

Module 3

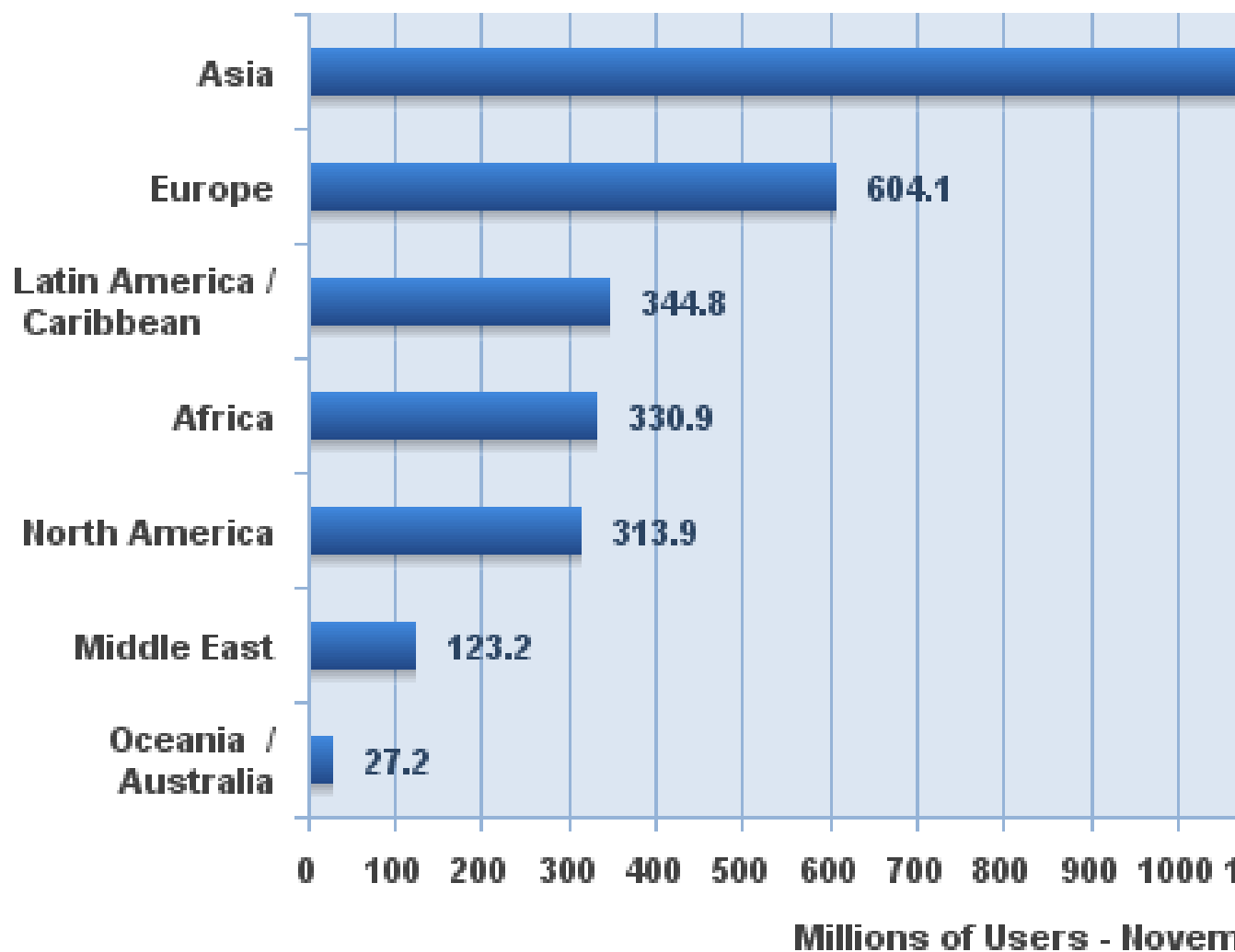
The E-Marketing Environm

Overview of Global E-Market

4-6

- ❑ The globe is literally a world of opportunity.
- ❑ Exhibit 4.1 shows that worldwide internet usage increased more than 58% from 2004 to 2008.
- ❑ Asia has the most internet users.
- ❑ Africa saw the greatest growth in internet usage.
- ❑ North America has the highest penetration rate, with 40 percent of the population.

