit achievement is possible by reducing costs, increasing sales and price.



- *Price as a quality indicator* – an appropriate pricing strategy when the customer is not well acquainted with product features. In this case, high price sends a signal to the customer that a product or service is good and of high quality.
- *Promotional price* – this pricing method is used to stimulate sales and thus to lure and attract customers. This method is usually used for a short time in order to achieve sales growth effect.
- *Leadership price* – according to this method the lowest price is set for a particular product or service category. In this case it is necessary to cut the costs to the minimum.
- *Segmented price* – pricing approach, focusing on a specific, target group of customers in order to better meet their needs.
- *Prestigious price* – some consumers feel comfortable paying high price. By doing this they seek to obtain a valuable product or service.

Due to constantly changing customer needs online prices are dynamic and active. Therefore, it is necessary to combine and apply complex pricing methods, principles and strategies.



Distribution/Supply. Product distribution channels are identified by the following aspects – *the type of an intermediary* involved in the distribution channel and the *functions* carried out by an intermediary in the same distribution channel.

In e-marketing similarly to traditional marketing there are the same channel *intermediaries* – wholesalers (buy product from manufacturers and sell to retailer), *retailers* (purchase products from wholesalers and sell them online directly to customers), *brokers* (help to conduct transactions between buyers and sellers) and *agents* (help to conduct e-transactions, but unlike brokers they represent either buyer or seller.)

The internet, i.e. virtual space, allows transforming the mediation process efficiently – inefficiently acting agents are removed from the distribution channel and functions are transferred to other intermediaries.

- *Customer relations* – the Internet technology makes it possible to form relations and keep in touch with customers. The Internet is considered to be 4th channel after personal selling, mail and telephone.

- *Marketing communication* – advertising and product promotion measures are often distributed between distribution channel participants – e.g. a manufacturer may carry out an advertising campaign and an e-retailer offers e-coupons.

- *Physical distribution* – a vast majority of products sold in e-shops are distributed and disseminated using traditional channels – courier services and so on. However, digital conversion of product allows transforming distribution channel and delivering the product directly to the customer's computer. Such products as text, video and audio content, e-books, e-magazines, software, etc. can be delivered in this way.

- *Product accumulation* – produce suppliers/manufacturers are more likely to supply/produce high volume production. The Internet users, on the contrary, want to buy smaller quantities but have a wide choice of products. In this case distribution channel intermediaries play a very important role – they collect produce from many different suppliers. In this way, consumers are offered a wide range of options.

- *Transactions* – e-channels enable to great extent to reduce costs of ongoing transactions.

- *Third party logistics* – conflicting objectives, i.e. to deliver the product on time quickly and cheaply, at the same time not storing large production supply is usually the biggest logistics/distribution challenge and problem in b2b market. This opportunity may be created by transferring whole produce to the third party. In this case, a logistic company may be more involved in the delivery chain and its management – managing process of orders, stock replenishment, etc.

Companies carrying out online sales can allocate the produce they sell through different distribution channels:

- Online channel
- Hybrid channel, which includes both traditional and online channels

Hybrid distribution channel has some advantages – it increases marketing reach and each customer segment can be served separately.

Another important element of e-marketing – communication and support/incentives.



Youtube video

Internet Marketing Fundamentals - Website Characteristics

<https://www.youtube.com/watch?v=ZLcH2fMsi4o>

Internet Marketing - Campaign Characteristics

<https://www.youtube.com/watch?v=SRvwX1E4kHI>

Technology Impact on Internet Marketing

<https://www.youtube.com/watch?v=NlYsGIv-u8M>

Digital Web Manager, Online Marketing Mix

<https://www.youtube.com/watch?v=RD0Qfp8WEDk>

Cross Price Elasticity of Demand and its Determinants

<https://www.youtube.com/watch?v=DNjOv-L6mRM>

Reading list

Required reading list:

1. Paliulis, N; Petrauskas, R.; Davidavičienė, V.; Gatautis, R. 2009. Elektroninis verslas. Vilnius: Technika.
2. Bakanauskas, A. ir Liesionis, V. 2009. Elektroninis marketingas. VDU leidykla.
3. Winer, R. 2007. Marketing management. New York University. Third Edition. Prentice Hall.

Recommendable reading list:

1. Kotler, P.; Keller, K.L. 2006. Marketing management. 12th Editon. New Jersey: Pearson Prentice Hall.
2. Bakanauskas A., Darškuvienė V. 2000. Kainodara: teorija ir praktika. Kaunas:VDU leidykla.

List of electronic sources:

1. Principles of eMarketing by Otilia Otlacan. Prieiga per internetą:
<http://www.slideshare.net/SteveRaybould/e-marketing-mix-1757843>
2. Portal of marketing articles: <http://www.seo-marketing.lt/>

Self-evaluation Tests

What are the basic marketing elements applied in e-marketing? (4 correct answers)

Product
Production
Price
Orders
Distribution
Communication
Relations
Partnership

What determines price flexibility?(2 correct answers)

Variety of behaviour
Strategies
Discounts
Projects
Price changes
Customer relationship
Communication

How big is the interest rate companies carrying out partnership programmes pay for each transaction ?

2 – 5 %; 7 – 15 %; 15 – 20 %; 22 – 25 %; 25 – 35 %

According to world studies what percentage is allocated to e-marketing?

10 %; 20 %; 30 %; 40 %; 50 %

List intermediaries in the e-market. (4 correct answers)

Wholesalers
Liaisons
Retailers
Customs officers
Brokers
Consultants
Agents

Self-evaluation Questions

Name and briefly describe basic aspects and factors that influence price growth of products online?

Types of products in a virtual environment by *nature*:?

What is the impact of information technology on e-marketing ?

What influences lower prices of produce sold online?

What are the elements of e-marketing mix?

6. Online marketing objectives and functions

Introductory description

The goal - to introduce with the objectives and functions of online marketing

Objectives:

- Identify the main e-marketing objectives and functions.

Expected learning outcomes and skills:

- The perception of systemic uptake of e-marketing aspects through the prism of the objectives and functions.

- Internet technology affects the perception of the principles of marketing communications.

Duration of subject learning: 6 AH (academic hour) - 2 AH - on learning of the module (theoretical classes), 1 AH – on practical workshops and 3 AH-on individual work.

Basic concepts:

The objective of e- marketing - to get the maximum effect from the web site (online store, the company's Web site) visitors, convert visitors to real customers, the result of all this is the increased profits of companies which advertise their goods and services online.

6.1 Online marketing objectives and functions

In today's world of business, marketing online is becoming one of the most effective ways to attract more users. E-marketing facilitates the investigation and form the market, consumer opinion and occasional users to make it permanent. Marketing online is identified as traditional advertising and direct marketing interaction:



Figure 35. The interaction of online e-advertising

Online marketing goals should be linked and be formed from the general company's marketing objectives. They must have formed links with marketing strategy decisions, target market and so on. Essentially, online marketing goals are very similar to the general marketing goals, but before the formation of them, it is necessary to identify and fix the real needs of the organization /

target marketing on the Internet. A distinction is made between different online marketing objectives presented in Figure 36



Fig. 36 E-marketing and the general objectives of the e-business dimension

In the above figure 36, 1st and 2nd approaches are reflecting the general e-marketing objectives and 3rd approach is more focused on online advertising goals, however, in e-Marketing, e-advertisements goals are consistent with the general e-marketing objectives level. The organization, through internet marketing, has consistently performed the following steps for achieving the objectives (2nd approach - Fig. 36).

- *Improving the image of the organization* - the organization has a virtual space to present their work using the latest technologies and the application of innovative e-marketing tools.
- *Audience massification* - the organization must be able to attract the widest possible group of users because the Internet technology makes it possible to have access to the rapidly expanding global audience that is not limited by any boundaries and limits
- *Ability to select audience* - organization, planning and implementing e-marketing efforts should focus on the target group of Internet users, as new technology makes it possible to achieve easily

the desired users or their group. According to the types of the Internet users of organization it is easy to identify the target audience.

- *Interactive communication with the consumer* - has an active form that is interactive, relationship with their consumers. In this case, the company must provide not only detailed information about its activities, products, and any effort to learn about the client, to know his opinion, comments and so on. It can also be applied to fans, fan communities creation and so on.

- *Effective business* - organization, using technology, by the instruments of advanced virtual payments should allow consumers conveniently to purchase goods, take orders and apply innovative methods of payment for goods.

- *The dynamism of marketing* - has constantly updated information and data contained in the web space, website and so on. Enterprise users must keep themselves informed about the activities, products and services.

According to figure 36, illustrated in the 3rd approach, to get e-advertising goals to general marketing objectives contribute as follows:

- *Attitude Formation* - custom e-articles, blogs and more, makes it possible to create a positive attitude about the organization, improve the company's reputation, website or brand of the company.



- *The provision of information* – various e-advertising tools (e.g. advertising banners, e. mail, and so on.) direct users to the organization's Internet site, where they usually find complete information about a product or service that are interested in or want to buy

- *Communication development* - viral marketing, contextual advertising, e. mail, forums, blogs, contribute to an interactive, that is two-way communication between the organization and the user creation.

- *Bargain, leads advertisements to a purchase* - The Internet user is directed to the organization's web site, usually perform the act of purchasing or guide it to a direction

Simulative return – e- advertising tools (newsletters, advertising banners, etc.) offering promotions, discounts and so on, enables the Internet user keep coming back to the organization's website, interested organizations products or services.

Depending on how the user purchases a product online, or how reacts to the applied marketing tools, can be formed into goals, customer orientation - communication, attracting contacting, action and maintenance.

The Internet's possibilities can be used for e-marketing functions as:

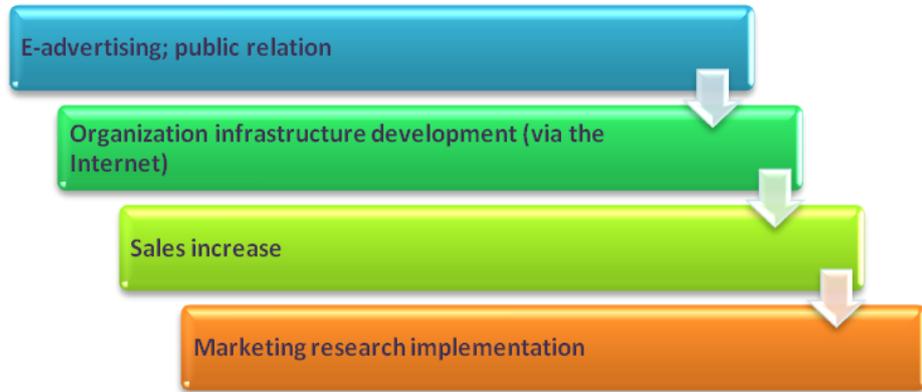


Figure 37. Internet's possibilities in e-marketing functions

According to the company's role in the internet marketing applications / features:



Figure 38. According to the company's role in internet marketing applications / functions

According to the direction of online marketing communication applications / features:



Figure 39. According to the direction of online marketing communication applications / functions



- The flow of information outside - "telling."

This can be a company's advertising, information about the company, the sale of products and services and other information aimed to affect the environment, affect the company's customers.

The flow of information inside - "listening".

By these flow patterns can be carried out market analysis, customer surveys, dissatisfaction registration

- Interactive communication - „conversation."

Interactivity occurs in serving customers, solving their complaints or consulting them and performing other tasks that are required by dialogue.



[Youtube video](#)

[Why is Online Reputation Management Important? | Interactive Advertising](#)

<https://www.youtube.com/watch?v=swkziMEY4VI>

[22 Internet Marketing Tips You Should Already know](#)

<https://www.youtube.com/watch?v=lhoXZDmf46M>

[WHTL – the leader of Ecommerce Solutions, Mobile Apps, SEO and Online Marketing services](#)

<https://www.youtube.com/watch?v=6aHxRi9tT1M>

[SEO | Internet Marketing | Social Media | Craigslist | Virtual Work Staff, LLC](#)

<https://www.youtube.com/watch?v=Oa5046DP9Nk>

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1. Paliulis, N; Petrauskas, R.; Davidavičienė, V.; Gatautis, R. 2009. Elektroninis verslas. Vilnius: Technika.
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2. Mooradian, T.A. Strategic Marketing. 2011. Prentice-Hall International Inc.

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<http://www.docstoc.com/docs/63997243/Internetinis-marketingas>
4. Articles about marketing portal. Access through the internet: <http://www.seo-marketing.lt/>

Self-evaluation Tests

Depending on how the user purchases a product online, or how react to the applied marketing tools, can be formed into goals, customer orientation - communication, attracting, contacting, action and maintenance.

What are the goals formed focusing on the customer, by purchasing goods on the Internet? (possible 5 correct options)

Information
Strategy
Attraction
Orders
Getting in Contact
Action
Connections
Maintenance

What is the flow of information outside?

Writing
Telling
Application
Communication quest (searching)
Visualization

What is the flow of information inside?

Strategy
Listening

Designing
Loyalty
Communication transfer
Note

What is interactive communication?

Interpretation
Strategy
Discounts
Projects
Conversation
Connections

Self-evaluation Questions

What are the main objectives of the e-marketing?

What are the main actions of e-marketing objectives in their performance / achievement?

7. Electronic Marketing Strategy

Introductory description

The goal - to introduce the effect of the Internet market segmentation and consumer research

Objectives:

- To get acquainted with the market segmentation, analyze and identify e-market segmentation process and basic principles.
- To introduce the online research types, methods and principles

Expected learning outcomes and skills:

- The main market / customer segmentation principles of knowledge and ability to apply and form them.
- Ability to recognize different types of users on the Internet.
- Research and implementation of the principles of the Internet awareness and knowledge, ability to choose and apply according to the situation and the need.

Duration of subject learning: 7 AH (academic hour) - 2 AH - on learning of the module (theoretical classes), 1 AH – on practical workshops and 4 AH-on individual work

Basic concepts:

Segmentation - this is the total market breakdown into separate groups (consumer organizations) that have similar needs.

The research - is an activity providing business data / information that is the basis of identified opportunities and problems of marketing actions formation, development, marketing activities and their performance evaluation and etc.

The marketing process - it's the analysis marketing opportunity, selection of target markets, marketing complex creation and marketing management.

7.1 Research - e-market segmentation features.

The concept of segmentation, the process and basic criteria. The market is characterized by different users or groups, which differ not only in terms of the needs, desires, habits or interests, but also for its financial strength. This situation leads to certain difficulties to the organization presenting products on the market – i.e. the organization's target consumer, to whom, how and at what price to offer a product or service, which should be applied to the marketing strategy and marketing activities, or pay off the investment in sponsorship and many other issues.

All this affects the need for the market to break down, i.e. segmented into separate parts - segments of the market, it is more appropriate to identify and recognize users who have the same or a similar response to ongoing marketing efforts and ultimately possess similar consumer

behaviour. Thus, segmentation makes possible to better satisfied the needs of users and the needs, which create a strong competitive advantage not only by the organizations as a market participant, but also the production situation of other products or services in the same market or in a part of it and thus significantly increase sales and generate higher profits.

There are 3 main market segmentation related concepts:



Figure 40. The main concept of market segmentation

- *Market segmentation* - the market is splitting into separate groups of customers, some customers (consumers) react similar or equally to marketing efforts.
- *Market Segment* - this part of the market where consumers have similar needs, desires, values and purchasing behaviour.
- *Target market* - a market part of (consumer group), in which an organization directs its marketing efforts.

The target market can be twofold - firstly, it is a consumer or group of organizations, which are the most appropriate for organizational goals. Secondly, the proposed packages of production or output variation which can the best meet the needs of different user groups. It is impossible to satisfy all the needs of the market, so it is necessary to decide which market segments are relevant and targeted and which are irrelevant. The next step is to assess the profitability of the segments i.e. potential. So, the essence of market segmentation is to identify groups of consumers or market share, which has the same or similar needs or consumption habits. Market's segmentation goal is far as possible to ensure that resources, which will be directed to those users or organizations from which they can expect the highest returns.

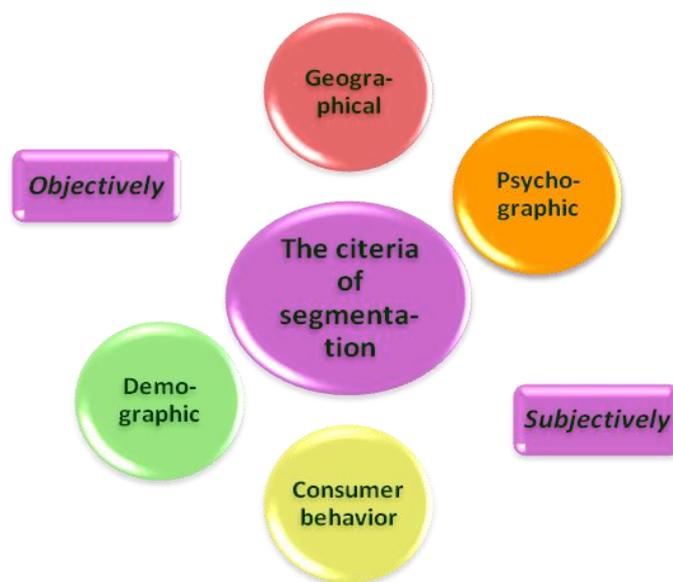
Requirements segmentation:

- Market segment of users needs to be like.
- Market has to be segmented by the principle in order to collect the information from the separate segments.
- The segments must be clearly defined and easily measurable.

- Market segments must have growth, profitability and expansion opportunities.
- Segment has to be easily available of support and product distribution operations.



There is no single and the best segmentation model and method, but in practice usually segmentation based on criteria that are presented in Figure 41.



41 Figure. Market segmentation criteria

E-trade-i.e. in case of e-market, the bigger parts of consumers do not have membership. Therefore are hard to evaluate, due to lack of data, geographic, demographic and psychographic market segmentation criteria. But e-market is characterized by the fact of the data collection about consumers' habits and actions, and in this case, it is the most appropriate segmentation criteria of consumer behaviour.

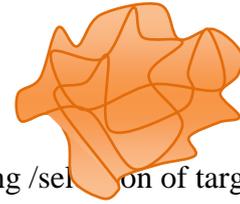
The organization, shaping marketing strategy and marketing activities in e-space has to segment customers by their behaviour and understand how consumers make decisions in the e-market. The advantage is that digital technology makes it possible to segment customers in real time - this is the process where is identified each web site user and compared with the types of segments about the information to whom it is stored on the database. According to this system it can shape and adapt differentiated pricing.

Segmentation - an important method of market research, consumer research and *marketing process of policy-making basis*. Market segmentation process and its stages are described below:

Stage 1. The Single Market - different users



Stage 2 . Market segments analysis and search



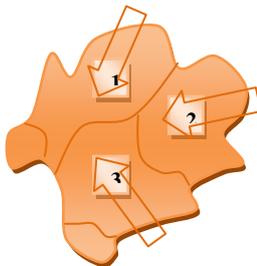
Stage 3. Reduction of alternatives of market segmentation



Stage 4. Setting /selection of target market segments



Stage 5. Marketing strategies and measures formation of the targeted market segments

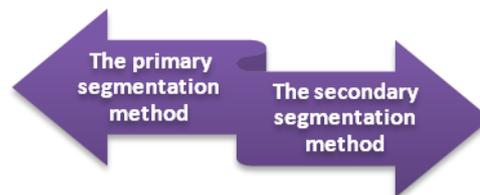


Stage 6. Conservation of competitive position in targeted market segments



Segmentation principles and methods. In practice segmentation is based on two fundamental principles - consumer demands and situations, which are used for production analysis.

2 ways applied:



- *Primary segmentation method.*

This method is based on market segmentation by consumer behaviour characteristics, demographic or psychographic indicators (emphasizing lifestyle). The next step - assessing the attractiveness of each segment, during which all the users are divided into homogeneous (similar to each other according to certain criteria) groups.

- *The secondary segmentation method.*

This method is based on a market study to assess consumers' attitudes and reactions to a number of similar variables; they are assigned to a certain, already formed segment. Thus are identified target market segments.

There are provided some segmentation criteria in practical activity



Figure 42. Geographical segmentation criteria



Figure 43. Demographic segmentation criteria



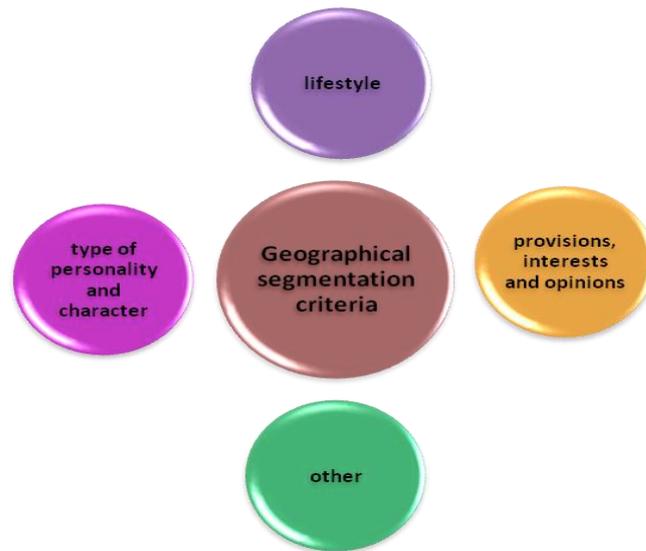


Figure 44 . Psychographic segmentation criteria

According to the fact that the best way to segment e-customers is according to their behaviour, so mainly it will be focused on the last analysis. By the evaluation of internet users, according to the researches it is noted that, they have a higher income and have higher education.

Segmentation by consumer behaviour. By this method internet users are divided by their view, the available information, reaction to the production and consumption / usage. There are distinguished 3 market's segmentation principles / criteria according to a consumer behaviour in cyber space:

- by loyalty;
- by the search of benefits;
- by the use of case.

Segmentation by customer loyalty. Distinguishes 4 main groups of users:

- Loyal

This group of users, who in each case of purchase, uses the same product or service brand, is treated as a loyal group of users. In order to better understand the group behaviour is indicated - AAAAA (A - a particular brand).

- partially or sometimes loyal;

This group of consumers, who tend to buy not one, but several different brands of products. In most cases this type of users prefer a particular brand, but in rare cases also tried other brands as well.

This group marking behaviour - AABBAAB (A and B - different brands).

- loyal in a certain period of time;

This group of users, which for a long time use a production of a specific brand, but it in the long term change to the other, i.e., a new one, and generally have not revert to the previous (used before). This group marking behaviour - AAABBBCCC (A, B and C - different brands).

- Not loyal;

This group of users who do not have addictions to a specific product brand, they often change brands, and mostly it influences of good proposals of the production, good price, promotions and so on. This group marking behaviour - DBA ABC (A, B, C and D - different brands).

Segmentation by the search value. Each user make a decision to purchase a product or service does it due to a clear experienced benefit, which does not necessarily relate only to the product and its qualities. There are distinguished 4 types of consumer in e-market.

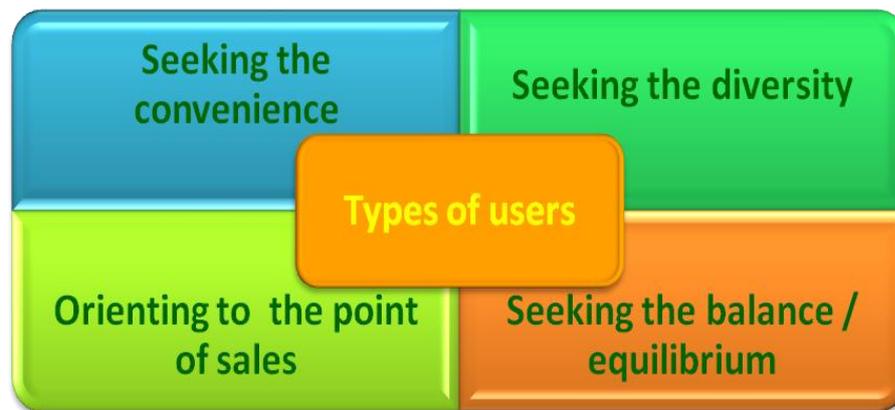


Figure 45. Consumer types of e-market

- These consumers look for the convenience.

For this type of users the most important reason to buy in e-space, i.e. in e-markets - the purchase of production convenience. They are not motivated by the physical environment and the desire to get the product immediately.

- These are the customers who look for the diversity.

For this type of users the most important reason to buy in e-space - the purchase of output with the ability to evaluate simply and easily all the alternatives as well as the diversity of production and price perspective.

- These are the customers that focus on the selling points. For this type of users the lowest motivation is to purchase products online. There are two of the most important moments for them - fast purchase and obtaining goods immediately. Mostly they will be encouraged by digital products (software, e-books, music, etc., when immediately paid can download the product directly to a computer) purchase in e-space.

- These are the customers who seek for the balance / equilibrium. These types of customers by their purchasing behaviour are included to individuals for whom the most important is the convenience of production purchase and the variety with a minimum effort.

Consumer types of market-level impact to some works of these motives - *shopping convenience, the demand for information, social communication, shopping joy, demand for diversity and rapid acquisition needs.*

Segmentation by the use of case. In this case, the consumer behaviour in e-space is affecting by factors such as: online spending time, place, where the Internet is used (at home, at work - depending on a place are different visited site), the speed of Internet access (lower speed results in less data downloads, lower revised the amount of information etc.) and others.

It is noted that Internet users are active in different ways and for this reason, Internet users spend not the same time while browsing Web sites. So the time spent on the Internet can be treated as one of the criteria that is used for market segmentation. There are several groups of users.

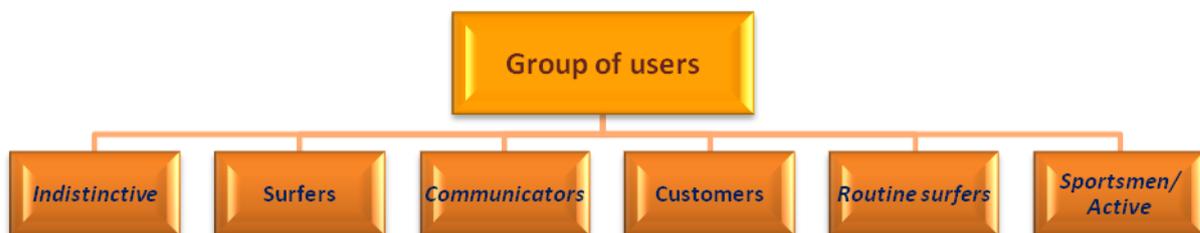


Figure 45. Groups of users

- *Indistinctive* - these are consumers who are focused on the simplicity, convenience and speed. They spend a lot of time on the internet and most of the shopping purchase in e-space. For this type of customers the most important thing of the websites is functionality.
 - *Surfers* - are the customers who are interested in relevant innovations on the Internet. Their Internet browsing principle is based on visiting a lot of web sites, but in each of them they spend relatively little time. For this type of consumers it is important a high-quality website content and appealing design.
 - *Communicators*- tend to communicate. These are users who look for new sensations online. They are more internet novices who are relevant to the website interaction - dating, chat rooms, e-mail, etc.
 - *Customers* - are users who are focused on online purchases. These users spend very little time on browsing the Internet.
 - *Routine surfers* - are consumers who spend a lot of time in specific web sites in order to find valuable information.
 - *Sportsmen / Active* - these are consumers who are interested in the interactive content - the most entertaining type of web site, that are characterized by dynamics, exclusiveness and colourfulness.
- Consumer behaviour on the Internet is identified by the help of these variables:

- Duration of one session - the entire time user spent online.
- Length of time spent in one website.
- Time spent on the Internet by websites categories (sports, leisure, entertainment, news and so on.) expressed as a percentage / ratio.
- Time spent on the websites of similar content, the ratio of the total time online.

Based on the information above, according to the use of case there are distinguished these consumer segments that are presented in Figure 46.



Figure 46. E-market segmentation by the use of case on the Internet

Rapid/fast - consumer group that is characterized by the shortest time spending online. Their purpose in web browsing - to collect relevant information about sports scores, news titles, the financial results of the markets, share values, sending e-mails and so on. The website, which has interactive content and requires the attention of consumers (commercial, recreational / leisure character), these users are not interested in.

Facts collectors- the group of users that are interested in specific information on the Internet. They use the most common and well-known websites on the market and focus on the essential information.

Single goal - the group of users who surf the internet with the purpose of finding specific information or purchase a particular product or service.

For repeated use –the group of users that constantly browse the same web sites, having the same interest – e.g. financial transactions, weather reports, forums and discussions, music portals and others.

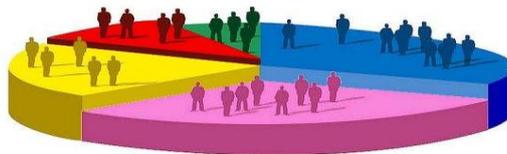
Leisure - the group of users who are most interested in online news, e-gaming, entertainment and so on. For this type of users surfing the Internet is their pastime.

Information collectors - the group of users, which are characterized by analytics - collect the information interested in the subject and generally do not use one, but several web sites. The goal of this type of consumer – collection of qualified information, they are interested in a website offering only qualified content.

Surfers – the group of users who spend the most of time online. This type of users surf various content of websites, which only attracts their attention - e-shop, virtual communities, blogs, news portals, articles portals and others.

It is noted that the user, as a web surfer, may have a number of features and access to multiple segments. Users entering the entertainment, information collectors and surfers segments - are more likely to purchase goods and services in e-market.

So, in this case it is recommended not to separate strictly Internet users according to one segmentation criteria, but is much more appropriate to combine several in a complex. According to the research, Internet customers were divided into the following segments - *users who like buying, online researchers, suspicious-learning and business customers*. Do not like buying online are those- *the fearful surfers who avoid buying, confused between technology and look for entertainment*.



7.2 Research - Marketing Research

Marketing research and its benefits are undisputed facts – the results of markets survey provide information that is the basis of identified opportunities and problems of marketing actions formation, development, marketing actions and evaluation of their performance and so on.

It is noted that the market is rapidly intensifying technological development and its use, resulted in large flows of information (trade scanners, the internet, loyalty programs, credit and debit cards, etc.), also it has contributed to the marketing research developments. Online data collection, storage and processing system allows to store and manage a large amount of information / data about the market and its trends, consumers and competitors.

There are distinguished primary and secondary market research.

Primary data collection methods. Primary data - very important when deciding on a new product or service, and research is supposed to determine whether it will be accepted and purchased by specific groups of consumers. Recently conducted an intensive online research contributed to the primary data collection simplifying and speeding up. There are used various methods in primary data collection.

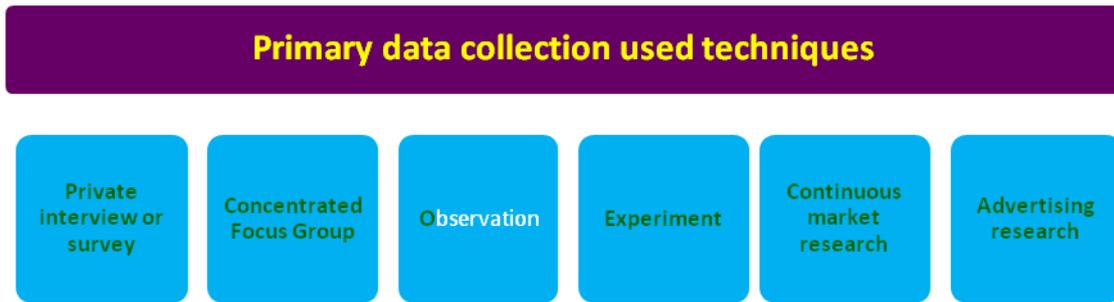


Figure 47. Primary data collection used techniques

All of these methods are available in e-space, with the exception of the personal interview. However, setting in motion the technology of video-conferencing, this method also will be possible in e-way.

Private interview or survey - the most widely used method of marketing research in data collection. There are distinguished 4 main ways of the survey:



There are distinguished the main computer / Internet survey methods.

