Chapter 62

Business-to-Consumers eCommerce:
How Companies Use the Internet in Marketing Products and Services to Consumers

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ABSTRACT

This chapter focuses on the effective use of the Internet for marketing products and services. The chapter starts by presenting statistics about Internet usage and online sales in the USA and around the world. It then examines the evolution of web sites from a static format to an interactive format with the start of Web 2.0. As a plus to small businesses, the chapter also briefly outlines the steps involved in starting an online business and the advantages and disadvantages of having one. Special emphasis is placed on developing an eMarketing strategy, drawing on the marketing mix, online marketing research, and search engine optimization, as well as social media marketing. The chapter ends by showcasing Amazon.com’s marketing tools as excellent examples of effective eBusiness.

INTRODUCTION

The number of Internet users and the volume of purchases on the Internet have both increased dramatically during the last decade. After several consecutive years of modest but consistent growth, broadband adoption did slow; but despite of the slowdown, there was steady increase in the use of the Internet over the past few years. The number of Internet users in the US is forecasted to reach 205 million by the end of 2010, accounting for 66% of the total population (Aarkstore Enterprise,
As the number of Internet users continues to grow worldwide, so do sales. The ComScore report (ComScore, 2010) on “State of the U.S. Online Retail Economy in Q1 2010” indicates a consistent increase in eCommerce dollar sales. In year 2002, total eCommerce sales (including travel) were $72 billion. By the end of 2009 they had increased to $209 billion. Total retail sales for the second quarter of 2010 were estimated at $971.4 billion, an increase of 1.1 percent (±0.5%) from the first quarter of 2010 (U.S. Department of Commerce). According to Forrester Research Inc.’s titled report “U.S. eCommerce Forecast: 2008 to 2012,” online retail sales will reach $204 billion in 2008, $235.4 billion in 2009, $267.8 billion in 2010, $301 billion in 2011, and $334.7 billion in 2012.

Business executives and academics expect that eCommerce will leave no industry or region untouched during the next decade. The rapid growth of eCommerce has already made it necessary for many to “unlearn” some of the basic principles that have been unique to their business practices (Hutchinson, 1997) and converted many to the new ways of doing business in the Internet age (McDonald, 1999; Pyun, et al., 2002).

Companies started to exhibit a presence on the Internet around 1991, but this presence was in the form of a static web site online that provided information, like a brochure. As the technology evolved, web sites became more dynamic and interactive. The most important development was securing online transactions. Businesses could now accept orders and payments online and then ship their products to customers. Although security of online transactions is still a concern, consumers and businesses now feel more comfortable and secure in conducting online transaction compared to ten years ago. As a result, more and more companies have opened up their web sites to customers outside of their home countries.

According to Erdem & Karakaya (2005), eCommerce has followed an evolutionary process that is composed of three stages. First, web sites

Table 1. Internet users around the world

<table>
<thead>
<tr>
<th>Region</th>
<th>Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>825 million</td>
</tr>
<tr>
<td>Europe</td>
<td>475 million</td>
</tr>
<tr>
<td>North America</td>
<td>266 million</td>
</tr>
<tr>
<td>Latin America</td>
<td>205 million</td>
</tr>
<tr>
<td>Africa</td>
<td>111 million</td>
</tr>
<tr>
<td>Middle East</td>
<td>63 million</td>
</tr>
<tr>
<td>Australia / Oceania</td>
<td>21 million</td>
</tr>
</tbody>
</table>
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