E-Marketing Res

Module 4

The Purina Story

2

❑Nestle Purina PetCare Company wanted to
web sites and online advertising increased of

❑Nestle developed 3 research questions:

➢ Are our buyers using our branded Web sites?

➢ Should we invest in other Web sites?

➢ If so, where should we place the advertising?

❑They combined online and off-line shopping
found that:

➢ Banner clickthrough was low (0.06%).

➢ 31% of subjects who were exposed to both onli
mentioned Purina.

➢ The high exposure group mentioned Purina mo
group.

➢ Home/health and living sites received the most

Data Drives Strategy

❑Organizations are drowning in d

➢Survey results, internal records, p government reports.

➢Click stream data, web analytics,

❑Marketing insight occurs somew information and knowledge.

❑Purina, for example, sorts throu millions of pieces of data about 2 consumers to make decisions.

From Data to Decision: Pu

Decision

Let's put banner a

Dog owners who see
buy Purina ONE. We
visit: about.com, ww

1. Purina buyers are 20
   about.com
2. 36% of dog owners w
   buy the brand.

016030102
(Buyer 1 bought Purina

Knowledge

Information

Data

Marketing Knowledge Mar

❑Knowledge management is the
managing the creation, use and
knowledge.

❑Examples of the uses of know
management can be found in Ex

Uses of Knowledge Manag

Use in the Telecom Industry	Representative
Scanner Check-Out Data Analysis	AT&T
Call Volume Analysis	Ameritech
Equipment Sales Analysis	Belgacom
Customer Profitability Analysis	British Telecom
Cost and Inventory Analysis	Telestra Australi
Purchasing Leverage with Suppliers	Telecom Ireland
Frequent-Buyer Program Management	Telecom Italia

Use in the Retail Industry	Representative
Scanner Check-Out Data Analysis	Wal-Mart
Sales Promotion Tracking	Kmart
Inventory Analysis and Deployment	Sears
Price Reduction Modeling	Osco/Savon Dru
Negotiating Leverage with Suppliers	Casino Superman
Frequent-Buyer Program Management	W. H. Smith Bo
Profitability Analysis	Otto Versand Ma
Product Selection for Markets	Amazon.com

The Marketing Information

❑Marketers manage knowledge t
marketing information system (MI
  ➢Many firms store data in databas
    warehouses.

❑The Internet and other technolo
facilitated data collection.
  ➢Secondary data provides informa
    competitors, consumers, the ecor
    environment, etc.
  ➢Marketers use the Net and other
    collect primary data about consu

Soures of data: Internal re

❑Accounting, finance, production
personnel collect and analyze dat

  ➢Nonmarketing data, such as sale
  spending

  ➢Sales force data

  ✓ Conversion rate, ads effectiveness,
  behavior

  ➢Customer characteristics and beh

  ✓Universal product codes

  ✓Tracking of user movements throug

Secondary data

❑Can be collected more quickly a
expensively than primary data.

❑Secondary data may not meet
information needs.

➢Data were gathered for a differen

➢Quality of secondary data may be

➢Data may be old.

❑Marketers continually gather bu
intelligence by scanning the envir

Other approaches

- Monitoring social media
- Technology enabled Approaches
- Real-space approaches

