



Internet & Social Media

Εργασία στο μάθημα

Electronic Transactions

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Internet

"The Internet is a global system of interconnected computer networks that use the standard Internet protocol suite (TCP/IP) to link several billion devices worldwide. It is a network of networks that consists of millions of private, public, academic, business, and government networks, of local to global scope, that are linked by a broad array of electronic, wireless, and optical networking technologies. The Internet carries an extensive range of information resources and services, such as the inter-linked hypertext documents and applications of the World Wide Web (WWW), the infrastructure to support email, and peer-to-peer networks for file sharing and telephony."

E - commerce

"Electronic commerce, commonly known as E-commerce or eCommerce, is trading in products or services conducted via computer networks such as the Internet. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), 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."

+ Products can now be sold directly to consumers, bypassing traditional retailers

+ Wider Market - Target consumers everywhere

- Security Issues

- Customer loyalty is always on a check

Case Study – Blockbusters and Netflix



NETFLIX

Blockbusters

Blockbuster LLC, formerly Blockbuster Entertainment Inc., was an American-based provider of home movie and video game rental services, originally through video rental shops (both owned and franchised), later adding DVD-by-mail, streaming, video on demand and cinema theater. At its peak in 2004, Blockbuster had up to 60,000 employees and more than 9,000 stores.

Due to competition from companies such as Netflix and Redbox, Blockbuster lost significant revenue and filed for bankruptcy on September 23, 2010. On April 6, 2011, the company and its remaining 1,700 stores were bought by satellite television provider Dish Network at auction for \$233 million and the assumption of \$87 million in liabilities and other obligations. The acquisition was completed on April 26, 2011. Dish closed 200 branches in July 2011, 500 more in the first half of 2012 and another 300 in 2013. In November 2013, it was announced that the remaining 300 company-owned stores would close (though 50 franchise-owned stores would continue to remain open). The company's DVD-by-mail rental service will cease operations as well.

From 1997 to 2004

- Became \$4 billion company
- 3700 stores in 11 countries
- Revenue from \$7.4 million to \$2.2 billion
- Market cap grew 118% per year

At peak opened one store every 17 hours!

- In 2004 Blockbuster started mail business but failed
- On-demand: cable providers scheduling premium movie showings
- Pay-per-view: stream movie to viewer
 - Illegal sharing
- Denial of the management that coming technology would disrupt their business model
- Late Response ---> Failed execution

Netflix

Netflix, Inc. is an American provider of on-demand Internet streaming media available to viewers in North and South America, the Caribbean, and parts of Europe (Denmark, Finland, Ireland, the Netherlands, Norway, Sweden, and the United Kingdom), and of flat rate DVD-by-mail in the United States, where mailed DVDs are sent via Permit Reply Mail. The company was established in 1997 and is headquartered in Los Gatos, California. It started its subscription-based digital distribution service in 1999, and by 2009 it was offering a collection of 100,000 titles on DVD and had surpassed 10 million subscribers.

On February 25, 2007, Netflix announced its billionth DVD delivery. In April 2011, Netflix announced 23.6 million subscribers in the United States and over 26 million worldwide. By 2011, the total digital revenue for Netflix reached at least \$1.5 billion. On October 23, 2012, however, Netflix reported an 88% fall in third-quarter profits. In January 2013, Netflix reported they had added 2 million U.S. customers during the 4th quarter of 2012 with a total of 27.1 million U.S. streaming customers, and 29.4 million total streaming customers. In addition, revenue was up 8% to \$945 million for the same period.

As of mid-March 2013, Netflix had 33 million subscribers. That number increased to 36.3 million subscribers (29.2 million in U.S.) in April 2013. As of September 2013, Netflix Q3 2013, Netflix reported global streaming subscribers at 40.4 million (31.2 million in U.S.). By Q4 2013, Netflix reported 33.1 million U.S. subscribers.

