INTERNET MARKETING -- 15.823 -- (March 21, 2001)
SPRING 2001

Monday/Wednesday   10:00-11:30 E56-270 section 1
Monday/Wednesday   2:30-4:00   E56-270 section 2

Prof. Glen L. Urban
E56-332
617-253-6615
GLUrban@mit.edu

TEACHING ASSISTANTS
Ben Gibbon, Sebastian Periera, Shyan Wen Lim, Srinath Narayanan
bgibbon@mit.edu, seba@mit.edu, shyanwen@mit.edu, srinathn@mit.edu

INTRODUCTION

The Internet is the biggest technological change in marketing in the last 25 years. This paradigm shift will generate many new firms and cause established firms to rethink their strategies. Many new companies will fail and some established companies won't make the transition. The Internet changes how we design, communicate, promote, price, and distribute our products. We are leaving the birth phase of the Internet life cycle and entering the growth phase. In this course we study the state of the art issues surrounding: 1. Understanding Customers, 2. Strategy Formulation, 3. Customer Acquisition, 4. Distribution, and 5. Relationship Building. We will use lectures and class discussion, readings, "live cases" (a company and executive live with a problem and background information), and projects to develop our knowledge.

Although many things are new on the Internet, we will find that many of the fundamental theories of marketing are useful in developing a response to the threats and opportunities created by the Internet. Live cases and the latest readings will provide input for our discussions of how to effectively and efficiently market in the new age of the Internet. Group projects will give hands on experience in solving real marketing problems or developing new marketing tools.

The outline below gives our initial readings and assignments (readings packet in Graphic Arts). We will be adding material for live cases and perhaps substituting readings as the field develops this spring so stay current with the Web site. Grading will be: group project -- 40%, lecture class participation --20%, and case discussion -- 40%.

Sharing our past experiences and the lessons from our cases and projects will provide a group learning environment that leads to understanding the rapidly changing state of the art in Internet Marketing.

INTRODUCTON

1. February 7 -- State of the Art --
   "Where are we today, what is working and what is not in eBusiness"
   --take away- lessons from the first generation

2. February 12 –
   CASE: Mother Nature.Com -- Guest Jeff Steinberg -- VP of Marketing

UNDERSTANDING CONSUMERS

3. February 14 -- Consumer Behavior and Measurement --
   "Why are people buying on the Internet? Why are conversion rates so low?"

   -- Urban and Star Advanced Marketing Strategy "Customer Decision Making" Chapter 5 (pp.79-91)

   --Ralph L. Keeney, "Value of Internet Commerce to the Customer" Management Science, Vol 45, No. 4, April 1999, pp 533-542.

   --Paco Underhill, Why We Buy (Simon an Schuster, 1999) pp. 1-39

   --Takeaway - decision flow chart, behavioral information processing, B2C vs B2B decision making

4. February 20 –
   CASE: Dell -- Guest Tilak Mandadi, CTO Dell Premier Online
   (February 19 vacation --Monday classes meet on this Tuesday)

STRATEGY FORMULATION

5. February 21 -- Overall Approach: Trust Based Marketing
   "What is Trust Based Marketing and when should you use it?"
   --Philip Evans and Thomas S. Wurster, "Getting Real about Virtual Commerce" Harvard Business Review (Nov. Dec. 1999) pp.84-98.

--Urban, Glen L., Fareena Sultan, and Bill Qualls "Placing Trust at the Center of Your Internet Strategy" Sloan Management Review (fall 2000)

--Take away -- role of trust, trust cues, trust based marketing

6. February 26th--
    CASE: InSite Marketing Technology Inc. -- Stefania
          Nappi, CEO (HBS InSite A and B, and MIT Sloan InSite C)

7. Feb 28 -- Product Design and Development--
    "Are there any Internet Opportunities Left -- How do we find them?"

    --Urban and Hauser, Chapter 3 "Proactive New-Product Development Process" in Design and Marketing New Products pp. 36-75.