- Personal computer surveys. By using this method, the interviewer sees the questions and the sequence of the answers, for which the respondents have to answers. Interviewer receives a reply from the respondents and entered himself into the database. Computer generates the next question according to the entered answer that is presented to the respondent
 - Online survey - is carried out by sending the form with the survey questions on a web page server. Users or random visitors or users directed to a website through online advertising, e-mail, etc., are involved in the survey. Responses to the survey are automatically generated and stored in a database for analysis.
 - Computer-telephone surveys. The telephone analogue for a computer personal interviews.
- The Internet Focused Group.* This is a survey research method to identify targeted customers, their needs, habits, opinions, and so on. There are formed from 6 to 12 groups. Survey is headed by a person that based on a survey plan. The data is collected both in video and audio formats, which are processed later.



The digitization of this research is possible by two "online" means:

- Video conference via the Internet.
- Web chat software in a secure web portal

Monitoring implementation methods. Monitoring - a classic research implementation method, with the Internet help, makes possible to follow users / visitors of e-businesses websites.

Monitoring is carried out in 3 different ways:

Auditing. For example, shops auditing as well as consumer-flow structure and scope of shopping centers, grocery stores and so on.

- Recording devices. This is a range of counters that record the reactions of the various ads.
- Customer behaviour monitoring. Includes technology from the hidden video cameras, fake customers to customer behaviour and habits monitoring website.

ICT use in monitoring researches may be carried out by using directly the technology or can be used as an auxiliary tool in this type of research in a traditional way.

Experimental techniques

- Computer simulation. The computer can simulate the behaviour of consumers, which may occur in real life.
- Experimental/trial marketing. Practice shows that many products are unnoticed as they become available in the market, so it is very important to carry out targeted test marketing. Trial marketing is widely used in the retail consumer market, but they are lack in the industrial and financial services markets. Many banks and insurance companies still do not perform the test marketing before delivering new services to the market. Trial marketing has also some drawbacks - slow and costly, and can alert the competitors about the prepared new products:
 - Simulated trial marketing. Possible scenarios can be simulated by a computer after the introduction of the product, using virtual reality. The main advantage of this method - it cannot warn competitors.
 - An experimental/ trial marketing is based on scanning which relies on barcode scanning and high-speed response to producers. Using this method, the success of new products in the market can be measured very quickly.



Continuous marketing research. *Uninterrupted* marketing research. It is the assessment of marketing trend according to certain patterns over a long period of time. There are distinguished 3 main benefits of continuous marketing research.

Consumer purchases panel. Allow users to follow purchases and consumption. Data collection makes it easy for barcode use - it virtually enables to update information in real-time.

- Telephone / Internet panels. The information is obtained through the surveys by telephone / internet.

Advertising research. Used to evaluate the effectiveness of advertising - it is advertising content research; advertising effectiveness research; advertising media research.



Television and radio research. Currently, most of the researches are done on TV by using e-tools, which are connected to the TV and keep a record what channels and when are viewed. Paper hearing journals are still used in radio research where users note when and what kind of radio station they listen to.

Public Relations Research. Information technologies are being used now in the public relations researchers. Most of these technologies are based on neural networks, which allow to analyze the words, sentences, the structure and determine the satisfaction of consumer, related to a specific product. The analysis of the texts and articles using IT, improves consistency and stability of the researches.

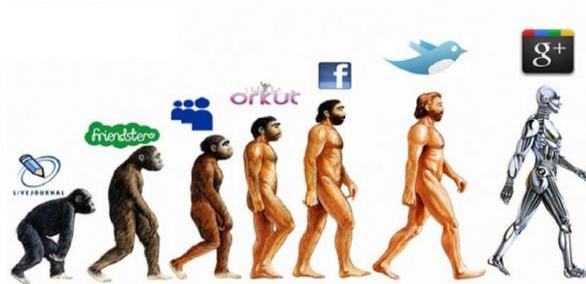
Secondary data collection methods.

In contrast to traditional methods, technologies (the Internet) ensure data reliability, novelty and etc.. The Internet makes it possible to obtain a large amount of information, most of which is free. There are several techniques used:

- A large part of on-line information is indexed and found in such a way. In some cases, the index is made with the help of program, called "spider", which is responsible for the search in a website and catalogue information sites by e-network. Consumers can look for the tips using a general-purpose search engines - www.altavista.com, www.excite.com, www.yahoo.com and others. The search engine for the most appropriate online information choice- www.google.com.

Information and assessments on products, services and websites can be found on the following web portals - www.e-buyersguide.com, www.amazon.com and etc.

- News groups archives - another way to collect secondary data. This is a discussion forum website. Information is archived and used for data analysis and processing.



Youtube video

Group E Market Segmentation

https://www.youtube.com/watch?v=b_sk19IH0yc

Market Segmentation for Sport Participation

<https://www.youtube.com/watch?v=V0v92-JfpW8>

Market Segmentation Introduction

<https://www.youtube.com/watch?v=luEQUFWJ6oY>

marketing segmentation..

<https://www.youtube.com/watch?v=DUuirqtSqpg>

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2. Bakanauskas, A. ir Liesionis, V. 2009. Elektroninis marketingas. VDU leidykla.
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Recommended reference:

1. Mooradian, T.A. Strategic Marketing. 2011. Prentice-Hall International Inc.
2. Hooley, G.; Saunders, J.; Piercy, N.F. 2004. Marketing Strategy and Competitive Positioning. Third edition. Prentice Hall.

3. Stauble V. R. 2008. Marketing strategy: a global perspective.-Fort worth

Online sources list:

1. Articles about marketing portal. Access through the internet : <http://www.seo-marketing.lt/>

Self-evaluation Tests

Select 3 main market segmentation related concepts.

Strategic market
 Market segmentation
 Order segment
 Market segment
 Target market
 Communication segmentation
 Targeted design

Describe the correct geographical segmentation criteria.(possible several correct options)

Country
 Race
 City size
 Religion
 Region
 Nationality
 Family size
 Climate

Distinguish 3 market segmentation principles / criteria by consumer behaviour in cyberspace.

By the use of case
 By quality
 By loyalty
 According to the need
 On the search benefits
 By innovation

Distinguish 4 types of e-market users. (correct several options)

Consumers who seek the convenience
 Users who want to develop product
 Users who seek the diversity
 Users who interact only with regular vendors
 Users that focus on the points of sale
 Users who like to visit shopping centers
 Users who do not like to experiment

For what segments the online users are divided to? (correct several options)

Who like buying

Fearful surfers

Internet researchers

Who avoid buying

Suspicious-training

Lost between technology

Looking for entertainment

Business customers

Self-evaluation Questions

What are the indicators / variables identify consumer behaviour on the Internet?

Provide the main stages of market segmentation process?

Describe the basic requirements of market segmentation?

What are the methods used in primary data collection?

What is the e-consumer behaviour according to the use of case types?

Comment on the segmentation of the consumer loyalty? What are the specific features in each group?

8. E-marketing strategies

Introductory description

Goal – to introduce the process of e-marketing strategy development and the strategies.

Objectives:

- To analyse the process of e-marketing strategy formation.
- To identify and present e-marketing strategies.

Expected learning outcomes and skills:

- To be able to conduct and apply the process of e-marketing strategy formation.
- To define e-marketing strategy suitability, to delineate differences between strategies

Duration of topic studying: academic hours – 2 of them are allocated to the study of the module (theoretical classes), 1 academic hour – practice classes and 4 academic hours – self-study.

Key words:

E-marketing strategy– it is functional strategy associated with e-marketing mix elements such as product formation, pricing, promotion and distribution.

8.1 Strategy models – forming process

Strategy – it is a plan that combines business objectives, policies and actions into a unified whole.

Marketing strategy is a process, a series of actions that are designed for a particular marketing objective. Marketing strategy focuses on marketing objectives and this distinguishes it from overall business strategy. Conclusion – marketing strategy aims to answer 3 questions:

- Where to compete – to identify target markets.
- How to compete – to design basic competitive tolls and techniques.
- When to compete – when to carry out strategic actions.

E-marketing is often identified as an integral part of a company’s overall marketing strategy, so it means that overall marketing strategy objectives can be accommodated to it. Objectives that are narrower in scope are attributed to the Internet marketing.



Fig 48a. Internet marketing strategy objectives

Main aspects of e-marketing strategy are presented in table 3.

Table 3. E-marketing strategy aspects

E-marketing strategy	
Focuses on the target user	
The power of decision making moves from a manufacturer to a customer who decides what products or services they need, so marketing strategy can be used more precisely and better meet customer's needs	
The importance of long-term relationships with customers increases.	
It is useful not only in attracting new customers; its main advantage is the ability to maintain existing customers offering only them necessary services and goods.	
E-marketing strategy is the most effective method in maintaining existing customers for it can offer a range of tools and techniques to make the customer feel appreciated and more precisely meet their needs.	

SOSTAC planning model is used for strategy formation suitable for e-marketing. It is presented in Table 4.

Table 4. Specification/explanation of SOSTAC planning model

S	situation analysis
O	objectives
S	strategy
T	tactics
A	actions
C	control

SOSTAC model is presented below:

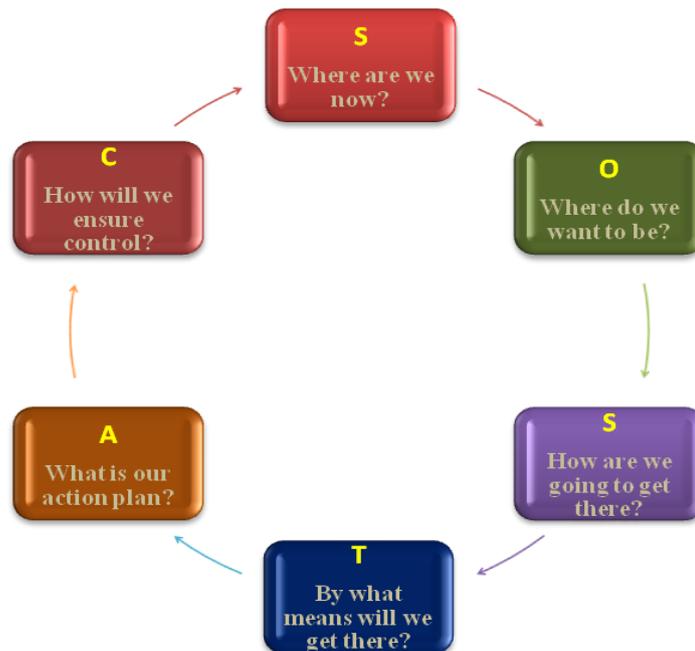


Fig 48b. SOSTAC model

Specification of the model:

- *Where are we now?* SWOT analysis of the market (strengths, weaknesses, opportunities and threats): the market, competitors and partners' online analysis, international opportunities and resources.
- *Where do we want to be?* The main objectives: sales, added value, savings, etc.
- *How are we going to get there?* Segments, target markets, objectives, positioning, trust – try – buy, integration, achievement of the target market.
- *By what means will we get there?* Marketing mix, including communication mix.
- *What is our action plan?* Who is responsible for what and when: responsibility and structure, processes and systems, internal resources and skills, external agents.
- *How will we ensure control?* Network analysis, customer responses, call frequency optimisation.

The best result is obtained when available means and resources are appropriately combined. E-marketing strategy includes a range of measures, which even in today's aggressive competitive environment, can bring a higher profit and win greater market share. Scientific literature identifies a variety of processes for developing marketing strategies but internal and external environment analysis, setting objectives, pursuing the goals and opportunities, and choosing the core strategy are the main steps.

E-marketing is an integral part of an overall company's marketing strategy and is based on theories and methodology of a traditional marketing strategy. E-marketing strategy process and phases are presented below:



Fig 49. Process of developing of e-marketing strategy

These are the main targeted e-marketing strategy components:



Fig 50. Components of e-marketing strategy



8.2 Strategy models - e-marketing strategies

Organisation of overall strategy and marketing strategy has many elements in common. In choosing marketing strategy it is important to pay attention to customer needs, company’s capacity to meet them, occupied market share and market growth. Marketing strategy – it is a set of coherent and consistent marketing actions aimed to achieve its long-term marketing goals. Finding the balance between different and often mutually conflicting forces and factors influencing the company and transforming them into a long-term benefit is the most important task of marketing strategy. The distinctive features of marketing management are that marketing decisions should be based on knowledge of the market and purposeful response to changes. 3 main elements determining marketing strategy are identified:



Fig 51. Components of e-marketing strategy

Main marketing strategy types (according to target market):



Fig. 52. Main marketing strategy types

- *Concentrated marketing*. This is a marketing strategy when company's efforts are focused on only one market segment and to master it specially customised marketing mix is used. This strategy is usually implemented by companies with scarce resources and facing fierce competition. It is risky because when serving one consumer segment, competitors may appear and an intensive competitive struggle may be initiated.
- *Differentiated marketing*. It is a marketing strategy, when a company to master separate market segments uses different, specially tailored marketing mixes. Main principles – several products or service supply options are applied to each segment. This strategy is used when the market is well-established, the needs are well-known; when adapting to its customers the company has a bigger market and is less vulnerable. Drawback – higher costs.
- *Undifferentiated marketing*. It is a marketing strategy when a company to master the whole market uses a single universal marketing mix. Principles – the same products or services are provided to all segments; it is suitable for introducing new products or services to the market; main task – to deliver products or services properly, inform about it as many customers as possible; limitation of the strategy appear when the customers' needs change.



Other applied marketing strategies:



Fig. 53 Other applied marketing strategies

- *Developing strategy.* It is used when there is a potential demand, i.e. supply on the market cannot satisfy the demand. Potential demand – it is a situation, when many customers would buy the product but such products either are not available on the market or there is insufficient amount of them. In this case the product should be invented and produced or found and resold. Potential demand may arise when the desired product is not in the particular market because of its isolation so the constraints must be overcome to make it possible for commodity to access the market.
- *Conversion strategy.* It is used when there is negative demand on the market. Negative demand is a situation when a whole market or a bigger part of it rejects an offered product or service. The marketing task in this case is to analyse and find out the reasons for negative demand and try to find a market for the product or at least a part which would not reveal negative attitude towards the product.
- *Promotional strategy.* It is used when there is no market demand. Lack of demand is the situation, when the whole market or a bigger part of it is not interested in the product. In this case due to a variety of reasons (lack of information, advertising, unsatisfactory quality of the product) the product is not sold. Market stimulation, delivery of new produce, customers training to use it are carried out.



one and to highlight the qualities and benefits of a new product (comparing the old product with the new one or completely ignoring the former).

These additional marketing strategies are also used:



Fig. 54 Complementary marketing strategies

- *Defensive strategy*. This strategy makes possible to prevent competitors or reduce their number.
- *Increasing market share strategy*. It is used to expand existing market. An extensive e-marketing is carried out. The aim is to find out in the occupied market new consumer segments/niches.
- *Development strategy*. Promotes the use of more goods or services at the same time.

Marketing strategy depends on the business goals – remain on the market, increase profits or take dominant position on the market. Company’s market share, the needs of customers and the necessity to regulate them are inherent in the choice of marketing strategy. The choice of marketing strategy also includes market segmentation, i. e. the target market segment which should be focused on when developing marketing plan and its actions.



[Youtube video](#)

Online Marketing Strategy

<https://www.youtube.com/watch?v=UJTk88c-Nc0>

Online Marketing Strategies for Small Business

<https://www.youtube.com/watch?v=gtfXdlg1Pl8>

Devising Your Online Marketing Plan

<https://www.youtube.com/watch?v=mhneg-QWoMs>

Internet Marketing Strategies - 4 Ways to Help Grow Your Business Online

<https://www.youtube.com/watch?v=visZLfrERl4>

Email Marketing Strategy | Email Marketing Best Practices | Part 1

<https://www.youtube.com/watch?v=2lMYypYpTtE>

2 Must-Have Types of Marketing Strategies for Maximum Profit and Success

https://www.youtube.com/watch?v=zyOd_jy7hJE

Reading list

Required reading list:

1. Paliulis, N; Petrauskas, R.; Davidavičienė, V.; Gatautis, R. 2009. Elektroninis verslas. Vilnius: Technika.
2. Bakanauskas, A. ir Liesionis, V. 2009. Elektroninis marketingas. VDU leidykla.
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Self-evaluation Tests

Name 3 main elements, determining the choice of marketing strategy.

Strategy
Consumers
Advertisement
Competitors
The company itself
Communication
Lobby

What is a marketing strategy?

Process, series of actions that are designed for a particular marketing objective.
Projects, which permit to foresee future turnover.
Determining the effect of communication on attracting buyers.
Consistent communication between buyers and sellers.

What is an excess demand?

This is a situation where demand greatly exceeds supply.
This is a situation where supply greatly exceeds demand.
This is reduction of goods to raise their price.
The higher turnover, the higher prices.

What is a negative demand?

This is a situation when the price of a product does not match the demand for goods.
This is a situation where a whole market or its bigger part rejects offered product or service.
This is a negative action plan which encourages demand for commodities.
These are unforeseen circumstances which influence the product price using block of shares.

What is a development strategy?

The use of strategy to attract customers
Encouragement to use more products and services at the same time
Preparation of projects to increase turnover
Customer relationship to encourage purchases
Consistent communication seeking profit }

Self-evaluation Questions

What are the main strategy types according to target market?

What are the main stages of e-marketing strategy development?

What is SOSTAC model and what are its basic principles?

What marketing strategy is used when demand is volatile?

9. Websites (I)

Introductory description

Goal – to introduce websites and their key aspects.

Objectives:

- To identify classification of websites and their basic functions.
- To present the importance and functionality of a website domain.

Expected learning outcomes and skills:

- Knowledge of different types of websites and their basic functions.
- Understanding the importance of a domain name and ability to create a proper domain name and its structure.

Duration of topic studying: 7 academic hours – 2 of them are allocated to the study of the module (theoretical classes), 1 academic hour – practice classes and 4 academic hours – self-study.

Key words

Website – information resource on the web which can be reached by using a Web browser. Information is usually presented in a hypertext markup language (HTML) or extensible hypertext markup language (XHTML) format.

Domain – it is a unique Internet website address which is recorded after ‘www’ with the extension „lt“, „eu“, „com“, „org“, „net“ and others.

9.1 Classification, particularity of effect on customers

Website is one of the forms of online advertising, which can inform, persuade and remind customers about the company or its products. Website is ‘the face’ of a company or a product/service they sell, its business card on the Internet. This is the fastest and most effective tool to reach existing and potential customers. According to statistics, about 90 % of PC users start their search on the Internet. Therefore, the importance of a website is indisputable.

Website not only functions as an advertising tool but also is advertised. It depends on the website functions. If it is a company’s website and it functions as means of communication with customers, it is a promotional website. However, when other company’s advertisement is placed on this website, it becomes an advertising carrier.

Almost every website focuses on a specific group of people, varying in age, education, with their own goals, hobbies and interests. It is very important as the online business success depends mainly of the knowledge who the website visitors are and what their objectives are.



Thus, on the basis of the information presented on the Internet, the sites can be divided into several types which are depicted in Fig. 55.

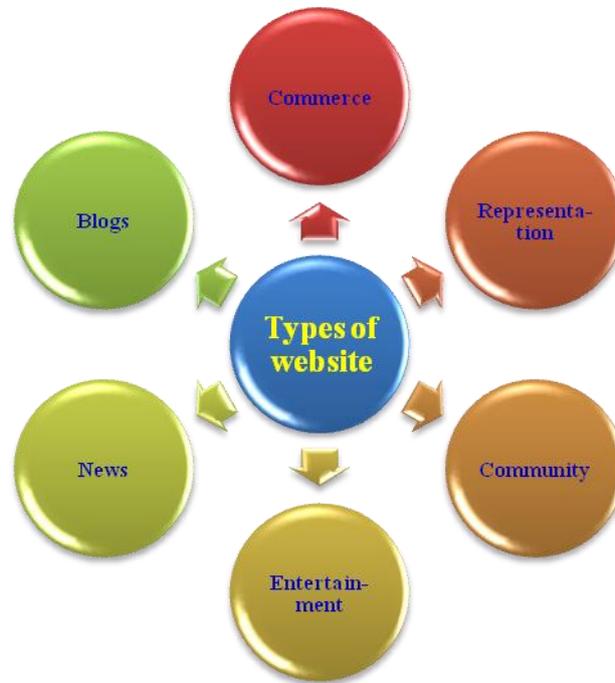


Fig. 55. Classification of websites

1. Commercial sites – online shops

The purpose of this type of sites is to sell products or services online. These websites help consumers to choose, order, buy products or services without leaving their homes or other locations. Purposefully designed e-shop bring such benefits to business as saved time and money, detailed visitors/customers purchase statistics, valuable information and data for analysis and planning sales.

An example of a website – www.pirk.lt



2. Representation websites.

The aim of this type of sites is to provide information about a person, organisation, project, product/service or other object. These sites are rarely updated and require little maintenance. Most often static, unchanging information is presented on these sites.

Examples of a websites – www.eip.lt; www.laisveskelias.lt



3. Community websites.

The purpose of this type of sites is to exchange information. It is a website where people with similar interests communicate with each other, usually on forums. This websites include social networking. Information about the company or company's website on social networking sites or forums may attract new customers.

Examples of s websites – www.supermama.lt; www.facebook.lt



4. Entertainment websites.

The purpose of this type of websites is spending one's free time online, playing games, watching films and other videos, viewing photos, listening to music and so on. Recently, these sites have become very popular among the Internet users. Some of the entertainment websites specialise in one area (e.g. games etc.), others are characterised by complex entertainment categories.

Examples of s websites – www.youtube.com; www.cha.lt



5. News websites.

The purpose of these websites is to publish news, articles, currents events and other relevant information. On these sites visitors have the opportunity to make comments or express their opinion on a given topic. News sites are extremely dynamic, constantly changing, new information is constantly being presented. To maintain functionality of these websites considerable human resources are required.

Examples of s websites – www.delfi.lt, www.15min.lt



6. Blogs.

The purpose of this type of websites is to place and share personal information or opinion etc. with other Internet users. One or several people usually look after the blog. Designed as an opportunity to blog on the Internet, it is rapidly gaining popularity not only among individuals but also companies. These websites help companies to keep up with innovations and discover new advertising channels. Placing records regularly it is possible to attract new audience, form readers community who actively participate in the life of the portal or simply help to promote the sale of products or services (if it is a company's blog).

An example of a website - www.skoniublogas.lt



9.2 Internet project names (domain, its impact on the success of the project)

Visibility and notoriety are the two most important aspects in the case of a website. Website address/name (domain) is an important element of website visibility/notoriety. Correctly chosen website address (domain) is a very significant and important process. Very often there is a direct connection between the domain name and the website popularity. Desired results can be achieved quickly and cost-effectively by choosing a successful name. The domain name must be balanced and acceptable to both the visitor and the search engine, for example, 'Google'.

Given the need to create a website, the desired name can already be reserved and the company will have to fall back on another alternative – to look for a simpler name or pay a considerable amount of money to people or a company who run domain names resale business. Therefore, there is no need to wait and it is advisable to buy a domain beforehand. In this case we are talking not about the website name which coincides with the company's name – this type of name can be registered at any time.

Website address must not be too long to remember for a layman, but the domain has an impact on the search engines, e.g. when in the 'Google' search engine we are looking for a 'geras daiktas' (meaning: 'a good item'), websites which domain names contain the word 'geras' or 'daiktas' will have a slight advantage. However, a domain may not consist only of key words. This

may adversely affect your visitors. For example, the domain www.gerasdaiktas.lt just because of its name will not be well ranked.

On the one hand, choosing a domain name may seem straightforward. If the company has an easy-to-remember name and it has become a well-known brand, i.e. a marketing promotion has been carried out to promote the name, it is necessary to choose it as a domain name.

If the company's name is very long, it is important to shorten it in the domain name, for example, a website of a joint-stock company 'Baltic Optical Disk' is known as www.bod.lt, and not www.balticopticaldisc.lt. If a company's name is not too long, it can be used as a domain name. However, such domain suits better websites as business cards, which contain only information about the company.

If it is intended to do online sales, it is important to consider which keyword or keywords to use in a domain name. So, how to choose a domain if it is not just the company's name:

1. It is important to check, what domain names use direct competitors, and write them down.
2. To create two lists:
 - To write down as many words as possible that match the company, its activities, policies, services or goods that are sold.
 - To write down as many words that outline the content of a website, or words that will be often used on the website.

Select some of the most favourite combinations. If desired the specific word to be included in the domain name, it is important to consider all its forms: noun, verb, adverb, adjective. It is necessary to check whether the selected combinations of domain names are available. Usually, almost every company which is planning to create a website will perform this service for free.

Factors that identify success of a website:



Fig. 56. Classification of websites

You can buy domains with the following extensions - – *.com*; *.biz*; *.info*; *.lt*; *.de*; *.eu*. etc.

Domains with such extensions as *.biz*, *.eu*, *.com* and *.info* are the most suitable for commercial sites. If a company operates on a larger scale it is advisable to create a domain which

would correspond to consumer's country. For example, if potential customers are population of Lithuania, it is advisable to register *.lt* as a domain name. If products or services are provided for Latvian, German or Russian markets it is appropriate to register and use domain names *.lv*, *.de* or *.ru* and develop all their redirects to the same main website.

If the website name coincides with the company's name, which is not well-known to the market, visitors and users flow will not be big. In this case it is necessary to invest into marketing – website content optimisation, online advertising, or buy a different in marketing approach successful/attractive domain.

Properly selected Internet name influences the emergence of a website higher in search engine results positions. If a website name is formed from a popular and widely used word (name of a product or service customers use as a keyword using a search engine), in this case access to high positions is significantly higher than in a normal case. Also, this type of name is easy to remember/memorise because it leads to direct associations with the product or service you are interested in.

Main principles of e-business project address (domain) selection are presented in the Table 6

Table 5. Principles of creating a website address

Short address	One-word addresses are significantly better than the two or more words. Short addresses are easier to remember. Names with more than 12 characters are too long. In this case it is appropriate to use abbreviations, but they also cannot be long – no more than 3 symbols. (e.g. www.svv.lt or www.loterija.lt is easier to remember than www.didžiausiosansolaimetiloterija.lt)
Simple word grammar of the address	A word which is clear and easy to pronounce should be selected so as make it impossible to make a mistake. Ideally, when dictating the name there is no need to spell it.
Unique address	A selected word should be distinguishable from the rest. There must be no possibility to confuse it with other addresses. You should not use dashes as it forms a complicated name. The website address name when pronounced must sound appropriately and acceptably.
Notions used	Address names that are identical or similar to widely used words, products or services names, increase the site's ranking in search engines. Users often tend to enter these names in the Internet browser address line.
Ability to memorize and read the address easily	Website name is good and purposeful when it is easy to remember – the word is commonly used or has direct associations. Internet names that coincide with the name of the company are more difficult to memorize.
Address coherence	The name of a website should be associated with the company's activities.
Internet name	Company's name



Youtube video

Modern Web Design Examples

<https://www.youtube.com/watch?v=1UoWeFcYwzM>

Examples of Affiliate Marketing Websites | Affilorama Introduction | Lesson 3

<https://www.youtube.com/watch?v=UffUdnR6cMg>

10 Responsive web design examples in action

<https://www.youtube.com/watch?v=SjXZ5mxtggE>

Reading list

Required reading list:

1. Paliulis, N; Petrauskas, R.; Davidavičienė, V.; Gatautis, R. 2009. Elektroninis verslas. Vilnius: Technika.
2. Bakanauskas, A. ir Liesionis, V. 2009. Elektroninis marketingas. VDU leidykla.

List of electronic sources:

1. http://noframe.lt/lt/internetiniai_puslapiai-1

Self-evaluation Tests

1. { **What is a website?**
 - = information resource on the web;
 - ~ advertising niche;
 - ~ environment of orders, sales and purchases;
 - ~ environment of public relation support;
 - ~ lobbying resources. }
2. { **What is a domain?**
 - ~ strategic way of communication and collaboration;
 - = unique website address;

- ~ web design identification;
- ~ environment of communication and innovations;
- ~ system of visual and communicative reality transmission.}

3. { Name 3 aspects that influence success of a website:

- = Domain name notoriety
 - ~ Strategic sales solutions
- = Flow of visitors – web statistics
 - ~ Selection and implementation of quality goods
- = Benefits of a website and return of investment
 - ~ Use of communications and advertising equipment
 - ~ Law and business correlation}

Self-evaluation Questions

1. What are the main types of websites? Briefly describe each.

- **Commercial – on-line shops.**
- **Community** - – it is a website where people with similar interests communicate with each other, usually on forums.
- **Blogs** – are designed to place and share personal information or opinion etc. with other Internet users.
- **Representation websites** – provide information about a person, organisation, project, product/service or other object; static, unchanging information is presented.
- **News** – news, articles, current events and other relevant information.
- **Entertainment** – websites for spending one’s free time, online games, chat rooms, music sites etc.

2. What are the main principles of creating an e-commerce domain?

- Short address.
- Simple word grammar of the address.
- A unique address – distinguishable, impossible to confuse it with others.
- Notion used – quite common and well-known word is used.
- Ability to memorize and pronounce the word easily.
- Address has connections with the activities of a website.

- Website address is coincident with the name of a company.

3. Detail the main aspects of formation of domains and website addresses extensions?

It is possible to purchase domains with various extensions, but the most serious ones have such extension: – *.com; .biz; .info; .lt; .de; .eu, etc.* Domains with the following endings *.biz, .eu, .com* and *.info* best suit commercial websites. If an organisation operates on a larger scale it is advisable to create a website name which corresponds to consumer country. For example, if potential customers are population of Lithuania, it is advisable to register *.lt* domain name. If products or services are provided for Latvian, German or Russian markets it is appropriate to register and use domain names *.lv, .de* or *.ru* and develop all their redirects to the same main website.

4. Give some examples of commercial websites?

- www.pigu.lt
- www.varle.lt
- www.azon.lt
- www.drabuziaivaikams.lt

10. Websites (II)

Introductory description

Goal – to introduce website management and quality evaluation model.

Objectives:

- To analyse website content management principles and functionality.
- To introduce VPTCS method in evaluation of websites.
- To analyse the tools, pros and cons, good practice in website creation.

Expected learning outcomes and skills:

- Knowledge of web content management and practical application of the principles.
- Ability to evaluate and implement web evaluation method VPTCS.
- Applying the information obtained during good practice analysis for websites.

Duration of topic studying: 7 academic hours – 2 of them are allocated to the study of the module (theoretical classes), 1 academic hour – practice classes and 4 academic hours – self-study.

Key words:

Content management system (CMS) – is an online tool that can administer website information and modify it depending on ones' needs in the present time.

VPTCS – it is one of the main website quality evaluation methodologies which is based on a five criteria system – visibility, perception, technique, content and services.

10.1 Content management systems: functionalities, modules

Content Management System – CMS – a variety of software tools which make the management of information systems content (text and graphics) easier, so when creating or changing the content or its structure no special knowledge (programming) is needed.

One of the main objectives of CMS is to ensure smooth work of many users, informativeness of the company and present the company's profile to potential customers. CMS does not require any HTML and programming knowledge, so the website can be managed by any worker of the company.

CMS is used when:



Fig. 57. Usage of CMS.

After adding CMS modules, a website can be turned into a powerful tool. It is possible to monitor site traffic, carry out surveys, create timetables and perform many other advanced features.

