MIB605- Lecture 1
E-commerce and
Social Media Marketing: An Introduction

Prof. Geng Cui

Agenda

- Syllabus
  - Course Intended content
- Assessment
  - Leading discussion
  - Group project
  - Participation
  - Final exam
- Course policies
- Forming group & Topic selection
Course Content

- Introduction to the course (week 1)
- E-Commerce and online marketing (weeks 2-4) – physical transformation
  - E-marketplace analysis, E-marketing, technology and online communities (customer relationship management)
  - CNY (No class on 2/7, 2/14)
- Social Media Marketing (weeks 7-14) – social and marketing challenges
  - Formation of opinions
  - Content marketing
  - Social Media, Management, and Strategies.
- Group project presentations (weeks 15-16)

Materials

- **Textbooks:**
  - Digital business and e-commerce (Chaffey)
  - Social media intelligence (Moe & Schweidel; MS)
  - Social media marketing (Tuten & Solomon; TS)

- **Journal papers:**
  - Available on Moodle and course website

- Class notes will be uploaded to Moodle and course website, one week ahead of a leading discussion. The updated versions will be re-loaded before end of term.
- Readings and textbooks are available in the library. You are also encouraged to buy your own copies.
Class Format

► Format 1 Lectures (no students presentation)

► Format 2 (when there is leading discussion for active learning)
  ► Lecture first
  ► Leading discussion/presentation (second-half of the class)
    ► Each group needs to prepare a 45-minute topic presentation
    ► Students are required to read the assigned readings before the class, prepare and present their leading discussion

Assessment (see syllabus)

► Leading discussion (25%)
  ► Describe/ identify/ analyze an assigned topic of social media marketing practice.

► Group project (35%)
  ► 20% presentation
  ► 15% group project report
  ► 4/27 Final presentation
  ► Written report due on May 1st Labour Day (24:00)

► Class participation (10%)

► Final exam (30%)
  ► 3-5 short-answer questions and a short case study
**Special / Important Dates**

- No class:
  - Feb. 7, 14 Chinese New Year)

- Leading discussions
  - Individual group/date on course outline and website

- Group project presentations:
  - Mar 21 (proposal presentations)
  - Apr 18, 25 (final presentations)

**Course Policies**

- No mobile phone in class, while laptop or tablet can be used only for taking notes.

- Sign in for attendance. The class will start on time. Late arrival will be noted. You may miss important announcements or in-class assignment.

- For any planned absence, you should inform me at least 24 hours prior to the class, with written document for excuse.

- Be professional and responsible for your teamwork, presentation, and assignments. Otherwise, peer evaluation will be factored into your final grade.

- The course content is developed on an international basis, so it is not exclusively related to the China market.
Form your group and pick the leading discussion and group project topics

▸ 4-5 people in a group - total 8 groups
  ◆ (two groups are allowed to have 5 people)

▸ Rule:
  ◆ Try to balance gender.
  ◆ Each group should not be entirely based on the group of consulting project.

▸ Task:
  ◆ Rank the top three topics for leading discussion that you prefer.

Tips?

▸ Attendance, participation, and concentration
▸ Active learners! Don’t be shy to ask questions or for help!
▸ Comprehension, Critical Thinking (analytical skills), Application (problem-solving and decision making)
▸ Collaboration and team work
▸ Planning and time management
Economic Theories of Market and Behavior

- Class Economic Theory (Adam Smith)
  - Demand/supply = price based on utility
  - People are perfectly informed
  - People make rational (optimal) decisions!
  - Free market competition, equilibrium (optimum)
- New Economic Theories (e.g., economics of information)
  - Bounded rationality (Herbert Simon)
  - Information asymmetry (Joseph Stiglitz)
  - People are frail (Robert Shiller and George Akerlof)
  - Irrational exuberance (Richard Thaler)
  - Institutions as a iron cage! (laws, regulations, norms)
My research on online product reviews

- The Importance of Being Honest: The Effects of Incentive Disclosures in Online Product Reviews
- The Faces of Success: Beauty and Ugliness Premiums in e-Commerce Platforms
- A Picture Is Worth a Thousand Words: The Effects of User Profile Pictures in Online Platforms

What is E-Commerce?

