Unit 12: Internet Marketing in Business

Unit code: M/502/5432

QCF Level 3:   BTEC National

Credit value: 10

Guided learning hours: 60

● Aim and purpose

The aim of this unit is to enable learners to develop an understanding of the fundamental concepts that underpin the reasons business is conducted online with reference not only to the benefits and drawbacks to businesses and customers but also the effects on society at large.

● Unit introduction

Internet marketing is sometimes treated as a separate type of marketing but, in this unit, learners will find that the underpinning marketing principles remain the same and are enhanced and supported by new technologies. The nature of technological development is such that information and communications technology (ICT) can seem to move faster than the market itself, so products and technologies are out of date almost as soon as they reach the mainstream customer.

In this unit learners will be introduced to the main areas of marketing that have been affected by the internet. They will look at how the promotional aspects have been transformed, how product development has been speeded up and even how new products have resulted from the existence of the internet itself. They will also learn how information can be used to enable a better match between the customer and the product.

Internet marketing, therefore, is about the using the internet in achieving marketing success rather than being about the technology itself. As customers demand more from digital technologies, the technologists themselves are integrating functions and making it easier for more customers to take part. This is a trend that marketers can use to their advantage.

There are challenges associated with this increased access to information, not only for the business but also for customers and competitors, and these are examined. Learners will have the opportunity to investigate the role of ICT in the marketing activities of a selected organisation.

● Learning outcomes

On completion of this unit a learner should:

1   Know what role internet marketing has within a modern marketing context

2   Understand the benefits of internet marketing to customers

3   Understand the opportunities offered to businesses by internet marketing

4   Understand the challenges faced by businesses using internet marketing.

Unit content

1 Know what role internet marketing has within a modern marketing context

Marketing: increased integration of marketing mix (4 Ps) and extended mix (7 Ps); relationship marketing; importance of identification of new product and market development opportunities; modern information and communications technologies (ICTs); strategies to achieve business objectives; technology-enabled targeting and segmentation eg demographical, psychographic, economic, usage based; business-to-business (b2b), business-to consumer (b2c) and consumer-to-consumer (c2c) such as eBay; disintermediation and direct market communication by producers

Internet marketing: greater individualisation of market attention eg one-to-one relationships, mass customisation, increased information and cost-effective information gathering methods; reaching wider and more distant markets; product impact, enhancing traditional products and services, online games and music, mix between on and off line activities; opportunities enhancing marketing effectiveness eg through 'one-to-one' communications; understand customers and target more effectively

2 Understand the benefits of internet marketing to customers

Benefits to customers: opportunities to compare and select providers; increased bargaining power; availability of more comprehensive and up-to-date product information; opportunities for lower costs via 'dynamic pricing' eg internet auctions; greater supply convenience through availability of responsive transaction facilities eg airline ticketing; immediate online sales and customer service without travel or unsatisfying sales experiences, availability of digital complaints services; opportunities to pool customer experiences collectively via chat rooms ie consumer-to-consumer (c2c), better prices with 'middle man' removed, no sales pressure, easier to cancel as no person-to-person issues, more leisure time, flexibility

3 Understand the opportunities offered to businesses by internet marketing

Access: more frequent individualised communications to build relationships; use of communications to promote eg special offers, product launches; new services; use of purchase history to tailor offers to individuals, easier and cheaper to alter adverts, quicker response times to changing market needs, better information to guide stock holding

Availability: increased range of customised buyer menus resulting in more accurate responses to customer needs and wants; use of internet information to identify product development opportunities; opportunities for immediate sales of products eg banking, insurance policies; possibilities of substitute online forms of products eg music, films, radio and TV programmes; podcasts; market development, ability to expand markets more cost-effectively; lower entry costs for small businesses; opportunities to offer services 'virtually' eg virtual tours by estate agents; operating 24/7 eg internet banking; ability to link traditional methods with online marketing ('bricks and clicks'); market diversification opportunities eg www.tesco.com

Business efficiency: use of internet to manage supply chain; use of electronic communications to reduce staff costs; opportunities for increased sales from existing customers; opportunities to monitor competitor activity; internet business opportunities eg use of paid-for promotion on websites, through search engines, portals and links

4 Understand the challenges faced by businesses using internet marketing

Globalisation: problems of channel conflict and disintermediation; low customer confidence in payment security; challenge of delivering to higher reliability expectations raised; problems of managing overload of market feedback, volume of individual/group customer profiles; challenge of more complex analysis; keeping pace with market and technological change; challenge of revising marketing goals in line with the organisation's capacity to process feedback; problems of ensuring maximum access via ISPs and search engines; security of site information and payment systems; challenge of linguistic/cultural sensitivity eg Kellogg's European promotions and in publishing eg Disneyland Paris versus US Disney; challenge of additional legal complexity

Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
P1 describe the role internet marketing has within a modern marketing context	**M1** analyse the benefits of internet marketing to customers	**D1** evaluate the effectiveness of internet marketing in meeting customer needs for a selected business.
P2 describe how selected organisations use internet marketing		
P3 explain the benefits to customers of a business using internet marketing	**M2** analyse the marketing opportunities and challenges faced by a selected business when using internet marketing.	
P4 describe the benefits and opportunities to the business of using internet marketing within the marketing mix of a selected business		
P5 explain how internet marketing has made a selected business more efficient, effective and successful		
P6 explain the challenges of globalisation facing a selected business when using the internet as a marketing tool.		