Internet Users in the V by Geographic Regions -



Source: Internet World Stats - www.internetworldstats.com/stats.htm

3,366,261,156 Internet Users Estimated for November 30, 2015

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Internet Use Varies by Country

4-8

- The world's largest online markets are the United States (216 million users) and China (162 million users).
- The top 10 countries account for 70% of the world's internet users.
- Some smaller countries, such as Norway, Sweden, Netherlands and Iceland, have the highest internet penetration, over 85% of their population.

Top Ten Internet Usage Co

4-9

Rank	Country	Number of Internet Users (millions)	Country
1	United States	215.0	Norway
2	China	162.0	The Netherlands
3	Japan	87.5	Iceland
4	India	60.0	Sweden
5	Germany	53.2	Australia
6	Brazil	42.6	United States
7	United Kingdom	40.4	South Korea
8	South Korea	34.4	Switzerland
9	France	34.9	Denmark
10	Italy	33.1	Japan
Total		763.1	

Developed Economies

4-10

- ❑ Developed countries are highly industrialized, using advanced technology to increase efficiency, and have high GDP per capita.
 - ❑ Western Europe
 - ❑ North America
 - ❑ Japan
 - ❑ Australia & New Zealand
- ❑ Developed countries are ideal for the activities discussed in the text.

Emerging Economies

4-11

- Have low levels of GDP per capita
experiencing rapid economic growth
- Emerging economies can be found
continent.
 - Mexico, Central & South America
 - Baltic States & Eastern Europe
 - Russia, Belarus & Ukraine
 - Africa
 - Central & Southeast Asia
 - China

Importance of Information Technology

4-12

- The internet accelerates the process of economic growth through diffusion of new technologies
 - Bangalore, India is the center of Indian economic growth in software and IT.
- Internet marketing differences in emerging economies include:
 - Fewer computer users
 - Limited credit card use
 - Lack of secure online payment methods
 - Unexpected power failures

Country and market opportunity

4-13

Global e-marketers must carefully balance two different analytical approaches.

- 1 Market differences**
 - 1 Different languages**
 - 2 Cultural behaviours**
 - 3 Buying behaviours**
- 2 Market similarity**

Country and market opportunity

4-13

- 1 Market similarity.
 - 1 Similar characteristics

Amazon.com

U.S.-based company would first target countries like the UK and Australia before targeting France, Germany, and India.

All these countries have common language, high internet users, credit card users,

It reduces risk and helps explain why it targets the first place.

Market Approaches Ex 4

4-13

Emerging economy

Emerging economy

Understand **market differences**

Understand
market similarities

Understand
market similarities

Developed economy

E-Commerce Payment and Issues

4-14

- E-commerce in emerging markets is often hampered by the limited use of credit cards and lack of infrastructure for conducting online transactions.
 - ▣ Nepal, for example, is a cash-based economy where credit cards are scarce.
 - For local Nepalis, only Visa, MasterCard, and American Express are accepted.
 - ▣ In Bolivia, only 2.3 percent of the population has a credit card.
 - ▣ Credit card use is virtually non-existent in many other emerging markets.

E-Commerce Payment and Trust

4-15

- In addition to credit card usage, e-m working in emerging economies should attitudes toward online purchasing.
 - A 2007 study in Lithuania found that 5 users had not made an online purchase thought it was too risky.
 - To overcome trust issues, eBanka, an int established in the Czech Republic in 19 secure online purchases.