- Subscription service started in 1999
- Flat rate, unlimited rentals, no late fees,
- No shipping charges
- Deal with studios for low up-front price and part of rental fee
-
- By 2005 shipping a million DVDs a day
 - 2009 had 100,000 DVD titles
 - 10 million subscribers
 - In 2011 23.6 million US subscribers - 26 million world wide
 - Digital revenue of \$1.5 billion

Reasons for success

- Growth of Internet penetration
- Customer satisfaction
- Streaming very convenient
- Consistent management aware of technology

Social Media

- Web and mobile technologies supporting interaction among people and organizations (Forums, blogs, wikis, podcasts, social bookmarking)



United Breaks Guitars

"United Breaks Guitars" is a protest song by Canadian musician Dave Carroll and his band, Sons of Maxwell. It chronicles a real-life experience of how his guitar was broken during a trip on United Airlines in 2008, and the subsequent reaction from the airline. The song became an immediate YouTube and iTunes hit upon its release in July 2009 and a public relations embarrassment for the airline.

Musician Dave Carroll said his guitar was broken while in United Airlines' custody. He alleged that he heard a fellow passenger exclaim that baggage handlers on the tarmac at Chicago's O'Hare International Airport were throwing guitars during a layover on his flight from Halifax Stanfield International Airport to Omaha, Nebraska's Eppley Airfield. He arrived at his destination to discover that his \$3,500 Taylor guitar was severely damaged. Fox News questioned Carroll on why he checked the valuable guitar and Carroll explained that it is difficult to bring guitars onto flights as carry-on luggage. In his song, he sang that he "alerted three employees who showed complete indifference towards me" when he raised the matter in Chicago. Carroll filed a claim with United Airlines which informed him that he was ineligible for compensation because he had failed to make the claim within its stipulated "standard 24-hour timeframe".

The YouTube video was posted on July 6, 2009. It amassed 150,000 views within one day, prompting United to contact Carroll saying it hoped to right the wrong. The video garnered over half a million hits by July 9, 5 million by mid-August 2009, 10 million by February 2011, and 13.3 million by September 2013.

Media reported the story of the song's instant success and the public relations humiliation for United Airlines. Attempting to put a positive gloss on the incident and the song, a company spokesman called it "excellent". Rob Bradford, United's managing director of customer solutions, telephoned Carroll to apologize for the foul-up and to ask if the carrier could use the video internally for training. United mentioned it hoped to learn from the incident, and to change its customer service policy accordingly.

Bob Taylor, owner of Taylor Guitars, immediately offered Carroll two guitars and other props for his second video. The song hit number one on the iTunes Music Store the week following its release. The belated compensation offer of \$3,000, which was donated by United to the Thelonious Monk Institute of Jazz as a "gesture of goodwill", failed to undo the damage done to its image. In response to his protest's success, Carroll posted a video address thanking the public for their support while urging a more understanding and civil attitude towards Ms. Irlweg, who was just doing her job in accordance of mandated company policies in this affair.

Within 4 days of the video being posted online, United Airlines' stock price fell 10%, costing stockholders about \$180 million in value. However, American, Continental, Delta, and Southwest Airlines also had drops in their stock price on that date, and United's stock price had varied widely all that quarter, including some days with drops greater than 10% in value.

CASE STUDY: IBM turns its sales staff social media savvy

- IBM turned its sales reps into social media savvy individuals to reach its audience of IT professionals.
- IBM is the world's largest IT and consulting services company. It has a diverse client base and delivers innovative solutions to help solve some of the toughest business challenges.
- IT professionals increasingly use social media for product research. It is estimated that social media will form an integral part of the decision-making process for 75 per cent of IT professionals in the future.
- IBM wanted to tap in to the professional IT community via social media to support sales of its Public Cloud service.

From social to sales

- **From social to sales**
- The challenge was to find an innovative way to build enduring relationships with this exacting, technically savvy B2B audience. Activity needed to drive sales leads and embrace IBM's culture of innovation, ideas creation, openness and trust.
- Objectives were two-fold: to generate a high quantity of good quality leads via social media and efficiently progress leads from engagement to conversion to sales.
- Mason Zimble was chosen to devise and implement the social media strategy. The decision was rooted in the agency's B2B technology experience and its ability to synchronise sales and marketing activity.
- Three steps to success
- An empowering social media programme was developed to enable sales representatives to use social media (Twitter and LinkedIn) intelligently and effectively. At its core, the programme followed a 'listen and respond' model. It involved training and equipping sales reps so they could join the ongoing social conversation and use it to identify and progress new opportunities.
- The approach can be broken down into three steps:

3 Steps

1. Monitor the social sphere to identify hot topics

The relevance of the campaign depended on finely-tuned, ongoing social listening. Specific areas taken into account included: customer questions on Twitter and LinkedIn, industry themes being discussed, challenges and pain points.