PLTS: This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

Key	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

Essential guidance for tutors

Delivery

Learners need to understand the basics of online business and the associated marketing process before they can be expected to grasp the distinctive features of internet marketing. Learners should be aware of the role that marketing plays in major organisations, including key elements such as segmentation, research/analysis and mass/niche marketing from *Unit 3: Introduction to Marketing*. This unit considers how the internet operation and related digital technologies, are used to improve marketing performance.

Learners should be able to provide cases where consumer power has been strengthened significantly as a direct result of internet access. Examples include chat rooms to comment on quality of product service and challenge market power, Learners should be able to make appropriate judgements supported by the evidence they have produced.

Participation in appropriate chat rooms may also illustrate the potential for consumer power but this clearly raises questions of supervising internet use, especially in large groups. Selecting industries with firms which have a significant internet presence, compared to those which do not, offers opportunities to contrast the relative degrees of flexibility available to suppliers and consumers alike. Learners can contrast the web presence of different businesses and reach conclusions concerning which business is most responsive to shifting consumer preferences.

Learners should be aware of the range of new types of business that consumers can access. The growth of businesses such as eBay, Amazon and Google are examples of businesses that exist because of the internet. Attention should also be drawn to the increased use, in recent years, by traditional 'offline' businesses. A good example of this is Tesco.

Learners should be able to evaluate the circumstances under which internet marketing may prove worthwhile. Examples include those businesses where mass customisation may be more realistic, for example low-volume individualised products or individualised service industries, for example directline.com. Learners should consider the value of these strategies, in conventional business (cost-benefit or investment-return) terms, to both producer and consumer.

Case studies of problems experienced in internet marketing will allow learners to evaluate this business innovation, presenting strengths and weaknesses of the new technology. Examples such as low-cost airlines show that online facilities mean costs can be pared down to the minimum. Learners could assess the impact of this on mainstream carriers to illustrate how businesses respond to these changes. The exposure to keener competition and problems of channel conflict, alongside issues of low consumer confidence, will all threaten the success of a venture.

Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and/assessment
Introduction to the unit and the programme of learning
Group discussions about usage of internet and own experiences
Research on role of the internet in Business
Assignment 1: From Stages to Pages
Analysis of three online businesses using set criteria to compare and contrast
Primary research to get information from end-users
Primary research of one selected business about its operations
Group work and research on benefits of the internet
Assignment 2: Every Customer Counts
Group work and research on opportunities of the internet
Assignment 3: Wider Still and Wider
Group work and research on challenges of the internet
Secondary research to investigate successes and failures of internet marketing
Assignment 4: Ultimate Retail Therapy
Supervised assignment work
Non-supervised study time and completion of assignments

Assessment

For P1, learners should describe how the marketing activities of different businesses have incorporated internet marketing. For example, the ways in which the internet provides opportunities for producer-customer dialogue and therefore research and relationship building. To evidence P2, learners should describe clearly how businesses use internet marketing for example to advertise last minute promotions. For P3, learners should explain the principal benefits of internet marketing to customers, for example using contrasting businesses. These three strands come together for M1 where learners are asked to analyse how internet marketing activities build on conventional offline marketing principles and offer customers greater freedom of choice. This will involve a greater depth of understanding of internet marketing as offline activities form the basis for greater individualisation of market attention and offer opportunities for elements of the marketing mix to be exploited differently, as with dynamic pricing.

P4 asks learners to describe the key benefits and opportunities presented by internet marketing activity for a selected businesses and again how this has helped formulate and change the marketing mix for a business. P5 gives the learners the chance to investigate whether these opportunities and changes have been successful, whilst P6 encourages learners to look at the globalisation challenges facing a business that decides to embark on internet marketing as a promotional tool. These three areas are brought together for M2 where learners are asked to analyse how internet marketing has created new business opportunities and presented new challenges for a selected business, including their customers.

Finally, learners may progress to D1 as all these areas are integrated. Learners are asked to evaluate how the performance of selected businesses may be enhanced through integrating internet marketing into their overall marketing strategies, despite the challenges encountered. This evaluation will explore the principles, benefits, opportunities and challenges of internet marketing as learners weigh up opposing sets of considerations before reaching a final supported viewpoint.

Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Edexcel assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, P2	From Stages to Pages.	Working for a marketing agency learners could take on the role of advising fledgling businesses about how to go online using examples from companies that have made the transition.	Portfolio of evidence eg slideshow presentation showing how established businesses have moved from offline marketing to using internet marketing.
P3, M1	Every Customer Counts.	Working for a consumer magazine learners could carry out market and marketing research to canvas fact and opinion about internet marketing.	A magazine article showing results of research, graphical evidence and a justified conclusion.
P4, P5, P6, M2	Wider Still and Wider.	Working as a business analyst learners could produce evidence about the practicalities of going online.	A handbook about the pros and cons of internet marketing. A report advising a selected business using the pros and cons as criteria.
D1	Ultimate Retail Therapy.	Case study of a business using internet marketing	Report analysing whether the strategy has been successful for all stakeholders.

Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC Business sector suite. This unit has particular links with the following unit titles in the Business suite:

Level 3
The Business Environment
Business resources

This unit also links to the following National Occupational Standards: Marketing and Sales for Non-specialists, particularly Units 1, 2, 7, 8 and 10.

Essential resources

Access to a range of information resources to complete investigative assignments and case studies will be essential, including relevant CD ROMs and the internet, as will be access to computers for research This will enhance the delivery of this unit. Learners will also need access to relevant paper-based research material and books.

Employer engagement and vocational contexts

An essential part of this unit will be the rich opportunities for the use of visits, speakers and work-based projects.

Indicative reading for learners

Textbooks

Cave S – *Consumer Behaviour in a Week* (Hodder Arnold, 2002) ISBN 0340849711

Chaffey D – *E-Business and E-Commerce Management* (FT Prentice Hall, 2003) ISBN 0273683780

Chaffey D, Mayer R, Johnston K and Ellis-Chadwick F – *Internet Marketing: Strategy, Implementation and Practice* (Prentice Hall, 2008) ISBN 0273717405

Dibb S, Simkin L, Pride W M and Ferrell O C – *Marketing: Concepts and Strategies* (Houghton Mifflin, 2005) ISBN 061853203X

Websites

www.amazon.com	Online shopping
www.bbc.co.uk	The British Broadcasting Corporation
www.bized.ac.uk	Business education website including learning materials and quizzes
www.cim.com	The Chartered Institute of Marketing
www.the-dma.org	The Direct Marketing Association
www.e-bay.com	eBay online auctions
www.easyjet.com	easyJet main website
www.marketingteacher.com	Free marketing resources for learners, teachers and professionals
www.tesco.com	Tesco

Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are …
Independent enquirers	analysing perceived benefits of internet marketing
	explaining the options open to a selected company for internet marketing
Creative thinkers	explaining the options open to a selected company for internet marketing.
Effective participators	making justified recommendations for improving a selected organisation's marketing by using the internet.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are …
Independent enquirers	planning and carrying out research into marketing and information within organisations
Creative thinkers	looking at the promotion of different businesses
Reflective learners	setting goals, with success criteria, for researching business
	inviting feedback on their own work and dealing positively with praise, setbacks and criticism
	evaluating their experiences and learning to inform future progress
Team workers	working in groups to discuss issues
	managing activities to reach agreements and achieve results
Self-managers	seeking out challenges or new responsibilities and showing flexibility when priorities change
	dealing with competing pressures, including personal and work-related demands
	responding positively to change, seeking advice and support when needed
Effective participators	making justified recommendations for using internet marketing.

● Functional Skills – Level 2

Skill	When learners are ...
ICT – Use ICT systems	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching business organisations
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	tabulating information about internet marketing
ICT – Find and select information	
Select and use a variety of sources of information independently for a complex task	finding illustrative materials for presentations and tabulations creating diagrams, presentations and tabulations for information presentation
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	exploring, extracting and assessing the relevance of information from websites about internet marketing
ICT – Develop, present and communicate information	
Enter, develop and format information independently to suit its meaning and purpose including: ● text and tables ● images ● numbers ● records	bringing together a variety of materials gathered through research preparing information to present about business information
Bring together information to suit content and purpose	
Present information in ways that are fit for purpose and audience	
Evaluate the selection and use of ICT tools and facilities used to present information	
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	communicating with other members of a group

Skill	When learners are ...
Mathematics	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	using numerical data in relation to internet marketing
Identify the situation or problem and the mathematical methods needed to tackle it	
Select and apply a range of skills to find solutions	
Use appropriate checking procedures and evaluate their effectiveness at each stage	
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	
Draw conclusions and provide mathematical justifications	
English	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	carrying out group work investigating business information making presentations about business information
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	reading about business information
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	writing reports about business information producing labelled charts and diagrams showing business information.