Monitoring Social Media

- **Data mining** – post on blogs & social media

- **Online communities-** open communities and

- **Social media interface** – researchers recruit
  participate in discussion.
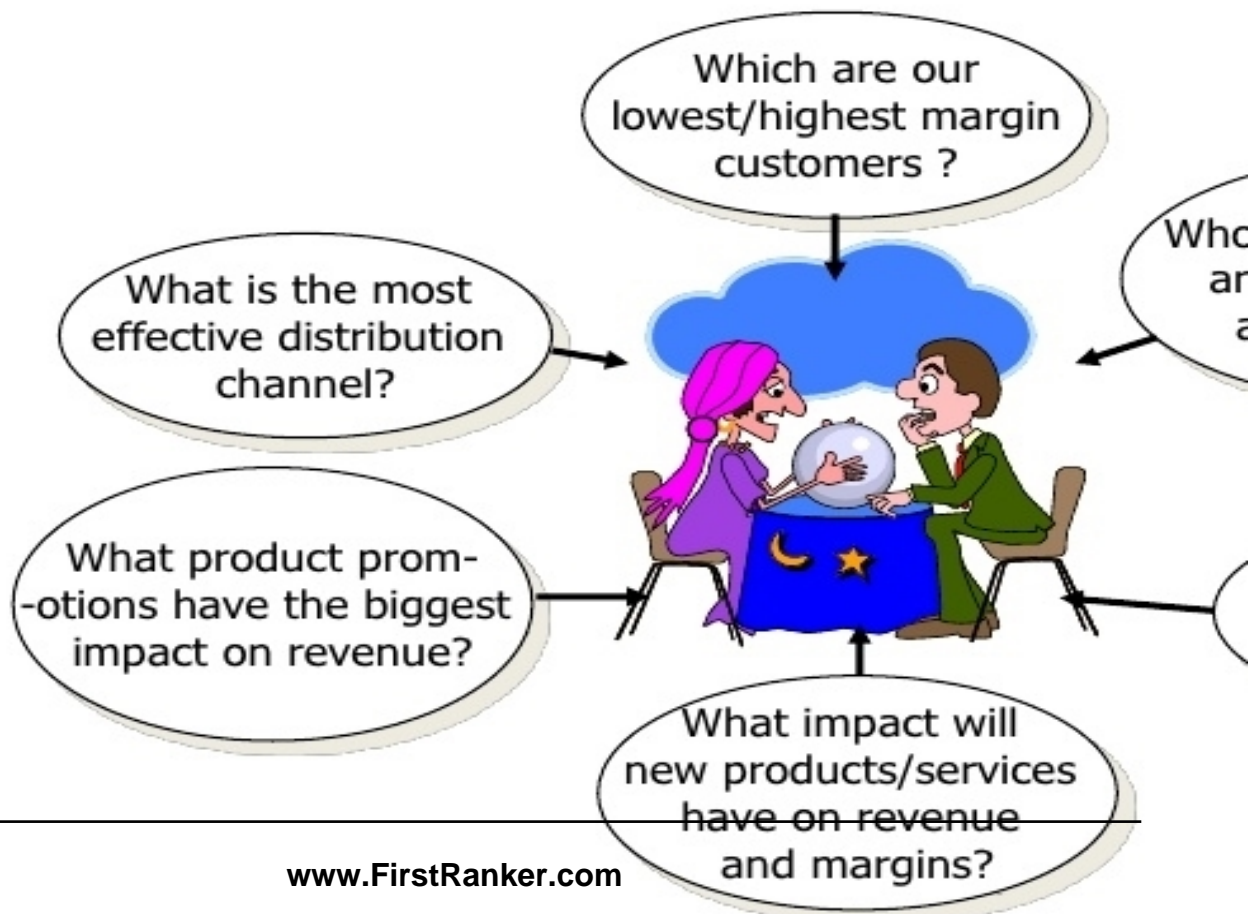
Technology – Enabled Approa

- Client-Side Data Collection
    - The data collection actually takes place between
      data collection server.

- Server-Sided Data collection
    - Amazon.com, through collaborative filtering soft
      ordered by customers and makes recommendat
      trends.

Real-Space Approaches

- To gather information offline that is subsequ
  marketing databases to be used for e-marke

- Bar code scanner and credit card terminals, s

- This offline information's will be combined w

Marketing Data Base & Data V

A producer wants to know....

Which are our lowest/highest margin customers ?

Who ar a

What is the most effective distribution channel?

What product prom--otions have the biggest impact on revenue?

What impact will new products/services have on revenue and margins?