- The use of the Internet, the Web, and apps to transact business. Digital enabled commercial transactions between and among organizations and consumers.
- E-commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange, inventory management systems, and automated data collection systems.
- Modern electronic commerce typically uses the World Wide Web at least at one point in the transaction’s life-cycle, although it may encompass a wider range of technologies such as e-mail, mobile devices, social media, and telephones as well.
The Process of e-Commerce

- Customers can browse through e-commerce sites and add the selected products to virtual shopping cart. An order can be placed via internet or phone call (HKTV mall).
- Customer shall be charged for order.
- After successful payment, order is confirmed for further processing.
- Email containing ordered product’s details will be sent to customer and merchant.
- Further order is sent to warehouse for order fulfillment (Amazon).
- After the shipment is ready from warehouse, it is picked by shipping carrier.
- Shipment is sent to customer and order is completed.
- Returns, after sale service
- Alternatives: brick vs. and online stores (HKTV mall)

The History of eCommerce

- 1979: Michael Aldrich demonstrates the first online shopping system.
- 1981: Thomson Holidays UK is first business-to-business online shopping system to be installed.
- 1995: Jeff Bezos launches Amazon.com. Dell and Cisco begin to aggressively use Internet for commercial transactions. eBay is founded by computer programmer Pierre Omidyar as AuctionWeb.
- 2012: US eCommerce and Online Retail sales projected to reach $226 billion, an increase of 12 percent over 2011.
- 2012: US eCommerce and Online Retail holiday sales reach $33.8 billion, up 13 percent.
- 2014: India’s e-commerce industry is estimated to have grown more than 30% from a year earlier to $12.6 billion in 2013.
- (How about China?)
The Type of Online Business

- Online business that migrated from offline business
  - E-retailer (Amazon, 1994)
  - Online auction (eBay, 1995), 5miles
  - Online communication (Yahoo! 1995; Google, 1998; Skype, 2003)
  - Online blog (Blogger, 1999)
  - B2B marketplace (Alibaba; 1999)
  - Social network (Facebook; 2004)
  - E-marketplace: Taobao

What is E-Business (Digital Business)?

- The digital enabling of transactions and processes within a firm, involving information systems under the control of the firm.

- E-business applications turns into e-commerce when an exchange of value occurs.
A broader perspective about E-Commerce

- But, if we relax the definition of transaction to “non-financial transactions” as well, almost all electronically mediated transactions (communication) between and among organizations and consumers should be included.

- A Communication perspective - delivers of information, products or services or payments.
- A Business process perspective - automation of business transaction and workflows. (online airline check-in)
- A Service perspective - increase the speed or quality of delivery
- An Online perspective - buying and selling online

- Buy-side e-commerce (purchasing, sourcing, like Walmart Purchasing)
- Sell-side e-commerce (more relevant to marketing)

Communications perspective – marketing!
Business process perspective

Service perspective (iTunes, Apple ID)
Online marketing perspective (inventory/stock level, recommendations, comparisons,

Sell-side e-commerce: Stage Model

- E-mail marketing
- Brochure website
- Interactive site
- Online ordering
- Relationship building
- Site optimization

- Communication goals, involvement levels, and contents change across different stages. (Resource, risk, cost are factors as well)
Different Types of Sell-side e-commerce

- Transactional e-commerce site
  - Nike.com; Apple.com; Cathay pacific official website.
  - Amazon, eBay
- Service-oriented relationship-building websites
  - Bloggers or e-newsletters; Adidas HK (http://www.adidas.com.hk/)
- Brand-building sites
  - Starbucks HK.
- Publisher or media sites
  - New York Times; CNN
- Social network sites (SNS)
  - Facebook, LinkedIn, Twitter

Thus….

- E-commerce is not solely restricted to the actual buying and selling of products, but also includes pre-sale and post-sale activities across the supply chain.

  - Buy-side e-commerce: between a purchasing organization and its suppliers. (e.g., Apple’s process chips are made by TSMC)

  - Sell-side e-commerce: between a supplier and its customers. (e.g., Apple’s products are selling products online to end consumers; offering customer support, etc.)

- The sell-side e-commerce is more relevant to marketing, and is sometimes referring to Digital Marketing, Electronic (e-) Marketing, or Internet Marketing.
E-commerce in this course

I- Marketplace analysis for e-commerce
- How the changes in marketplace structures affects our business with customers and other partners?
- What are some business/revenue models to consider?
- How to do an online marketplace analysis to assess the external environment?

II- E-marketing
- How do we integrate traditional MKT with e-MKT?
- New communication method.
- Re-define our marketing and communication mixes.
- Create an outline digital marketing plan to implement the digital marketing strategy.

