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TOUR 390

e Tourism

Dr Hassan Sherif

Chapter 1

EC & the Travel Industry

1

Travel and Tourism Services

- By the year 2011, more than 40 percent of all business-to customer Internet commerce will be related to tourism
- The Internet is an ideal place to plan, explore, and arrange almost any trip

2

Travel and Tourism Services

- Services Provided

Information and booking of airlines, hotels, cars, and even golf courses	Providing maps	Pictures of major attractions
Fare comparisons	Information about entertainment and ticket purchasing (such as www.ticketmaster.com)	
360 degree video tours of top destinations	Tips provided by people that <u>experienced</u> certain situations (like a visa problem)	
Electronic Travel magazine	Converting 200 currencies	

3

Travel and Tourism Services

4

Special discount information	Frequent flier deals	Fare tracker (free e-mail alerts on low fares)
	Restaurant reviews	
Chat rooms and bulletin boards	Current status of flights (real time)	Major international news
	Travel news	Worldwide business and places locator
Shopping for travel accessories and books	Bed and breakfast recommendations	Special interest vacations
Experts' opinion	Driving directions in the US	E-mail to intermediary
		Weather watch

Travel and Tourism Services

- Benefits and Limitations

- Benefits

- Free information is tremendous
 - Free information is accessible anytime
 - Substantial discounts

- Limitations

- Not all people use the Internet
 - It may take a long time to find what you want
 - People are still reluctant to provide credit card numbers₅

Travel and Tourism Services

- Impacts on the industry

- Multimedia helps customers understand the products
 - Offering of lower-cost trips
 - Providing a more personalized service
 - Saving money in a paperless environment
 - Increasing the convenience of getting information at home
 - Supporting a customer-focused strategy (such as targeted advertisement and integration of products); push information to customers

6

Travel and Tourism Services

- Travel agencies, as we know them today, will disappear
- Only their complex value-added activities will not be automated
- These complex activities will be performed by a new breed of intermediates

7

8

Chapter 2

Foundations of Electronic Commerce

9

Definitions and Content of Field

- Electronic Commerce (EC) is where business transactions take place via telecommunications networks, especially the Internet.
 - Electronic commerce describes the buying and selling of products, services, and information via computer networks including the Internet.
 - The infrastructure for EC is a **networked computing** environment in business, home, and government.
 - E-Business describes the broadest definition of EC. It includes customer service and intrabusiness tasks. It is frequently used interchangeably with EC.

10

Electronic Markets

- A *market* is a network of interactions and relationships where information, products, services, and payments are exchanged.
- The market handles all the necessary transactions.
- An electronic market is a place where shoppers and sellers meet electronically.
- In electronic markets, sellers and buyers negotiate, submit bids, agree on an order, and finish the execution on- or off-line.

11

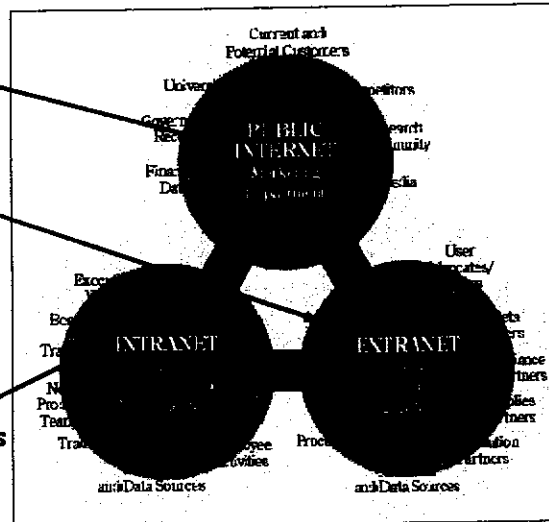
Electronic Commerce is Interdisciplinary

- | | |
|-----------------------|---------------------|
| • Marketing | • Management |
| • Computer sciences | information systems |
| • Consumer behavior | • Accounting and |
| and psychology | auditing |
| • Finance | • Management |
| • Economic | • Business law and |
| • Production/Logistic | ethics |

12

How Companies Organize Net Activities

- Visible to the public
- Managed by marketing
- Visible to suppliers and B-to-B customers
- Supply chain management
- Managed by marketing and logistics
- Internal to a company
- Available only to employees
- Often managed by HR