Various Marketing Data Bases

- 1 Product Database:
  - Information about product features, prices and i

- 2 Customer Database:
  - Track of each customer
  - What he has purchased?
  - Responses
  - Complaints
   - It is used to build customer relationships

Various Marketing Data Bases

- 3. Transaction Processing Database:

  - It refers to the adding, changing, deleting or look
    file or database by entering the data at a termin

  - Trading stocks online

  - ATM

  - Online bill payments.

What is a Data Wareh

A single, complete and consistent store of data obtained from a variety of different sources made available to end users in a what they can understand and use in a business context.
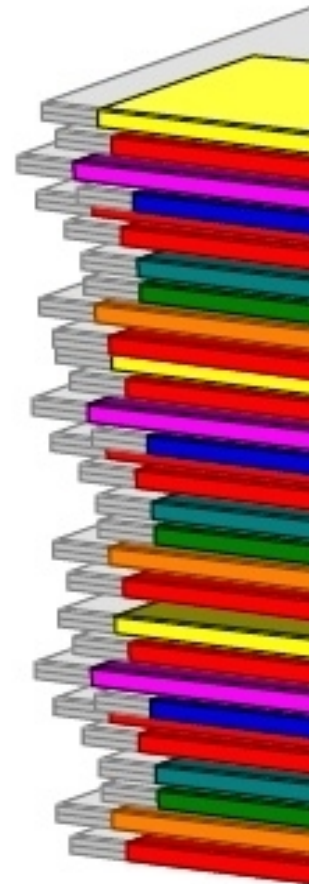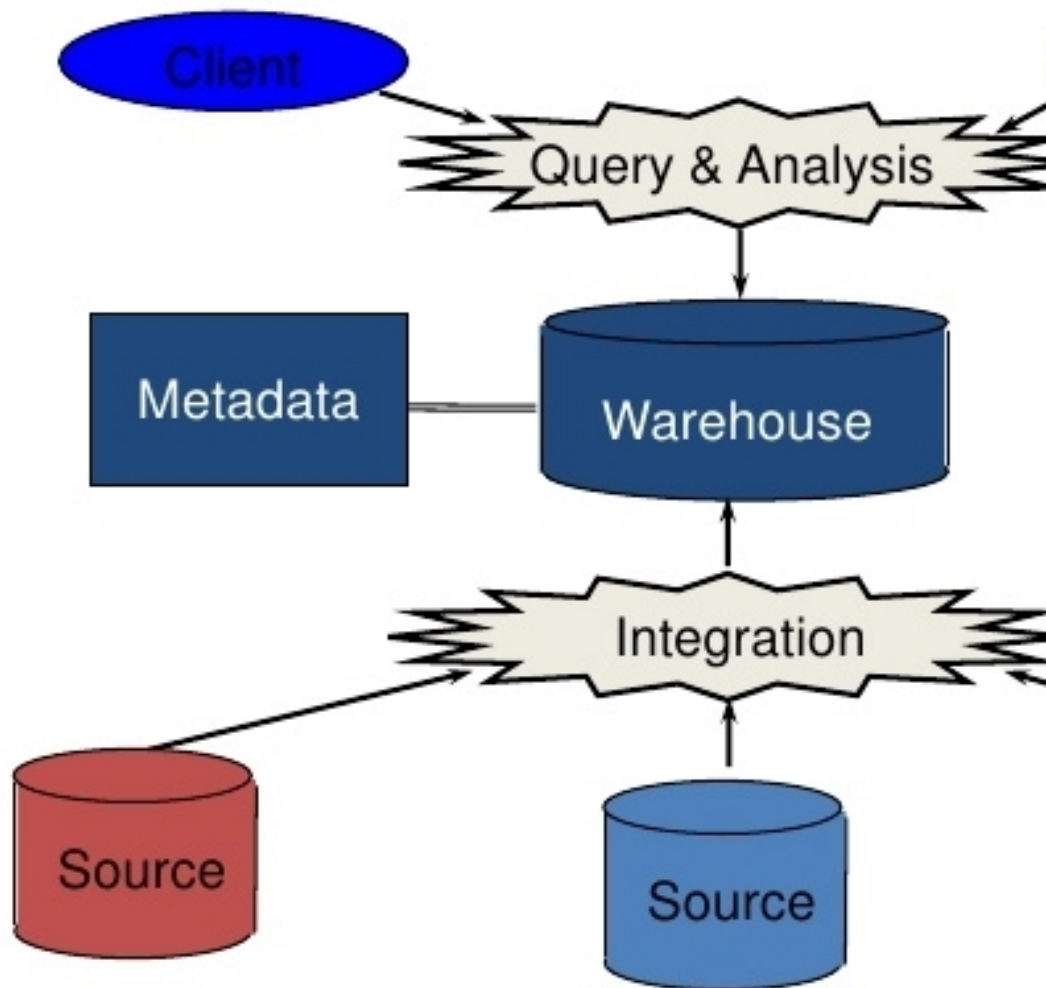
What is Data Wareh