III- Customer Relationship Management
- Selection of digital media.
- Customer acquisition and retaining effectiveness
- Technologies used for CRM.

The History of Social Media

- BBS, AOL AND COMPUSERVE: THE INFANT YEARS
- THE INTERNET BOOM: SOCIAL NETWORKING’S ADOLESCENCE
- RIENDSTER, LINKEDIN, MYSPACE AND FACEBOOK: THE BIZ GROWS UP
- FACEBOOK AND TWITTER WON THE WEB
- THE MULTI-PLATFORMED SELF: THE RISE OF MOBILE
- VIRTUAL REALITY AND AUGMENTED REALITY: THE FUTURE OF SOCIAL NETWORKING
- ARTIFICIAL INTELLIGENCE
Case in point

- https://www.youtube.com/watch?v=E_QNY5Kh3M0
### 社区类
- 知豆贴
- 微信

### 即时通讯类
- 钉钉
- 微信

### 移动直播类
- 抖音
- 腾讯混台

### 视频录播类
- 腾讯视频
- 腾讯体育

### 娱乐类
- 爱奇艺
- 聚合
- 淘票票

### 婚恋类
- 唯爱
- 婚活

### 微博、博客类
- 微博
- 马蜂窝

### 职场社交类
- 铁人网
- 人人网

### 旅游类
- 同程
- 携程

### 音频类
- 蜻蜓FM
- 千篇

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Social media by definition

- Websites and applications that enable users to create and share content or to participate in social networking.

- The collective of online communications channels dedicated to community-based input, interaction, content-sharing and collaboration.

Social media marketing

- **Social media marketing** is the use of social media platforms and websites to promote a product or service.
Different Types of Social Media

- **Social networks**—Connect with people: Facebook, Twitter, LinkedIn, Weibo
- **Media sharing networks**—Share photos, videos, and other media: Instagram, Snapchat, YouTube, Youku
- **Discussion forums**—Share news and ideas: reddit, Quora, Digg, Zhihu
- **Bookmarking and content curation networks**—Discover, save, and share new content: Pinterest, Flipboard
- **Consumer review networks**—Find and review businesses: Yelp, TripAdvisor, Dianping
- **Blogging and publishing networks**—Publish content online: WordPress, Tumblr, Sina Blog
- **Interest-based networks**—Share interests and hobbies: Goodreads, Houzz, Last.fm
- **Social shopping networks**—Shop online: Polyvore, Etsy, Fancy
- **Sharing economy networks**—Trade goods and services: Airbnb, Taskrabbit
- **Anonymous social networks**—Communicate anonymously: Whisper, Secret, After School

Social media in this course

- **I- Social Media and Social Influence**
  - How do the changes in technology affect our social networks?
  - What are some business/revenue models to consider?
- **II- Social Media Marketing**
  - How do we integrate traditional MKT with s-MKT?
  - New communication method.
  - Re-define our marketing and communication mixes.
  - Create an outline social media marketing plan to implement the marketing strategy.
- **III- Strategic Planning with Social Media**
  - Selection of social media.
  - Customer acquisition and retaining effectiveness
  - Technologies used for data gathering on Social media.
Implications

- Disruptive innovations, the digital economy, and shifting consumer values
- Rise of new business models, demise of traditions ones (unrelated competition)
- The information age, networked societies
- From single to multi-device users (identity)
- Marketing, advertising and promotional spending shift from traditional media to digital platforms
- Integrated marketing communications for marketing mix strategies (SPs) and multi-platforms
- Emerging ethical and regulatory issues (manipulation, privacy)
- Break through the new marketing clutter

Implications for marketing

- Information: free, explosion
- Traditional model: one way communication, from mass media (TV, newspaper, etc.), with some feedback and interaction
- Networked societies: many sources, channels, interactions among audience, may not be controlled by the firms, which can be bystanders (e.g., hotel responses to online consumer reviews)
- Participation is up, but still unequal (content creators, KOLs, reactors, lurkers)
- Rise of the digital marketing executive, and digital agencies
- Big data analytics, artificial intelligence
- ... still evolving!
Success stores vs. Failures (dot.com crash)

Entry barriers have become much higher and costly! As evidenced by the recent crash of the share-bike operators in China! So is true for social media.

Form your group

- 5 people in a group - total 8 groups
  - (1 group will have 3 people and can choose the topic first)

- Rule:
  - Try to balance gender.
  - Each group should not be entirely based on the group of consulting project.

- Task:
  - Rank the top three topics for leading discussion that you prefer to present.