13

The Benefits of Electronic Commerce

Benefits to Organizations

- Expands the marketplace to national and international markets
- Decreases the cost of creating, processing, distributing, storing and retrieving paper-based information
- Allows for customization of products and services which provides competitive advantage to its implementers
- Lowers telecommunications cost

14

Benefits to Customers

- Enables customers to shop or do other transactions 24 hours a day, all year round from almost any location
- Provides customers with more choices
- Provides customers with less expensive products and services by allowing them to shop in many places and conduct quick comparisons
- Allows quick delivery of products and services in some cases, especially with digitized products

15

Benefits to Customers *(cont.)*

- Customers can receive relevant and detailed information in seconds, rather than in days or weeks
- Makes it possible to participate in virtual auctions
- Allows customers to interact with other customers in electronic communities and exchange ideas as well as compare experiences
- Electronic commerce facilitates competition, which results in substantial discounts.

16

Benefits to Society

- Enables more individuals to work at home, and to do less traveling for shopping, resulting in less traffic on the roads, and lower air pollution
- Allows some merchandise to be sold at lower prices benefiting the poor ones
- Facilitates delivery of public services at a reduced cost, increases effectiveness, and/or improves quality

17

The Limitations of Electronic Commerce

Technical Limitations of Electronic Commerce

- Lack of sufficient system's security, reliability, standards, and communication protocols
- Insufficient telecommunication bandwidth
- Difficulties in integrating the Internet and electronic commerce software with some existing applications and databases

18

Non-Technical Limitations

- Cost and justification (35% of the respondents)
 - The cost of developing an EC in house can be very high, and mistakes due to lack of experience, may result in delays. There are many opportunities for outsourcing, but where and how to do it is not a simple issue.

19

Non-Technical Limitations (*cont.*)

- Security and Privacy
 - These issues are especially important in the B2C area, and security concerns are not truly so serious from a technical standpoint. Privacy measures are constantly improving too. Yet, the customers perceive these issues as very important and therefore the EC industry has a very long and difficult task of convincing customers that online transactions and privacy are, in fact, fairly secure.

20

Non-Technical Limitations (*cont.*)

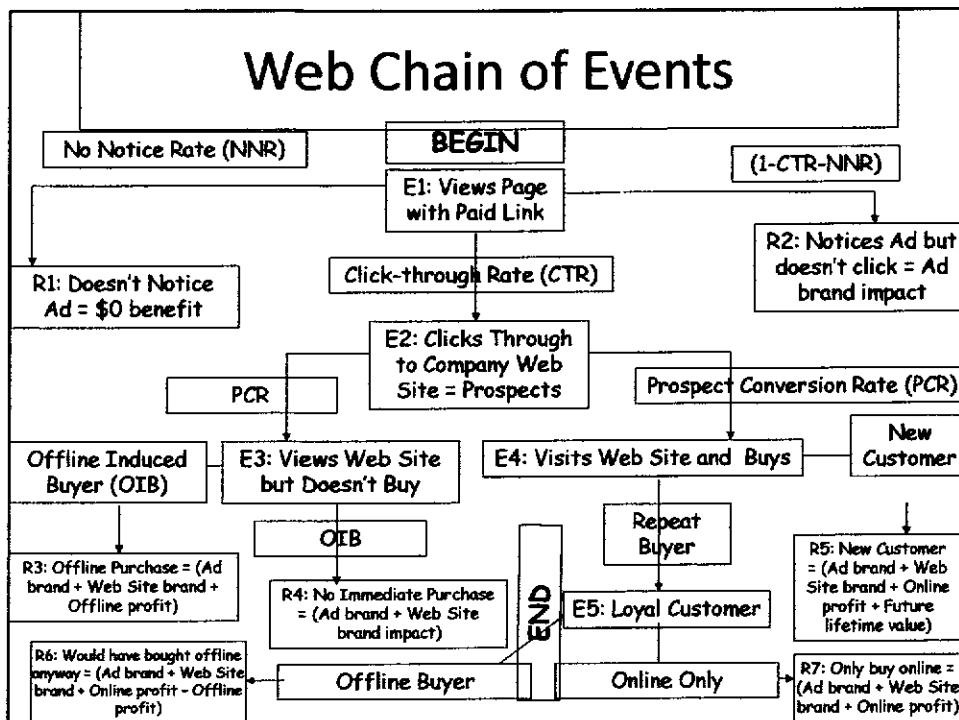
- Lack of trust and user resistance
 - Customers do not trust an unknown faceless seller, paperless transactions, and electronic money. So switching from a physical to a virtual store may be difficult.
 - Lack of touch and feel online
 - Many unresolved legal issues
 - Breakdown of human relationships
 - Expensive and/or inconvenient accessibility to the Internet