Modules are separate parts of content management mechanisms. Each module performs a specific function, e.g. answering any question and learning visitors' opinion. According to specific needs of a company different modules can be created. CMS options:

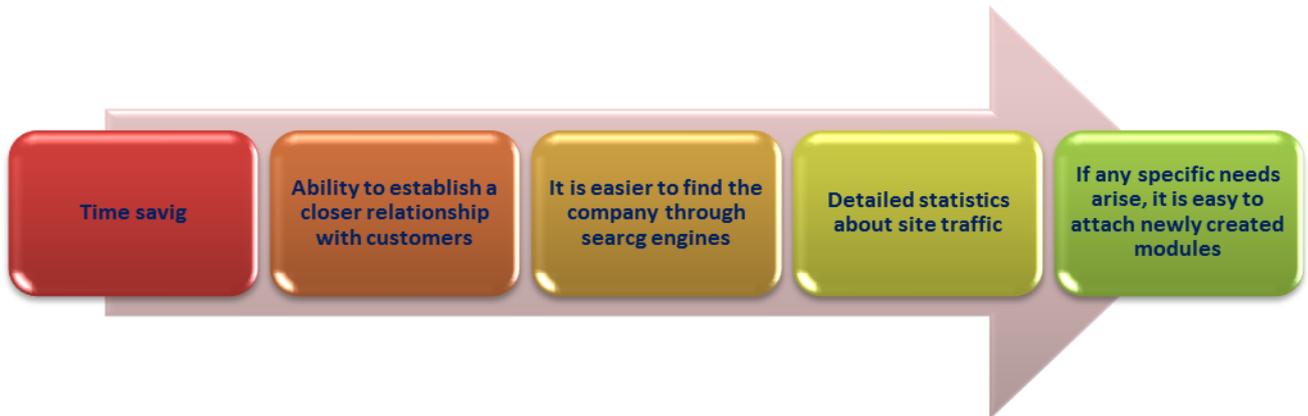


Fig. 58. CMS options

There are paid and free CMS. A complicated but very important task is the choice of CMS. CMS selection process consists of four basic stages. (Table 6)

Table 6. CMS selection process/criteria

1. Purpose	There is no universal system that fits any website, so there is a big difference what type of site is being administered – a news portal, a blog, a representative website or a static informative site. It is also very important whether the website is designed for communication between users or it is a commercial one.
2. Selecting functions	CMS functionality depends on the availability of modules that provide additional opportunities for the site administration. CMS functionality depends on such factors as: <ul style="list-style-type: none"> ✓ Frequent publication of reports and articles. ✓ Number of languages. ✓ Photo and video gallery. ✓ Forums. ✓ Number of persons administering the portal. ✓ Data import. ✓ Quick searching for information ✓ Quick grouping of information.
3. Comparison of CMS	CMS essential functions of content administration: <ul style="list-style-type: none"> ✓ Page creation, deletion, change of status and positions, backup.

	<p>Other important criteria:</p> <ul style="list-style-type: none"> ✓ Text editor. ✓ Opportunity to optimise pages for search engines. ✓ Communication with visitors. ✓ Search operation. ✓ Work principles with CMS (administrative law, etc.) ✓ The system's security. ✓ Easy to use administrative part. ✓ Technologies implemented in CMS, etc.
<p>4. CMS development and guarantees</p>	<p>Key aspects:</p> <ul style="list-style-type: none"> ✓ Long-term service. ✓ Quality system maintenance. ✓ Warranty period for free warranty service. ✓ Access to system updates. ✓ Speed of new modules installation.

Risks when choosing a free content management system. Free and open source content management systems have become very popular recently. Before choosing a product it is important to evaluate the following aspects:

1. Whether CMS is developed in line with the latest technological developments and is sufficiently modern?
2. Companies that develop free systems allow to use them in the hope that they will earn money selling additional updates. Therefore, it is important to assess whether system updates will not cost more than paid CMS.
3. Free content management systems are universal, i.e. they will contain a lot of unnecessary modules and will lack specialised, necessary functions. It is not easy to use them.
4. Often free CMSs limit design and information presentation solutions.
5. While free content management systems offer many features, most of the modules do not work properly and errors frequently occur.



10.2 Evaluation of website quality

The Internet and information technologies have revealed their advantages not only for businesses but also for non-profit-making organisations, public authorities and individuals. One of the main advantages is free advertising on websites and operative communication with customers. Organisations are aware of the advantages of websites and that these are one of the most important communication and information dissemination channels, create their own websites which are often in a form of a virtual brochure, i. e. provide only basic information about the company/organisation activities, services/products and contact details. However, it is important that the website complies with certain quality standards.

When examining quality of a website, first of all, the expectations and estimates of the end-user (a website visitor) should be taken into account, because it is him the product is being developed for. To maintain the high quality of a website it is important to ensure mutual understanding of the interests and reconciliation of expectations of three parties – the ordering party, the site developer/designer and the visitor. However, the website designer and the ordering party work together in shaping the quality of the product (web product professionals create technical and visual parts, and the ordering party is actively involved in the development of a visual part and arranges the information part) so they can be seen as collegiate developers. So two aspects – website quality and website building quality are related and interdependent, and influence site visits, technical functioning as well as content and quality of the accompanying services. Website visitor's perception of quality is based on his own experience, and creators' perception of work quality is also based on their own experience. When evaluating their product developers employ a number of quantitative indicators. However, quantitative estimates in the field of the Internet product are not sufficient and cannot solve the quality problem, as they concentrate rather on results regardless of the underlying factors.



In order to evaluate the quality of a website, it is essential that the analysis covers both technical and general aspects. One of the main website quality evaluation methodologies is the five criteria group model VPTCS designed by French authors. This model is appropriate because it is mostly focused on quality while other known evaluation models (e.g. Webby Awards) are usually created to rate websites and only present the opinion of the websites. They do not identify any

weaknesses in the quality of the website and therefore cannot serve as an effective quality management tool. Specifications of the VPTCS model are presented in the table 7.

Table 7. VPTCS model

V	Visibilité	Visibility quality criteria	<p>Site accessibility for potential audience is assessed:</p> <ul style="list-style-type: none"> ✓ Links. ✓ Advertising. ✓ Actions of the media representatives. ✓ Other ways of presenting the address and summary to the consumers. <p>Evaluated site search:</p> <ul style="list-style-type: none"> - Quality of links (the link is the last operation in the site creating which corresponds to the first visitor's step – it reflects the importance of the link). - Positioning in thematic catalogues. - Key words and quality. - Address accuracy in other systems (search engines, media). - Popularity of the site (number of links, number of visits). - Site summary and quality. - Site language quality.
P	Perception	Perception quality criteria	<p>Sitemap, links to other websites, easy to return to the main page, hyperlinks quality, design.</p> <p>On the one hand, it is prompted to follow simple system technologies when creating a site. On the other hand, the site, first of all, should surprise, therefore, more so called “fun technologies” (e.g. Flash, etc.) or an original, specific browsing method should be used.</p> <p>Communication between site objects quality criteria:</p> <ul style="list-style-type: none"> - Names of the links should be short, clear and intuitive. - Home menu should not contain more than 6-7 links. - Using graphics or JavaScript links, a text alternative should be provided. - Visitors should be able to know their location on the site at any time. - Visitors should be able to get to every page from any

			<p>page.</p> <ul style="list-style-type: none"> - Link colour should inform the visitor which links they have already visited. - Important information must be quickly available - no more than 2-3 mouse clicks.
T	Technique	Technical quality criteria	<p>There are such criteria of a technical base of site quality:</p> <ul style="list-style-type: none"> - Importance of integrity. - Importance of functionality and complexity ratio. - Ease of use. - Structures suitable for all browsers. - Use of new technologies. - Complexity of the Internet addresses. (URL) – long addresses may cause a problem when visitors want to recommend the site to others. - Existence of Orphan pages – visitors know that by deleting the ending of the address they can get to the main page. - Link colour – visitors from the link colour decide whether the link has already been visited. - Page loading time. - Server response time. - Permanent web address.
C	Content	Content quality criteria	<p>Such criteria are distinguished:</p> <ul style="list-style-type: none"> - Reliability - it is just one of the key elements of information quality. - Novelty (relevance) of information. - Archive existence. - Correspondence between headings and content. - Website content chronology. - Interactive feedback. - A site for foreign consumers. - In the group of content quality criteria information quality criteria and the level of information adaptation to certain consumer groups are the most important.
S	Services	Services quality criteria	<p>The following questions should be answered:</p> <ul style="list-style-type: none"> - Do the visitors often use offered services?

			<ul style="list-style-type: none"> - Are there any complaints about service quality? - Are all terms of service described? - Is there a compliance with conditions? - Is guarantee provided? - Has it been examined what service a visitor expects? - Is service delivery infrastructure adequate and effective enough? - Are all the questions answered? - How quickly is it responded to visitors' queries?
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10.3 Good practice

Web space is now more than ever characterised by a very significant competitiveness. A vast majority of business companies is still stuck in times when it was enough just to have a website. Now, in order to achieve certain success is not enough just to have a website.

Advertisement will entice visitors to the website for the first time and only the design and content of the website will determine whether they come back and become constant customers. No matter how advanced Internet technologies can be, the best are still the sites where you can easily find needed information, products and which are easy to navigate.

For example „Yahoo“, „Amazon“, „EBay“ and other sites are successful because they are easy to use. Google has got very simple graphic design and the texts make up the biggest part of the content but it is visited by people because of the quickly renewing music and a handy home page.

How to know if the site attracts enough audience? The most effective way is just to ask. Internet users more often are trying to hide personal information which can be obtained in exchange for something valuable (e.g. free products, coupons or contests). It is also important to highlight the fact about credibility of the site by displaying privacy policy on the site.



A good website should be simple. It should grab user's attention with great views, photos and interesting text. These elements are of great importance: web design, website text, interactivity, visibility and marketing.

Web design:

- There should be consistency. Font and colour combinations of all web pages must be the same.
- The site must have a visually attractive design. Design and innovative technologies have to interact with each other.
- No need to load the site with animation or moving images.

Website text:

- Words or lines should not be underlined except links. Underlining may be confusing.
- Website texts should be unique.
- Photo and video material are important elements. They must be of high quality.
- It is necessary to comply with editorial standards. Broken links or spelling and style errors undermine confidence in the site.
- The main page should not be swamped with information and data. The search engine may direct users to any page of the site.

Marketing:

- SEO specialists have to ensure that the site has high positions in information retrieval systems.
- SEM (*search engine marketing*) specialists have to integrate PPC (*pay per click*) advertising.
- Social Media specialists have to ensure benefits of social networking.
- 'Viral' marketing should be encouraged.

Interactivity:

- E-mail addresses of visitors. Atmosphere must be created to encourage visitors to leave their e-mail addresses. This would allow creating database and collecting information about the visitors.

- It should be possible for a visitor to become a fan of the company.
- There should be a return back link. No matter which page of the site visitors found themselves, it should be easy for them to get back to the main page. If your site contains links to other sites – do not lose your visitors – leave them the way to get back to your pages. An additional mini-browser window or a frame will prevent visitors from wandering too far.
- The site must be constantly updated.

Popularity:

- Useful information for existing and future visitors.
- Contact and location information is openly and easily accessible in location setting programmes, search engines and major directories.

Other requirements:

- A website should work on all platforms and browsers.
- Fast download speed is important. The ability to download the content quickly for most Internet users is more important than moving animation.

It should be noted that new visitors to the site less than in 15 seconds have to understand whether the site is useful. The main page should encourage a new customer to use the site, buy a product or a service.

Personal information will help to use the marketing budget more effectively and achieve best results. Quality and not quantity of visits is the condition of success of the site. The result will depend on the fact whether you manage to find users' group and meet their needs or not (even if the audience is not very large).



[YouTube video](#)

How to create a Classified website like OLX/Quikr FREE

https://www.youtube.com/watch?v=Hv_th4I62nU

Make a Website Step by Step

<https://www.youtube.com/watch?v=mxphj0U5BGc>

How to Build a Website in WordPress - 2015

<https://www.youtube.com/watch?v=XgNROudDNDs>

Reading list

Required reading list:

1. Paliulis, N; Petrauskas, R.; Davidavičienė, V.; Gatautis, R. 2009. Elektroninis verslas. Vilnius: Technika.
2. Bakanauskas, A. ir Liesionis, V. 2009. Elektroninis marketingas. VDU leidykla.

List of electronic sources:

1. Juozas Ruževičius ir Natalija Guseva. Straipsnis „Interneto svetainių kokybės vertinimo ypatumai. Website: http://www.leidykla.eu/fileadmin/Ekonomika/75/Juozas_Ruzevicius_Natalija_Guseva.pdf
2. Website: http://www.turinio_valdymo_sistema/

Self-evaluation Tests

What are the three parts involved in a website creation responsible for its quality?

- A website ordering party
- An expert assessing the website
- A website creator
- A website designer
- A website visitor
- Website legal environment
- A website lobbyist

What determines the success of the site?

- Quality
- Visitor
- Design
- Address attractiveness
- Decoration
- Famous people
- State orders

How to know whether the site attracts appropriate audience?

Survey

Visitor analysis

The number of references and comments

Communication with customers

Visual interpretation

What are the most important five elements of a website used to attract the Internet user?

Web design

Promotions

The text of the site

Quality of comments

Popularity

Relations with customers

Marketing

Pricing

Interactivity

Self-evaluation Questions

What is a content management system? What is it used for?

What are the main criteria and stages and their main aspects when choosing content management system?

What are the benefits of CMS?

What is VPTCS method? What is it used for and what are the main aspects?

11. Advertising and other means of communication on the Internet (I)

Introductory description

The goal – to identify the Internet impact, influence of advertising through the Internet and get acquainted with the basic e-advertising measures and actions in the e-marketplace.

Objectives:

- To introduce the concept of e-business and compared to traditional advertising.
- Submit, describe and analyze the sales promotion methods on the Internet.
- Analyze the effectiveness of e-advertising.

Expected learning outcomes and skills:

- The main difference between e-advertising and traditional marketing perception.
- Ability to use advertising features and the basic promotion methods.
- Ability to make proper use of the website, social networks, e-mail. mail, information retrieval systems / engines, blogs and etc. as effective online advertising tool.
- Banners as the most popular and effective mean of use in e- advertising.
- The effectiveness of e-advertising knowledge.

Duration of subject learning: 7 AH (academic hour) - 2 AH - on learning of the module (theoretical classes), 1 AH – on practical workshops and 4 AH-on individual work.

Basic concepts:

E-advertising - the Internet technologies in everyday marketing activities.

Banner - is a small graphics (mostly gif, jpg or flash (SWF) format), with a limited amount of information, with a link to advertiser website.

E-mail - one of the first and, in comparison with other, popular Internet service which aim is to receive and send information through the Internet to another Internet user, which can be used for direct marketing purposes.

Newsletter- a letter of commercial character sent by e-mail, which the user ordered to get.

Online link- it's bold, active word or phrase inserted in the web page content, directing users to a specific and set in place on the Internet.

Discussion group or forum - this is a specific group of people who have a lot in common, who are going online and share information.

Blog - is a website that can be managed by the same author: unrestricted writing your thoughts, post photos, post links, receives comments from the Internet users.

11.1 The concept of advertising on the Internet

Advertising as a marketing element is very important, powerful and effective tool that usually performs two basic functions - attracting consumers and consumer's view formation in order to turn them into permanent / loyal customers. Advertising also enables businesses to create competitive advantages, form a position and thus remain active in the market competition. Advertising must help people to give a fair and favourable impression on the organization and the public information about products, encouraging consumers to buy and consume.

There are distinguished 2 types of advertising - *traditional advertising* (TV, radio, press, etc.), and *online advertising*. Advertising is always marked by a great significance in the traditional market, but especially in electronic market, it is necessary and also useful, which is lately probably the most popular becoming advertising method. Internet advertising makes easier to increase sales and advertising on the Internet is more focused on the individual user. The most common Internet user has already known what he wants, so online advertising is targeted to provide information at the right time and the required content. When a user receive a message at the right time and in the form which he would like there are no doubt that it will draw attention. Contrary to traditional advertising, it is not right at the same time inform about the product, try to provoke a desire to buy and push for this action.

This changes the framework of the principles of advertising: *advertising is no longer the unified message that is sent to all users, without any exception, it is individualized information, adapted to everyone according to his needs.*

The promotional message is also adaptable by the user values and needs, which should be well explained and be able to use. The main challenge in this case is to force the technology to understand the context. So far, it is very difficult to do because the computer fails to think and interpret, but perhaps in the future it will be able to achieve. It implies [contextual marketing](#) (Eng. Contextual marketing), its main principle is to provide the necessary proposal at the right time - placed in context.

It is likely that advertising on the Internet has greatly increased the effectiveness and impact compared to traditional advertising channels, as advertising on the Internet is easier and faster to create, deliver and adjust, as well as the Internet can reach a larger audience of users, as well as precisely identify and assess the effectiveness of advertising - i.e. what advertising has reached and how many users have seen it. The more efficiently exploited online advertising opportunities and techniques, the greater number of users easily identify the organization of its services or products for sale.

Online advertising goals are:

- To develop a positive image of the organization and its services or products.
- To sell goods online i.e. increase sales and profitability.

Achievement of the defined goals - an effective advertising on the Internet can reach any of the stated goal: new product / service introduction on the market, delivery to potential clients, attracting new clients and increasing sales of new product / service, favourable image of the company formation, a new sales channel opening - by the Internet sales, e -shopping and any other advertising goals. The main differences between traditional and online advertising are provided in Table 8.

Table 8. The comparison of traditional and online advertising

Evaluation criteria	Traditional advertisement	Online advertisement
Time of advertisement	Limited / Expensive to advertiser	Unlimited / Expensive for customers
Place of advertisement	Limited / high price	Unlimited / Low price
Communication	One-way - pushing	Interactivity - pulling
Image	Image-Information	Information-Image
Action / Function	The promotion function	The information function

According to table 8 of the information provided, identified the following key aspects - advertising and consumer communication must be relevant, clear, because the user's time is expensive and limited; the cost of advertising is relatively small, and is characterized by a decrease, making it possible for most intense and online advertising tools involving advertising; a web user like a spider initiates contact with the advertiser; Internet advertising has to be focused on targeted information - whereas online advertising has a purpose of directing user to a specific website or product, so it can give much more detailed information, as well as an emphasis on image and even sound.

Internet advertising advantages: - Internet Advertising - 24/7 (24 hours a day, 7 days per week).

- Advertising price does not depend on the target group of users by location.
- Online advertising is characterized by segmentation, whereas advertising is reached in a content of interest.

- Direct / Individual connection with the consumer.
- Increased attractiveness of advertising opportunities - video, audio, text.
- Easy, fast and effortless adjustment of the content option.
- Clear and targeted advertising results' and performance evaluation - advertising the number of clicks, the number of visitors and etc.
- User is owner himself - he decides when and where to visit and how much time to be in one or another website.

Disadvantages of advertising on the Internet:

- Irritating, constantly faced by the advertising banners.
- Difficult alignment of the time - visitors can be from different continents.
- The user must have a computer or other device and Internet connection.

Advertising channel criterion- accessibility. The Internet currently is not as widespread as television, radio and other traditional advertising channels, but its geography is very widespread. If the company is international, it is difficult to reach consumers through only traditional advertising channels. The Internet is a powerful communication tool for both the local and international audience.

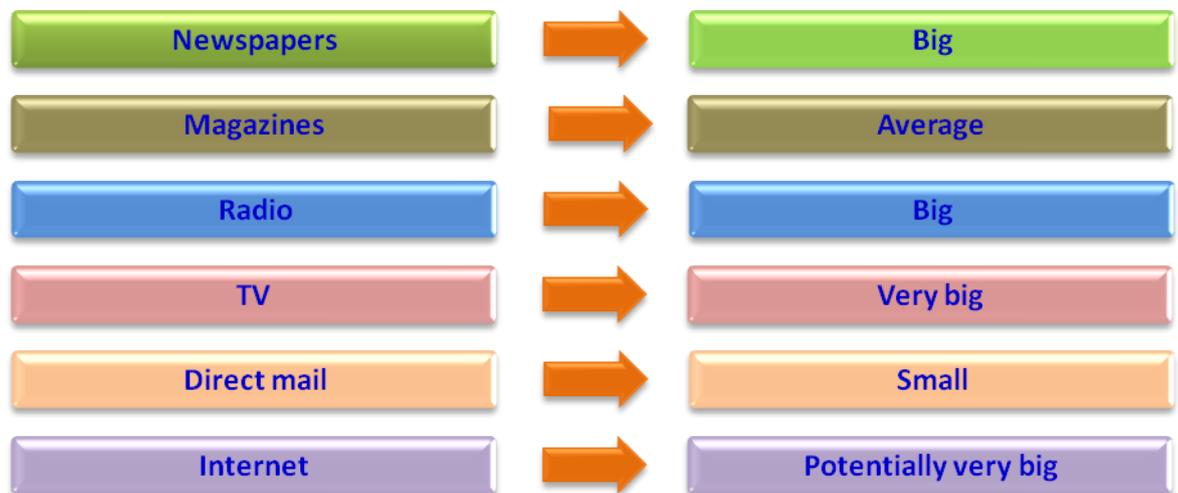


Figure 59. Advertising channel criterion – accessibility

Advertising channel criterion - *selectivity*. Internet much more than other advertising channels has options - user by the help of online links chooses (selects) advertisement according to his needs.



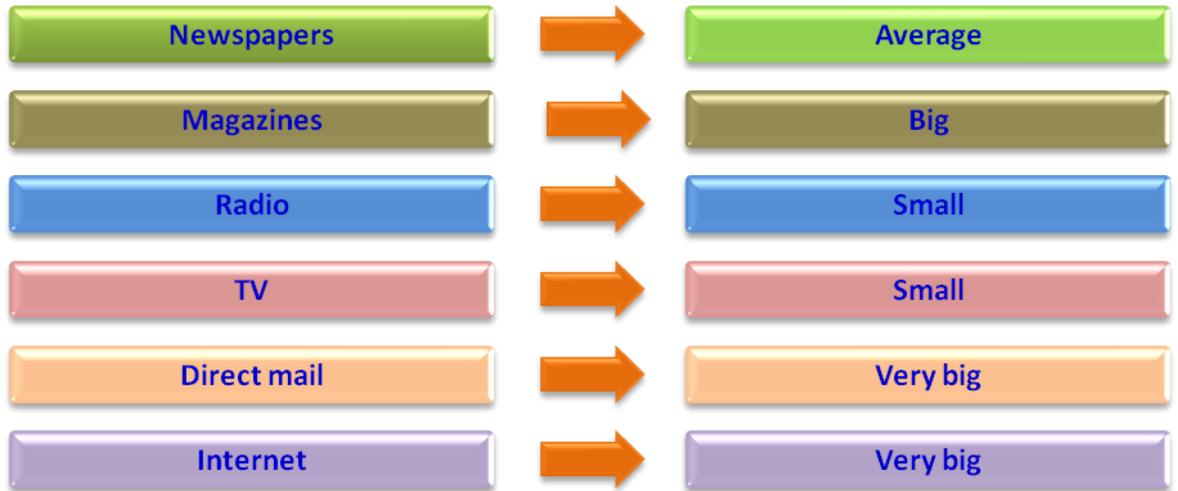


Figure 60. Advertising channel criterion – selectivity

Advertising channel criterion - feedback. Ensuring feedback traditional advertising channels is minimal or not possible at all - only by phone or mail. Internet users can send e-mail inquiry, post request in a comment form or on a dedicated section.

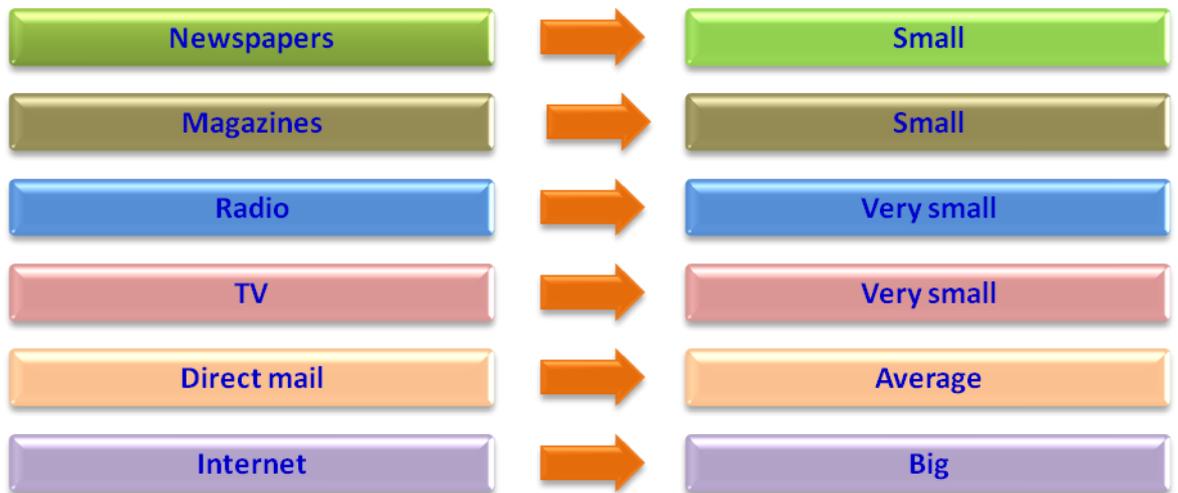


Figure 61. Advertising channel criterion – feedback



Advertising channel criterion- information capacity. The Internet has an infinite space. For this reason, information about the product / service or company can be presented in detail.



Figure 62. Advertising channel criterion – information capacity

Advertising channel criterion - price. Advertising rates online are minimal compared to traditional advertising. Web site creation is possible at minimum cost.

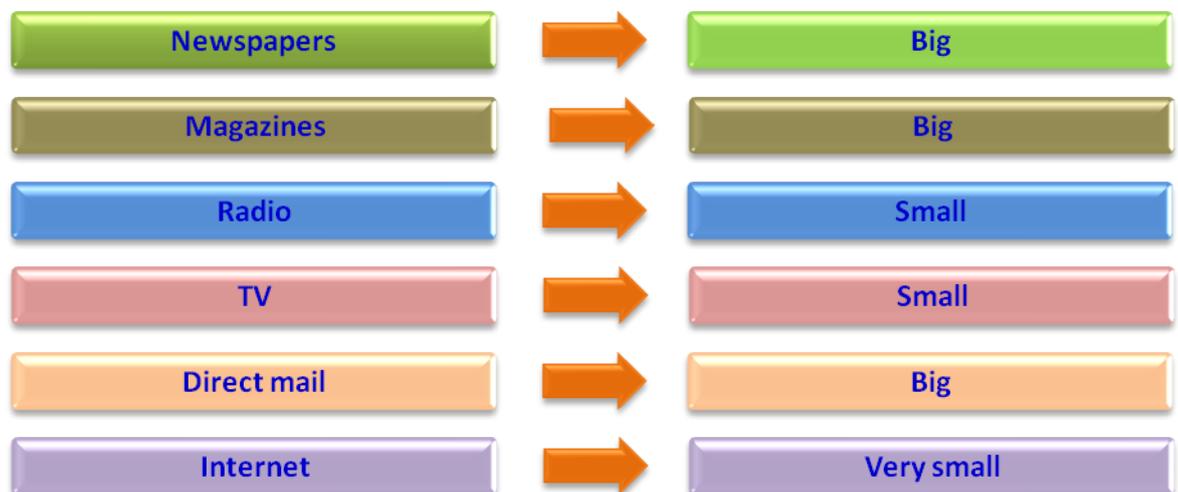


Figure 63. Advertising channel criteria - price

Advertising channel criterion – *evaluation of efficiency*. Internet can precisely identify and determine what advertising has reached, the flow of visitors on the site or a specific product / service link, the period spent, all the actions and whether he buy a particular advertised product or service.



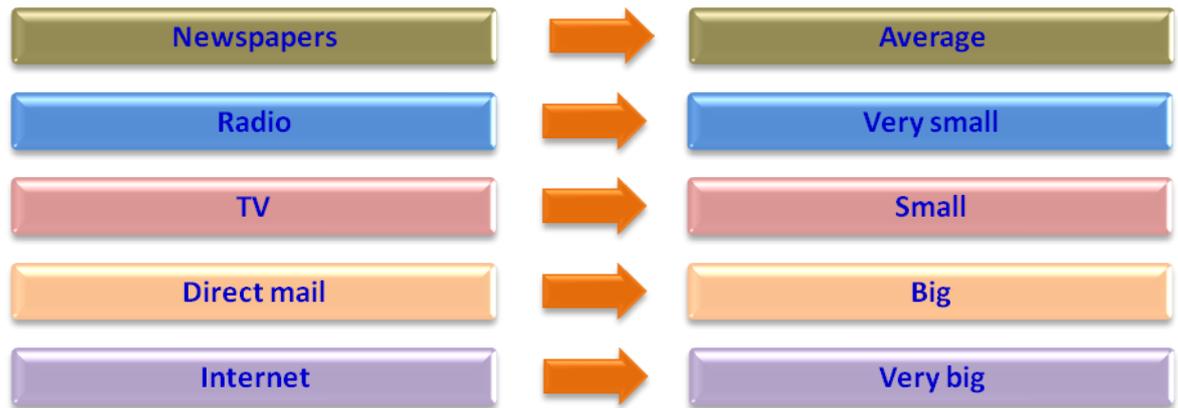


Figure 64. Advertising Channel criterion - efficiency evaluation

11.2 Internet advertising measures and their impact on the consumer

It is noted that the vast majority of online advertising tools aim - to direct the visitor / user to the main advertised website or other source, which is given further information about the organization or its offered products / services.

Website. Website - a modern business card in which companies or people present their works, products, achievements, feedback, contact information and so on. This measure is important when you want to represent properly. Organization website in advertising point of view has a dual effect. It can be as:

Advertising measure - if the site is intended only for the organization and its products or to deliver services, communicate with customers.

-Advertising presenters -if there is another organization on the company or its product advertising.

-Regardless of the Web site's carried out advertising functions, the site needs to be promoted in order to attract visitors. If there are no visitors, the site of the advertising function becomes meaningless.

There are 2 elements which are relevant to the case of a Web site - *it is design and website opening (loading) time*. Attractive design and appropriate content will include a visitor and he will spend more time in it, but it is necessary to continually update, otherwise the service will become dull and inactive. To minimise the site's start up time it should be the necessary condition, because the user does not want to waste his time and definitely will not be back next time. Website advertising functions:



Currently the website possession is more than prestige-making affair, it is an unavoidable necessity. However, the website without visitors is just a website. So, in order to attract more visitors and turn them into customers, there must be an online means of advertising - advertising banners, e. mail, forums, blogs, social networks, online catalogues, advertising on surfing sites and others.

Advertising banners (Eng. Banner). It is noted that the Internet audience is focused on a relatively small number of high-content websites. This type of website is appealing to Internet advertisers, who are increasingly seeking here to present its own advertising product. Such advertisement presentation is an advertising banner.

This is one of the oldest, most basic and commonly used forms of online advertising. Banner - mostly rectangular form of advertising site, often animated, enhance interest in attracting users to click and thus create the conditions for access to the advertiser's website. As a promotional tool, banner is considered to be the fastest method to see the advertised site, but at the same time it is one of the most expensive forms of advertising online. It is also fairly universal type of advertising, but not the right to promote specific products of general websites.

Advertising banners can be *static* or *animated*. They are divided in to several types.



Figure 65. Types of banners

-Expand billboard. This banner, increase the amount of opportunity. Pressing it on or when you move the mouse banner can expand up to 4 times. The visitor can do this occasionally, leading the mouse toward the top of the portal or browser menu. Pulling the mouse, it automatically returns to the previous situation. These advertising banners do not irritate visitors, who are not interested in promotional offer, but advertisers have the ability to present promotional offers in a large format . The format of advertising generally has been placed at the top of the website page. There may also be expandable advertising banners, by opening up a web page, automatically increase, but after a few seconds return to the starting position.

- **Floating advertisement.** Floating advertisements appears above the page you're viewing. Until the end of floating script, portal visitor could not review the covered information and better pay attention to advertising. For visitors, without causing dissatisfaction, advertising time will be limited up to 10 seconds; the floating advertisement must have a power button. Floating advertisement is usually combined with advertising banners. This is one of the most effective promotional tools that increase brand awareness and association with the advertising message. Floating advertisement - flexible advertisement format that allows creating any effect on the computer screen. An important factor for floating advertisements panels is the animation speed. Fast-moving images more attract visitors' attention and affects psychologically than those moving slowly.

- **Brand Mark.** This form of advertising is similar to a simple brand up window, but it has been granted as an individual item or advertised brand form. Brand mark banner is placed in the middle of the page. In this case, flash technology allows connecting unlimited creative possibilities with the user interactivity. These brand marks must have shutdown buttons, the ability to move from one website to another. This form of advertising is especially effective in order to draw the user's attention to the advertised product.

