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# Module 3

The E-Marketing Environment

## Overview of Global E-Market

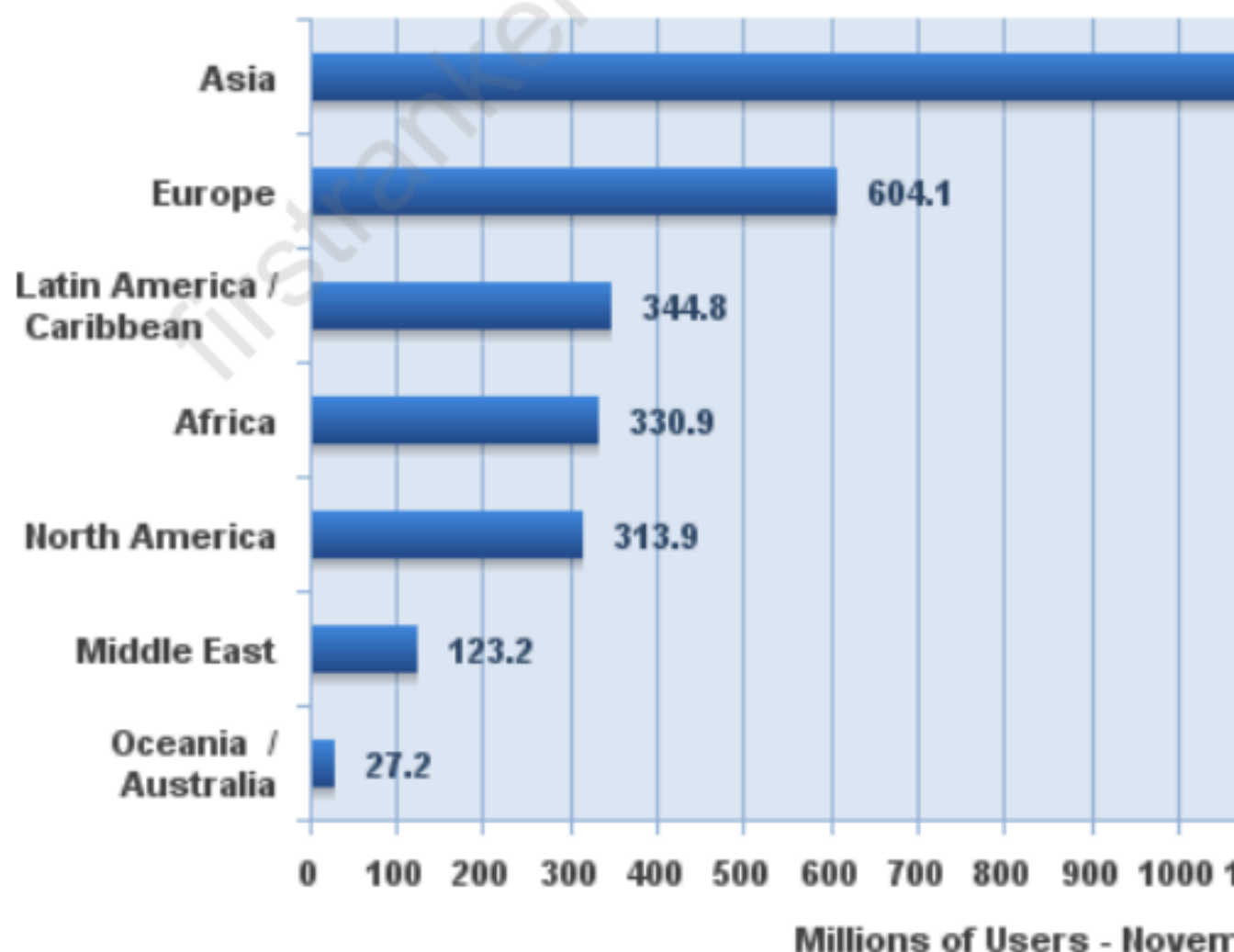
4-6

- The globe is literally a world of opportunity.
- Exhibit 4.1 shows that worldwide internet usage increased more than 58% from 2004 to 2010.
- Asia has the most internet users.
- Africa saw the greatest growth in internet usage.
- North America has the highest penetration rate, with 65 percent of the population.

