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Internet Business Strategy

# How to Do Business in the Internet: Developing a Business Strategy

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Internet Business Strategy

## Afternoon

- Web Site Strategy
  — Key design elements
  — Multimedia design
- Management
  — Defining web profitability
  — Integrating the Internet into your business
- Marketing
  — Promoting your web site

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## WEB SITE STRATEGY
## MANAGEMENT
## MARKETING

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## Expectations

- What You Build Is Based on What You Need
- Traffic or Quality
- Resource or Commodity
- "Giving Stuff Away"
- Bringing Them Back for More

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## The Secret to the Internet's Success:

## It is as cheap as dirt.

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## The Internet's success

- The World Wide Web is as cheap as dirt.
- Cheaper and faster always wins
- Web pages may be 30% more costly to create (for now) but have no paper, printing, postage or distribution costs.

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## Multimedia Formats

- Typography
- Illustration
- Photography
- Hyperlinks
- Sound
- Animation
- Video
- Virtual Reality
- Participation
  - Input
  - Games
  - Shopping

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## Design strategy

- Technological Sophistication
  - How much is too much?
  - To Link or Not to Link?
- Web images must be worth the waiting time.

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## SIX ADVANTAGES

- Customization
- Timeliness
- Comprehensiveness
- Searchability
- Economy
- Transaction

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## CUSTOMIZATION

- Nobody wants more print.
- Information overload
- Database marketing
- "The Audience of One"

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## CUSTOMIZATION

Personalizing tools like hyperlinks, reader profile filters, information agents and database marketing help finetune a publication to the "audience of one."

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WEB EXAMPLE:

**Lycos search engine**

**www.lycos.com**

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WEB EXAMPLE:

**BigNote personalized music magazine**

**www.bignote.com**

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WEB EXAMPLE:

**Amazon.com**

**www.amazon.com**

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**TIMELINESS**
The web is always faster than old media, collapsing the closing schedules for both editorial and advertising and closing the gap "from brain to mouse to screen."

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WEB EXAMPLE:

**Manhattan skyline camera**

**www.realtech.com/webcam**

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WEB EXAMPLE:

**The New York Times**

**www.nytimes.com**

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WEB EXAMPLE:

**C Net News site**

**www.news.com**

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WEB EXAMPLE:

**TechWeb news site**

**www.techweb.com**

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WEB EXAMPLE:

**TechWeb news site**

**www.audionet.com
/shows/pat&mike**

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**COMPREHENSIVENESS**
No physical library can possibly compare to the mountains of information available at a keystroke on the Internet.

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WEB EXAMPLE:

**Encyclopedia Britannica**

**www.eb.com**

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WEB EXAMPLE:

**The Electric Library**

**www.elibrary.com**

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## SEARCHABILITY

Searching through a comprehensive database is a major editorial advantage over print, useful for retrieving a nugget of data but more importantly helping the reader sift and filter raw data into useful knowledge.

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## ECONOMY

Web media is always cheaper to produce than old media, and audiences expect the Internet to be more economical—one way or the other.

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WEB EXAMPLE:

**U.S. Pizza coupons**

**indymall.com/business/dominos**

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WEB EXAMPLE:

**Auto By Telephone buying site**

**www.autobytel.com**

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WEB EXAMPLE:

**Internet Travel Network**

**www.itn.com**

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## TRANSACTION

The most important web advantage, the transaction feature lets the reader talk back to the writer, order directly from an on-line catalog, play games and participate in the creation of the text.

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WEB EXAMPLE:

**Amazon.com**

**www.amazon.com**

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WEB EXAMPLE:

**Interactive Model Railroad**

**rr-vs.informatik.uni-ulm.de/rr/**

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WEB EXAMPLE:

**Hot Sauce Catalog**

**www.hothothot.com**

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WEB EXAMPLE:

**Stolichnaya Vodka game**

**www.stoli.com/foe/cipher/**

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**Web Programming**

- HTTP: Hypertext Transmission Protocol
- A "State-less" System

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**Web Programming**

- Server-side
  — CGI scripts, C, Perl, Visual Basic, Unix utils
- Client-side
  — Java applets
  — JavaScript
  — ActiveX
  — Shockwave
  — Encryption

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## Transaction Components

- Take input
- Compute answers
- Register subscribers
- Play games
- Sell products

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## Take Input

- Email sign-up
- Reader surveys
- Contest entries

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WEB EXAMPLE:

**Electric-Pages mail form**

**www.electric-pages.com/
ads/register.htm**

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WEB EXAMPLE:

**Electric-Pages post card promo**

**www.electric-pages.com/
info/postcard.htm**

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## Compute answers

- Server-side computation
  — Centralized program
- Client-side computation
  — Distributed Java applets

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WEB EXAMPLE:

**DynaMind currency calculator**

**www.DynaMind-LLC.com/
services/utilities/
currency.cgi**

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WEB EXAMPLE:

**American Express students' budget calculator**

**www.americanexpress.com/ student/moneypit/ budget/budget.html**

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**Register Subscribers**
- Take demographic input
- Assign a username
- Email a password
- Build a subscriber database

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WEB EXAMPLE:

**The New York Times**

**www.nytimes.com**

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**Play Games**
- Server-side database-related games
  — Quiz games
  — Multi-user games
- Client-side reaction games
  — Arcade-style video games

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WEB EXAMPLE:

**CyberSoccer game**

**www.cybersports.co.uk/ soccer/**

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WEB EXAMPLE:

**Java-based video game**

**www.inworldvr.com/ java3d/PlayDemo.html**

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## Sell Products

- One-off order forms
- Shopping cart programs
- Payment systems
  - On-line credit card verification
  - First Virtual credit card service
  - Electronic cash schemes

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WEB EXAMPLE:

**Caviar catalog**

**www.caviarclub.com**

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WEB EXAMPLE:

**Amazon.com shopping basket**

**www.amazon.com**

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WEB EXAMPLE:

**First Virtual credit card system**

**www.fv.com**

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WEB EXAMPLE:

**CyberCash electronic wallet**

**www.cybercash.com**

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## Transaction Components

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## THE SIX ADVANTAGES

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## Three kinds of profit

- Institutional
  - Company brochure on-line
  - Contact data and basic information
- Product-specific
  - Marketing, selling and supporting
- Intranet and extranet
  - Corporate communications

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## Institutional advantages

- Establish a presence in cyberspace
- Reach beyond local markets
- Publish your email address

- Provide an electronic business card

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## Product advantages

- Reach more people with a sales pitch
- Spend more time with each prospect
- Facilitate "self-selling"
- Eliminate out-of-date print

- Take orders

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## Intranet advantages

- Eliminate out-of-date print
- Tie the company together digitally
- Bring suppliers and customers into the electronic office
- Reduce customer service costs

- Improve communications

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## Managing your site

- How often to update?
- Response mechanisms and protocol
  — Answer the email, book the orders
- Tracking Strategies and Technologies
  — Web server log analysis

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## The Web Log

```
ip24.umich.edu - -
[24/Jan/1996:12:27:13 -0500]
"GET /index.html HTTP/1.0"
200 7114
```

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## The Web Log

- Host IP address (maybe not resolved)
- Username
- Start date and time of transaction
- Request and Filename sent
- Size of file sent
- Type of browser
- Refering URL
- http status code

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WEB EXAMPLE:

## Electric-Pages statistics program

## www.electric-pages.com/ jan96.htm

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## Division of labor

- What You Can Do Yourself versus
  What You Shouldn't Even Try.
- New service businesses
  — Web developers
  — Web programmers
  — Web publicity firms

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## IN-HOUSE

- Web strategy
- Design management
- Integration with your business

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## IN-HOUSE or CONTRACT

- Copy, art and multimedia creation
- Programming
- Production
  - Keyboarding, scanning, database work
- Web hosting
- Updating

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## How much should it cost?

- Desktop publishing skills, desktop publishing prices
- Programming
- Production work
- Publicity

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## WEB SITE STRATEGY
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## Marketing your site

- Spamming
- Networking
- Advertising
  - New and old media
- Traditional vs. on-Line publicity
  - Keywords, search engines, "Best of" lists
  - Related web sites, newgroups

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## Internet Marketing

In the Information Age, the dearest commodity is the attention of an audience.

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WEB EXAMPLE:

## Eli Lilly institutional site

## www.lilly.com/Tobias.html

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## The Web Environment

- 150+ million pages
- 680,000+ commercial web domains
- 30 to 50 million prospects
- Young, Affluent, Urban
- Media Rich, Time Poor
- Usually non-literary

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## Web Advertising

- Perfectly measurable
  - Web log, statistical analysis
  - Real time data
- Perfectly zappable
  - Web advertising is a destination, not an intrusion.
  - Ads require email support.
  - Marketers must tempt the click.

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## Tempting the Click

- Web-smart information about your product or service
- A compelling product-related entertainment environment
- Cash

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## Information

- Well-organized
  - Structure, structure, structure
- Stingy with the clicks
  - Information at-a-glance
- Simple, fast multimedia
  - Get in, get the data, get out
- Self-selling

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WEB EXAMPLE:

## Pathfinder magazine site

## www.pathfinder.com

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WEB EXAMPLE:

## Honda car marketing site

## www.honda.com

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WEB EXAMPLE:

**Internet Underground Music Archive music sampling site**

**www.iuma.com**

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## Entertainment
- Web-smart entertainment
  - Compelling ideas
  - User participation
- Multimedia features
  - Sound, animation, video
- Should be product-related
  - Brand building, order taking

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WEB EXAMPLE:

**Ragu pasta sauce**

**www.eat.com**

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WEB EXAMPLE:

**Bristol Myers Squibb womens' products**

**www.womenslink.com**

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WEB EXAMPLE:

**Stolichnaya Vodka**

**www.stoli.com**

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## Cash Incentives
- Save by ordering on-line
  - Money, Time, Aggravation
- Win prizes for demographic data
  - Join the mailing list, get a T-shirt.
- Get cash for reading the adverts
  - Money for attention.

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WEB EXAMPLE:

**Freeride ad-supported ISP**

**www.freeride.com**

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## Internet Marketing

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