- **Scroller.** A height strap of 35 pixels, which can be placed on the website at the bottom as well as in the right or left edge of the browser window.

- **Poltergeist** - is a full-screen animated Flash (SWF) up to 10-second, completely filling the entire browser window. In the upper right hand corner of this form of advertising must have a shut off button. Poltergeist advertisement is demonstrated by limiting the frequency of appearances to less annoy the users.

The most commonly used advertising banners in Lithuania are the following sizes (in pixels): 468x60 and 120x60, as well as bigger 120x600 (Skyscraper) and 750x100 (Billboard).

Banners objectives:

- To force a visitor to click the banner and thus access to the advertised site.
- To form and enhance a brand image by constant repetition

Interactive advertising banners - are more than just informational and directional character of advertising banner. An interactive strap helps to calculate the interest rate by entering the point of destination; the system offers the cheapest ticket price and etc.

Inserted advertising. It differs, because by pressing banner or strap, a visitor refers not to another organization's website, but to the next page of the same the website.

Advertising banners help to attract visitors and potential customers, as well as sufficiently segmented the target audience. Advertising banners usually placed in web sites of special interests that are related to the target group, the most popular or the most important Web sites.

Advertising banners are placed in:



- *Searching websites.* Advertising banners are placed in the main searching site. Thus, a large / wide but not appropriate audience is reached.

- *Targeted and specific sites.* This category covers a wide range of hobbies and special interests sites - lifestyle, computers, science, entertainment, family and others.

- *Sponsored sites.* This is a similar or identical character website according to the content that exchange advertising banners. These sites can be two or more. This service is usually free.

Each banner is unique and its creation requires special attention. It is not enough to have program and technical possibilities to create a promotional panel. It must attract attention. In order to create effective advertising banner it is necessary to combine colors, design, movement and communication strategies. Creating and placing banners, you should pay attention to several aspects.



Figure 66. Banners creation and placing aspects.

Suggested encouragement - prizes, discounts and so on.

- *Offered something for free* - the advertising banner placed on the word "free" can tempt the user to click banner.

- *Call for Action / to do something* - advertising banners with the words "click here", "click now" gets a lot of attention.

- *Recommended animated elements* - consumers are more concerned to the moving banner than to a static one. It is also important that the web pages, as soon as the user control the mouse icon moves toward the ad, it is activated, begins to flicker, i.e., performs some sort of action that attracts consumers' attention.

- *Permanent updating* - the decrease in popularity of the advertising banner, it is necessary to update its contents or in banner formation it is recommended to create a number of options and change them in a certain frequency.

- *Linking* - banner need to be linked not to the main web page, but with that, which is associated with the advertised product or service.

- *Clarity of information* - in the advertising banner, the information must be clear and unambiguous. Misleading information can negatively affect consumers

- *Size* - banner cannot be big, because it will not be effective if it opens by a long time.

- *Page location* - the popular banner is that, which is placed at the top. However, depending on the type of banner, the location may vary.

The advantages and disadvantages of banner are provided in Table 9.

Table 9. The pros and cons of banners

Pros	Cons
<ul style="list-style-type: none"> - Global action - Fast switching to the advertised object site. - Achievement of the target audience. - - The possibility of information about the organization or its products. - Low-cost - banner creation or insertion to a website (advertisers). 	<ul style="list-style-type: none"> - - Different technical requirements in different websites. - - Constantly need to be updated. - The probability that the information is misleading and disappointing consumers. - Not related to the appropriate web site, advertising banner can force the user to roam.

The most common screens are at the bottom or at the top, but can also be located on the sides. These ads make up more than 50% of all online advertising.

Banners customer to place such advertising on his page usually pays to the website owner. Such promotional price depends mainly on the website - i.e. the flow of visitors, the flow quality and website themes. The more website attracts visitors, the more expensive advertising is.

E-mail advertising. Electronic mail (e-mail) - it is one of the first and compared with other very popular provided web service. It is characterized by rapidity (arrived within a few minutes), the information is not misleading, the text is not lost, and it can be sent to various information formats both to the text and files basis. It should be also noted that the majority of people start and finish the day of the e-mail review.

For these reasons, the e-mail is a great tool for online advertising. E-mail marketing - it is a form of advertising where the promotional message is sent to the selected addresser. It is a an effective and flexible communication tool, which allows to reach quickly the potential client, send a message to selected addressers, advertise, sell or just keep in touch with customers. One of the major advantages of e-mail - it can reach consumers who are not active Internet users or surfers. The user uses an e-mail as a tool. Thus, compared to the ordinary mail, e-mail is very inexpensive and the user has the opportunity to respond.

There are two types of e-mail as a form of online advertising:



- *Preferred e-mail.* It is a commercial mail, also known as newsletter, which sent advertisements or messages to the consumers, because he does not prefer it. A user orders it voluntarily registering in the system. This advertising method is characterized by high efficiency and expediency, whereas e-mail is sent to the target user who is interested to the sent subjects and for that reason it is a good chance that the information sent will be reviewed and visited in the advertised site or viewed and purchased advertised product / service. Users of this service may refuse voluntarily at any time.

Spam. It is a commercial mail (Eng. Spam) that sent advertisements or messages to the users who do not prefer or even do not order such kind of service. This form of advertising annoys users and its effectiveness is minimal. Most of the users deletes these e-mails, even have not read.

E- mail advertising is also available in such a way; while buying a placement for an advertisement in the email electronic news letter. The advantage is that it has the ability to reach your target market and audience will see advertising as part of an e-mail. Here are a few e-mail notification rules.

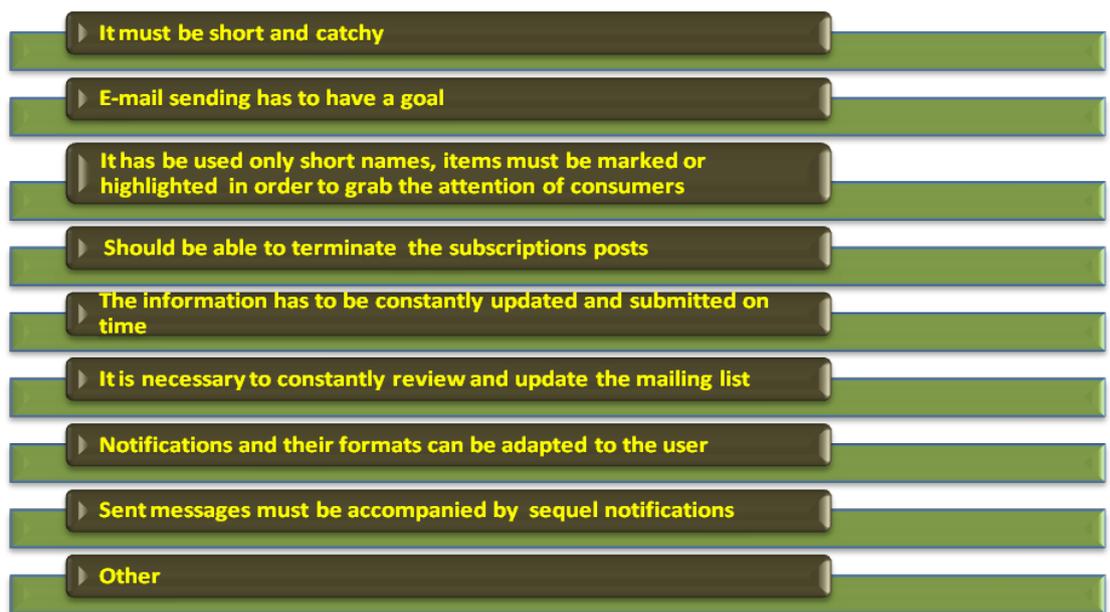


Figure 67. E-mail notification rules.

E-mail as a form of online advertising, pros and cons outlined in Table 10.

Table 10. Advantages and disadvantages of e-mail

<ul style="list-style-type: none"> - Low price - Preferred e-mail normally reach the target audience in reaction clicking on the advertised website or a specific product / service. - Exactly prepared mailing lists increase the probability of reactions and reach the target audience . - Mailing lists are easily and simply updated - the entry of new, removed unnecessary. . - The ability to segment addresses under the topics of interest and so on. 	<ul style="list-style-type: none"> - Frequent and constant sending newsletters can form a negative consumer reaction. - Improperly prepare mailing lists - the minimum or false information, it is difficult to achieve the targeted persons. <ul style="list-style-type: none"> - To mailing lists can enter addresses whose owners requested e-mail only from a specific site or not did not wish at all. - Breathing out, or passive audience - subscribers rarely change the habits, information can very quickly become irrelevant and etc..
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E-mail marketing can improve the organization's image and structuring of advertising, you can create a positive attitude to the target audience of the suggested product or service. This form of advertising is used to strengthen business relationships with current or former customers, promote customer loyalty and trust, creating long-term trade relations, searching for new or increasing sales and so on.

Advertising on social networks. This is a very fast-growing type of advertising - Facebook, Twitter, Google + and so on. Social networks are characterized by a broad audience, which can be exploited for advertising purposes. Advertising in social networks can be:

- Creating the organization, project or product profile. This way the development, the formation and development of specific content able to attract visitors interested in a particular field, who can become potential customers / consumers.

- Creating organization, project or product profile. This way the creation, formation and development of a specific content can attract visitors interested in a particular field, who can become potential customers / consumers.

- Contextual advertising. The online form of advertising reaches the targeted / interested in target group, that can be segmented according to the topics, interests and so on.

There are several reasons why it makes sense to engage in advertising on social networks.



Figure 68. The causes of advertising necessity in social networks

- *Recognition of the manufacturer.* One of the most powerful ways to use social networks is branding and publicity.

- *Community.* Social networks allow reaching a very wide audience of people. With access to users, you can easily find out what they like or do not like. It can serve as a free and valuable market research analysis.

- *Influence.* When the number of fans increases, the influence of the company grows. The audience in social networks can create a "snowball effect" that can attract new customers.

- *Site statistic.* Various recordings, discussions or just the company advertising on social networks encourages the audience to click on ads and visit the advertised company's website

- *Competitive advantage.* Not all companies use social networking application possibilities for marketing purposes, thus losing a large part of potential customers.

-*Search engines.* Search Engine - Google and etc., filtered and pays great attention to the contents of the Web. Company, organisation's social network activity, are an important signal for search engines to assess those pages as beneficial to consumers.

While social networks volumes are rather limited and it is not very cheap, but if the item is really interesting and catching - in this case, social networks can be a good way to advertise their products.



Internet links. A form of advertising characterised by efficiency, helps to direct online visitors to the provided direction. Internet link is understood as the highlighted word or phrase inserted in the web page content, directing users to the advertised website. Links in a sense of place are more economic compared with advertising banners. Online commercial links in a form of advertising is a way to direct targeted visitors to these sites:



Additional benefits of the Internet link - help for search engines. The more links means the site on higher position in the search list. Also, the presence of link forms the added value of the site. Links can be not only text, but also the advertising banners.

Internet links as online forms of advertising it's pros and cons are presented in table 11.



Table 11. The pros and cons of Internet links

Pros	Cons
<ul style="list-style-type: none"> - A valuable source of information.. - Shows the organization's notoriety. - Low-cost or free. - Increase in the value of the website. 	<ul style="list-style-type: none"> - The directed user can return. - Links to competing sites may deprive the user. - Severe reference value and efficiency.

Online links benefits:

- Links form the attitudes of visitors about the website value.
- Links are a source of information to identify visitors' behaviour and what do they appreciate, otherwise visitors have the opportunity to return to a previously visited site.
- The ability to exchange information and knowledge.

Advertising in discussion and news groups, forums, blogs. This forms of advertising help to display an advertisement, provide information about the organization and production for Internet users. However, these methods in Lithuania are not very popular in commercial terms.

Articles, e.g. ordered articles, writing - another form of advertising on the Internet. Inserting articles in blogs are not very popular practice because of lack of popular blogs, which will be able to attract a significant, specialized audience. However, the ordered articles in online news portals are extremely popular and are quite successfully to mask. Usually of such articles writing and its' distribution are responsible public relations agency, that creates an article about the goods or services and distributes in a number of news portals. It is quite effective (according to the budget) type of advertising.

Discussion Group - is a specific group of people who exchange information online. One group is focused on the debate, the other - in the preparation of reports. Discussion groups can be ranked, categorized by themes, so information or other messages may be specifically directed to the target audience. Discussion Group as a form of advertising on the Internet has indirect advertising, because it is avoided direct forms of advertising (banners, etc.).

Internet link form is very often used in discussion groups.

One of the newest online marketing / advertising media is the Internet diary / blog. Internet blogs are classified according to the type of content, genre, authorship, and etc.



According to the content:

- Video Blog. It provides video material.
- Photo blog - photos, illustrations blog.
- Links blog - Web link blog. It contains links, which the author likes personally or reflects blog topic.

By genre:

- Political blog - political events, news, political comments, remarks blog. - Scientific Blog - scientist, science journalist or any person with an interest in science, regularly provides information about education, scientific activities, researchers, academic issues, business assessments.
- Travel (tourist) blog - describes the travel experience, photographs and other visual recordings, route documentation.
 - The cultural blog.

According to the authorship:

- Private, Individual - one person created blog.
- A group, organization -several people created blog, mostly of professionals.
- Public or private - is limited (or not) of readers, imposed a certain records level of publicity.
 - Business (organizations, companies, corporation), an economic blog, e.g. business portal, daily newspaper or others. Recently, have appeared the business entities that are able to adapt blogs to deliver company's products.
 - Shops blog, which contains a description of the organization, promotions and etc. (e.g. *Monton* brand, etc).

Blog design must reflect the theme, which it is written. After the establishment of a blog in a system Blogas.lt or WordPress.com, design is chosen from the following. It does not require any knowledge of web design and saves time, but restricts the uniqueness and individuality. When analyzing the blogs, there are important 3 criteria.



Attendance- very important criteria. Monitoring of blog's visitors is necessary condition in order to keep in touch with customers, it makes the possibility to improve the project, identify the most popular topics and others. The main element of weblog statistics is the number of visitors and subscribers. Visitors - are people who click the link of blog on other websites.

Theme. Topic selection depends directly on the purpose pursued by the blog. If the goal - to attract new employees, the blog information must be guided by the information on the organization's internal environment and employees, if investors - relevant to the financial results, strategy and development. If the blog is intended to inform about a specific product and promote it to sell all available information must be related to its characteristics, benefits and so on.

Advertising. Using a blog as a mean of advertising has the following aspects:

- Blogs hardly increase the sales on a limited number of visitors (e.g., an advertising banner, placed on a popular website generates in a minute of time such the flow of visitors, the same as the blog throughout the day).

- Blogs are effectively checked and tested to a new product or service. Bloggers are the first and early users, who are interested in things they care about to announce a new product, its advantages and disadvantages. Blogs can be damaging to product or service if the blog is not known nor has a bad reputation.

Advertising on search sites. To direct the flow of Internet users to a specific site is possible by using another internet advertising method - it is advertising on search sites. In this case 3 advertising channel versions are used:

- *Advertising on partner websites.*

This advertising on partner sites, which competes with advertising banners - this is Google (Google Adwords advertising) or another search engine acts as an intermediary placing textual and visual organization's advertising on other websites, which are selected either by the site's content (interface with advertising), or by the visitor, which

- *Advertising is displayed by the search results.*

Advertising is usually displayed by the search results at the top and on the right. This type of advertising is not cheap - it is paid for each ad click (sometimes for showing), and the price depends on the keywords. Some topics' keyword can be hundred times more expensive than unpopular, and it depends on the competition between these advertising clients. This form of advertising meets the market's requirements. Another advantage of this type of advertising is that the advertisement particularly precisely selected the target users, so it is very likely that visitors will become customers, i.e., actual sales.

- Taking place in the search results. The websites are recorded / selected by key words. When a web visitor enters a keyword in a search engine, according to him the list of web sites is submitted. It is recommended and aimed that the site will appear on the first page, according to the results research, the consumer usually does not bother to go deep more widely.

The use of search engines for advertising on the Internet is an effective method, whereas Internet users searching for information use the help of search engines. Therefore it is recommended to register a website in the most important search engines (registration is free of charge) and to get the highest score, i.e., position in the search results. It is also recommended to update regularly the website registration on search sites for the following reasons:

- There is a regular controls and long time ago registered websites can be deleted. Also, search engines robots in certain periodicity clear the database and therefore part of the information i.e. some web pages may be removed.

- The newly recorded information helps to get high positions in the search results.

- There are frequently changed used algorithms and criteria and other in search engine.

It is noted that the search sites, evaluating and selecting web sites use sophisticated algorithms and criteria, but the most important and crucial aspect - with the site related text - *in a website content, title or description*.

Despite the attractiveness of this advertisement, the main drawback is that there is no guarantee of the results and a relatively is long time to appear. The pros and cons of advertising on search sites are presented in table 12.

Table 12. The pros and cons of advertising on search sites.

Pros	Cons
<ul style="list-style-type: none"> - Search Engines are used on a global scale. - The broad and targeted audience. - Direction visitors to the advertised site. - Free registration on search engines. 	<ul style="list-style-type: none"> - A large number of search engines. - Search Engines based on different selection criteria to submit search results list. - Registration methods, list formation principles changes, so frequent re- registration is necessary on the search sites. -For users the most important are the initial search results, i.e. the first results page list.

Other forms of advertising on the Internet. Putting in the various online directories (catalogues) - an outdated form of online advertising. It is used, but in reality these catalogs do not attract a lot of visitors who are scattered among numerous catalog pages. Typically, for this type of advertising is often heavily overpaid considering to alternatives mentioned above.

Bought the fictitious flow - this advertising on the Internet is partly similar to some of the previously mentioned: is paid for each visitor has come (and some time been present in) from other portals, but the difference is that this type of visitors are not valuable and are intended only to improve website stats, to get more advertising revenue.



11.3 Advertising effectiveness and advertising place selection

Internet audience continues to grow, most of them are economically active, educated residents of big cities. Traditional advertising often does not reach the target audience, but online advertising in contrast to the traditional is provided to the potential customer at that time when he is looking specifically for information about the products or services he is interested in.

Online advertising benefits:



Figure 69. The reasons of advertising necessity for social networks

- **Improving the image of the organization.** Every serious organization must present themselves to the world, using information technology and advanced means of advertising. Company websites - the most massive representation and public awareness activities and business unit method.

- **Audience.** Internet - the fastest expanding / growing without national borders information tool that opens up the world market for advertising and has specific features and distinctive uniqueness. Internet audience is characterized by - massification and the ability to choose the audience. At the moment, the Internet is used by 58% of Lithuanian residents aged 16-74, and 76% of them are looking here for information about goods and services. Not every company can afford the luxury of losing a great opportunity to introduce its business to potential customers. Advertising on the Internet is becoming a necessity. Modern information technology allows quite precisely to direct advertising to the desired user or group of users. It has been already possible technically and of demographic aspect categorized the users, who choose sites in search of information, business contacts, entertainment or production. Investment in advertising is characterized by efficiency.

- **Interactive communication with the consumer.** On the Internet it is possible to maintain an interactive relationship with the consumer. This means that it is possible not only to provide information about the organization, but also to find out user opinion, preferences, needs and comments. There is also a real possibility of creating a single product or a single undertaking fan clubs.

- **Effective marketing.** On the Internet is possible to carry out rapidly and reliably the financial payment of the sale of goods and services, make orders.

- **The dynamism of advertising.** Updating of information requires high costs, it is easy to change constantly and this way, for a potential user, to provide the latest information not only about the company but also about the products, discounts, promotions and etc. The monitoring of advertising campaigns in real-time and quick editing, improving, addition or change of content to increase efficiency. It is much cheaper than re-advertising in other mass- media.

Price. The Internet is the cheapest advertising channel / medium. It should be noted that the price of advertising banner is up to 10 times cheaper than the advertisement in the press (newspaper and magazine). Also, the Internet is full of completely free of charge advertising methods - it is [advertisements placing](#) on billboards also information about the company, its products / services placing in social networks (eg. Facebook).

- **Measurable efficiency.** Information is accurately identified of potential customers who are interested in advertising on the Internet, the number. As well as what advertisement / banner / message, on what page is placed, how many potential clients were attracted to a certain website, what exact products / services they were looking for, what advertisement is displayed to users and their interest rate and other parameters.

- **The amount of information.** Users who are interested in advertising on the Internet can visit the organization's website, where the place to store information about the products or services is not restricted.

- **Non-irritating advertising.** Users choose independently whether to open an advertisement, website, promotional page, or click on advertising banner, or become a friend on Facebook organizations.

- **Attract attention.** Advertising can be not only text and image, but also animated, moving, with the sounds, of the video form and etc.

- **The easiest achievement of the foreign markets.** The most effective way to reach foreign markets, because the Internet has no borders and boundaries.



The most important and most significant online advertising features - *interactivity, the measurement of advertising performance and choices of advertising forms*. These are discussed below more widely

Interactivity. Exclusive online feature, that gives an advantage over other media channels. Internet users will see a promotional message can not only study it in detail, but also within a few minutes can get more information about a product or service in a dedicated web site or even to buy it. This communication stage between the user and the advertiser, an important role plays a distance from the advertising to the goods or services - the easier is to reach the necessary information, the more effective the advertising is. World practice shows that products and services which have created separate websites, not only paid off, but was abundantly visited directly (not only have noticed advertising on the Internet).

The measurement of the advertising results. The main advantage of online advertising is that their results are much better measurable than other kinds of advertising. It is very difficult to measure how many customers come from the traditional types of advertising such as advertising on television, especially if is used immediately several advertising services. Meanwhile, in online advertising everything is much easier - *is possible to measure precisely of the audience of Internet users and make research*. With the most advanced Internet technologies can be fully and accurately

determine the number of visitors who use the Internet in a given time, what sites they have visited, how many advertising contacts had one visitor and etc. As well as through online surveys, users can be easily segmented by gender, income, education and other key criteria. Powerful advertising display technology allows the very next day to know the results of the latest advertisement more flexibly do the changes in the course of the campaign and provide precisely accurate statistical results. After all, with accurate data of attendance can be carried out the directing of advertising, i.e. to display advertising only to a certain citizens of the country or to show a certain amount of advertising for a unique user through the desired time unit. That way, the advertising funds can be used maximally efficiently.

The choice of advertising forms. Internet advertising has the highest volume of the advertising market. Starting from the standard banner, ending video advertising, with rapidly accelerating Internet it is becoming increasingly popular. In US online market spreads an advertising form “pre-roll” - before the re-downloading of a site a short advertising video is shown for visitors, after the end of it visitor is directed to the same site. Also, modern technology makes it easy to carry out unconventional advertising campaigns such as themed online games and interactive lottery.

On the Internet can be not only easily and with maximum precision reach these audiences, but also the advertising costs are relatively low.

It is difficult to predict future trends in online advertising, but as technology develops at the tremendous speed, it is likely that in the future online advertising will strengthen its position and grow its efficiency and expand the use of options. There will be no exceptions for Lithuania, where the global advertising trends are coming faster and as practice shows, are taking root well. In our country the Internet is becoming a commonplace tool for larger part of the population, and it will be not surprising at all if one day saying "if you are not online - you are nowhere“ became a reality.

The main and most common forms of online advertising are:

- E- mail.
- Advertisements.
- Discussions, blogs, social networks and so on.
- Contextual advertising and viral marketing on the Internet



Youtube video

How the Internet Is Changing Advertising

<https://www.youtube.com/watch?v=5wx0GfbC0BA>

Free Local Internet Advertising Tips

<https://www.youtube.com/watch?v=t42s4fg1pLU>

11 Types of Advertising

<https://www.youtube.com/watch?v=QN7NZB4f4qM>

Online Communication

<https://www.youtube.com/watch?v=d0IskK8oYCQ>

Losing Touch: A Problem With Online Communication

<https://www.youtube.com/watch?v=KqnyDJOt964>

Online Video: An effective Marketing & Communication Tool

<https://www.youtube.com/watch?v=Cio4mBuHNQ8>

The Most Effective Advertising May Be When Consumers Least Expect It

<https://www.youtube.com/watch?v=DoFWqL7-05A>

Online Advertisement The Most Lucrative Way Of Reaching Customers

<https://www.youtube.com/watch?v=LNm-c1AZ86Q>

Get More Customers Online with ReachSearch

<https://www.youtube.com/watch?v=X1wEvDvYdV4>

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<http://www.elektronika.lt/straipsniai/pazintiniai/2285/reklamos-internete-formos-reklaminiai-skydeliai/>

Self-evaluation Tests

What are 4 the main functions carried out by the advertising website?

Production demonstration
 Site assessment opportunity
 The submission of information
 The submission of consumer surveys
 Interest promotion
 Bypass the legal requirements of advertising
 Organizations image formation

Specify 4 online advertising promotion measures?

Advertisement on search sites
 The tax reduction
 Internet Links
 Higher income
 Advertising banners
 Organization advertising
 Website

List 4 advantages of advertising on search sites?

Search engines are used in a global scale
 Sites are evaluated by buyers and users
 The broad and targeted audience
 Narrow and vague audience
 Directing the visitors to the advertised website
 Incomes are received from registration on search engines
 Free registration in search engines

List 4 cons of search advertising sites?

A large number of search engines

A small number of search engines

Search Engines based on different selection criteria for submitting search results

Search Engines are based on the same selection criteria for submitting search results

Registration methods, the principles of list making varies, so it is necessary a frequent re-registration on search sites

All search results are important for users

For users the most important are only primary search results, i.e., first results page

Self-evaluation Questions

Name the basic and essential online advertising goals?

Specify the key differences between traditional and online advertising?

List the advantages of online advertising?

Comment on how it can be website and advertising tool, and advertising provider?

What are kind of e-mails, as the online advertising promotion measure, its types and main aspects?

What is the efficiency of online advertising? How it is measured

12. Advertisement and other means of communication on the Internet (II).

Introductory description

Goal – to introduce contextual advertising and viral marketing, their principles, functions and aspects.

Objectives:

- To identify e-business popularity and promotion measures - contextual advertising, its functions and principles.
- To identify e-business and promotion measures – viral marketing – its functions and principles.

Expected learning outcomes and skills:

- Ability to use contextual advertising means to promote, publicise and disseminate information on the e-space.
- Ability to use viral marketing tools to promote, publicise and disseminate information online.

Duration of topic studying: 7 academic hours – 2 of them are allocated to the study of the module (theoretical classes), 1 academic hour – practice classes and 4 academic hours – self-study.

Key words:

Contextual advertising – a way of targeted advertising, when ads are placed on a website or other media, depending on a query or the content of the website.

Viral marketing – this strategy encourages individuals on a voluntary basis transfer advert message to other individuals.



12.1 Contextual advertising

Contextual advertising is a form of targeted advertising for advertisements appearing on websites or other media. The advertisements are selected and displayed by automated system depending on the content that is displayed to the user.

Contextual advertising is:

- NOT a new type of advertising.
- NOT a new form of advertising.
- NOT a special banner or a promotional text.
- It is just another way of targeted advertising.

Contextual advertising is a form of advertising when special banners are selected and displayed to the user and they are based on the content of the page the user is viewing. Depending on the needs and goals, contextual advertising can be displayed only on the search engine result pages and/or other sites which allow it.

Showing of contextual advertising banners in search systems is directly dependent on visitor's request at the time. Showing contextual advertising on other sites depends not only on the displayed content but also visitor's browsing history. (e.g. someone who is going to build a house, usually visits the sites of the interior design. The next day, when surfing the Internet, most likely architects and construction services as well as companies selling furniture will be advertised).

How does contextual advertising work? Advertising in the Internet/mobile website is displayed depending on what is seen, read or being interested in at the moment. If an article about books is being read, it is likely that books, their sales, promotions, the most popular book lists, etc. will be displayed.

Fig. 70 provides visual information on functioning of contextual advertising.

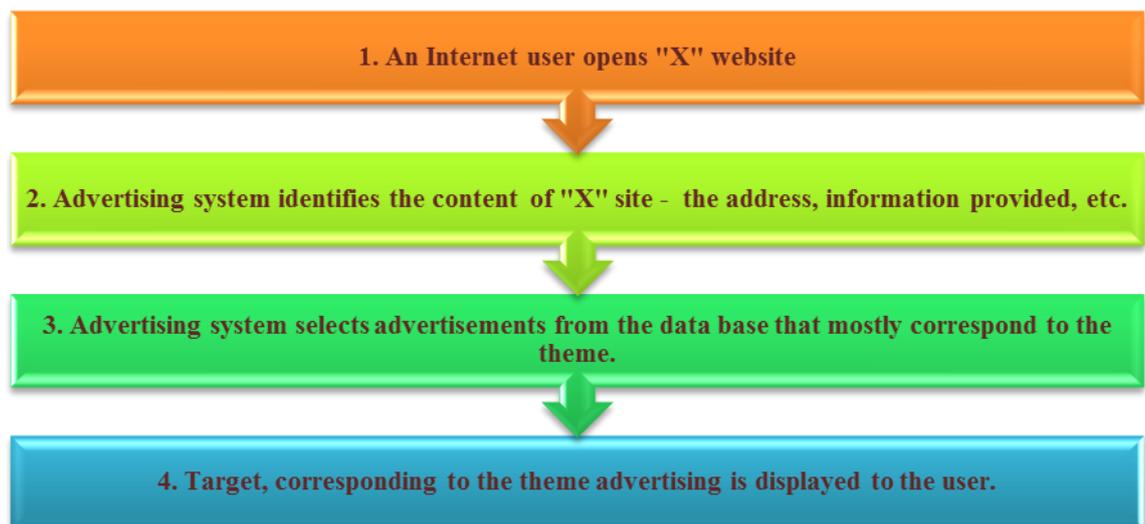


Fig. 70. Functioning of contextual advertising

When a specific website, i. e. the page is opened (Step 1), an automated advertising system is launched, which evaluates website information, website name, etc. (step 2). According to the website content and dominant theme, and with regard to some keywords selected by the advertiser (increases the likelihood of certain advertisement being displayed) advertising system selects targeted advertisement which is displayed to specific user (steps 3 and 4).

Targeted advertising is not displayed at any location, but exactly on the page selected by the user and thus it becomes associated with the website content and is ‘closer’ to the website user.

An excellent tool of online advertising service is *Google AdWords* contextual advertising. **This system operates on the same principle as described in Fig. 63.** However, there is another contextual advertising application option, when topics related directly to some business can be selected from the topics offered on Google. This method creates favourable conditions to reach a wider audience of potential users across the Google network.

Applying Google AdWords contextual advertising by topic, the system scans the site for all the terms, repeated words and names. In this case the system is less dependent on particular keywords. The difference is that by using keywords based on a context the system directs the ad to specific websites because the search is based on individual keywords that reflect products or services that are advertised. Both techniques of Google AdWords contextual advertising are effective to reach your target user and increase sales.

It should be noted that Internet users who find an ad in contextual advertising network are more readers than the information or products seekers. This type of Internet users are more passive, tend to buy less and try to avoid clicking on the ad. For this reason, the list of key words should be short but contain major and clearly specified keywords which are directly linked with the advertised products or services. It is also necessary to track and analyse campaign results in different websites. In this case some of the sites can be simplified or deleted from the AdWords advertising campaign.

In contextual advertising case advertising budget is used more efficiently because PPC (Pay Per Click) online advertising payment model is applied, when content sites charge a fixed price per click.



12.2 Viral marketing on the Internet

Viral advertising is a strategy when individuals are encouraged to transfer advertising message on a voluntary basis to other individuals, i.e. to one another. Forwarded information is regarded more as a pastime. In this way a potential for the balanced growth is set up – the sense of demonstrating the message and its impact.

VRL marketing is a planned impact on the user when a message is spread between individuals of the same social group. All this leads to increased number of users who forward the message, thus increasing its popularity.

Individuals forward an amusing video and/or a link to one another, thus creating a viral advertising which spreads among people without any additional costs and advertiser's interference (minimum participation).