    --Urban, Weinberg, and Hauser "Premarket Forecasting of Really New Products" Journal of Marketing, 60 (Jan. 1996),pp. 47-60

    --take away -- new product development process, new research methods on web

8. March 5 --
    CASE: Market Soft Inc. -- Greg Erhman, CEO and Mike Kozub, VP Marketing (HBS Market Soft A and MIT Sloan Market Soft B)

9. March 7 -- Segmentation --
    "Is one to one marketing and personalization the answer?"

    --Urban and Star, Advanced Marketing Strategy, Chapter 7

    --"Better Localized Content through Audience Segmentation", Jupiter Reports (December 1999).

    --take away -- personalization, global segmentation, CRM state of the art.

10. March 12 –
    CASE: Prime Response Inc. -- Joel Book, Director of Relationship Marketing Strategy and Consulting

11. March 14 --PROJECT PROSALS DUE AND PRESENT

12.	March 19 -- Product Positioning
	"What is the Role of Brand Positioning and how do we compete if we are a later entrant Internet site?"

	--Urban and Star, <u>Advanced Marketing Strategy,</u> Chapter 8

	--"Order of Market Entry: Established Empirical Generalizations, Emerging Empirical Generalizations, and Future Research", <u>Marketing Science</u>, Vol. 14, No. 3, (1995), G212-G221, with William T. Robinson and Gurumurthy Kalyanaram

	--take away: perceptual mapping methods, order of entry theory

Vacation: March 21st to 30th

<u>CUSTOMER ACQUISITION</u>

13.	April 2 -- CASE: Lycos/Terra – Matt Martines, VP Latin America

14.	April 4 –
	CASE: SolBright -- Key Compton - CEO

16.	April 9 --
	CASE: Kozmo – Yong Kang, Founder and President

15.	April 11 – Advertising, Selling and PR

	"What are the roles of Advertising and Selling eMarketing success?"

	--Making Net Shoppers Loyal, Forester reports (June 1999) --Forester.com –

	--"Inside the Mind of the On-Line Consumer" Jupiter Group, Aug. 1999

Vacation April 16-17

17.	 April 18 -- CASE: Semi Sales -- Howard Citron, CTO

DISTRIBUTION

18. April 23 – Pricing and Channels, "Is Marketing Going to be Prince Only Game?"
    "Is a separate company the only way to solve Internet channel conflict?"

    --Hanson, Ward, Internet Marketing, Chapter 11, pp.328-55

    --Sandy Jap, "Going, Going, Gone" Harvard Business Review (Nov.- Dec. 2000) p.30

    --Adam J. Fein and Sandy Jap, "Manage Consolidation in the Distribution Channel" Sloan Management Review (fall 1999).

    --take away: ePromotion channel conflict, bricks and clicks, infomediaries/ aggregators/affiliates

19. April 25 –
    CASE: ANX Case – Alex Preston, CEO

RELATIONSHIP BUILDING

Snow day make-up

20. April 30 --   Morning class – open Q&A and project questions
            --   Afternoon class – MarketSoft case (A & B)

21. May 2 –
    CASE: Logistics.com -- Yossi Sheffei, CEO

22. May 7 -- Fulfillment - Service - loyalty and Future of the Internet

    "How can we use eService to build loyalty?"

    "What is the next generation in Internet marketing"?

    --Frederick F. Reichheld, The Loyalty Effect, HBS Press, 1996, pp. 1 - 31.

    -- "Mastering Commerce Logistics" Forrester Reports (April 1999)
    and 43-61

--Derek Leebaert, <u>Future of the Electronic Marketplace,</u> "Present at the Creation", pp.1-31 --

-- take away; eService, view of the future

23.   May 9 –
         CASE: Citi Bank, guest Mark Parsells, EVP eCiti

PROJECT REPORTS

24 and 25.   May 14 and 16 Project Reports