21

Web Chains

- A Web chain is a click sequence
 - Can be as short as a single click
 - Can be as long as all possible choices on a Web site
 - Decision points = event nodes
 - Ending point = result node
- Common Web chain starting points
 - Company homepage
 - Search engine or portal
 - Banner ads

22



Evaluating Web Chains

- Enables marketers to evaluate a wide range of Web strategies and tactics
- Calculate
 - expected value of an impression
 - expected value of a prospect
 - expected value of a new customer
 - expected value of a repeat buyer

Web Chain Benefits and Probabilities

Five Main Benefits Occur in the Chain

- **Online contribution:** the incremental profit from an online sale
- **Offline contribution:** incremental profit from the sale of products through the standard channel
- **Ad-brand impact:** value to a visitor, who sees the ad but doesn't click through
- **Web site brand impact:** value of a visit to the Web site that results in benefits, but not a sale
- **Lifetime customer value:** future value of profits from a new customer

Chapter 3

E Commerce & The Internet

27

Functions of the Internet

- Advertising (Individual & Organizational)
- Sales support (B2B)
- Customer service & support
- Public relations
- E-commerce (Retail store)

28

Travelocity

BOOK A TRIP

www.travelocity.com

[Http://www.travelocity.com](http://www.travelocity.com)

**WITHOUT
MAKING ONE**

For more information, contact your local
Travelocity office or call 1-800-828-8282
or visit us online at www.travelocity.com



World's Most Popular Online Travel Agency

29

E-Commerce Components

- Catalog
- Shopping cart
- Payment procedure



[Http://www.bluefly.com](http://www.bluefly.com)

www.bluefly.com
the retail store in your home

E-Commerce Incentives

- Must overcome security issues.
- Must change purchase behavior habits.
 - Financial incentive (toll-free, sales force)
 - Cyberbait
 - Convenience-based incentive (distance, time, effort, information gathering)
 - Value-added incentive (personalization)

31

Payments, Protocols and Related Issues

- Security requirements
 - **Authentication:** A way to verify the buyer's identity before payments are made
 - **Integrity:** Ensuring that information will not be accidentally or maliciously altered or destroyed, usually during transmission
 - **Encryption:** A process of making messages indecipherable except by those who have an authorized decryption key
 - **Non-repudiation:** Merchants need protection against the customer's unjustifiable denial of placed orders, and customers need protection against the merchants' unjustifiable denial of past payment