It occurs not only in the Internet and is known as marketing delivered **by word of mouth** or **network** marketing. However, in most cases it happens on the Internet thanks to well-developed communication networks. In Fig. 71 below, a comparison of traditional and viral marketing models is presented and the differences are highlighted.

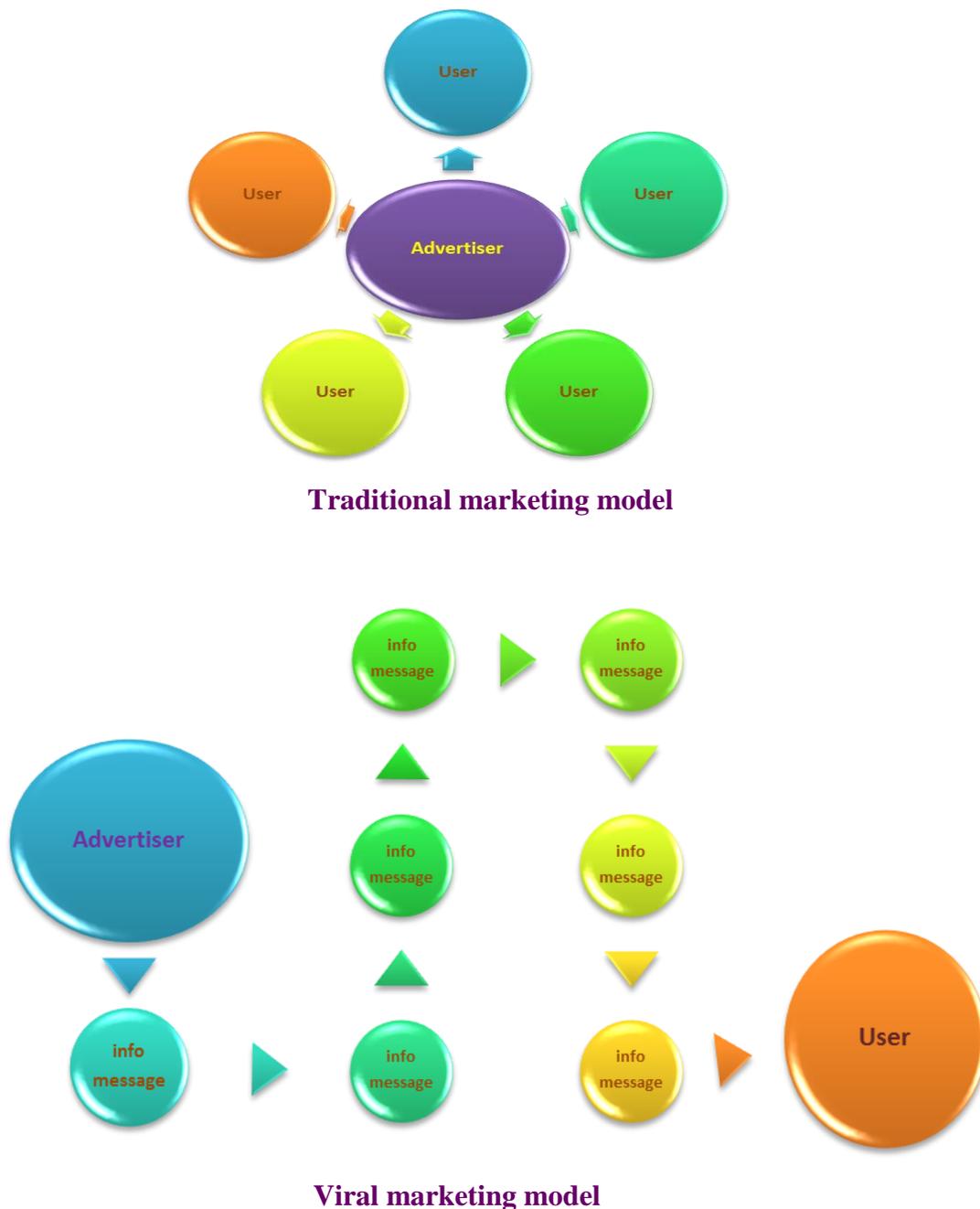


Fig 71. Viral and traditional marketing

There are obvious differences between the traditional and VRL marketing:

- In the case of traditional marketing (TV, radio, advertising messages, etc.) a consumer learns about the advertising directly from the advertiser or a third party, but at the same time advertisement purposes are introduced to them and they are not encouraged to forward a promotional message to other individuals. They can buy the product or use the service and memorise the logo of a company.
- In the case of *viral marketing* a message is spread and consumers share it without realising that it is an advertisement or they are aware, but they forward the message voluntary for some stimulus. So in this case a wider consumer market can be reached.

Main features of viral online marketing (VRL).



Fig. 72. Features of viral online marketing (VRL).

- *Dissemination of information* – throughout the formation of VRL one of the main statements was “voluntary dissemination of information between individuals” which shows that individuals being not aware that they are exposed to VRL share information for their own purposes.
- *Encouragement to share* – “encouragement” is an important word which describes VRL, and shows that VRL instruments encourage individuals to share the message. Consumers should feel satisfaction when forwarding the message.
- *„Word of mouth communication“* – it is communication between consumers and is the most important form of communication among VRL users. Without it dissemination of information would be impossible. It is a variety of traditional “word of mouth communication” when the message is shared online.

- *Viral* – a message, video or other form of dissemination of information must be engaging and captivating and cause the desire to forward the message.
- *Fast spread of information* – the following statements show the effectiveness of VRL: “fast spreading”, “multiplies with every interaction”, “increases the number of users”, “creates a wide net quickly”. This indicates that VRL is fast spreading, difficult to control, unstoppable and subject only to the interests of consumers.
- *A message forwarded between members of the same social group* – most often information is shared between friends, relatives or people of the same age group.
- *Lack of feedback* – usually this is one-way communication, because there is no feedback, which would show effectiveness of the message.
- *Use of disguised advertising* – very often VRL messages are not direct advertising, since it is hidden under the company brand.
- *Creation of widespread popularity* – a message circulating on the Internet forms the general opinion.
- *Mass character of VRL marketing* – it is a mass communication oriented to a wide audience. It is like a mediator between the product and potential buyers.
- *Ideation* – disseminated message should have an idea and it should be presented to consumers in an understandable and acceptable form.

VRL can be disseminated in a number of communication channels and available in different forms, but is very important to choose the right communication channels and tools.



Fig. 73. VRL communication channels

VRL communication channels:

- **Social networks** – websites, where people become members and communicate with each other (e.g. Facebook).
- **Video/Picture** – films, which become popular on video sites (e.g. YouTube) or user-to-user transfer.
- **Forums** – an online bulletin board where discussions, opinions and user generated content are placed.
- **Online games** – a computer game is played online. An online game can be as simple as black and white image or a complex 3D or even 4D graphics-based virtual world.
- **„Blogs“** – sharing information, people describe personal experience.
- **Email** – sending text messages and e-files on the computer net.

VRL is often intended to evoke good feelings, for this reason it is easily adaptable to online games. During the game the user gets familiar with the product, promotion or brand. In this way player's emotions are triggered and consumers become not only observers but also active participants. Sales promotion coupon – it is a discount sent via email. Electronic greeting or a card are very popular means of VRL communication between businesses and consumers. Newsletters contain news, opinions, advice. This form is to remind the reader of the company or brand (Fig. 74).

VRL communication is used to achieve the following objectives: to improve website traffic and promote electronic forms.



Fig. 74. Elements of Viral Marketing Strategy

6 key elements of Viral Marketing Strategy:

- *Gives away products or services.* “Free” – is one of the most effective/popular words in marketing. Many VRL campaigns offer free value products or services in order to attract consumers’ attention. It always leads to greater participation and quicker communication – thus promoting voluntary communication between users.
- *Provides for effortless transfer to others.* It is easily transmitted to others. Viral advertising spreads effectively when the messages are easily to forward and transmit using such technologies as email, online websites, forums, blogs, etc. Marketing messages should be as simple and short as possible. VRL works well online as it does not require much cost and effort.
- *Scales easily from small to very large.* Viral advertising messages should spread consistently – if a message is massively popular right from the start it may cause problems due to mismatch of resources and opportunities. VRL transmission method should be very flexible and the infrastructure should be ready for stable growth. For this reason, it is very important that consumers could use and recommend the product easily and quickly.
- *Exploits common motivations and behaviours.* Effective viral marketing has to take into account basic human motivations and behaviour – the desire to be a part of community, to be popular and exceptional, and sometimes greedy. All these fundamental motivations work effectively, successfully and confidently.
- *Utilises existing communication networks.* Most people are sociable and tend to communicate in various online media. It is necessary to understand the importance of people and involve them in the viral advertising process. For this reason, it is necessary to establish easy communication, enabling each user to place their favourite websites, links and thus, together with other individuals’ help, spread information. This method results in a very fast and efficient dissemination of messages.
- *Takes advantage of other resources.* To carry out VRL plan other e—resources like popular and frequently visited websites and blogs, created by other people, can be used creatively.

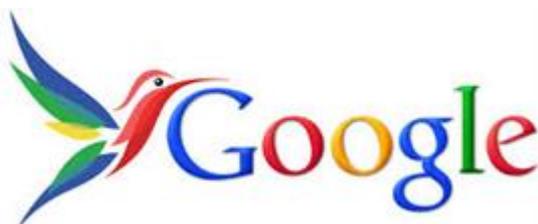




Fig. 75. Criteria for creating VRL

When carrying VRL campaign the following criteria are essential:

- *Availability*. The message should be easily accessible.
- *Emotion*. VRL message should trigger user's emotional reaction. Efforts are being made to provoke such emotions as laughter, intrigue, shock, entertainment, exhilarations, sometimes fear or sadness.
- *New and unique*. Users will pay attention only to a message which is new and unique, innovative and worth attention. It has to be unexpected – it is not advisable to copy or advertise the best qualities of the product, because everyone does so. It is necessary not to be limited only to the company and product but to focus on a story which could in its scope identify the company or product.
- *Usefulness*. The user will be motivated to forward the message to others if he feels any benefits such as free offers or useful sites, promotions, free coupons or discounts.

When carrying out VRL campaign it is advisable also to follow these principles:

- *Permission to share, download and reproduce*.

Information sharing - this is viral marketing. People should be allowed to download video, audio, photos, etc. It is necessary to allow to place ads everywhere (e.g. on personal pages), put links, send via email to your friends or post on social pages, etc.

- *Communication with audience – to ensure continuity*.

An important element is keeping in touch with the target audience. Interested audience is willing to communicate. In this case, it is always necessary to comment on what has been done and what is going to be done. A good viral advertising links two types of emotions and views – some are impressed and the others are indignant and dissatisfied. It is necessary for both sides to maintain a positive relationship.

- *Unlimited availability.*

Viral marketing is an advertising campaign that spreads like a real virus. This requires unlimited availability. It should never require to register or become a member, download special programmes, etc.

Advantages and disadvantages of viral marketing are presented in Table 13.

Table 13. Advantages and disadvantages of viral marketing

Advantages	Disadvantages
<ul style="list-style-type: none"> - Voluntary message forwarding. - Fast spread. - Low cost. - Wide range. - Self-spreading. - Advantages of other resources are used. 	<ul style="list-style-type: none"> - Difficult to control. - Risk of negative effect. - Success depends only on the users. - Lack of legal standards. - Difficult to measure efficiency.

Viral advertising is a part of viral marketing and solves the following problems:

- Raises brand awareness.
- Stimulates sales.
- Increases customer's loyalty and establishes consumer's confidence.

Idea is the base of a viral campaign. There is a list of top 10 best viral ads:

- <http://www.balsas.lt/naujiena/551839/top-10-geriausios-virusines-reklamos>

An example of a creative viral advertisement:

- <http://www.apiereklama.lt/internetas/idomybes/virusine-rinkodara/>

Contextual advertising is a form of targeted advertising for advertisements appearing on websites or other media. The advertisements are selected and displayed by automated system depending on the content that is displayed to the user.

Contextual advertising is:

- NOT a new type of advertising.
- NOT a new form of advertising.
- NOT a special banner or a promotional text.
- It is just another way of targeted advertising.

Contextual advertising

[Youtube video](#)

Explainer | What is Viral Marketing?

<https://www.youtube.com/watch?v=7fXEgO2iL7Y>

What is Viral Marketing?

<https://www.youtube.com/watch?v=F1790b1sdPQ>

Pianotrappan - rolighetsteorin.se

<https://www.youtube.com/watch?v=ivg56TX9kWI&list=PLA600997BA4D710AE>

10 Epic Viral Marketing Videos

<https://www.youtube.com/watch?v=DWai4qCxr9s>

Reading list

Required reading list:

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Self-evaluation Tests

Contextual advertising is::

Other method of targeting ads
 A new type of advertising
 A new form of advertising
 A special banner
 A special promotional text

What two channels are not included in viral marketing communication channels?

Social networks
 Video/Image files
 Internet forums, discussion groups
 Online games
 Blogs
 Email
 Advertising of products/services
 Company ratings }

Viral advertising as a part of viral marketing solves 3 problems:

- Increasing of brand awareness
- Tax reduction
- Promotion/Stimulation of sales
- Higher income and lower costs
- Increasing customers' loyalty and establishing consumers' confidence
- Improving company's image

What is the basis for a viral campaign?

- Idea
- Users
- Links on the Internet
- Income
- Banners
- Advertising the company
- Website

Self-evaluation Questions

What is contextual advertising?

How does contextual advertising function?

What is viral marketing?

What are the differences between traditional and viral marketing?

What are the key elements of viral marketing?

13. Pricing and placing channels on the Internet (I).

Introductory description

The goal - to introduce advertising budget formation's methods and the techniques of advertising online payment.

Objectives:

- To analyze and identify the advertising budget methodology and principles.
- To introduce the main online advertising payment methods.

Expected learning outcomes and skills:

- Ability to select, adapt, develop and evaluate the advertising budget according to the methodology.
- Ability to identify, quantify and assess advertising online payment methods

Duration of subject learning: 7 AH (academic hour) - 2 AH - on learning of the module (theoretical classes), 1 AH – on practical workshops and 4 AH-on individual work

Basic concepts:

E-marketing / advertising budget - it's part of the overall marketing budget for marketing / advertising tool execution and implementation of the Internet.

(CPM. Cost Per Mile) - payment for online advertising displays - applies to 1000 pcs. of banners displays volume.

FF (Eng. Flat Free) - payment for online advertising time.

CPC (Eng. Cost Per Click) - payment for online advertising clicks.

VTR (Eng. View Through Rate) - the ratio of online advertising impressions and views.

CTR (Eng. Click Through Rate) - the ratio of online advertising displays and clicks.

CPA (Eng. Cost Per Action / Acquisition) - payment for online activities.

13.1. Marketing / Advertising budgeting methods

In each organization, in order to properly and expediently manage operations and provide for the scope of activities, the budget is formed.

The general budget of the company consists of the marketing budget. Online marketing budget is an integral part of the overall marketing budget, because it is always a certain part of budget allocated to marketing / advertising communications on the Internet.

The total size of the marketing budget is very important in online marketing plan, because it determines to carry out planned, promotional campaigns - the quantity, scope, target groups and their size. Marketing / Online advertising budget depends on the choice of dissemination measures

and adopt targeted strategies. The fundamental question that have to answer marketing budget makers - what part of the funds should be allocated to the company marketing communication on the Internet?

Each organization strives to dedicate the required amount of money for marketing / advertising on the Internet. On one hand, companies seek to limit this kind of expenditure, but this restriction has to be smart. The company which has no opportunities of sufficient funds for marketing / online advertising, there is no connection between the marketing / advertising and sales.

Setting online marketing objectives, the company must start budget planning. There are several marketing / advertising budget's calculation models. However, using one of them really is not an optimal budget. The most commonly used version settled by mutual concession of several models, depending on the company's line of business, labour market's experience, the level of competition, working capital, new products or services appearance into the market, and other factors. As well as marketing / online advertising budget is drawn up on the basis of information about competitors' online marketing costs, planned (or existing) sales volume, also taking into account the possibilities. There are nine major e-marketing / e-advertising budget methods

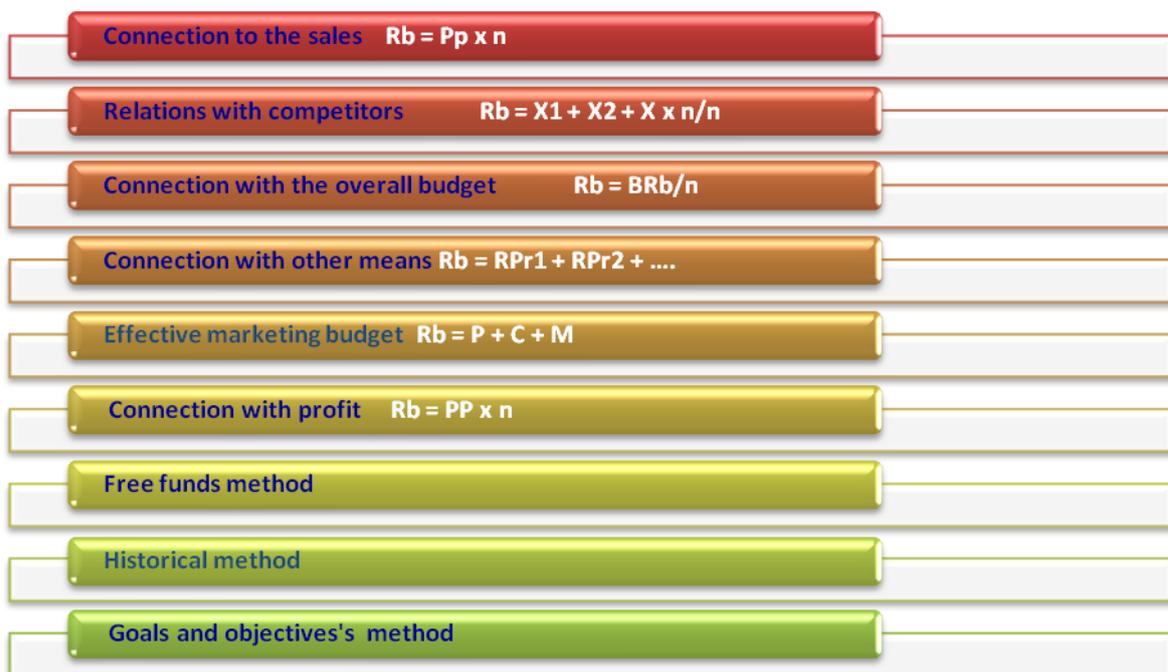


Figure 76 . Budgeting methods

- *Connection with the sales.* Online marketing costs are associated with sales organizations i.e. a part of the percentage is allocated on marketing of turnover (during a certain period)



$$\mathbf{Rb = Pp \times n} \quad (1)$$

Rb - marketing / advertising budget online

Pp - sales income of a certain period

n - interest in %

-Relations with competitors. Online marketing costs associated with competitors' budgets. The disadvantage of this method is that it is sometimes difficult to identify the competitors' funds allocated to online marketing. Also online marketing objectives can be different - one of the company's web sites can be designed to maintain relationships with customers, others just for taking orders.

$$\mathbf{Rb = X1 + X2 + X \times n / n} \quad (2)$$

Rb - marketing / advertising budget online

X - competitors marketing / advertising budget online

n - the number of competitors



-Connection with the overall budget. Marketing / Advertising online costs associated with the organization's overall budget. This method shows that the company's marketing / advertising on the Internet is not important.

$$\mathbf{Rb = BRb / n} \quad (3)$$

Rb - marketing / advertising budget online

BRB – overall marketing budget

n - Interests in %



- Connection with other means. Marketing / Advertising online costs associated with the organization's expenditure allocated to the overall marketing budget. For the purposes of this method, the company decide a financial contribution from the traditional marketing / advertising means move to online.

$$\mathbf{Rb = RPr 1 + RPr2 +} \quad (4)$$

Rb - marketing / online advertising budget

RPr - funds for traditional advertising



Effective marketing budget. To create an effective advertising, a part of funds is allocated according to the needs i.e. marketing / advertising means' creation costs. This approach would enable the most favourable conditions to achieve the most effective marketing / online advertising results. It is necessary to assess properly the organization's financial capabilities.

$$\mathbf{Rb = P + C + F} \quad (5)$$

Rb - marketing / online advertising budget

P - advertising price

C - price of creation of advertising

M – running costs for advertising on the Internet



Connection with the profits. Marketing / Advertising online costs associated with the organization's profits i.e. allocated percentage of generated profit (for a certain period).

$$\mathbf{Rb = PP \times n} \quad (6)$$

Rb - marketing / advertising budget online

PP - profit for the certain period

n - interest in %



- *Free funds method.* Every year at the end for the coming year organization's budget is formed. By the allocation of funds for major projects and activities, marketing budget is set i.e. free cash balance is allocated.



- *Historical method.* Marketing / Advertising online costs associated with the organization's budgets based on the previous few years i.e. a fixed amount of cash is allocated



- *Goals and objectives' method.* Marketing / Advertising online costs associated with the organization marketing / advertising raised purposes and objectives. Costs are allocated to implement specific purposes, assessed in details by provided means of dissemination.



13. 2. The way of payments for online advertising

There are various forms of payment for online advertising techniques and methods in advertising markets. They are all differing and depend on the format of advertising and its goals. The most popular methods of payment used - *for showing the response and for action.*

The display - the number of advertising impression and /or delayed time spend by consumers viewing advertising.

This method includes the following online advertising ways of payment:

- *CPI (Eng. Cost Per Impression) – Payment for Impressions*

The simplest way of payment for online advertising - paid for online advertising impressions.

- *(CPM. Cost Per Mile) - Payment for impressions*

By choosing CPM the way of payment, the customer pays for a certain amount of advertising banners impressions. Usually the price is calculated for 1000 Banner views. This model usually is

chosen for medium-sized and larger display panels, especially when important is not only a click but also the brand's visibility. This model allows to know in advance for what is paid in cash and predict precisely the results of the campaign. For these reasons, it is currently the most popular online advertising payment pattern.



- *FF (Eng. Flat Free) - Payment for the time.*

By choosing this model, is paid for advertising display time - day, week, month. The exact results of the campaign are unknown, it can be only predicted. This model is commonly used to pay for small static banners positions in popular portals or highly specialized sites. The main weaknesses of the model - it is difficult to plan the successfulness of the campaign.

The response – the number of advertising clicks by Internet users

- *CPC (Eng. Cost Per Click)*

According to this model, advertisers pay for the visitors' clicks. By CPC (cost per click) advertiser seeks to attract the customer who is only interested in the product or consumer's services. So, therefore makes efforts that advertising will be noticed only by the target audience. This model is the most common way of payment for clicks on the text links.

The action - Marketing Results: Downloading data about the product, filling questionnaires or registration, online divestiture transactions.

- *CPA (Eng. Cost Per Action / Acquisition) - Payment for action.*

Currently this way of payment it is becoming less used. According to this model, the customer pays for the Internet user's action on: a completed registration form, execution of a purchase or other. This model can be risky to Web sites - it could be, that the proposal will not attract the audience and the site will not earn anything, even though space and time will be devoted to advertising.

Method used in practice- revenue sharing (Eng. Revenue sharing). Advertiser and a website share the revenue which advertiser earns from sales. For advertising clients, this model is useful because it prevents wasting of funds for ineffective advertising. It is frequently used by fee-based Web sites – thus, it is paid back for partners to attract visitors who are able to pay

Online advertising payment methods also include those derived indicators:

- *CTR (Eng. Click Through Rate) - impressions and clicks ratio.*

$$\text{CTR} = 100\% \times \text{Clicks} / \text{Impressions} \quad (7)$$

Clicks

Impressions

- *VTR (Eng. View Through Rate) - impressions and views ratio*

$$\text{VTR} = 100\% \times \text{view through} / \text{Impressions} \quad (8)$$

View through

Impressions

Youtube video

How to budget internet marketing campaign

https://www.youtube.com/watch?v=Ifjt9U_JPvs

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Self-evaluation Questions

What is a marketing / advertising budget on the Internet?

Marketing / Advertising budgeting techniques?

What are the most popular ways to pay for advertising?

Make calculations for presented indicators in a table when data is available?

List the basic pay for advertising "for the impression" indicators?

14. Pricing and online dissemination channels (II).

Introductory description

Goal – to introduce the principles of measures plan preparation and net creation.

Objectives:

- To identify measures plan, be able to create a net on the base of rules for dissemination channel choice and forecast the effects.

Expected learning outcomes and skills:

- Ability to create a net on the base of rules for dissemination channel choice and forecasting the effect.

Duration of topic studying: 7 academic hours – 2 of them are allocated to the study of the module (theoretical classes), 1 academic hour – practice classes and 4 academic hours – self-study

Key words:

„*Bounce rate* “– represents the proportion of visitors who enter the site and then leave ("bounce") at the end of the first page to compare with the total number of the website users.

14.1 Measures plan, principles of net creation: rules for dissemination channel choice, effective forecasting

Broad and targeted consumer reach. Advertisements are disseminated through intermediaries, known as means of advertisement dissemination. Online advertising provides access to broad and targeted audience based on various criteria: market segmentation, customer relationship, creation and maintenance of loyal clients, sales supporting, i. e. increase in sales in general.

There are distinguished three main objectives of consumer reach:



Fig. 77. Aims of consumer reach.

- *Embracement of a target group.* Different user groups according to their web-surfing habits can be fairly accurately distinguished on the Internet. Most precisely user groups can be identified according to their interests (more difficult to identify by income, age or place of residence). Tailored, targeted, relevant and informative advertising presented on specialised pages is the most effective. The decision where and how to advertise depends on the specific product and the objectives pursued. For example, www.supermama.lt is the best website to advertise baby care products, where most of the visitors are 22-24 years old economically active girls and women. Discussion on babies and baby care take place on the forum.
- *Reach and frequency.* It has to be noticed that Internet users tend to surf the same useful websites, that is why the information put in these sources will be more noticeable.
- *Brand awareness.* The brand must be known to the consumer if we want them to find the product on the shelf among many other items. The choice of advertising creative tactics depends on what type of popularity we want to create: recognition (the user's ability to recognise the brand from its packaging or logo) or recall (the user's ability to recall the brand and associate it with a certain product or service category).

There are identified five reach measurement methods of advertising.

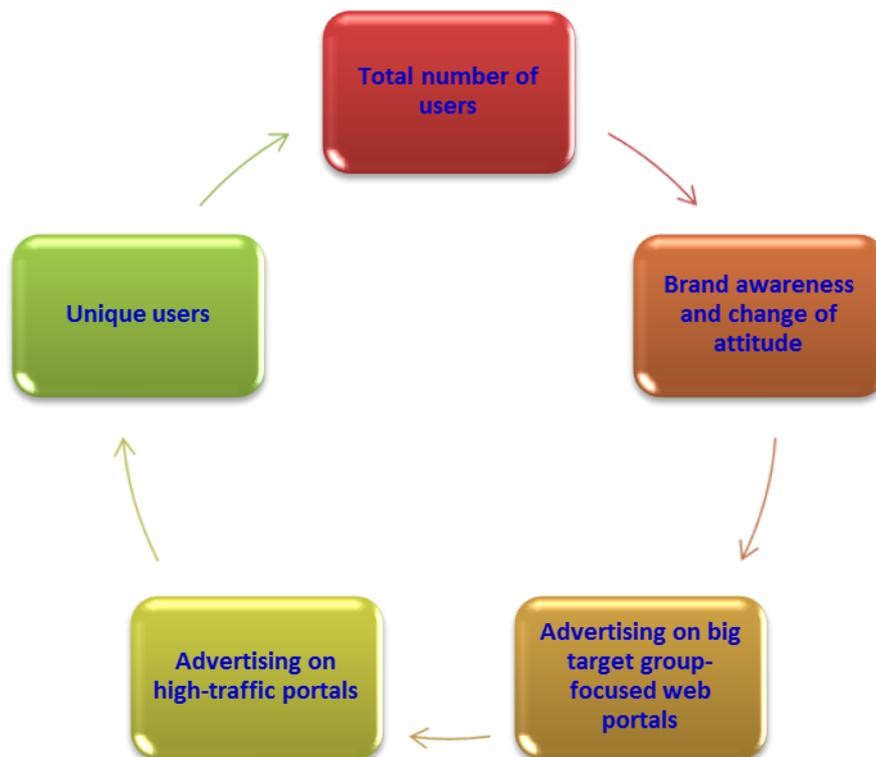


Fig. 78. Consumer reach measurement methods

- *Total number of users* – the total number of users that saw/clicked on the advertisement.
- *Unique users* – using specialised instruments (e.g. *Google Analytics*) it is possible to accurately determine how many unique users saw the ad.
- *Brand awareness and change of attitude.*
- *Advertising on high traffic portals.* News portals (*delfi.lt, lrytas.lt, alfa.lt*), social communication networks (*facebook.com, one.lt and draugas.lt*) and specialised ad websites (*plius.lt, skelbiu.lt and other forums*) are the most often visited. The audience of the selected ad distribution channel have to at least partly meet the product target audience. For example, on the portals which are mostly visited by young people, advertisements of mobile phones would be more effective than of furniture.
- Advertising on big target group-focused portals. Such portals normally have lower consumer traffic but if the product or service is positioned properly the audience could be more receptive and potentially be more interested.

Interactivity. The advantage of online advertising is that it can not only be quickly submitted to target audience but it is also interactive – the message can be delivered in a creative and innovative way and thus create a link between the user and the advertiser. The Internet is not only a powerful image creation tool but also a very effective sales tool.

There are seven goals of interactive communication with consumers.



Fig. 79. Goals of interactive communication with consumers

- *Direct response.* The advertiser can follow every consumer's step, capture every opened page and product picture, written comment or purchased product or service.
- *Direct sales.* The user has a possibility to order or purchase products or services online using e-commerce tools.
- *Data collection.* Technological tools allow to monitor and collect data about users' behaviour and browsing habits. This information can be used for investigating consumers' behaviour, adjusting advertising campaigns or product presentation and recommending related or similar products to the consumer.

Channels to reach the users:

- *Web portals.* These are used to provide information, get feedback and conduct e-commerce.
- *Search engines.* These are used to provide advertising messages associated with the information the user has been looking for (the most popular and widely used is *Google AdWords*). Using these advertising systems it is possible to track results quite accurately and adjust the budget for advertising.
- *Email.* It is used for communicating with existing customers, providing information, help or advice. Information provided by email to the consumer group, who are interested in specific information, is a very effective way of advertising dissemination. For example, knowing users' reading tastes online bookshops can inform readers about new similar-themed publications. Advertising should be relevant and appropriate not to become spam. It is also important for the user to have an opportunity to subscribe or unsubscribe any time they want.
- *Instant messaging system.* It allows real-time communication with the client and provide assistance (mainly via *Skype*). This efficient and effective tool is being used by more and more companies (e.g. insurance companies, companies providing Internet services, selling computers, etc.) in Lithuania.

Consumer involvement. Network users have a wide selection of when and what information sources or services to use. There is a lot of information and feedback about companies and their products. A lot of information is both about competitors and competing products. In such circumstances even those clients who are satisfied with the services at the moment will not necessary remain loyal to the brand. Consumer involvement is a factor that can help to retain existing customers and help to find new ones. Internet digital media channel allows to create engaging, interactive and memorable consumer experience.

Objectives of consumer involvement:

- Deeper user involvement and interaction in order to increase consumer product and brand loyalty.
- Brand development and brand awareness.
- Development of a bond between a customer and a brand, providing mutual benefit. The user has a quick and easy access to information and assistance. The company benefits from direct link with the customer and market research.
- Collection of data on consumers' habits and preferences. All this can be used to improve the product by adjusting advertising campaign, developing new products and reviewing the positioning.
- User involvement in product development or improvement.
- A certain number of loyal and satisfied customers can talk about their favourite product for a very long time and disseminate this information among their friends and acquaintances. They can become very effective brand advertisers. They know a lot about the product, their stories are passionate and persuasive. Users become brand advocates.