A process of
transforming data into information and
making it available to
users in a timely
enough manner to
make a difference

Data

Data Warehouse Architec

- Data analysis and Distribution
  - Data mining
  - Customer proofing
  - RMF (Resource Measurement Fa
  - REPORT generation

Data M

- **Data Mining** is the process of extracting company's various databases and re-orgar other than what the databases were originall

- It provides a means of extracting previousl information from the base of accessible data

- Data mining process is different for depending upon the nature of the data and o

- Data mining tools use sophisticated, aut discover hidden patterns, correlations, and organizational data.

- Data mining tools are used to predic behaviors, allowing businesses to make driven decisions.

- For ex: for targeted marketing, data mining promotional mailings to identify the ta maximize the return on the company's mailings.

Data Mining works wit
Warehouse
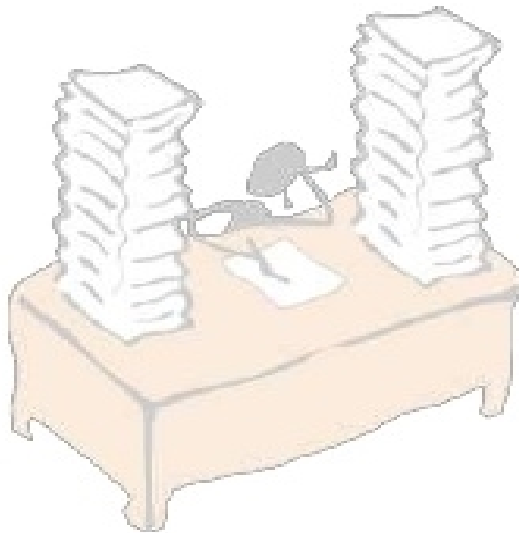
⌘ *Data Warehousing pr*
Enterprise with a memory

⌘ *Data Mining provides the*
Enterprise with intelligence

Data mining to

IT tools and techniques are used by d

- ## Neural computing: It is a machine learnin
  historical data can be examined for patterns.

- ## Intelligent agents: It is the promising appr
  information from the internet or from intranet-b

- ## Association analysis: An approach that us
  algorithms that sort through large data sets and
  among items.

Text mining

- Text mining is the application o
  to non structured or less struct

- Operates with less structured i

- Frequently focused on docume
  rather than document content

Text mining helps

- Find the "hidden" content of documents
  useful relationships

- Relate documents across previously unno
  discover that customers in two different
  have the same characteristics)