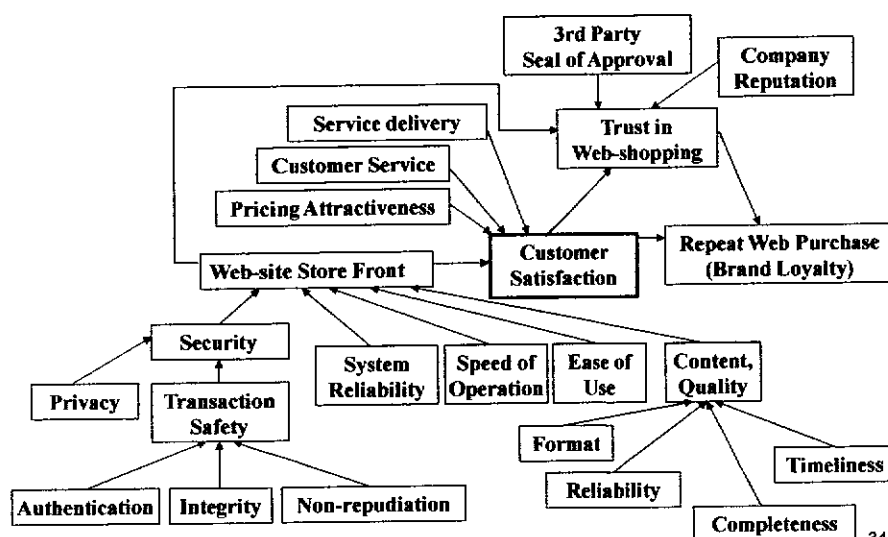
32

Tools of Customer Service

- **Personalized Web Pages**
 - Access seller's database for service information
 - used to record purchases and preference
- **Chat Room**
 - discuss issues with company experts; with other customers
- **E-mail**
 - used to disseminate information, send product information and conduct correspondence regarding any topic, but mostly inquiries from customers
- **FAQs**
 - not customized, no personalized feeling and contribution to relationship marketing

33

Model of Internet Consumer Satisfaction



34

Chapter 4

Design Principles

35

Poor Design

- **Clueless Banners:** Tricking people to come to a site through clever banners can frustrate consumers and often has a negative impact on the brand's image.
- **Slow Loading Front Pages:** Most consumers are not patient enough to wait a long time for a front page to load.
- **Numerous Screens:** Being forced to go through numerous screens is frustrating. Instead, indexes should be developed that help consumers to quickly locate parts of the Web site.

36

Poor Design

- **Sites That Are Hard to Navigate:** Any Web site that is hard to navigate creates a negative image of the firm and its products.
- **Too Much Verbal Information:** Too much verbal information on a page is cumbersome for viewers.
- **Too Many Technical Terms:** Technical terms are more useful when the site is designed for internal purposes, but not for customers or the general public.

37

Tips on creating a good website

1. the Web site should follow a strategic purpose such as to acquire new customers, serve existing customer, cross-sell, or build brand loyalty
2. make the Web site easy to access and quick to load
3. written content should be precise with short words, sentences, and paragraphs

38

Tips on creating a good website

4. the content is the key, more than fancy graphics and design
5. graphics should support content, not detract from it
6. the site should make some type of marketing offer to encourage a response
7. the company should ask for a site evaluation by customers

39

Tips on creating a good website

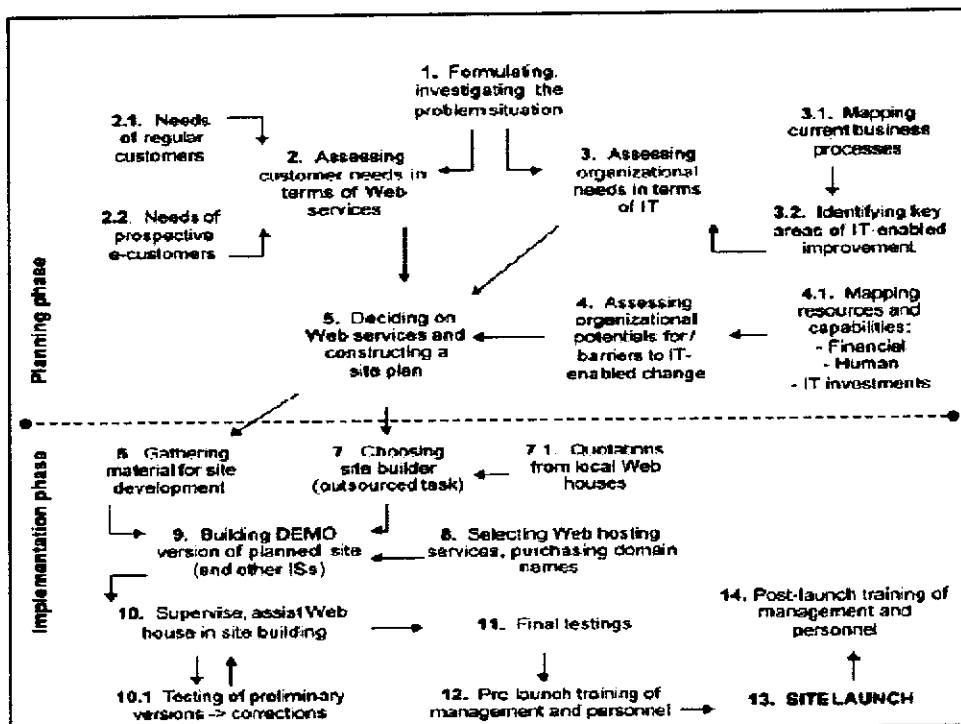
8. the site should provide easy-to-use navigation links on every page
9. only use gimmicks such as moving icons or flashing banners to gain attention at the beginning but not deeper into the Web site
10. change the Web site on a regular basis to keep individuals coming back
11. measure results continually, especially designs and offers