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## Internet Users in the V by Geographic Regions -



Source: Internet World Stats - [www.internetworldstats.com/stats.htm](http://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 Influences

4-16

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



## Computers & Telephones

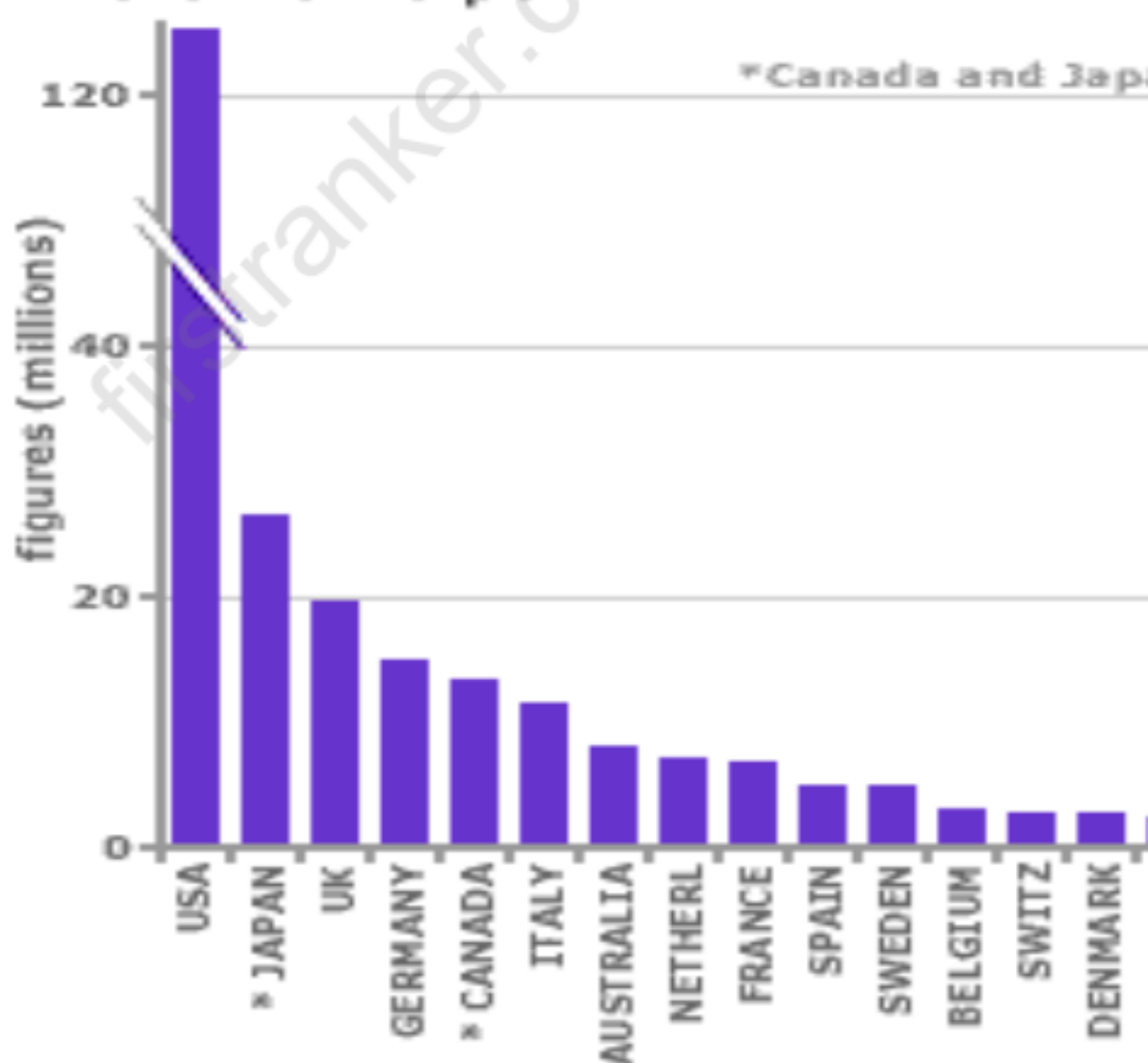
4-17

- 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, this number had increased to 193.
  - 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 technology 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>