- Group documents by common themes (e
  customers of an insurance firms who hav
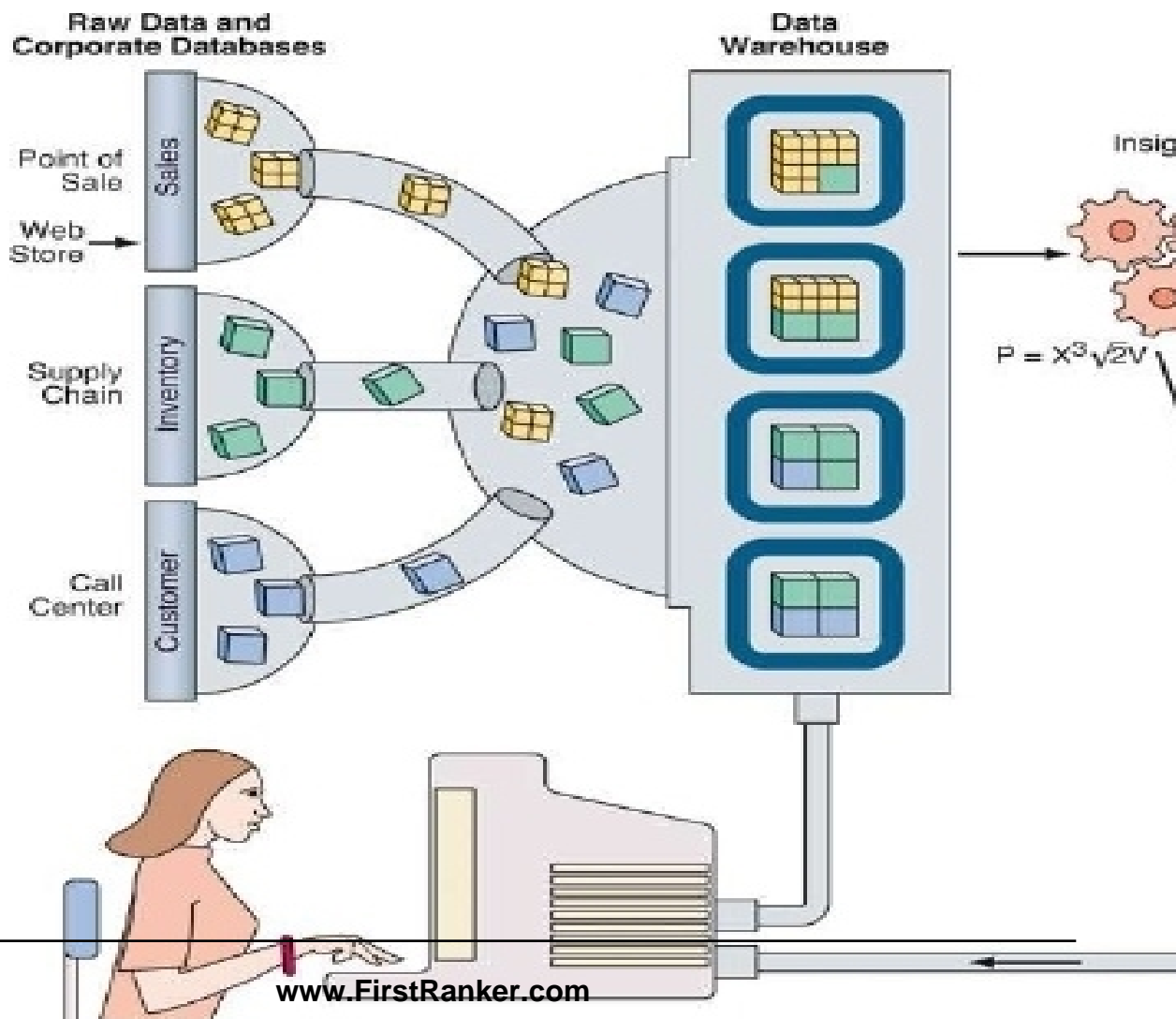 and cancel their policies)

OLAP

- Online Analytical Processing - EF Codd in 1994 paper contrac Arbor Software

- Generally synonymous with ea as Decisions Support, Business Intelligence, Executive Informa

- OLAP = Multidimensional Data

OLAP

- Online analytical processing re
  user activities as DSS modellin
  spreadsheets and graphics tha
  online.

- OLAP involves many different
  complex relationships.

- Objective of OLAP is to analyze
  relationships and look for patt
  exceptions.