40

Building Your IMC Campaign

- Examine the role of the Internet in your IMC plan.
- Integrate your Web site with your other marketing programs.
- Will you have multiple Web sites for your different constituencies?
- Develop the opening page of your Web site.

41



C5

E Communication

43

The PrivNet Story

- In 1995, James Howard:
 - was a senior at the University of North Carolina, Chapel Hill,
 - got the idea for a product to eliminate ads from Web pages.

⇒PrivNet was born.
- The main product:
 - Internet Fast Forward (IFF),
 - Inspired from the VCR,
 - Able to filter banner ads from Web pages.
 - The motivation: save time
 - 30% of the market is interested in saving time

44

1. Internet Advertising

- Advertising:
Used to create awareness, provide information, create positive attitudes about products (image), and remind users about products

45

Internet Advertising Methods

- E-mail Advertising:
 - Least expensive type of on-line advertising
 - Text based, usually tagging along on a consumers incoming messages
- Web site Advertising:
 - Text-from a sentence to pages of story, graphics, sound, animation, and hyperlinks

46

E-Mail Model

- Three types:
 - Target Promotions
 - Companies target users through research and data mining to send e-mail
 - Bulk Email Software Marketing
 - Reverse Channel
 - User to firm
 - Customer service
 - Bass Pro Shops
 - Consumer-to-Consumer
 - Word of mouth

47

Embedded Text Advertisement in E-mail Message

Date: Wed, 12 Apr 2000 16:59:34 -0700 (PDT)
From: "Lyzel C." <xxx@scs.unr.edu>
To: mgrs_324@listbot.com
Subject: Marketbyte

[message deleted]

To unsubscribe, write to mgrs_324-unsubscribe@listbot.com

Advertisement:

Workstation with Monitor under \$800!

So, you just heard that you need to add how many new workstations by the end of next week? Check out the bundle below. It includes everything you need to get everyone up and running quickly. <http://www.listbot.com/links/cdw5>

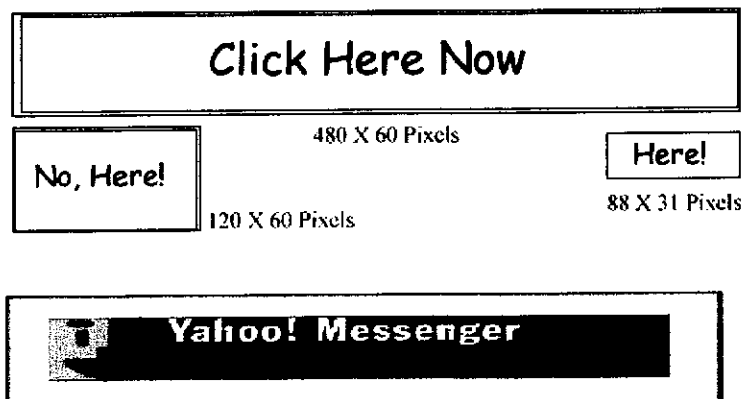
48

Banners and Buttons

- Occupy designated space for rent on Web pages
- Similar to the print advertising model used by magazine and newspapers
- Advantage: video and audio capabilities

49

Three Most Common Banner Sizes



50

The Evolution of Banners

- Banners help build brand awareness and build brand images.
- The more relevant the ad, the better the chance that it will grab the viewer's attention and create attitudinal and behavioral changes.

51

Banners: The First Stage

- Banners that called out "click here," "free," and "download":
 - In bright colors to train users that banners were interactive.
 - Click-through: Users began to learn that by clicking on banners, they would be transferred to another web site.
 - Most banners are hyper-linked to the advertisers' site.
- Banners must appeal to the users' needs to distract them from the site they are currently visiting.