Technological Readiness Influence

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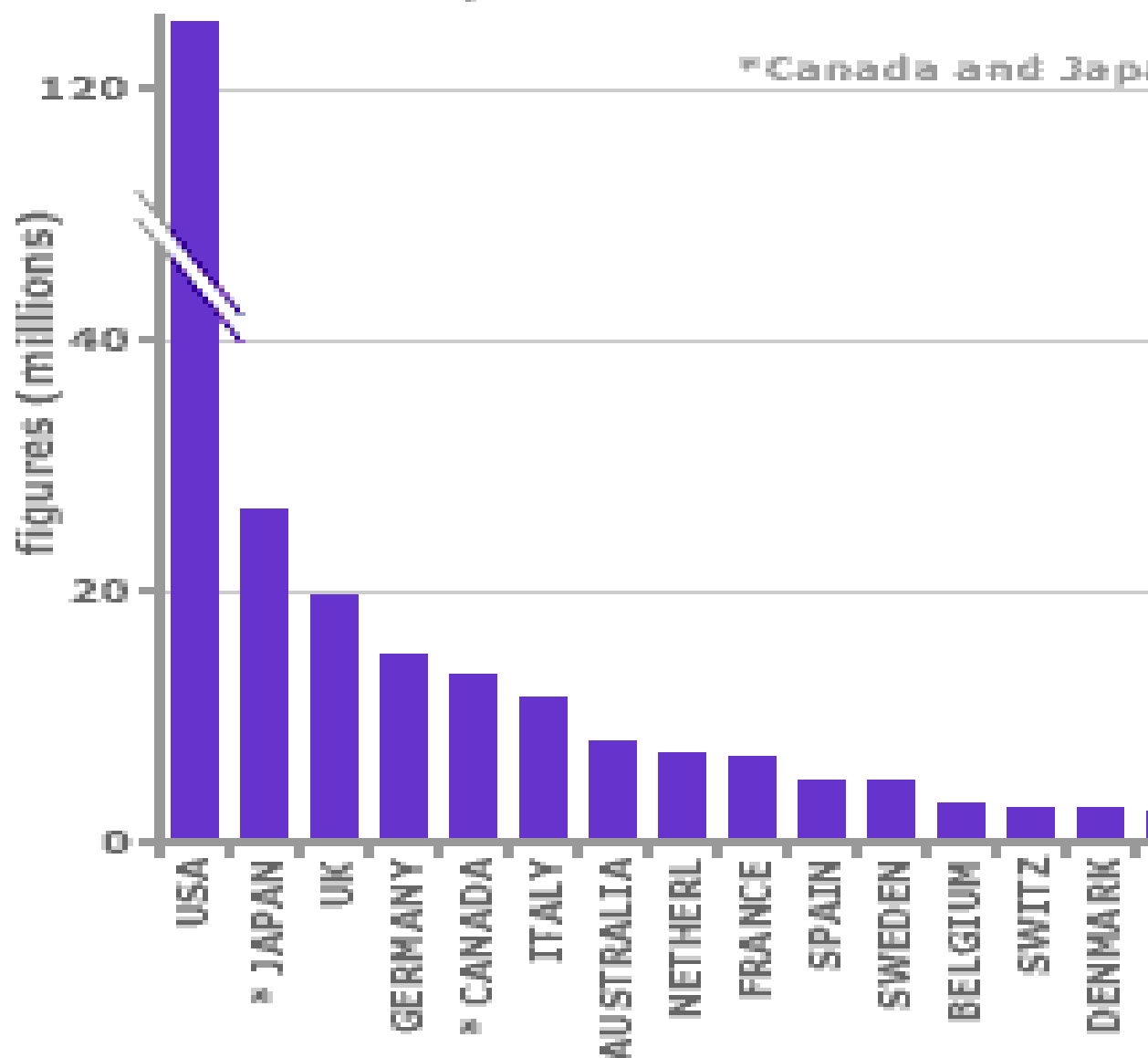
- E-marketers must deal with daunting i technology:
 - Limited access to and use of computers
 - High internet connection costs
 - Slow internet connections speeds
 - Unpredictable power supplies

Computers & Telephones

4-17

- Computer access is unevenly distributed throughout the world.
- Exhibit 4.6 shows computer ownership in selected countries.
 - ▣ Ownership ranges from 84% in Kuwait to 1% in Uganda.
- Telephones (and connectivity) can be surprisingly expensive.
 - ▣ Many consumers in countries with emerging economies use the internet from free-standing shops rather than at home.

People with internet access via a home pc



Internet Connection Costs

4-18

- Countries with emerging economies often have higher internet-related business costs.
- Dial-up connection costs can vary considerably.
- Broadband connections are developing rapidly.
 - In 2002, 88 countries had broadband connections; by 2006, 150 countries had broadband connections.
 - Broadband connections are still expensive in many developing countries.

Wireless Internet Access

4-19

- ❑ At the end of 2007, there were 3.2 billion mobile phone subscriptions worldwide.
- ❑ Countries with emerging economies leapfrogged industrial countries in mobile phone adoption.
- ❑ Challenges of wireless e-marketing
 - ❑ Modification of Web site content for mobile devices
 - ❑ Text entry using tiny keypads
 - ❑ Content development
 - ❑ Pricing and secure payments

What is the Digital Divide

The term digital divide refers to the gap between people who have access to digital technology – such as computers, Internet, mobile phones – and those who have very limited access or no access at all.

The Digital Divide

4-20

- ❑ E-marketers must consider the social context in which e-business operates.
- ❑ Disparities with regard to technology and access to the Internet create a digital divide between countries and populations.
- ❑ The digital divide raises challenging issues for global policy, international business, and entrepreneurship.

- <https://www.youtube.com/watch?v=p9FPrw>