Channels



- *Web media*. Various portals.
- *Social networks*. Social networking portals are websites opening up possibilities for communication and self-expression. Common interests encourage users to interact and share various types of information, including information, experiences and opinions about companies and products.
- *Games*. Technological tools enable people to create games related to advertising or insert advertising in the games.

Measurements:



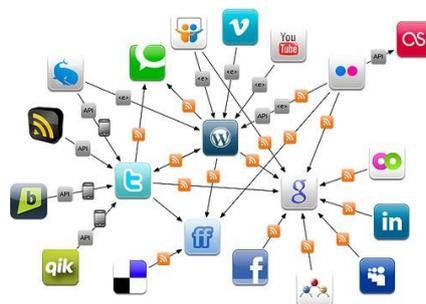
- *Interactions* – how often the users will use the advertised object.
- *Participation* – direct users' participation in a game or advertising campaign.

- *Web internal analysis* – how the users use the website, what they read and what they are interested in.
- *Activity and participation in competitions* – the number of users involved in organised competitions and how actively they express their opinions and ideas.
- *Survey on attitude change*.

Tactics:

- *Informative website content presents objective information and recommendations*. An effective dissemination strategy identifies needs and provides necessary information even before people know what they want to ask.
- *Using key words and search phrases* the user should be directed to the thoughtful pages related to the information they want.
- *Blogs, news reports, video and audio recordings* and other forms of presenting information enable companies to communicate directly with their customers in an acceptable way.
- *Analysis, categorisation and presentation of an appropriate content* to the website users are particularly important. Who are the readers of the site? How to reach them? What is their motivation? What problems can be solved? What content will increase sales?
- *Interactive advertising panels*. These panels provide opportunity to play logical or interactive games directly on the panels.
- *Content with the brand name*. Users are allowed to associate themselves with a particular brand. For example, a website one.It allows to create a desirable appearance associated with any brand for your profile page. Visitors associate themselves with the ones they like and it is visible to all who are viewing the profile page.
- *Innovative and bold advertising campaigns*.
- *Advertising in games*.
- *Contests directly engaging consumers*. Users are given opportunity to provide material for contest as well as to choose winners.
- *Joint projects* – campaigns, initiatives, charity and education.

Provided promotional material should be informative, interactive and tailored to the user. If possible, consumers should be given opportunity to participate in designing and improving products or to prepare competitions and joint events.



Building company's reputation. The Internet is increasingly becoming the primary source of information where people are looking for advice and recommendations before making a purchase. Company's reputation, experience and expertise in its activity are important factors determining customers' choice of a product, services to order or what to recommend their friends.

In order to build reputation and become an expert in the area concerned the information presented via the Internet should be thoughtful and interesting.

Information content should characterise a particular problem faced by people, teach and help solve the problem. However, it is not recommended to actively offer products when a company provides expert information.

Goals of building and supporting reputation:

- Positive assessment of brand influences on potential customers' decision making.
- Loyalty of existing customers.
- Awareness raising, dissemination of information about reliable company among one's friends and recommendations.

Channels that allow reputation building and dissemination of information.

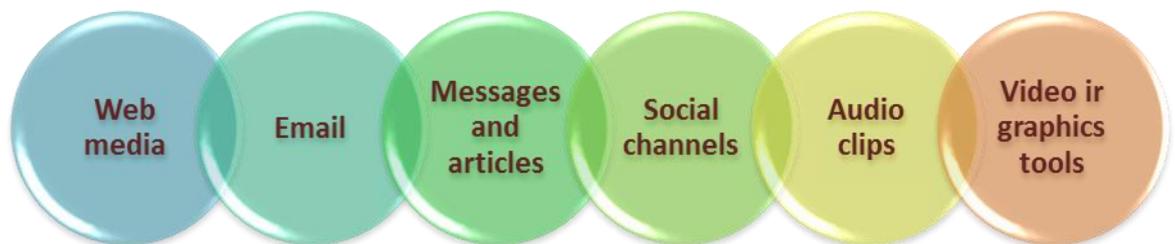


Fig. 80. Channels for reputation building and dissemination of information

- *Web media.* Various web pages and blogs.
- *Email.* A tool to disseminate news for existing and wishing to receive information customers.
- *Messages and articles.* They are distributed through various channels on the Internet. Content should contain expert opinion, the problem and its solution.

- *Social channels.* Information is provided to interested contacts and is distributed to target group on the social dating sites.
- *Audio clips.* Info messages, discussions or interviews are distributed and published together with blogs. It allows a user to download recording and listen to it at any convenient time, e.g. travelling to / from work.
- *Video and graphics tools.* The best way to demonstrate and deliver products, show how the company works and the production process.

Measurements:



- *Consumer generated content.* Using online tools, it is possible to provide consumers with an opportunity to present their ideas, thoughts, suggestions and creative results. Quantitative measurement can be used to evaluate it.
- *Approach to brand valuation.* Studies and surveys can show how people value the company and its services or products.
- *Loyalty evaluation.* Measurement how many customers come back and how often they use the offered service.

Tactics:

- *Viral marketing.* Particularly bold and innovative advertising solutions (video, image or text form) on the Internet, which are transmitted to consumers in their friends and acquaintances circle, at the same time passing on links to the advertising sources.
- *Increasing consumer generated content.* Consumers are encouraged by prizes and other tools.
- *Corporate blogs.* Blogs help to monitor network debate about the company or the field it operates in. They provide ability to directly participate in a discussion or to shape a dialogue articulating its position.
- *Social network connection.* Authenticity, openness and transparency are important. Content must be informative, valuable and focused on specific audience. Links to both own company or other pages are useful. It is not advisable to use pseudo consumers to advertise and magnify products in attempt to trick the public. Such strategy often does more harm than good if deception comes out.
- *Promotion of communication.* It enables users to easily reach the company over the Internet, create groups and participate directly in the discussions.

- *The content must be interesting*, supplemented with examples, stories, and acceptable for the planned audience.
- *Disseminated information message* should be applied to a certain circle of potential users and inform them about some aspect of their life or the problem they face.
- *Email newsletter* which is sent to the customer should not only introduce new services but also provide valuable common information such as research results or overview of a certain field or industry.



Website traffic is best identified by two numbers: “hosts” – the number of unique users and “hits” - the number of openings, e.g. during the day. The ratio of these two indicators is also important and shows an average number of openings by one visitor. Another important indicator related to previous ones is “bounce rate”. It shows the ratio of visitors who leave the website after viewing one page with the total number of visitors.



[YouTube video](#)

Engagement Principles for Interactive Communication

<https://www.youtube.com/watch?v=HTosaM3AlpU>

Vision Presenter - Interactive Communication System

<https://www.youtube.com/watch?v=S8LBz5hK8TM>

Communication of Yesterday, Today & Tomorrow (BB1403)

<https://www.youtube.com/watch?v=VB-5XSqzAfg>

The evolution of communication animation - Rounds

<https://www.youtube.com/watch?v=kpTMEBKp9nA>

The evolution of communication

<https://www.youtube.com/watch?v=mvxw1TynuTk>

Reading list

Required reading list:

1. Chaffey, D. 2009. E-business and e-commerce management. Fourth edition. Prentice Hall.

Self-evaluation Questions

What are the aims of consumer reach?

What are consumer reach measurement methods?

What are the goals of interactive communication with consumers?

What are the channels for reputation building?

Self-evaluation Tests

What is interactivity?

innovative presentation of creative message creating a direct connection between the user and the advertiser;
 consistent quest for consumers, using their weakness;
 a special advertising trick which may increase the price of goods or services;
 a promotional text that conceals the true value of goods or services

What three interactive channels can be used to attract users?

web media;
 mobile phones;
 a special advertising message;
 games;
social networks;
 media

What two numbers best identify website traffic?

assessment score of creative messages;
 a consistent number of users;
 a number of unique users;
 a number of special promotions;
 a number of sold luxury items;
 a number of openings of a webpage

15. Evaluating the effectiveness of e-marketing mix

Introductory description

Goal – to introduce web applications/search engines optimisation (SEO) principles and functions.

Objectives:

- To present and introduce SEO – a tool for e-business promotion.
- To analyse and identify the basic principles of the SEO process.

Expected learning outcomes and skills:

- To know how to use and customise SEO principles in order to promote, publicise and disseminate information online.

Duration of topic studying: 7 academic hours – 2 of them are allocated to the study of the module (theoretical classes), 1 academic hour – practice classes and 4 academic hours – self-study.

Key words:

SEO (Search Engines Optimisation) – website application/search engine optimisation process.

URL (Universal Resource Locator) – a web page address.

What is SEO? New information and communication technologies are becoming more and more important in the life of individuals today. The Internet is one of them. It is a global, rapidly developing, continuously and intensively expanding network, attracting more and more users. Increased number of the Internet users leads to a greater number of websites. The more websites, the greater amount of information. Greater amount of information leads to increase in consumer use of information retrieval systems. It results in a large and growing competition among websites. It is a natural, constantly changing and evolving process. (Fig. 81)

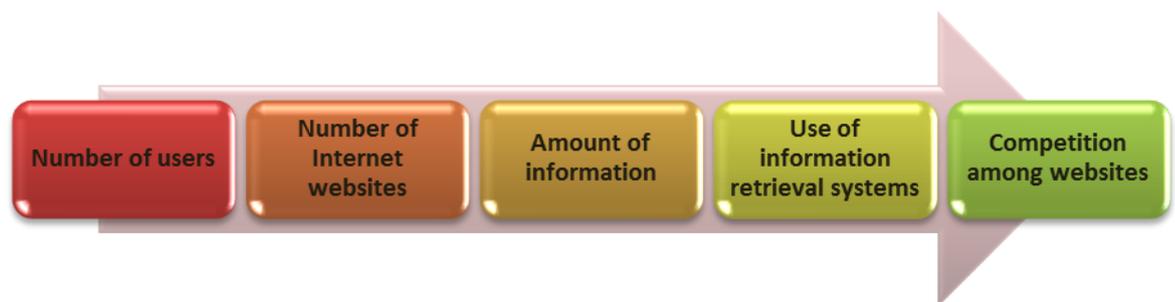


Fig. 81. A natural process going on the Internet

The latter process has been a concern for web developers and owners – how to attract Internet users/visitors to the website, why search engines of some websites have high and others low positions, or do not have at all, what should and should not be done, etc. The result of the

process is the analysis of information retrieval systems and pursue to reach the highest positions in information search systems. All this is SEO, and this name is deciphered as follows (Table 14):

Table14. SEO deciphering

S	Search
E	Engine
O	Optimisation

Another interpretation of SEO is also possible: optimisation in the search engine or optimisation for search engines. However, it does not change the essence of the process. The reason of SEO formation – the emergence of a website on the top of search engines results means high traffic website. SEO means information search engines optimisation.



Search engines like “Google”, “Yahoo”, “Bing” and others are well known on the market. The goal of these search engines is to collect as much online information, systematise and assess it effectively and present it to the customer, who is looking for some specific content information, as a quality result. Thus, information search engine optimisation is a permanent work with a specific website, i.e. website design methodology which aims to make the site more visible, noticeable and significant in the search result. It may also be a process which involves a number of activities that enable a website to rise as high as possible among the desired search results.

Below there are presented some other interpretations of SEO:

- Marketing features when fighting for higher positions in search engine results with certain searching keywords.
- A combination of different methods which are designed to raise website ranks in search engines for one or a few keywords.
- Direct or indirect actions as a whole in order to reach favourable positions in search engines results according to certain phrases, also knowns as keywords.

Summing up, it can be said that SEO is a complex and permanent process which aims to increase the number of visitors to the site, and according to the main keywords related to the site's content, raise it as high as possible in the search results.



Is SEO need or benefit? Recently, a lot of website owners and developers feel concern about SEO activities. Large companies with substantial financial resources and their commercial sites have close connection with the most popular keywords in the search engine results. Creative SEO activities and their application is a necessary condition not only to overtake successful online projects but also to stay active in online market.

Factual and basic conditions why SEO is needed:

- Over 80% of Internet users find needed websites through search engines.
- 90% of Internet users do not go past the first 10 search results. If they do not find what they are looking for, they enter another search phrase.
- 75% of Internet users purchase a product/service they have been looking for through search engines.
- Professional SEO services are at least twice more effective than other online advertising methods.

Basic and practical purpose of SEO is to get among first 10 search results, introducing a selected target phrase. According to statistics and studies it has been found that consumers are not inclined to wander and look for information more widely, so they often opt for a website among first 10 results or the first result page (except when the user is looking for some specific type of information, but it is usually not related to the purchase of products or services). If the website is shown on the second page of search results it is likely that the site will not receive the traffic and potential clients to ensure stable sales.

SEO Marketing is a service, which is a must for companies that are engaged in the sales of goods or services. SEO is one of the key elements of marketing as it allows to take leading positions in the search results and to attract more online visitors and, perhaps, potential users.

After a website has been optimised, the following **benefits of successful and effective usage of SEO** occur:

- A website will be more visible/noticeable to search engines.
- A website will occupy a higher rank or leading positions in the search results.
- A website will attract larger and constantly growing number of Internet users, some of whom will become specific product or service users.



Fig 82. Benefits of SEO for business

Success of e-business depends on keywords and how high they will appear in the search engine results.

It is noted that SEO cannot guarantee consistently high positions in search engines, big number of visitors because requirements of search engines are constantly changing. It is necessary to take them into account. Otherwise, more harm than good could be done.

SEO processes and requirements

Optimisation is a process of ongoing *adaptation* to the specific requirements. Optimisation objects are the processes and services when certain functional elements are added and unnecessary ones eliminated. Some rules are applied to optimise work/activity processes, another – websites. Search engine optimisation or SEO can be called **website adaptation to search engines**.

It is noted that website SEO optimisation is a long and complex process, requiring high creative potential. At some level it is a constant process, i. e. SEO is active as long as the website exists.



During SEO formation process an individual plan is created for each website and it is carried out gradually, in stages and according to website visitor growth. SEO optimisation is not an eternal process; after optimisation plan has been carried out as a separate project, competitors are analysed and a further plan is formed to strengthen positions. One of the major stages of SEO is constant competition and struggle with competitors, applying different SEO tactics and strategies. However, SEO is a constant process, which requires at least minimum attention. SEO is a continuous process and it is confirmed by the fact that information search engines are constantly changing the requirements and criteria, which affects constantly changing website position in the search results. It should also be noted that different SEO stages are applied at different website phases. Basically, however, all depends on:

- technique and application of a website creation; absence of HTML errors;
- backlinks from other sites;
- website content, keywords repetition in the text content;
- file structure and other factors;



In order to identify SEO properly and understand its importance, below in Fig. 83 a typical SEO process and its stages are presented.



Fig. 83. SEO process (seotyrimai.lt)

E-market research/SEO audit. It is the first stage of a website search engine optimisation. At this stage a thorough examination of website internal and external SEO status, conversion rate is carried out, i.e. keyword identification of the target market niche, analysis of competitors and market trends, what keywords should be used to optimise the website, what the competitors are and how many of them there will be to compete for higher positions, how well they are ready with regard to search engines, etc. So, this stage aims to identify areas of the site that need improvement and which would lead to positive results in the search engine results.

The most important questions raised:

- What is **not optimised** in the website?
- What **mistakes** have been made carrying on outer and inner SEO?
- Why does the website take X and not Y location in the search results?
- What could be done to make the site be found by other/more keywords?
- Why has visitor traffic/position in search results suddenly drooped? Why hasn't the position regenerated? What should be done to regenerate it?

First of all, (before implementing changes to the site) a website audit should be conducted, which identifies weak points and errors of the website. On the basis of gathered information an action plan to correct mistakes and make improvements is designed. Thus, a website audit is carried out in the following 3 stages, each of which is associated with site's efficiency, visibility to search engines and error identification:

- Keyword analysis
- CR (conversion rate) analysis
- Analysis

Keyword analysis. Keywords are words, terms and phrases, which are used in the website content and are the main key that directs visitors through search engines. This stage is aimed to identify and determine the most effective, popular and competitive words that would describe the scope/theme of the website and would serve as a basis for ongoing optimisation.

Firstly, the most popular keywords are identified – how many times a keyword is entered into the search engine field within a certain period of time. Then competitiveness is assessed – the rate of keyword incidence across the Internet. The higher this ratio, the more complicated is process of SEO. Finally, a target keyword list is formed. On this basis, strategic words, which would be most appropriate for the site to compete with other sites to reach optimal performance and higher positions in the search result, are selected.

CR (conversion rate) analysis. Conversion rate is expressed by the following formula:

$$\text{Conversion rate} = \frac{\text{Number of Goal Achievements}}{\text{Visits}} \quad (9)$$

Conversion rate (CR) – is the proportion of Internet users, who have carried out a number of specific actions on the website compared to overall number of visits to the site.

Number of goal achievements – is the number of Internet users, who have carried out a specific action on a website.

Visits – the total number of visitors to the site.

The success rate is interpreted differently by different marketing professionals. Websites selling goods or services online would find the rate successful if a user clicked the banner and was directed to a specific site, where he would purchase the advertised product or service. Website content creators would find the indicator positive if the user submitted registration, applied for a newsletter or downloaded a program, and so on.



Competitor analysis. In this study, a list of competing sites, based on keyword study, is done. The next step is to analyse competitor's website internal and external SEO indicators – internal and external web links, texts efficiency, texts quantity and quality and, on the basis of collected information, a strategic action plan is drawn up, the aim of which is to gain competitive advantages in search results over competing sites.

Aims of competitor analysis:

- Identify target existing and potential competing websites.
- Define what SEO strategies are being used, applied and carried by competing websites; define methods, actions and effectiveness of keywords.
- Develop SEO and a plan based on online marketing (usually long-term) which would create favourable conditions not only to outrival other websites but also to ensure and maintain high positions in the search results in the long term.

Internal website optimisation. Each web page should be unique and focused on a particular consumer group in the target market. Position of site ranking depends on two main things:

- *The website's relevance*, which is measured by how exactly the content of the website matches the questions or keywords entered in the search box by the user. Search engines

also assess and measure relevance by such indicators as the number of **clicks** on the website address in the search results ratio (*CTR – click through rate*), *bounce rate*, average duration of a visit, etc.

- *Website popularity* shows how the website is valuable to other website users, how many individuals recommend it as a reliable source of information and provide links to it. Popularity is also measured by the number of Internet users who not only read or reviewed the content of a website, but also shared it with their friends on social networks or personal blogs.

Internal SEO – it is a process when internal webpages are optimised, site codes and structure are arranged in order to make it possible for search engines/robots interpret correctly relevance and popularity of a particular website, i. e. relevant web pages to rank by appropriate phrases. Thus, internal SEO is carried out in two directions – *SEO errors correction* (identified during the audit) and *improvement of a website internal SEO*:

The main tasks of internal optimisation and processes related are:

- SEO attributes.
- URL optimisation.
- Images and video SEO
- SEO content.
- Semantic SEO.

SEO attributes. A fair and effective internal website optimisation for search engines starts with defining and making out SEO attributes. Main SEO attributes are:

- *Page Title.*
- *Meta Description.*
- *Picture descriptions and captions.*



Each attribute should be prepared in accordance with certain rules and on every webpage should be unique so that search engines could **interpret correctly** and **use** in the search.

URL Optimisation. URL (*Universal Resource Locator*) – is a website address. Each website has as many addresses as webpages. Addresses can be determined during website programming (automatically) or created manually for every separate webpage.

URL is important not only for the website position in the search results by particular keyword, but also for the site activity analysis – it influences identification speed and accuracy of ongoing processes in the website. Thus, it will make possible to identify value of separate webpages and potential for improvement.

Images and Video SEO. **Search systems/engines robots** are not able to assess visual material in a way a human eye sees them. For this reason, search robots should be “informed” what is in the **picture to make it possible** to find it on the base of certain **keywords**. In a similar way any other visual material should be optimised. Because image, and especially **picture and video optimisation** can create conditions to attract new web visitors.

Robots.txt and Sitemap files. These types of files have a **communication link with search system/engine algorithm**. In this way algorithm is informed what part of a webpage is to be **indexed**. File sitemap.xml (sitemap) is a list of websites that are available for search robots (their mutual relations are also defined). Sitemap is needed to make it possible to find and identify all webpages on a site. This is especially true for the parts of the sites which use dynamic access to content and menu, i.e. which do not have HTML type links.

Robots.txt operating principle is similar but contrary to sitemaps.xml type files – the latter is used **to block access** to certain webpages or visual material **for search robots**. Blocking non-value pages contributes to overall **improvement of site quality** or at least not **debasing**.

Content SEO. Quality web content is like foundation, a cornerstone of SEO on the list of influencing factors, as **effective SEO** is not possible without quality content, which develops and provides true **value for the website user**. In this case not only **content layout** is important but also intensity of keywords use, visibility to search engines, questions, to which the content gives answers or not, and **value for the user**.

Website content has a direct connection with two above mentioned important elements/factors for search engines – relevance and popularity. They are true site content value indicators. More information on <http://www.seoptimizacija.lt/551/patarimai-parasyti-seo-tekstas/>

Semantic SEO. This is a relatively new and simple method to improve website’s visibility in search engines. Search engine robots quite accurately select main keywords and topics, but do not perceive semantic meaning of the text. Semantic SEO is to help search engines to understand the content of the website (as well as the relevance of the query) and content relevance and significance for Internet users (popularity).

There is internal and external SEO. The internal semantic SEO describes all website content places (which can be described and structured), so that the search engines could understand them, present and highlight respectively **in the search results** (search engines such as Bing, Google,

authority but also helps to estimate the efficiency of actions, improvements and adjustments that were made to increase website ranking in search systems.

Adjustments and updates. It is necessary to monitor and identify changes taking place to the market in time, and on the basis of it continuously update webpages so that search engines would rate the website high in the search results. A steady improvement of the site and removal of inaccuracies is required. Carrying on SEO in this way, positive and desirable results will be achieved.

Social networking marketing is classified as modern and new SEO. On the same principle a business webpage, which aims to attract a growing number of fans, is created in the social network.



General objectives of social networking marketing:

- To increase the number of fans, customers and potential users of a website and social networking webpage.
- To develop different type and topic company's campaigns that would highlight website strengths and advantages of social networks.
- Measure the results of actions and processes.

The main tools in social networking marketing is advertising on **Facebook, which is currently the most popular among social networks.**

Google is the most popular search engine not only in Lithuania but also in many foreign countries. **Google AdWords advertising** is another important factor in SEO. It is not enough that a website ranks "**high**" in **Google search results**. It is very important that the Internet surfers would like (were persuaded) to choose it. For this reason, **AdWords advertising** is useful when we pay for a clear and easy to measure result – pay per click (PPC - number of visitors) or conversions (CR – number of conversions or certain actions done online). Advertising process, budget and costs, texts, target audience and many other things are completely controlled by Google AdWords user, that is why this advertising method is considered highly effective, one of the most promising and dividend of all other advertising methods.

SEO aim and process can be clearly identified but specific methods of work and tasks can be very different. There are many methodologies and techniques applied in SEO. However, creativity is probably the most important and significant.

Qualitatively programmed/designed website following VPTCS assessment methodology also affects SEO efficiency. Relevant Internet links:

- 8 SEO tips that will help visitors to find a specific website:

<http://www.searchengineoptimization.lt/optimizavimas-paieskos-sistemoms/8-seo-patarimai-padesiantys-zmonems-rasti-jusu-svetaine/>

- 10 tips how to increase website traffic:

- <http://www.searchengineoptimization.lt/optimizavimas-paieskos-sistemoms/10-patarimu-kaip-padidinti-svetaines-lankomuma/>

- 25 tips how to dominate in Google search results:

<http://www.searchengineoptimization.lt/optimizavimas-paieskos-sistemoms/25-patarimai-kaip-dominuoti-google-paieskos-rezultatuose/>



YouTube video

How To Promote Your Products Online

<https://www.youtube.com/watch?v=O44HnP7ZHW8>

How to Sell a Product

<https://www.youtube.com/watch?v=7HTMcYfr32w>

Don't Create an Online Store Until You See This!

<https://www.youtube.com/watch?v=fxXnj906ASo>

Setup an online store in 6 steps

<https://www.youtube.com/watch?v=E3CwQJ8tBh4>

Best Online Business Ideas | Online Business Ideas For Anyone

<https://www.youtube.com/watch?v=V0XNHQVA5w>

Reading list

Required reading list:

1. Paliulis, N; Petrauskas, R.; Davidavičienė, V.; Gatautis, R. 2009. Elektroninis verslas. Vilnius: Technika.
2. Chaffey, D. 2009. E-business and e-commerce management. Fourth edition. Prentice Hall.

List of electronic sources:

1. <http://www.searchengineoptimization.lt/>

Self-evaluation Questions

What is SEO?

What are the main stages of SEO process?

What are the main elements/processes of internal optimisation?

What are the main elements/processes of external optimisation?

Development and implementation of content marketing strategy.

What are benefits of SEO for business?

Self-evaluation Tests

What percentage of Internet users find websites through search engines?

- over 100%
- over 80%
- over 60%
- over 40%
- over 20%

What percentage of Internet users do not go past the first 10 search results?

- 100%
- 90%
- 80%
- 70%
- 60%
- 50%
- 40%

What percentage of Internet users purchase a product/service they find through search engines?

- 95%
- 75%
- 55%
- 35%
- 15%
- 5%

What is optimisation?

phenomenon when goods and services in e-market get cheaper;
a process of ongoing adaptation to the specific requirements;
a process encouraging to buy;
processes encouraging to use e-marketing bases.

What percentage of search engines are influenced by external optimisation process?

- 100%
- 80%
- 60%
- 40%
- 20%

16. Internet Marketing Plan

Introduction

The aim- to introduce e-marketing plan development and specifics of the structure.

Objectives:

- To identify the marketing plan, the location / position of the overall organization's strategic planning process .
- To identify principles and aspects which formed the basis of a marketing plan.
- To understand how e-marketing plan is drawn.
- To structure components of marketing plan

Expected learning outcomes and skills:

- The knowledge of marketing plan position of the organization for strategic planning process.
- The principles of marketing plan, aspects of absorption.
- Ability to create e-marketing plan.
- Ability to prepare a marketing plan of separate lots.

Training duration of this topic: 7 AH (academic hour) - 2 AH - for learning of the module (theoretical classes), 1 AH – for practical workshops and 4 AH-for self-study work.

Key words:

Marketing plan - is a marketing strategy and action plan for the complex / package companies, to reach the product category or brand marketing objectives.

16.1 The place of marketing plan in the planning process and principles formation

In every organization planning as an activity is an important and significant process. Planning leads to the need for the organization of ongoing actions multiplicity and diversity. Planning - is a process oriented to purposeful design in which the planned activities of individual organizations units using a unified methodology and planning procedures. Planning the activities of companies allows to link and align a variety of actions, processes into a unified whole, and at the same time targeted distribute material, financial and human resources, not only between the activities, but also in time. For this reason, the organization carried out a strategic and tactical planning:

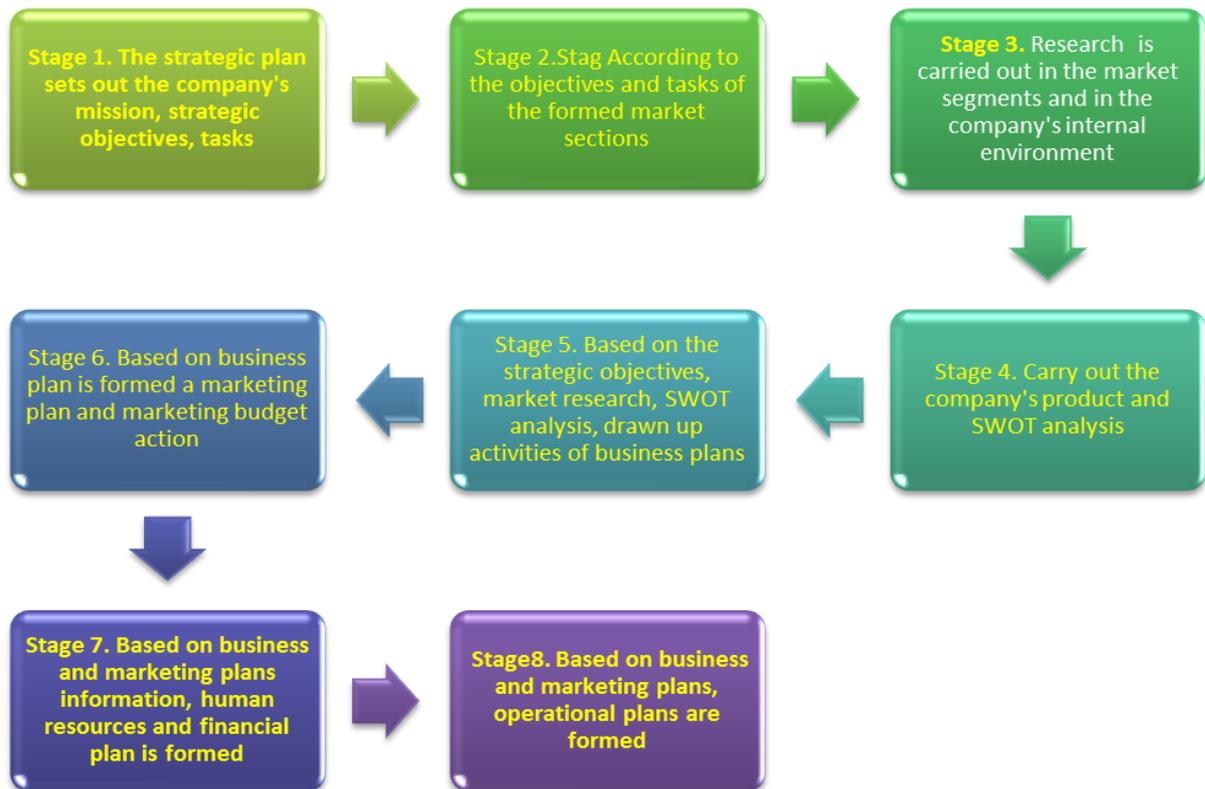
- *Strategic planning*- is a long-term foresight of business goals and ways to achieve them.
- *Tactical planning* - it's short-term foresight of business goals and ways to achieve them , the elaboration of certain sections of the strategic plan.

In order to properly and targeted identify planning activities and formation principles of the marketing plan and its place in the overall planning process, below is provided the structure of organization's plans and stages of it's formation / development.



84 Fig. The marketing plan for the organization of planning system

Organization’s plan making process consists of the following stages:



85 Fig. Organizations plan making process and it's stages

According to Figure 85 by the process and its individual stages is formed a single and integrated marketing plan together with the human and financial resources. Organization plans and their objectives are presented in Table 15.

Table 15. Company's plans and objectives

Plans	Objectives
Strategic plan (for 3 years)	<ul style="list-style-type: none"> - Identify the company's mission and vision. - Identify strategies, objectives and tasks of development indicators. - To develop the company's communication functions, information flows links between between processes, define the business value chain .
Activities of business plans (for 3 years)	<ul style="list-style-type: none"> - - Identify the line of business objectives, development direction, execution deadlines. - Description of the manufactured products and the new products presented characteristics, the identification of markets and their potential competitors to predict sales, and so on. - Evaluate material, financial and human resources necessary to achieve that objective. - Establish a basis for the formation of financial and marketing plans.
Marketing plan (1 year period)	<ul style="list-style-type: none"> - Identify and develop marketing strategies. - Choose the marketing actions and measures. - To evaluate the financial resources of marketing actions.
The budget plan (1 year period)	<ul style="list-style-type: none"> - Identify the financial resources of the tasks / plans.
Human resources plan (1 year period)	<ul style="list-style-type: none"> - Identify the human resources tasks / plans.
Operational plans (No more than a quarter)	<ul style="list-style-type: none"> - To develop the structural units of action to achieve its objectives by setting a time limit and responsible persons



To sum up, the marketing plan *is an integral part of the organization's strategic plan*. E- marketing plan identifies not only the sale of products, but also the behaviour of the market to specific situations of action.

