

MKT 140 Exam 2 Chapters 4-6 Study Guide

ESSAY format – NOT short answer

1.) Discuss the frequency with which an Internet marketing strategy should be updated for a company to remain competitive. (Chapter 4)

The following characteristics of the marketplace, which suggest that five-year marketing plans or even one-year marketing plans are:

- rapid growth in access levels of customer base in different countries may affect feasibility/ demand for Internet services;
- speed at which new entrants can enter market;
- speed at which Internet can change their online services in terms of price and features;
- changes in distribution channel/marketplace, for example, advent of business portals and auction mechanism for purchasing;
- introduction of new tax/export legislation.
- These all highlight the need for careful monitoring of the marketplace and rapid response on a monthly basis. Porter's five competitive forces can be used as a framework.

2.) Explain the essential elements of an Internet marketing strategy. (Chapter 4)

The framework presented in this chapter uses the elements of a classic strategic marketing plan namely:

- Goal setting (develop Internet marketing strategy).
- Situation review (develop Internet marketing strategy).
- Strategy formulation (develop Internet marketing strategy).
- Resource allocation and monitoring (define Internet marketing plan and monitor).

3.) Use Porter's five forces model to discuss the competitive threats presented to a company by other websites. (Chapter

- Threat of new entrants. For example, Amazon, AutoBytel, Jungle.com.
- Threat of substitute products and services. MP3 music versus CD. Disintermediation.
- Bargaining power of customers. Use of intermediaries such as Yahoo! Shopping that enables product price comparisons.
- Power of suppliers. This is a relatively minor factor in terms of Internet marketing.
- Extent of rivalry between competitors. Increased rivalry since price comparison is more readily possible and new products, services and ways of selling or business models will rapidly occur using the Internet.

4.) Briefly explain the purpose and activities involved in an external audit conducted as part of the development of an Internet marketing strategy.

The external audit should consider the state of the market in terms of customers and competitors. Pertinent factors for the Internet include:

- the size of the market, in terms of potential customers who have access to the Internet;
- the type of marketplace (are customers purchasing through price comparison services?);
- how the market share varies across different countries and for different products and services.

5.) Explain two applications of dynamic pricing on the Internet. (Chapter 5)

6.) How can an organization vary its promotional mix using the Internet?

7.) Explain the relationship between database marketing, direct marketing and relationship marketing.

Databases are necessary to store the details of customers, and their preferences such as order-history. The database content can then be used to tailor direct marketing by providing offers to customers that are consistent with their needs. This is the basis for relationship marketing – understanding customer needs and then responding to them.

8.) Explain the factors that influence the development of multichannel customer contact strategies.

9.) Explore the legal and ethical constraints upon implementing relationship marketing using the Internet.

10.) How does a company initiate one-to-one marketing with a company using the Internet?

11.) Explain the concept of a ‘virtual community’ and how such communities can be used as part of relationship marketing.

12.) What is the role of a database when conducting one-to-one marketing on the Internet? (Chapter 6)