52

Banners: The Second Stage

- Banners began to feature animation (common with today's banners).
- ⇒ This movement captures the users' attention on an otherwise static page.
- **Animated GIF:**
 - Files that consist of a series of frames each containing a separate picture.
 - This animation results from rotating the frames with very short time delays between each one.
- Animation is used to stimulate movement or expose the user to a sequence of messages.

53

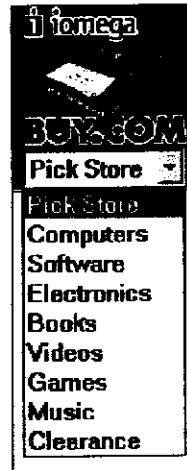
Banners: The Third Stage

- **Interactive Banners:** The most advanced stage of a banner.
- Some banners sense the position of the mouse on the Web page and begin to animate faster as the user approaches.
- Banners that have built-in games.
- Banners with drop-down menus, check boxes, and search boxes to engage and empower the user.

54

BuyComp Interactive Banner

Source: www.buycomp.com



55

2. Public Relations Activities of the Net

- Appropriate for a diverse group of stakeholders + used to create goodwill among a number of different publics including:
 - Company shareholders and employees;
 - The media;
 - Suppliers;
 - Local community;
 - Consumers;
 - Business buyers.
- PR content attempts to create a positive feeling about the company or its brands among various publics. J&J- www.inj.com

56

Online Public Relations Content for Selected Stakeholders

Stakeholder	Online Content	Stakeholder	Online Content
Shareholders	Financial reports SEC filings Management changes Company activities	Consumers and business buyers	Online events Brochureware Product information Store locators Testimonials Customer service activities
Employees	Employee accomplishments Employee benefits Employee directory Company information Training materials	Suppliers	New-product information Company news
Media	Press releases/news Media kit material Contact information	Community	Social programs Local news relating to firm Employment opportunities

57

Brochureware

- A site that provides:
 - Information about the company's products and services without providing interactive features.
 - An excellent opportunity to brand as well as to develop a relationship with the consumer and other stakeholders.
 - Press releases for the news media
 - Corporate reports for investors
 - Employment information for potential employees
 - Employee benefit information for current employees

58

Online Events

- Generate user interest and draw them to the site.
- Companies and organizations hold seminars, workshops, and discussions online.
- Forthcoming events are used as legitimate reasons to email potential and existing clients.

59

Online Customer Service

- A communication channel for customers.
- Many companies and organizations offer customer feedback features on web sites that allow customers the opportunity to voice concerns.
- Automated customer service programs acknowledge the message via e-mail, indicating that a customer service representative will be responding shortly.
- Feedback options should only be included on the Web site if the company has the staff to respond.

60

3. Sales Promotions on the Internet

- Coupons, rebates, product sampling, contests, sweepstakes, and premiums.
 - Marketers report three to five times higher response rates with online promotions than with direct mail.
 - Online promotions also give the firm the opportunity to gather names for the firm's email database.
- ⇒ Send subsequent promotions while building relationships with current and potential customers

61

E-Coupons

- E-coupons are similar to traditional coupons, but Internet users can "point and clip" these electronic coupons.
- Customers also have the option in some sites to simply give the coupon code when placing an order and the discount will be applied.

62

H.O.T! Coupons Distributes Coupons in Most Local Areas

Source: www.hotcoupons.com

The screenshot shows the H.O.T! Coupons website. At the top, it says "H.O.T! COUPONS" and "the world's largest local coupon source". There are navigation links for "HOME", "OFFICE", and "TRAVEL". The main content area is divided into two columns. The left column has a "Search" section with a "For H.O.T! Coupons in your area!" heading. It includes a "Search by Zip Code" field with a "GO!" button, a "Search by Geography" section with a dropdown menu showing "Alaska" and a "GO!" button, and a "Search International!" link. The right column has a "Welcome to H.O.T! Coupons!" heading. It includes a paragraph about being a leader in online coupons, a section for "@d-ease" advertising on H.O.T! Coupons, a "Join the Savings Club" section, and a "Become a H.O.T! Coupons® Network Partner" section. There are also small logos for "ad-ease" and "H.O.T! Coupons" at the bottom.