16.2 Marketing plan and its components

As it has been mentioned in the previous section, the marketing plan is a constituent element of the organization's strategic plan. This is confirmed by Figure 86 , the formation of a marketing plan scheme, which clearly shows that a higher level of target document aims and objectives affect the marketing plan. It is also mentioned in the scheme and identified other important factors for marketing plan formation.



86 Fig. Marketing plan formation scheme



Figure 87 provides information about basic steps of creating a marketing plan.



87 Fig. Marketing plan forming sequence of steps

The marketing plan provides the market and use of marketing programs that help to achieve the objectives set. Marketing plan structure in detail is presented in Table 16

Table 16. Marketing Plan Structure

Marketing plan
SUMMARY/ INTRODUCTION
OBJECTIVES AND TASKS
CURRENT SITUATION ANALYSIS
Market analysis
- Market quantitative and qualitative indicators
Market segmentation
- Market Structure
- Customer structure (incentive to purchase, etc.).
Companies competitiveness Setting:
- Company's SWOT analysis (company's and competitor's research findings)
- The company's competitive position setting of strategic actions matrix
- SWOT analysis of a product
Predicting, prospective analysis
MARKETING STRATEGY
MARKETING PROGRAMMES COMPLEX
- Product program

- Pricing program
- Sales channel development program
- Advertising and sales promotion program

THE ACTION OF MARKETING BUDGET

MARKETING PLAN MONITORING/CONTROL

Summary / Introduction. The summary briefly presents the problems, to solve them is prepared a marketing plan , the organization and its activities is described, are revealed the advantages (strength) and disadvantages (weaknesses) of the organisation, the surrounding environment of the company and their impact on the market's structure is identified . Also are distinguished marketing program's goals, tasks, is planned to use of marketing strategy, the plan execution time and the possibility of continuity.

Objectives and tasks. Objectives and tasks of marketing plan have been mentioned in figure 37, is closely related to the organization's strategic plan, strategic marketing. First are formed strategic marketing objectives, on their basis tasks are formed, which are market-oriented, market characteristics and analysis of it's needs, the organization's compliance with the needs of production, the impact on consumers and others. The most important and crucial moment - the tasks and objectives must be clear and specific, measured both qualitatively and quantitatively.

The current situation analysis .This is the first control indicators summary stage of the analysis, covering the company's already existing marketing actions' designation, the emphasizing the strengths and weaknesses. To highlight and illustrate these indicators may be presented the company's financial, various reporting periods results and are compared with the parallel marketing actions: supporting, distribution, pricing, production (range, specialization, etc.). Analysis of the situation includes the following main parts - *market analysis, market segmentation, competitive (SWOT) analysis and prediction / prospects analysis.*

Market's Analysis. In this case, it is analyzed, evaluated quantitative / qualitative market indicators. To identify the market's situation is calculated the market capacity – it is performed baed on statistics for specific product sales volume on a market. The organization which cover a part of the market is estimated of the whole percentage, compared to sales of the product on the market to competitors

Market's attractiveness evaluation as well as the organization's competitive position in the market is carried out for each product group.

The competitive situation is identified by specific parameters giving importance of the coefficients of the market, which have been graded. This way the qualitative features are expressed in quantitative indicators. Competitive positioning accuracy depends on the availability and reliability of the information, as well as a large role in this case plays subjectivity. It is noted that the appropriate assessment of the current situation must have an objective product, competitive actions, carried out strategies, market trends and the assessment of the actual data.

Market's segmentation. This is a fragmentation of the market into smaller and individual segments, which are characterized by a specific demand, specific needs of different categories of users, products and different sales / disposal policy / methods. The aims of the market segmentation is to identify and establish the organization's potentially significant market parts, which applied the appropriate marketing strategies, marketing efforts and sales techniques, you can better meet the needs of consumers and thereby increase sales. Segmentation of the market creates conditions to concentrate precisely, available resources and thus to establish strong competitive position in the market or markets. Requirements for market segmentation:

- Market segments are easily identified.
- There are dissatisfied specific needs and possible to identify consumer characteristics.
- Provide greater satisfaction to consumers.
- Segment is large and profitable enough to satisfy his needs.
- Segment is easily available to support and distribute of product operations.

The market segmentation benefits:

- Better perceived consumer demand.
- Increased ability to identify market opportunities / limits.
- Precisely identified pricing strategy and pricing actions.
- Favourable conditions are set to avoid competition.

If production is sold in several different market's segments, must be set up sales plans for each segment. It can be planned according to product's groups, geographical segments (regions, cities, big cities according to their districts), user, type of activity (banks, hotels, educational institutions and et al.).



The market segmentation is closely related to the production positioning. Positioning is a consolidation of products in the relevant position in the consumer's consciousness. The main tasks of positioning is to adapt products to the target market's requirements, distinguish from competitors with unique features, characteristics, factors; it is the price, quality, design, company reputation, as well as the relationship between these factors.

The analysis of competitiveness. This analysis includes both organization and production (SWOT - strengths, weaknesses, opportunities and threats) analysis. This is the main organization internal state of the evaluation method. It is commonly used when you want to determine the organization's strengths, weaknesses, opportunities and threats. Based on the organization's strengths and weaknesses combination with existing threats and opportunities is the basis for the formulation of a strategy

Organizations strengths (good functional strategy, good management, capacity to compete) and weaknesses (a clear strategy absence, badly implemented strategy, the weak market). They are internal organisation's factors, organizations opportunities (new users, the entrance into new markets, the ability to move to a better strategic group, market growth) and threats (new potential competitors, potential product substitutes, slow market growth, increasing consumer pressure, the macro environment threat) – these are the factors affecting the company from the outside. By SWOT analysis method is identified companies operating in the internal and external factors, analyzed product assortment, pricing presentation channels, the strengths and weakness of the sales promotion, compared to its competitors and based on customers assessment, and thus is formed the basis of balanced strategies.

Finally a SWOT matrix is created:

- Ability to use, based on the existing specific skills and strengths of the organization's features.
- Using skills and strengths strategy to avoid potential threats.
- Best neutralizing of their own weaknesses with the new opportunities.
- Minimizing the organization's weaknesses and potential threats.

It is noted that on a similar principle a production and the SWOT analysis are carried out.

Predicting / prospective analysis. Formed a specific problem, it is necessary to make the analysis of the market's prospect, which includes both current and future market actions. This is a designed and modeled situation setting based on certain assumptions or environmental conditions or identification of possible opportunities of the organization.



Predicting is a crucial element of strategic planning. The exact prediction is very important and relevant in markets where consumer demand has regular and frequent changes (especially true for e-space).

Analyzing the company's opportunities and prospects for the future, main attention is focused on the financial, manufacturing, marketing, technology, human resources investigation. Similarly is analysed the information about the environment. For making decisions on marketing planning for the future, it is necessary to take into consideration a number of restrictions that exist both inside and outside the organization. From the main company's internal restrictions can be mentioned company's objectives, nature of business, the financial resources of the company, company's strengths and abilities, drawbacks of the company.

The most important areas of activities of the organization are:

- Financial position and financial resources.
- Staff and its efficiency.
- Premises and equipment, technology.
- Relations with partners.
- Relations with consumers.

In practice it is used a variety of predicting methods such as observation (new management methods are chosen, technologies, competitors' strategies, opinion surveys and it is collected in order to explore new trends); extrapolation (forming the pattern based on facts of the past); Delphi predictions (systematic conclusions improvement of the experts; systematized results, experts align their opinions with each other); the script creation (creation of scenarios that show the evolution of main factors); dynamic prediction of rows (based on a predictive variation of the object in a few years in graphical analysis), and others.

After the organization's SWOT and prospects analysis can more accurately define marketing objectives and try to shape the marketing strategy.

The marketing strategy. Marketing strategy is a functional character strategy, relating to the marketing complex elements; product's formation, pricing, supporting and distribution of products. The marketing strategy is formed for each product group, for each target (segmented) market. It is also necessary to assess and take into consideration the progress and strategies of competitor. The marketing strategy should help to answer the key questions:

- Where to compete, i.e. define markets?
- How to compete i.e. provide competitive tools and techniques?
- When to compete, when to carry out strategic actions

Marketing strategies are used.

Marketing programs complex. Identifying and forming marketing strategies for each product group, marketing actions programmes are created for the implementation of strategies. The organization must provide a set of decisions and actions, with the help of which it will reach the goals in a certain part of the market. The marketing programme is an action, which helps to achieve and implement the set out objectives also to achieve the competitive advantages, it is detailed and predicted in time i.e. defining terms.

Marketing program complex includes 4 major and very closely related tools / items that are used in meeting consumers' desires, i.e. market needs.

Product's programme. These marketing techniques and set of operations, covering a range of formation of product / service, guarantee policy, introduction of new products on the market and others. Most place and attention is focused on the development of new products and their inspection in the market, the existing production improvement, withdrawal from the market, the creation of the name of product line / group and so on. The introduction of new products requires a detailed introduction to the market plan.

The marketing programme. This is a set of techniques and operations in marketing, involving organization's pricing policy formulation, selecting methods of pricing and discount system by which must be combined with cost information about the needs of consumers and their purchasing power. Before setting of the prices, the company has to take into account the marketing strategy used by market segment. Also, the price is set considering of costs, the consumer and competition. In practice are used different pricing methods, but the easiest way is to add a fixed mark-up to the cost of goods.



According to the need can be formed marketing pricing strategy. The pricing strategy is the way in which the company aims to the main objectives of prices. Pricing strategies are used :

- Cherry picking strategy.
- Penetration to the market pricing strategy.
- Prices and quality strategy.
- The competition-oriented pricing strategy.
- The leader- oriented strategy and so on.

Sales channel development programme. These marketing techniques and set of operations involve the distribution channel analysis, the company's sales channel selection and capacity of development, formation activities for rational distribution of production, production storage control, transportation analysis, distribution cost reduction opportunities and ways, e-commerce channel and intermediaries, partner organization, selection of programmes. Each production sales channel must be prepared for individual sales program. Key issues:

- How to capture the market and the target segments?
- How to use effectively the cost?
- How to ensure competitiveness?
- How to motivate partners, intermediaries?
- How to ensure income?
- How to provide consumers with maintenance services?
- How to serve effectively for customers?

There also must be formed the sales plans, which help to determine for the sales channel the sales tasks, i.e. qualitative and quantitative tasks, by regions, customer groups or product groups.

Quantitative type of tasks:

- Sales volume.
- Sales volume and cost ratio.
- Total margin.
- Market share.
- The number of new customers.
- Call and the number of visits.
- Call and frequency of visits (selling time allocation).

Qualitative type of tasks:

- New client search.
- Collection of information about the market.
- Information about the service provided to consumers.

Advertising and sales promotion program.

These marketing techniques and set of operations, involving a selection of ways to support, promotion measures and it's evaluation of effectiveness, discounts. Training of sellers also depends on support, motivational programme preparation for sellers, preparation and implementation of sales promotion measures, the public image formation, also known as popularization, public relations. Motivational objectives are formed.

- Increase sales volume.

- To attract new product consumers to the company.
- Achieve, to be bought more again.
- Achieve, that new products will be quickly recognized.
- Increase customer loyalty to the company's products.

To prepare the incentive program are taken additional solutions:

- What should be the intensity of promotion?
- Who can participate in the program?
- How long should be the promotion of the program?
- When to start the promotion?
- How much money should be devoted for sales promotion?

Advertising objectives are:

- To introduce potential customers to the company's sold production, its characteristics, price, place.

- Force a potential user to think about the purchase of goods, showing the benefits of purchase (rational advertising).

- Force potential consumers to desire certain products (associative advertising).

Advertising objectives must be measurable i.e. the result has to be clearly evaluated.

- Goals should be defined - clearly indicated how much and what is to be achieved.

- Advertising objectives must be realistic, achievable.

- To cover a particular period of time, clearly visible how much money is spent on what stage and at what stage odd money receives.

Advertising plan includes promotional tools:

- Advertising websites of the organizations.
- Advertising on social networks.
- Advertising on search engines.
- Newsletters - e. mail.
- Advertise on blogs and forums and so on.



Promotion, public relations. This is not a personal product or service demand formation, information dissemination about them by information transmission. Reports do not encourage the purchase of goods directly, but inform. All this creates favourable conditions for other supporting instruments. Popularization / public relations goals.

- To help to provide a new product to the market.
- To make an influence of certain market segments.
- To create a positive reputation of the organisation.

Popularization / public relations:

- News dissemination about the products or the company (new products, the pricing change, company reorganization, important person's visit).

-Public speech, reports in the form of online articles in the press (often mentioned the company or its products in the press, which read existing and potential customers; it is combined with advertising and begins before the advertising campaign).

- Sponsorship (company's allocation of funds for the cost of mass events; used goods positioning in the market, when the company wants to enter into a new market segment, it can support what is popular among that segment of users).

- Charity.

Sponsorship strategy depends on the formed common marketing strategies in different market segments. Formation of marketing strategies for each product group or target market, a sponsorship strategy is also adapted.

The marketing actions budget. To prepare the marketing program budgeting aspects are also important. Marketing plan budget is the planning of funds, required advertising actions, public relations development, to develop marketing information system, the implementation of marketing programs. Marketing financial plan formed in 2 ways:

- From the top to the bottom.
- From the bottom up.

"The top-down method"- firstly, are evaluated the necessary funds for sponsorship activities, then the remaining amount is divided between the various actions. Advantage - to the promotion is seen as an integrated marketing strategy. The drawback - too little attention is paid to individual sponsorship actions influence.

"The bottom-up method"- firstly are evaluated the needs of funds for each sponsorship action, while the total amount consists of the overall sponsorship budget. Advantage - a lot of attention is paid to the individual sponsorship actions influence, but in this case sponsorship budget is higher and costs may not be returned.

- Cash income method.
- The percentage of the selling price method.
- A percentage of the profit paid method.
- Comparing with competitors method.
- According to the goals and tasks method, and so on.



Marketing plan control. The marketing plan and programme must have a control function. In order to achieve the objectives, it is necessary in a certain periodicity to carry out marketing plan's execution control. The control system task - quickly detect errors in the management and help to correct them. Control plans would characterize with a higher level of efficiency, if the sales plans and targets were created on equal basis. For marketing plan execution control are used the following types:

Sales and profitability analysis of the results.

- Marketing program efficiency control.
- Cost analysis.
- Quality losses fixation and measurement.

For marketing plan execution control are used the following types:

- Monthly, quarterly and annual sales targets.
- Profitability.
- The effectiveness of marketing programmes.

The plan of execution control for a period of time - this is the comparison of factual and planned indicators. Profit control - this is the factual calculation of profitability by product, market segments, trade channels and so on. Marketing programmes efficiency- it is the efficiency rating of marketing activities.

Marketing plan adjustment. In the permanent market changes and the emergence of new market requirements, is often a need to adjust quickly the actions described in the marketing plan. If the execution of the plan deviates from the defined standards, are identified deviation reasons - are carried out corrective actions to remove discrepancies. In this case, a variety of short-term

marketing strategies are used. In a case of inefficiency, the objectives of marketing plan can be modified and adjusted. If the marketing plan satisfies the standards, thus the successful results are used for future planning period goals set.



Youtube video

Internet Marketing Strategies - 4 Ways to Help Grow Your Business Online

<https://www.youtube.com/watch?v=visZLfrER14>

Internet Marketing Plan for Contractors & Home Service Businesses

<https://www.youtube.com/watch?v=0ohlMIZ6CV0>

Travel Agency Internet Marketing Plan - Effective Internet Marketing Plan for Travel Agency

<https://www.youtube.com/watch?v=8Vv8Fo9KgxQ>

Your 2014 Internet Marketing Plan

<https://www.youtube.com/watch?v=-J3sm9hD6Wc>

Internet marketing plan: 4 elements of an internet marketing plan

https://www.youtube.com/watch?v=Nhc1_p7qfEA

Marketing Planning Process

<https://www.youtube.com/watch?v=xyb5Edfpw5U>

Literature

Mandatory literature:

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Self-evaluation Questions

The marketing plan position in the organization?

What are the main components of the marketing plan?

What is a SWOT analysis? The basic principles?

Marketing action budgeting techniques?

Research paper – abstract

The total value - 25 percent. cumulative score

Writing scope of work - up to 10 sheets.

Abstracts' topics

Topic 1. The development of information technologies, the impact on business and consumer's behaviour.

Topic 2. Knowledge economy and information society concept.

Topic 3. E-marketing concept, objectives and functions.

Topic 4. E-marketing complex concept, formation principles and aspects.

Topic 5. E-marketing strategic planning.

Topic 6. E-marketing strategy.

Topic 7. E-marketing studies - concept, types and execution policies.

Topic 8. The website - concept, classification and functionality.

Topic 9. The website - content management system.

Topic 10. The website - quality assessment.

Topic 11. The websites' names - domain concept, principles and aspects.

Topic 12. The concept of online advertising and promotional incentives.

Topic 13. The effectiveness of online advertising and its evaluation.

Topic 14. The contextual advertising - the concept, principles of operation and aspects.

Topic 15. Viral marketing - concept, principles and aspects.

Topic 16. E-marketing / e-advertising budget and its formation techniques and principles.

Topic 17. E-advertising pricing - methods of payment and the system.

Topic 18. Search engine optimization (SEO) concept, process and operating principles.

Topic 19. E-marketing communication process, integrated marketing communication.

Topic 20. E-marketing plan concept and the formation principles.

In abstracts (paper) writing are used standard *A4 sheets of paper* (210 x 297 mm). Abstracts are prepared by computer, *12 Times New Roman* font and in *1.5 line spacing* of 85 characters per line; mutual alignment.

On the edges of fields is left an empty space:

on the left - 30 mm

right - 10 mm

at the top - 20 mm

the bottom - 20 mm.

Indicative scope of the abstract - from 10 to 12 pages, excluding attachments.

Pages should be numbered of the page upper box in the middle of Arabic numerals, omitting neither a point nor hyphens. The title page is not calculated. Worksheets are calculated from the page content, but the first sheet is not numbered. Only are numbered the second and the following ones. Numbering starts generally from page 2 and are continuous, including attachments.

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Self-evaluation Tests and Questions: Answer Key

Theme 1.

Self-evaluation Tests: Answer Key

Which are major phases of the society's development?

Primitive community
Agrarian community
Industrial community
Information community

How much percent successful adaptability of ICT allows to reduce shipping costs?

10 %

What are two major trends in the internet business?

communication with business partners
communication with consumers

What constitute an information infrastructure?

telecommunications
computer networks
databases
information systems

Name 4 principles of the digital transformation, which promote synergistic effect:

commerce

content
community
collaboration

Self-evaluation Questions: Answer Key

What are e-business levels in the organization? What are their main aspects?

- *Activity level.* Increase of the efficiency of organization's activities – reduction of cost.
- *Level of business process.* Increase of the efficiency related to business processes (main/additional) - improved marketing, the maintenance of consumers, the management of relations with customer and others.
- *Level of company.* Integration of both internal and external organization's processes and their management in e-space.
- *Level of pure e-activities.* Organization carries out a comprehensive business transformation from traditional/physical space into electronic space in this stage – the redirection of the branch takes part, significant competitive advantage is formed. Organization exists and operates only in the electronic medium at this level.

What are positive and negative aspects of the information society?

Positive aspects of information society:

- Speed of information processing
- Information overload
- Globalisation of the information
- Convenience to process information
- Plenty of alternative sources of the information and their presentations

Negative aspects of information society:

- Increased living costs
- Increase of illegal manipulation of the information
- Division of members in information society
- Psychological, ethical problems
- Difficulties related to the search of the information between large amounts of information

The concept and attributes of the economic information society?

Economic information society based on economic aspects. There are 5 component groups - education (universities, schools, and libraries), communication media (radio, television, and press), information equipment (computer software), information services (insurance, legal services), and other information activities (scientific research). Each of this category is directly related to

economic value and contributes to the creation of GDP (gross domestic product) by its increasing part in the latter time.

What is a knowledge-based economy? What determines the development of knowledge economy?

Due to new systems of information transmission and technologies, not soil or other traditional factors of the production but knowledge capital has become the main competitive force in the country. The foundation of the knowledge economy is not new technologies but people with a lot of knowledge and able to manage it properly, to update and adapt constantly. Continuous learning is the main competency of every organization, which wants to remain in the knowledge economy. Market leaders are more interested in the learning process and the diffusion of knowledge. Knowledge gives competitive advantage for organizations. The knowledge economy is higher farm productivity acquired by innovations and knowledge. Development of the knowledge economy needs these elements:

1. Education and research system oriented to practice
2. Environment stimulating innovations of business and continuous improvement
3. Synthesis of science and production

What are main 4 processes which cause the growing significance of knowledge economy?

- Development of information technologies, which allows the sharing and dissemination of knowledge, forms and promotes the creation of new products and processes
- Speed of scientific and technological progress - intensive search and the dissemination of results of scientific researches
- Global competition - the process of information exchange improves and transportation costs reduce
- Quickly and constantly changing needs of customers and business, which are caused by increasing revenues and constantly changing new technologies.

Theme 2.

Self-evaluation Tests

What factors affect the behaviour of the user in e-space?

Internal
External

What factors encourage consumer's activity?

Social
Economical
Personal

What does the investment in human capital mean?

Funds for professional development

Funds for staff training

Mark the items which are useful for the consumer buying online?

A wide range of choice

More and better information, easy to search

Convenient to buy

Low time costs

Goods can be purchased 24 hours. per day, 7 days a week

What is typical for the knowledge economy? (Possible several correct options)

Strategy, having complexity of business networks

Creative collaboration with market

Innovation system

Self-evaluation Questions**What are the causes / effects which are determined by the need of companies to install / apply e-business modules?**

The process of globalization - a world without borders / boundaries (thanks to the Internet and ICTs), intensifying competition. Consumers' demand - are constantly changing, unstable, multiple.

The time dimension is based on competition - the ability to monitor the activity of competitors in e-space, the identification of the competitors' actions, rapid response to competitors' actions option.

What external factors affect the behavior of Internet users in e-space? Briefly comment?

Culture - values, needs, behavioral norms and so on. The situation in the society - social status, education, occupation and so on. Influencing factors affect the group - family members, relatives, friends, spouse, co-workers, the country famous people and others.

Name and briefly comment on the factors limiting the Internet users purchasing in e-space?

Security - cybercrime, viruses.

- Privacy - illegal disclosure of personal data - incorrect data storage, inappropriate use of information; spam sending; personality violation.

The main differences between traditional / industrial and knowledge-based economy (at the non-organization level)?

Industrial Economics – the value is obtained through the efficiency of investment in production, focusing on product - mass production, local production, competition is based on relationships, financial capital planning. Knowledge economy – the value is obtained through the creativity and investment in innovation, customer orientation, global production, change and innovation, collaborative relationships, and information.

Factors determining the benefits of using internet technology? The main aspects of the factors?

- *Universal access.* Global communication helps businesses to achieve maximum number of users and provide them with information about their company and products.
- *Immediate access in real time.* The Internet allows consumers to immediate access to information 24 hours a day, 7 days a week with one click. Real-time mean that users are free to decide when to send and receive information.
- *Infinite Space.* Space on the Internet is infinite and can publish information on the Internet without any restrictions or the amount of printing and publishing costs.
- *Interactivity.* Two-way communication, where users receive and send information, it is the explanation of the interactivity. The Internet gives the user more control over transactions and possibility to learn more about the company, product and brand.
- *Multimedia.* Describe how communication and technology, which integrates a number of different media types into a single system. The Internet makes it possible to communicate with consumers using different formats (like 3Dmedia) and the users are included in more imaginative and attractive world.

Theme 3.

Self-evaluation Tests

What is the surplus production?

When a demand of the supply grows

What is the main e-marketing tool?

Internet

What is marketing complex?

Product

Distribution / location

Support

Price

Select traditional marketing elements:

Segmentation by demographic features

Advertising as a "push" feature

The new products are restricted

Pricing - prices are set by the organization

Delivery takes place through intermediaries

Sponsorship focused on mass

Select e-marketing elements:

Segmentation by demographic features

Advertising as a "push" feature
 The new products are restricted
 Pricing - prices are set by an organization
 Delivery takes place through intermediaries
 Sponsorship focused on mass

Self-evaluation questions

The impact of the Internet technology on marketing complex element "product"?

- Internet led to the addition of (e.g., after-purchase service) and many new products exist only due the Internet.
- The Internet provides faster user needs, product testing, better product customization and shorter product life cycle
- The product online is changed by information about it, that creates value of a product for the consumer/ client.
- In some e-businesses information about users is collected and it is much more valuable than sold product itself or service. On the Internet networks, this phenomenon is known as data mining. This is the exact dimension that helps to determine the suitability of the product for sale online.
- The Internet provides users the ability to produce a more detailed search
- Often, the Internet offered products or services that can be digitized and available to the consumer online - directly into a computer.
- It is stated the importance of the Internet in developing new platforms for the new product innovation, with direct access to consumers, in order to collect information for the development of new products that satisfy consumers' needs.
- Some of the products, compared to others, have a higher demand on the Internet than in physical sales points (e.g. tickets).

Internet impact on marketing complex elements - price:

- The Internet leads to a greater price competition and leads to price standardization, i.e. the reduction of differences

- The Internet has the ability to compare prices among competitors.
- Product or service price will reach their marginal costs is intensifying competition.

Organizations will have to adjust to new pricing models using the Internet.

- The critical element linked to the price - the exchange rate. If an organization wants to sell its products in international markets it is required to publish the prices in the target currency or allow the user to access the site installed automatic currency conversion system or post links helping to carry out this action.

- Prices of perception affect user satisfaction with e-marketing time. Prices honesty can be a dominant factor in satisfaction and influence the desire to return to the website. So, in order to keep customers, e-merchants should not only provide the goods and services prices, additional charges, but also constantly updated, to avoid misunderstandings.

The impact on Internet technology marketing complex element "distribution"?

- Place the internet understood as an online organization websites.

- Place the Internet is identified as a product or service delivery channels. Product or service delivery: an organization itself performs delivery, third parties or directly delivers the product via the Internet (for informative, software, entertainment and financial services products).

- The Internet makes it possible in certain cases to avoid the intermediate links of organizations - mediators; going with competitors and suppliers - extended their pages offering competitors products.

- E-business web sites are competing in quality, design, attractiveness of the proposals, a variety of product presentations and so on.

- Physical distribution of goods / delivery takes longer. The negative feature in online shopping is the time during which the purchase is coming from a seller to the customer. It is not valid for digital goods (movies, music, e-books, software, etc.) In order to reduce the influence of this factor in the case of physical production, a new niche is becoming popular for - express services which the main purpose is to deliver orders as quickly as possible.

-Time changes. In a traditional trade or other business very important are working hours. The influx of customers before the holidays, after work or at the weekends is not so important, because the Internet does not depend on time. The Internet has reduced its value because it can be used at any time of the day

The Internet Impact on marketing complex elements - support:

- The Internet enables organizations to communicate interactively with consumers.

- The Internet enables to reach international customers much cheaper than using traditional media methods

- Companies can use various supporting techniques, e.g., to pay for the placement of links in websites which are popular among the company's target consumers and are less expensive option than advertising in traditional media channels.

- The possibility of free exchange "free" advertising to other sites.

- Speeches in online discussion forums that are related to the company's sales of goods or services or type of target market is a great way to attract potential visitors to the site with a probability to gain new consumers.

- Brand Management remains the most important factor in online marketing - it is very important to the company and its subsidiaries to have different sites that use different formats, visuals, messages and content.
- The use of e-marketing instruments - target marketing by e-mail; blog; SEO- search engine optimization ; social networks; banners.
- Internet customers, buying online prefer suppliers, from who have previously bought in the traditional way (not the Internet). Consumers buying online not the first time take preference for a well-known traditional offline merchant's website. The company wishing to move into e-business space should inform and prepare consumers to become e-customers.

Comment on how information technology has changed the attitude on consumer?

Decision-making power has shifted from the manufacturer on the user side - the customer is a key element in determining the decision. The main problem these days is no longer the production of the product - the problem is communication, communication with the customer. Long-term relationships with customers are becoming increasingly important for two reasons - from mass marketing trade is gradually moving towards micro-marketing; most markets have reached a mature phase, when there are no longer any new users, so one has to share the current ones.

Organizations have no longer the ambition to attract more customers, while are trying to maintain and better serve the existing ones. Users for today's organizations are not standard statistical units that can be replaced the new ones. Marketing Communications - is long-term customer relationship formation, maintenance, improvement, in order to better satisfy the needs of users. Thus, the market focused on the customer and he is given the power to decide what, where and when to buy. With constant access not only to the company but also to its competitors' offers and product information, the client may encourage the company to satisfy his needs.

Theme 4.

Self-evaluation Tests

Mark the integrated marketing communications?

Advertisement
Sales Promotion
Direct Marketing
Public Relations

Advertisement campaigns exploited possibilities of promotion?

Special Offers
Discount

Loyalty program

What factors encourage consumer's activity?

Social
Economical
Personal

Describe the planning guidelines 5R model?

Quick reaction
Suitability
Authentication
Relations
Receptivity

Organization influencing environmental factors are divided into:

Micro environment
Macro environment

Where is the traditional advertising used?

TV
Radio
Press

Self-evaluation Questions

What methodology is applied in order to simplify the communication planning?

"5K" pattern - formed on the basis of questions:

- Who are our target customers?
- What do we need to achieve them?
- How should we communicate?
- Where should we communicate?
- When should we communicate?

What are the advantages/ benefits of integrated marketing communication?

- Creative integrity.
- Consistent reports.
- The objective marketing advice.
- Better information carriers (media) use.
- Increased marketing precision.
- Usage efficiency.
- Cost reduction.
- High values of consistent service.
- Simpler labour relations.
- Increased responsibility of agencies

What are the main features of the integrated marketing communications / issues?

- Clearly identify whether marketing communications objectives are consistent with organizational aims.
- The planned approach, which fully covers the marketing communication activities in a coherent and synergistic manner.
- The range of target audiences - is not limited only to users or potential customers, but is communicated with interested persons, "employees, shareholders, suppliers and others" as well as consumers.
- All forms of communication, which can form marketing communication activities, management. This includes any relative communication, arising from organization's internal and external communications.
- In support of activities as well as they are involved in human resources management and effective integration.
- Joint of all products / brands and corporate marketing communications efforts.
- Support measures range - used to support all combinations of elements.
- Messaging range - branded product or company sponsorship must arise from a simple coherent strategy. Integrated marketing communication efforts to ensure that all messages are formed in synergistic way to maximize each other's strengths, or at least minimize the resulting inconsistencies.
- Information carriers (media) range - used for a wide range of measures aimed at the dissemination of the report, not only to mass communication tools.

What is the difference of traditional and online marketing communications?

Traditional marketing is used in case of simple communication option - one-way mass communication. The traditional way of advertising on television, radio or press is one of many typical communication patterns - strategy. This type of mass communication is very popular, as have the ability to reach a wide audience.

The Internet, which is a new form of communication, brings together a large and extensive network, which comprises different Internet users / consumers. In this case, both consumers and advertising suppliers may have the role of information provider on the Internet - many-to-many form of communication. Users have the ability to create web sites to publish articles or promote various products. Thus, the Internet and related technologies, and the development is associated with the formation of the close link between consumers and advertisers. Users can freely collect and provide information to commercial sites, communicate with other users. Advertising providers may

also collect and use the information obtained from the users and of consumers. All this creates conditions for advertising messages distribution, segmentation of the audience information about the goods to facilitate the search.

What are the major stages of integrated marketing communication process?

- Analysis of the current situation - the target market definition.
- Communication setting targets.
- Creative strategy formation - Information creation, the source and timing.
- Budgeting.
- Integrated marketing communication complex formation / settings.
- Integrated marketing communication performance evaluation and control.

Theme 5.

Self-evaluation Tests

What are the basic marketing elements applied in e-marketing?

Product
Price
Distribution
Communication

What determines price flexibility

Variety of behaviour
Price changes

How big is the interest rate companies carrying out partnership programmes pay for each transaction ?

7 – 15 %

According to world studies what percentage is allocated to e-marketing?

40 %

List intermediaries in the e-market.