Business intelligence and dat

Raw Data and Corporate Databases

Data Warehouse

Point of Sale

Web Store

Sales

Supply Chain

Inventory

Call Center

Customer

Insig

$P = X^3 \sqrt{2V}$

Customer profiling

- Building a description of customers or a set o
  includes their characteristics, location and be

- Segment them based on their gender, age, w
  how, why and what they spend money on.

- Through this marketers can really understan
  products and how they react to promotional

RFM (Recence, Frequency an

- It is an marketing technique used to determi

- Quantitatively which customers are the be customer has purchased recently,

- How often they purchase frequency and h spends monetary.

- This process responsive, saving promotional sales

Report generation

- Report generators, on other hand automatic high quality reports from data warehouse or regular basis.

Knowledge Management Met

- A metric is a quantitative measure of the deg entity or processes a given attribute.

- The most commonly reported metrics relate number of searchers, hits on an articles, dow and edits.

KM definiti

- Knowledge management i
  deliberate and systematic
  an organization's people,
  processes, and organizati
  in order to add value throu
  innovation. This coordinat
  through creating, sharing,
  knowledge as well as thro
  the valuable lessons learn
  practices into corporate m
  to foster continued organi
  learning.

The Two Major Types Knowledge

Explicit Knowledge	Tac
Tangible	Intangible
Physical objects, e.g. in documents or databases	Mental objec head's
Context independent	Context affe
Easily shared	Sharing invo
Reproducible	Not identica

The two KM metrics

- ROI
  - Total cost of savings divided by total cost of the

- TCO- total cost ownership
  - all the hidden costs involved in purchasing IT pr
  - Cost savings by web server downtime and labou

KM Metrics @ Ai

KM Strategy	KM Metrics
Economics/Reuse	● Reduction of errors in ● Define commonality o adherence to that comm ● Increase in reuse and ● Increase in accuracy ● Usability and retrieva
Knowledge Management	● Number of documents ● Number of unique use ● Number of answers u ● Number of frequently documents created

Consumer Behaviour Online

- Market stimuli
  - Product price place promotion

- Other Stimuli
  - Societal technological economical political and le

- Buyers response
  - Product/brand choice
  - Dealer/website
  - Purchasing timing
  - Frequency
  - Amount

Factors influencing Buying Bel

- External environment
  - Legal
  - Vendors trust
  - Competitors

- Demographics
  - Age, gender, education, and income

- Personal characteristics
  - Need, internet knowledge & cultural environme

- Vendor/service

- Website quality

Steps in online buying behavio

- Assignment

Online target marketing STP A

STP

- Segmentation
- Targeting
- Positioning

Segmentation-Bases

- Demographic
  - Gender, age, income

- Psychographic
  - Personality values, Lifestyle, interest and opinion

- Behavioural
  - Benefits, occasion, frequency and usage status

- Others
  - Technical   – mail, IP address
  - Contextual - who like to buy what
  - Search   - sell them what they want

Targeting

- Most profitable customers

- Large companies

- Customers that are difficult to reach using ot

- Customers that are brand loyal

Targeting strategies

- Undifferentiated marketing
    - Mass marketing strategy, common to all
- Differentiated marketing
    - Marketing to chosen segment
- Micro marketing
    - Mass customisation

Positioning

- Strategies

- Product or service attribute
  - Size, colour, speed
  - Amazon's one-click check-out
- Technological Positioning
  - Cutting edge technology
  - Preference to frequent customers
- User categories
  - Kellogg's has an interactive site for children

Positioning -Strategies

- Integrative positioning
  - Jewellery and hospitals
  - Web travel agencies can move market share to h discounts.

Differentiated strategies

- Site environment
  - Easy loading. Portrays accurate information.
  - Clear about product shown
  - Home page

- Marketing the intangible Tangible
  - Virtual tours
  - 3-d images
  - Image enlargement and trail downloads

- Building Trust
  - Strong brand recognition
  - Privacy policies
  - Safe and encrypted payment

Differentiated strategies

- Pricing

- CRM

- Enhancing the experience

- https://www.youtube.com/watch?v=hpRV3l 698VuidwuhvAFUIdOO3grdD&index=2