Sampling

- Some sites allow users to sample digital product prior to purchase:
 - Free download of fully functional demo version of software that expires in 30 to 60 days
 - 30-second clips of music before ordering the CD

Contest and Sweepstakes

- Goal: drive traffic and keep users returning
- Contests require skill (e.g. trivia answer) and Sweepstakes involve pure chance
 - ⇒ Create excitement about brands and entice customers to stop by
- Move customers to the place where they can purchase product.

65

4. Personal Selling on an Impersonal Medium

- The Net is not appropriate for personal selling except in an ancillary role.
- The Web is very good for generating leads for the sales force.
e.g.: Online form for those wanting a salesperson to contact them

66

5. Direct Marketing

- “Direct communication through nonpersonal media with carefully targeted individuals to obtain an immediate response”
- Telemarketing, Outgoing email, Snail mail
- 1999: more than 569 million e-mail boxes worldwide (the larger part is Web based)
- 2004: marketers will send over 200 billion e-mail messages
= 9 marketing e-mails a day for each household

67

Direct Marketing

- E-mail advantage over direct-mail:
 - No postal charges
 - Convenient avenue for direct response
 - E-mail can be automatically individualized to meet the needs of specific users
- E-mail disadvantage over direct-mail:
 - Difficulty in finding appropriate e-mail list
 - Consumers are more upset about Spam (unsolicited e-mail) than they are about unsolicited snail mail

68

Opt-In, Opt-Out

Marketers search **opt-in** lists (users have voluntarily agreed to receive commercial e-mail about topics that might interest them) because they have higher response.

Opt-out: users have to uncheck the box on a Web page to prevent being put on the e-mail list.

71

Permission Marketing

- Opt-In techniques are part of a bigger strategy called *Permission Marketing*.
- Provides incentives to accept advertising and email voluntarily
- Basis of many Internet MarCom strategies
- E.g.: www.Amazon.com - collects purchase info and serves it collectively to others

72

Viral marketing

- “A bad name for a great technique.”
- Internet equivalent to word of mouth
 - a user gets an email and forwards the message on to their friends and co-workers
- Less expensive than offline promotion

73

Spam

- Unsolicited Email
- Can generate negative publicity for the organization
- Nike Corp. published an anti-spam policy
- Spam lists can be generated from public directories
- Spammers can hide return addresses
- Filters spam

74

Electronic Media

- Electronic media includes network television, radio, cable television, the Internet, FAX machines, cellular phones, and pagers.
- Three types of media are:
 - Broadcast media
 - Narrowcast medium
 - Pointcast media

75

Broadcast Media

- TV and radio
- Both only allow for passive attention
- TV penetration reaches over 98% of U.S. households
- Radio penetration is also ubiquitous, almost every car and household has one.
- The Internet is nipping at their heels

76

Narrowcast Medium

- This is cable TV (CATV)
- It is called narrowcast because the cable channels contain very focused electronic content appealing to special-interest markets.
- Examples are CNN and ESPN
- CATV and the Internet share a common problem, the number of small audience channels precludes a cost-effective comprehensive measurement system.

77

Pointcast Media

- Pointcast media include all electronic media with the capability of transmitting to an audience of just one person.
- Promotes interactivity
- The Internet is the biggest pointcast medium.
- The Internet is the first electronic medium to allow active, self-paced viewing.
- There is difficulty in defining Web audience member characteristics on an individual level.
- Must be solved so the Net can reach full capability as a pointcast medium.

78

Strengths and Weaknesses of Major Media						
Criterion	TV	Radio	Magazine	Newspaper	Direct Mail	Web
Involvement	passive	passive	active	active	active	interactive
Media richness	multi-media	audio	text and graphic	text and graphic	text and graphic	multi-media
Geographic coverage	global	local	global	local	varies	global
CPM	low	lowest	high	medium	high	medium
Reach	high	medium	low	medium	varies	medium
Targeting	good	good	excellent	good	excellent	excellent
Track effectiveness	fair	fair	fair	fair	excellent	excellent
Message flexibility	poor	good	poor	good	excellent	excellent