Wholesalers
Retailers
Brokers
Agents

Self-evaluation Questions

Name and briefly describe basic aspects and factors that influence price growth of products online.

- *Distribution* – retail trade participants on the Internet are exposed to significant product distribution expenses since the goods are transported to various places. Very often customers themselves cover delivering costs to the indicated address. In this case the cost of the product online increases.

- *Partnership programmes* - a vast majority of websites selling their products online carry out partnership programmes, so they pay from 7% to 15 % interest rate for each transaction. These costs contribute to the price rise of the product and reduce company's profit.

- *Website designing and maintenance* – requires considerable financial resources. Maintenance includes such expenses as hardware, software, the Internet, etc.

- *E-marketing and e-advertising* – the Internet is dominated by harsh competition thus it requires heavy fixed costs on advertising to attract and retain customers online. According to world studies up to 40 % of the Internet revenue is allocated to e-marketing.

Types of products in a virtual environment by *nature*:

- Physical products – tangible goods – household appliances, books, cars, etc. Drawback – when buying on the Internet there is no possibility to test them.

- Digital products – goods existing only in cyberspace. They include software, e-books, pictures, audio and video e-products, etc.

- Services – this produce cannot be separated from the service provider, it is intangible, they are used and supplied at the same time when two parts, i.e. the service provider and the user are present. These services include travelling, distance learning, virtual games and so on.

What is the impact of information technology on e-marketing ?

- *A customer is the most important.* In today's business world conditions are dictated by consumers who determine the competition conditions. Increased buying power, constantly changing needs and expectations lead to a shortened product life cycle.

- *Speed.* Information on the Internet is changing at a high speed, so the customer has to constantly monitor the process.

- *Distance abolition.* With the emergence of the Internet geographical barriers have disappeared. Companies communicate with their clients from various parts of the world. Attainability on a global scale is the factor which allows reaching markets which previously were not available. Therefore, the Internet is regarded as the global market with no limits.

- *Lack of time constraints.* The Internet activity is sustained, that is twenty-four hours a day, seven days a week (24/7)

- *The intellect-based capital* – imagination, creativity and entrepreneurship are more important resources than financial capital.

What influences lower prices of produce sold online?

Lower costs of commercial activities on the Internet lead to lower prices – reduces need for staff, no expenses for premises rent and maintenance, etc. Buying agents contribute to lowering the price (public presentation of benchmarking results), reverse auctions (buyers set the price and the supplier tries to meet the offer), tax-free zones (lower taxes are imposed as there are no state borders), venture capital (most e-businesses are funded by venture capital funds and the latter is focused on the long-term rather than faster and higher profits), active competition (a large number of market participants, easy price comparison, simple replication of commercial offers, etc.).

What are the elements of e-marketing mix?

4C and 2C-2P-3S e- marketing mix elements:

- *Customers' needs and wants.*
- *Cost to the customer.*
- *Convenience.*
- *Communication or community* – possibility to communicate, mutual interaction,
- *Personalisation* – getting to know your customer, tailoring the product for the customer.
- *Privacy and security* – customer privacy protecting policy, safe payment for products/services.
- *Customer service* – functional and technical help 24/7.
- *Site* – functionality, design, usability, convenience, simplicity, awareness.
- *Sales promotion* – means for stimulating Internet advertising: newsletters, banners, emails, search engines, blogs etc.

Theme 6.

Self-evaluation Tests

Depending on how the user purchases a product online, or how react to the applied marketing tools, can be formed into goals, customer orientation - communication, attracting, contacting, action and maintenance.

What are the goals formed focusing on the customer, by purchasing goods on the Internet?

Information
Attraction
Getting in Contact
Action
Maintenance

What is the flow of information outside?

Telling

What is the flow of information inside?

Listening

What is interactive communication?

Conversation

Self-evaluation Questions**What are the main objectives of the e-marketing?**

- To improve the organization's image
- Achieve mass audience
- Focus on target / segmented audience
- To develop an interactive relationship with customers
- Run-effective trade
- Ensuring a dynamic and active e-marketing

What are the main actions of e-marketing objectives in their performance / achievement?

- The organization has a virtual space to present their work using the latest technologies and the application of innovative e-marketing tools.
- The organization must be able to attract the widest group of users because Web technology makes possible to have the access to the rapidly expanding global audience that is not limited by any boundaries and limits.
- By planning and implementing e-marketing efforts organization should focus on the target group of Internet users, as new technology makes it possible to achieve easily the desired users or their group. According to the types of the Internet users it is easy to identify target audience for the organization
- The organization should form active, e.g. interactive, relationship with their consumers. In this case, the company must provide not only detailed information about its activities, products, and also has to make an effort to learn about the client, to know his opinion, comments and so on. It can also be applied to fans, fans community creation and so on.
- The organization, using technology, by advanced virtual instruments of payments, should allow consumers to purchase goods conveniently, take orders and apply innovative methods of payment for goods.
- The organization has constantly to update the information and data contained web space - website etc., companies' users must keep themselves informed about the activities, products and services.

- Bargain, leads advertisements to a purchase - Internet user is directed to the organization's web site, usually perform the act of purchasing or guide it to a direction

Simulative return - e-advertising tools (newsletters, advertising banners, etc.) offering promotions, discounts and etc. enables the Internet user keep coming back to the organization's website, interested products or services of the organization.

Theme 7.

Self-evaluation Tests

Select 3 main market segmentation related concepts.

Market segmentation

Market segment

Target market

Describe the correct geographical segmentation criteria.

Country

City size

Region

Climate

Distinguish 3 market segmentation principles / criteria by consumer behaviour in cyberspace.

By the use of case

By loyalty

According to the need

On the search benefits

Distinguish 4 types of e-market users.

Consumers who seek the convenience

Users who seek the diversity

Users that focus on the points of sale

For what segments the online users are divided to?

Who like buying

Internet researchers

Suspicious-training

Business customers

Self-evaluation Questions

What are the indicators / variables identify consumer behaviour on the Internet?

- Duration of one session – the entire time the user spent online.

- The Length of time spent in one website.

- Time spent on the Internet according to web categories (sports, leisure, entertainment, news and so on.) expressed as a percentage / ratio.
- Time spent on the websites of similar content, the ratio of the total time online

Provide the main stages of market segmentation process?

- Stage 1. The single market - different users.
- Stage 2. Market segments analysis and search.
- Stage 3. Market segments reduction alternatives.
- Stage 4. Target market segments setting / selection.
- Step 5. Marketing strategy and policy development for the target market segments.
- Step 6. Saving competitive positions in target market segments

Describe the basic requirements of market segmentation?

- Market segment of users need to be similar.
- Market should be partitioned by the principle in order to collect the information about particular segments.
- The segments must be clearly defined and easily measurable.
- Market segments must have growth, profitability and expansion opportunities.
- Segment is easily available in support and product distribution operations.

What are the methods used in primary data collection?

- Personal interview or survey; Concentrated Focus Group; monitoring; Experiment; Continuous marketing research; Advertising research.

What is the e-consumer behaviour according to the use of case types?

Fast/ Rapid - has the shortest time spending online. Their web browsing purpose - to collect relevant information about sports scores, news titles, the financial performance of the markets, share values, sending e-mail and etc.

Fact collectors - are interested in specific information on the Internet. Mostly use of well-known websites on the market and focus on essential information.

One goal - to surf the internet with the purpose of finding specific information or to purchase a particular product or service

For repeated use - constantly browse the same websites, having the same goal – e.g. financial transactions, weather reports, discussion forums, and so on.

Leisure - most interested in online news, e-gaming, entertainment and so on. This type of users surf the Internet as their pastime.

Information collectors - are characterized by analysis - collect information interested in the subject and generally do not use one, but several web sites. Their goal - the collection of high quality information and they are interested in a website offering only qualified content.

Surfers - spend the most time online. This type of users browse the various websites content, which only attracts their attention in e-shop, virtual communities, blogs, news portals, articles portals and others.

Comment on the segmentation of the consumer loyalty? What are the specific features in each group?

There are distinguishes 4 main groups of users:

- Loyal;

This group of users who, in each case of buying, use the same product or service brand, is regarded as a loyal group of users. In order to better understand the group behaviour indicates - AAAAA (A - a particular brand).

This group of consumers, who tend to buy not one, but several different brands of products. In most cases this type of users prefer a particular brand, but in rare cases not tried other brands. These groups marking behaviour - AABBAAB (A and B - different brands).

-A certain period of time loyal;

This group of users creates a time consuming production of a specific brand, but in the long term eventually change to the other, i.e. a new one, and mostly have not revert to the previous one (used before). These groups marking behaviour - AAABBBCCC (A, B and C - different brands).

- Not loyal;

This group of users who do not have addictions to a specific product brand, they often change brands, and mostly it influences of good proposals of the production , good price, promotions and etc. These groups marking behaviour - ABACDBA (A, B, C and D - different brands).

Theme 8.

Self-evaluation Tests

Name 3 main elements, determining the choice of marketing strategy.

Consumers
Competitors
The company itself

What is a marketing strategy?

Process, series of actions that are designed for a particular marketing objective.

What is an excess demand?

This is a situation where demand greatly exceeds supply.

What is a negative demand?

This is a situation where a whole market or its bigger part rejects offered product or service.

What is a development strategy?

Encouragement to use more products and services at the same time

Self-evaluation Questions**What are the main strategy types according to target market?**

- *Concentrated marketing.* Company's efforts are focused on only one market segment and to master it specially customised marketing mix is used. This strategy is usually implemented by companies with scarce resources and facing fierce competition. It is risky because when serving one consumer segment, competitors may appear and an intensive competitive struggle may be initiated.
- *Differentiated marketing.* A company to master separate market segments uses different, specially tailored marketing mixes. Main principles – several products or service supply options are applied to each segment. This strategy is used when the market is well-established, the needs are well-known; when adapting to its customers the company has a bigger market and is less vulnerable. Drawback – higher costs.
- *Undifferentiated marketing.* A company to master the whole market uses a single universal marketing mix. Principles – the same products or services are provided to all segments; it is suitable for introducing new products or services to the market; main task – to deliver products or services properly, inform about it as many customers as possible; limitation of the strategy appears when the customers' needs change.

What are the main stages of e-marketing strategy development?

- Identifying company's targets.
- Analysis of the situation.
- Marketing targets.
- Choosing marketing strategy.
- Identification of competitive advantages.
- Identifying the target market.
- Implementation of marketing action programme.
- Budget and control.

What is SOSTAC model and what are its basic principles?

It is used in strategy formulation. Its methodology is based on 6 key issues:

- *Where are we now?* SWOT analysis of the market (strengths, weaknesses, opportunities and threats): the market, competitors and partners' online analysis, international opportunities and resources.
- *Where do we want to be?* The main objectives: sales, added value, savings, etc.
- *How are we going to get there?* Segments, target markets, objectives, positioning, trust – try – buy, integration, achievement of the target market.
- *By what means will we get there?* Marketing mix, including communication mix.
- *What is our action plan?* Who is responsible for what and when: responsibility and structure, processes and systems, internal resources and skills, external agents.
- *How will we ensure control?* Network analysis, customers' responses, call frequency optimisation.

What marketing strategy is used when demand is volatile?

Synchro marketing . Volatile demand is a situation when there is a big difference in sales of the same product or service at different periods of time. This is applicable to demand for seasonal goods and some services (e.g. entertainment, transport).

Theme 9.

Self-evaluation Tests

What is a website?

information resource on the web;

What is a domain?

unique website address;

Name 3 aspects that influence success of a website:

Domain name notoriety
Flow of visitors – web statistics
Benefits of a website and return of investment

Self-evaluation Questions

What are the main types of websites? Briefly describe each.

- **Commercial – on-line shops.**
- **Community** - – it is a website where people with similar interests communicate with each other, usually on forums.

- **Blogs** – are designed to place and share personal information or opinion etc. with other Internet users.
- **Representation websites** – provide information about a person, organisation, project, product/service or other object; static, unchanging information is presented.
- **News** – news, articles, currents events and other relevant information.
- **Entertainment** – websites for spending one’s free time, online games, chat rooms, music sites etc.

What are the main principles of creating an e-commerce domain?

- Short address.
- Simple word grammar of the address.
- A unique address – distinguishable, impossible to confuse it with others.
- Notion used – quite common and well-know word is used.
- Ability to memorize and pronounce the word easily.
- Address has connections with the activities of a website.
- Website address is coincident with the name of a company.
-

Detail the main aspects of formation of domains and website addresses extensions?

It is possible to purchase domains with various extensions, but the most serious ones have such extension: – *.com; .biz; .info; .lt; .de; .eu, etc.* Domains with the following endings *.biz, .eu, .com* and *.info* best suit commercial websites. If an organisation operates on a larger scale it is advisable to create a website name which corresponds to consumer country. For example, if potential customers are population of Lithuania, it is advisable to register *.lt* domain name. If products or services are provided for Latvian, German or Russian markets it is appropriate to register and use domain names *.lv, .de* or *.ru* and develop all their redirects to the same main website.

Give some examples of commercial websites?

- www.pigu.lt
- www.varle.lt
- www.azon.lt
- www.drabuziaivaikams.lt

Theme 10.

Self-evaluation Tests

What are the three parts involved in a website creation responsible for its quality?

- A website ordering party
- A website creator
- A website visitor

What determines the success of the site?

Quality

How to know whether the site attracts appropriate audience?

Survey

What are the most important five elements of a website used to attract the Internet user?

- Web design
- The text of the site
- Popularity
- Marketing
- Interactivity

Self-evaluation Questions

What is a content management system? What is it used for?

These are different software tools which make the management of information system content (text or graphic) easier so when developing or changing the content of a website or its structure any special (programming) knowledge is not needed. CMS does not require HTML and programming knowledge; the site can be managed by any worker of a company. CMS is used:

- When it is planned to update the information frequently.
- When there is a lot of information on the site.
- When the structure of the site is complex.

What are the main criteria and stages and their main aspects when choosing content management system?

- Purpose – it is necessary to determine the nature of the site because it influences administration policy and according to it, content management system should be chosen.
- Selection of functions – functionality of Content Management System depends on the installed modules that provide additional site administration opportunities. All this affects the number of languages, announcements, frequency of publication of articles, demand of photographs and video, necessity of search for information, e-marketing system and so

on. Once the main and most important site features have been identified, the modules which ensure CMS functionality can be chosen.

- Comparison of CMS – when the desired and existing functionality of the site is known, it is necessary to compare different CMS on such criteria as page creation, deletion, word processing, system security, possibility to optimise the search engine and so on.
- Development and warranty of CMS – this is the last stage when it is necessary to clarify the terms of long term system service, maintenance, system upgrades, possibility to install new modules.

What are the benefits of CMS?

- Time saving
- Ability to establish a closer relationship with consumers.
- Ability to find the company through search engines with ease.
- Detailed statistics on site traffic.
- When any specific needs arise, it is easy to attach new modules.

What is VPTCS method? What is it used for and what are the main aspects?

- It is a methodology for assessing the quality of websites, including both technical and general criteria. This methodology comprises 5 quality criteria groups: visibility (the site availability for potential audience), perception (website structure, links to other websites, easy return to the main page, hyperlinks quality, design, etc.), technical (ease of use, complexity of the Internet addresses (URL), server response time, use of new technologies, etc.), content (relevance of information, correspondence between headings and content, quality of information and its adaptation to certain consumer groups), services (whether and how quickly it is responded to visitors' queries, compliance with conditions).

Theme 11.

Self-evaluation Tests

What are 4 the main functions carried out by the advertising website?

Production demonstration
 The submission of information
 Interest promotion
 Organizations image formation

Specify 4 online advertising promotion measures?

Advertisement on search sites
 Internet Links
 Advertising banners
 Website

List 4 advantages of advertising on search sites?

Search engines are used in a global scale
 The broad and targeted audience
 Directing the visitors to the advertised website
 Free registration in search engines

List 4 cons of search advertising sites?

A large number of search engines
 Search Engines based on different selection criteria for submitting search results
 Registration methods, the principles of list making varies, so it is necessary a frequent re-registration on search sites
 For users the most important are only primary search results, i.e., first results page

Self-evaluation Questions

Name the basic and essential online advertising goals?

- Develop a positive image of the organization and its services or products.
- Sell goods / services online i.e. increase sales and profitability.

Specify the key differences between traditional and online advertising?

Internet advertising makes it easier to increase sales volume, more focused on the individual user. Internet user generally knows what he wants, so online advertising is aimed to provide targeted information at the right time and the required content. In contrast to traditional advertising, there is no need at one and the same time inform about the product, try to provoke a desire to buy and push for this action. Advertising on the Internet is not a unified message, it is sent to all users without any exception, it is individualized information, adapted to each according to his needs. Advertising on the Internet has greatly increased the effectiveness and impact, compared to traditional advertising channels as advertising on the Internet can be created, delivered and adjusted easily and faster, as well as it can reached a larger audience of users on the Internet, also accurately identified and assessed the effectiveness of advertising - i.e. what advertising has achieved and how many users have seen it.

List the advantages of online advertising?

- Internet advertising advantages:
 - Internet Advertising - 24/7 (24 hours a day, 7 days per week).
 - Advertising price does not depend on target group by location.
 - Online advertising is characterized by segmentation, whereas advertising is reached due to the content of interest.
 - Direct / Individual connection with the consumer.
 - Increased attractiveness of advertising opportunities - video, audio, text.
 - Easy, fast and simple adjustment of the content option.
 - Clear and targeted assessment of advertising results and its effectiveness - the number of advertising clicks, the number of visitors and others.
 - The user decides when and where to visit and how much time to be in one or another website.

Comment on how it can be website and advertising tool, and advertising provider?

- Advertising means - if the site is intended only for the organization and its products or deliver services, interact with customers.
- Advertising presenter -if there are appeared other organizations on the company's website or its advertising product.

What are kind of e-mails, as the online advertising promotion measure, its types and main aspects?

- *Preferred e-mail*. It is a commercial mail, also known as *newsletter*, which is sent an advertising or message to a consumer, because he prefers it. The user books it voluntarily by registering in the system. This advertising method is characterized by high efficiency and expediency, whereas e-mail is sent to the target consumer, who is interested in particular subjects.

- *Spam*. It is a commercial mail known as "spam", which is sent advertisement or announcement to consumers who don't wish it or have not booked service at all. This form of advertising annoys users and its effectiveness is minimal. Most of the users delete such e-mails even have not read.

What is the efficiency of online advertising? How it is measured

With the help of advanced Internet technologies, it is possible to determine precisely how many users over a period of time used the Internet, what sites they have visited, how many advertising contacts had one visitor, the information about potential customers who were interested in advertising on the Internet is identified precisely, what advertisement / banner / message, on what page is placed, how many potential customers were attracted to a particular organization web

site, for what exact products / services they were looking for, what advertisements were displayed to users and what is their interest rate and other parameters.

Advertising efficiency measured by the number of clicks, in some cases, is analyzed / observed "bounce rate" (rate shows what percent of visitors come from the Web site immediately after one page view) or the number of have seen pages through advertising which came to a new visitor, as well as conversion rate (the ratio of actions performed on the website with the total number of visits it).

For ordinary assessment of the effectiveness of advertising is enough statistical analysing tool Google Analytics, which can be measured not only in the number of visitors who came from advertising, but how many of those visitors have reached the target web site, make a purchase, make telephoning, downloaded file, or have done another desired action. By using Google Analytics, visitors can be divided into groups (one-time purchased, returning buyer, a registered user, etc.), monitor individual groups of activities, their surfing habits and according to it make conclusions, what are their dissatisfied needs, where is the weaker place of sales chain and how to eliminate it.

Theme 12.

Self-evaluation Tests

Contextual advertising is::

Other method of targeting ads

What two channels are not included in viral marketing communication channels?

Social networks
Video/Image files
Internet forums, discussion groups
Online games
Blogs
Email

Viral advertising as a part of viral marketing solves 3 problems:

Increasing of brand awareness
Promotion/Stimulation of sales
Increasing customers' loyalty and establishing consumers' confidence

What is the basis for a viral campaign?

Idea

Self-evaluation Questions

What is contextual advertising?

It is a form of advertising when special banners are selected and displayed to the user and they are based on the content of the page the user is viewing. Depending on the needs and goals, contextual advertising shown on other sites depends not only on the content of the site, but also on the user's browsing history.

How does contextual advertising function?

When an Internet user opens a website, an automated advertising system is launched, which evaluates website information, website name, etc. According to the website content and dominant theme, and with regard to some keywords selected by the advertiser (increases the likelihood of certain advertisement being displayed) advertising system selects targeted advertisement which is displayed to specific user. If the user is browsing and reading information about furniture, it is likely that the system will show furniture production-related advertisement.

What is viral marketing?

Viral advertising is a strategy when individuals are encouraged to transfer advertising message on a voluntary basis to other individuals, i.e. to one another. Forwarded information is regarded more as a pastime. In this way a potential for the balanced growth is set up – the sense of demonstrating the message and its impact. All this leads to increased number of users who forward the message, thus increasing its popularity. Individuals forward an amusing video and/or a link to one another, thus creating a viral advertising which spreads among people without any additional costs and advertiser's interference (minimum participation).

What are the differences between traditional and viral marketing?

- In the case of traditional marketing (TV, radio, advertising messages, etc.) a consumer learns about the advertising directly from the advertiser or a third party, but at the same time advertisement purposes are introduced to them and they are not encouraged to forward a promotional message to other individuals. They can buy the product or use the service and memorise the logo of a company.
- In the case of *viral marketing* a message is spread and consumers share it without realising that it is an advertisement or they are aware, but they forward the message voluntarily for some stimulus. So in this case a wider consumer market can be reached.

What are the key elements of viral marketing?

- *Availability*. The message should be easily accessible.

- *Emotion.* VRL message should trigger user's emotional reaction. Efforts are being made to provoke such emotions as laughter, intrigue, shock, entertainment, exhilarations, sometimes fear or sadness.
- *New and unique.* Users will pay attention only to a message which is new and unique, innovative and worth attention. It has to be unexpected – it is not advisable to copy or advertise the best qualities of the product, because everyone does so. It is necessary not to be limited only to the company and product but to focus on a story which could in its scope identify the company or product.
- *Usefulness.* The user will be motivated to forward the message to others if he feels any benefits such as free offers or useful sites, promotions, free coupons or discounts.

Theme 13.

Self-evaluation Questions

What is a marketing / advertising budget on the Internet?

The general budget of the company consists of the marketing budget. Marketing / advertising budget on the Internet is an integral part of the overall marketing budget, because it is always a certain part of the marketing budget allocated to online marketing communications.

The size of total marketing budget is very important for marketing / advertising plan on the Internet, because it determines to carry out planned, promotional campaigns - the quantity, scope, target groups and their size. Marketing / advertising budget depends on the chosen means of dissemination of advertisements and on identified targeted strategies. The fundamental questions that have to answer marketing budget makers – what the amount of funds should be given to the company for marketing communications strategy online.

Marketing / Advertising budgeting techniques?

- *Connection with the sales.* Online marketing costs - a percentage of turnovers (during a certain period).
- *Relation with competitors.* Online marketing costs associated with competitors' budgets.
- *Connection with the overall budget.* Marketing / Advertising online costs associated with the organization's overall budget.
- *Connection with other means.* The company takes a decision to earmark part of the traditional marketing / advertising means to move online.

- *Effective marketing budget.* To create an effective advertising a part of funds is allocated according to the need, i.e. marketing / advertising means' creation costs.

Connection with the profits. Marketing / Advertising online costs associated with the organization's profits, i.e. a part of percentage is allocated of generated profit (for a certain period).

- *Free funds method.* Every year at the end for the coming year organization's budget is formed. By the allocation of funds for major projects and activities, a budget for marketing online is set i.e. free cash balance is allocated

- *Historical method.* Marketing / Advertising online costs associated with the organization's budgets based on the previous few years.

- *Goals and objectives' method.* Marketing / Advertising online costs associated with the organization's raised marketing / advertising purposes and objectives and for their achievement e-tools are required.

What are the most popular ways to pay for advertising?

- *The display* - the number of impressions and / or time spent by consumers delayed viewing advertising.

- *The answer* – the number of advertising clicks by the Internet users.

- *The action* - marketing results: Downloading data about the product, filling questionnaires or registration, online divestiture transactions.

Make calculations for presented indicators in a table when data is available?

- Advertising customers pay the amount for the 1st- advertising click - 15 cents.

- Advertising customers pay money for the 1st ad's performance on the Internet - 20 cents.

- The Number of advertising clicks - 200 units

- Advertising impressions - 1,000 units

Indicator (abbreviation)	Meaning
CPC (in value terms)	
CPC (the amount of money spent on advertising on the Internet)	
CTR	
CPI (in value terms)	
CPI (the amount of money spent on advertising on the Internet)	

Answer

Indicator (abbreviation)	Meaning
CPC (in value terms)	200 units
CPC (the amount of money spent on advertising on the Internet)	30 Lt (200x0,15)
CTR	$CTR = 100\% * Clicks/Impressions$ 20%
CPI (in value terms)	1000 units
CPI (the amount of money spent on advertising on the Internet)	200 (1000x0,20)

List the basic pay for advertising "for the impression" indicators?

CPI (Eng. Cost Per Impression) – pay for impressions (units).

(CPM. Cost Per Mile) - pay-for-impression (1,000 units).

FF (Eng. Flat Free) - Payment for the time - paid for the ad display time.

Theme 14.**Self-evaluation Questions****What are the aims of consumer reach?**

- *Embracement of a target group.* Different user groups according to their web-surfing habits can be fairly accurately distinguished in the Internet. User groups can be identified most precisely according to their interests (more difficult to identify by income, age or place of residence). Tailored, targeted, relevant and informative advertising presented on specialised pages is the most effective.
- *Reach and frequency.* It has to be noticed that Internet users tend to surf the same useful websites, that is why the information put in these sources will be more noticeable
- *Brand awareness.* The brand must be known to the consumer if we want him to discover the product on the shelf among many other items. The choice of advertising creative tactics depends on what type of popularity we want to create: recognition (the user's ability to recognise the brand from its packaging or logo) or recall (the user's ability to recall the brand and associate it with a certain product or service category).

What are consumer reach measurement methods?

- *Total number of users* – the total number of users that saw/clicked on the advertisement.
- *Unique users* – using specialised instruments (e.g. *Google Analytics*) it is possible to accurately determine how many unique users saw the ad.
- *Brand awareness and change of attitude.*
- *Advertising on high traffic portals.* News portals (*delfi.lt, lrytas.lt, alfa.lt*), social communication networks (*facebook.com, one.lt and draugas.lt*) and specialised and ad websites (*plius.lt, skelbiu.lt and other forums*) are the most often visited. The audience of the selected ad distribution channel has to at least partly meet the product target audience. For example, on the portals, which are mostly visited by young people, advertisements of mobile phones would be more effective than of furniture.
- *Advertising on big target group-focused portals.* Such portals normally have lower consumer traffic but if the product or service is positioned properly the audience could be more receptive and potentially of higher interest

What are the goals of interactive communication with consumers?

- *Direct response.* The advertiser can follow every consumer's step, capture every opened page and product picture, written comment or purchased product or service.
- *Direct sales.* The user has a possibility to order or purchase products or services online using e-commerce tools.
- *Data collection.* Technological tools allow to monitor and collect data about users' behaviour and browsing habits. This information can be used for investigating consumers' behaviour, adjusting advertising campaigns or product presentation and recommending related or similar products to the consumer.

What are the channels for reputation building?

- *Web media.* Various web pages and blogs.
- *Email.* A tool to disseminate news for existing and wishing to receive information customers.
- *Messages and articles.* They are distributed through various channels on the Internet. Content should contain expert opinion, the problem and its solution.
- *Social channels.* Information is provided to interested contacts and is distributed to target group on the social dating sites.

- *Audio clips*. Info messages, discussions or interviews are distributed and published together with blogs. It allows user to download recording and listen to it at any convenient time, e.g. travelling to / from work.
- *Video and graphics tools*. The best way to demonstrate and deliver products, or to show how the company works and the production process.

Self-evaluation Tests

What is interactivity?

innovative presentation of creative message creating a direct connection between the user and the advertiser;

What three interactive channels can be used to attract users?

web media;
games;
social networks;

What two numbers best identify website traffic?

a number of unique users;
 a number of openings of a webpage

Theme 15.

Self-evaluation Questions

What is SEO?

SEO or search engine optimisation is a complex and ongoing process, which aims to increase the number of visitors to the site, and according to main keywords related to the site's content, raise it as high as possible in the search engine results.

What are the main stages of SEO process?

- Internet market research/SEO audit.
- Internal website optimisation.
- External website optimisation.
- SEO monitoring.
- Adjustments and updates.

What are the main elements/processes of internal optimisation?

- SEO attributes.
- URL optimisation.

- Image and video SEO.
- Robots.txt and Sitemap files.
- Content SEO.

What are the main elements/processes of external optimisation?

- Site registration in sites directories.
- Creation of backlinks network.
- Writing and distributing original content.

Development and implementation of content marketing strategy.

- Submission of information in a form of info graphics and using other visual marketing tools.
- Writing as a guest on other blogs.
- Social networking and other.

What are benefits of SEO for business?

- Website will be more visible/noticeable to search engines.
- Website will occupy a higher rank or leading positions in the search results.
- Website will attract larger and constantly growing number of Internet users, some of whom will become users of a specific product or service.

Self-evaluation Tests

What percentage of Internet users find websites through search engines?

over 80%

What percentage of Internet users do not go past the first 10 search results?

90%

What percentage of Internet users purchase a product/service they find through search engines?

75%

What is optimisation?

a process of ongoing adaptation to the specific requirements;

What percentage of search engines are influenced by external optimisation process?

80%

Theme 16.

Self-evaluation Questions

The marketing plan position in the organization?

A marketing plan is an integral part of the organization's strategic plan. The highest level - the company's mission, vision and strategic objectives. According to them, are formed and identified the target market's segments, are carried out market's researches, performed the company's strengths, weaknesses, opportunities and threats (SWOT) analysis, is identified the organization's situation on the market and based on the gathered information, are formed separate business plans, including a marketing plan. The marketing plan also includes both strategic and tactical planning.

What are the main components of the marketing plan?

- Summary / Introduction.
- Objectives and tasks
- Analysis of the current situation - market analysis, organization's competitive setting, predictions and prospects analysis.
- Marketing strategy formation.
- Complex marketing programmes formation -products, pricing, sales channels and sponsorship activities program.
- Marketing budget.
- Marketing plan's evaluation and control.

What is a SWOT analysis? The basic principles?

This is the main evaluation method of internal condition of the organization. It is commonly used when you want to determine the organization's strengths, weaknesses, opportunities and threats. Based on the organization's strengths and weaknesses combination with existing threats and opportunities is the basis for strategy formulation. Organization's strengths (good functional strategy, good management, competitive abilities) and weaknesses (the absence of a clear strategy, badly implemented strategy, the weak market) - is a company's internal factors, organizations

opportunities (new users, the entrance into new markets, the opportunity to move to a better strategic group, market growth) and threats (new potential competitors, potential product substitutes, slow market growth, increasing consumers' pressure, the threats of macro environment) - these are the factors affecting the company from the outside. By SWOT analysis method are identified companies operating the internal and external factors - is analyzed the range of products, pricing, presentation channels, the strengths and weaknesses of the sales sponsorship, compared with competitors and based on the evaluation of the customers, and on that basis are formed balanced strategies.

Marketing action budgeting techniques?

Marketing financial plan formed in 2 ways:

- From the top to the bottom.
- From the bottom up.

"The top-down method"- firstly, are evaluated the necessary funds for sponsorship activities, then the remaining amount is divided between the various actions. Advantage - the promotion is seen as an integrated marketing strategy. The drawback - too little attention is paid to individual sponsorship actions influence.

"The bottom-up method"- firstly are evaluated the needs of funds for each sponsorship action, while the total amount consists of the overall sponsorship budget. Advantage - a lot of attention is paid to the individual sponsorship actions influence, but in this case sponsorship budget is higher and costs may not be returned.