It meant the social framework and tools were tailored with content aligned to specific business needs.

2. Equip reps with a calendar of relevant and timely posts and links

After identifying exactly what issues and needs were affecting the target audiences and influencing social conversations at launch, a social media toolkit was developed. This drew on IBM's depth and breadth of industry expertise and enabled reps to respond to questions, join debates and make recommendations that went beyond sales-led messages.

Extensive research went into valuable collateral that could be shared with online communities. And the development of recommended hashtags facilitated greater reach and relevance.

Reps were trained so their contributions to online communities would be 'real' – individual, personal commentary drawing on a bank of knowledge provided for them. They were also educated in the development of their own social listening skills and specifically advised on the importance of timely responses. This led to them becoming 'go-to' points of knowledge for IT professionals. Reps were also educated on how to target key conversations to engage 'forward thinkers' and incorporate them into their network.

3. Drive leads to each rep's personalised digital rep page

To ensure a seamless transition from social conversations to sales conversations, each rep sought to drive leads to their own personalised digital page. This allowed them to share specific content and information about the solution they were selling at an appropriate time.

Cost-effective leads

- Social media is growing the top of the sales funnel and driving incremental traffic to IBM's Public Cloud commerce engine.
- Three months after launch, 19 per cent of all Public Cloud Inside Sales Rep Page traffic could be attributed to social media activity – and 11 per cent of these visitors clicked through to commerce sites. This is a great achievement since inbound leads are much more cost-effective than those attracted by paid-for media; they are also better quality, so convert at a higher rate.
- Additional results for the first three months include:
 - 55 per cent increase in Twitter followers.
 - More than 3500 tweets and retweets compared to less than 500 at implementation.
 - More than two thousand Owly clicks driving prospects and clients to rep pages and the SmartCloud Enterprise website.
- Speaking about the campaign, Cheryl Mikovch, senior marketing manager, channel marketing cloud computing at IBM Inside Sales, said, "This is a progressive social media strategy that has led to better cohesion between our sales and marketing efforts. Most importantly, this is leading to a tangible increase in sales."

Case Study on Success of DELL on Twitter

- It all started with “Dell Hell”
- In 2005, Dell’s customer service and support was apparently not what it is today. Combine the subsequent low-levels of customer satisfaction along with the rapid adoption of social media (which gives you the ability to spread discontent very far, very quickly), and you have the beginnings of a major brand backlash.
- That’s exactly what happened with the now famous social media firestorm of “Dell Hell”, where Jeff Jarvis, (a blogger who had clout before Klout was even an idea), posted a rant on his “Buzz Machine” blog titled “Dell lies. Dell sucks.” This post ignited a customer revolt (which involved most of the comments on Jeff’s post being similar stories from other customers) which ended up changing much of the culture and customer service practices at one of the world’s most venerable technology companies.

Dell lies. Dell sucks.

Dell lies. Dell sucks.

June 21, 2005 by Jeff Jarvis

Dell lies. Dell sucks

: I just got a new Dell laptop and paid a fortune for the four-year, in-home service.

The machine is a lemon and the service is a lie.

I'm having all kinds of trouble with the hardware: overheats, network doesn't work, maxes out on CPU usage. It's a lemon.

But what really irks me is that they say if they sent someone to my home — which I paid for — he wouldn't have the parts, so I might as well just send the machine in and lose it for 7-10 days — plus the time going through this crap. So I have this new machine and paid for them to F—ING FIX IT IN MY HOUSE and they don't and I lose it for two weeks.

DELL SUCKS. DELL LIES. Put that in your Google and smoke it, Dell.

[108 Comments »](#)

How Dell respond

- Dell ultimately weathered the storm thanks to Michael Dell, who recognized the importance of social media (both the risks and the opportunities), and got personally involved. One of the first moves Michael Dell made was to create a dedicated corporate blogger that would span functional groups. Lionel Menchaca was nominated for the new position, who found immediate success dealing with Jeff Jarvis and other connected bloggers by speaking “honestly and directly”, effectively giving the company a human voice.
- They started a “listening and responding” program, for customer service and support, community-building and topic discussions with subject matter experts. When the small team finally hit the “on” switch for their listening platforms, four to five thousand conversations about Dell started landing in their lap every single day.

Dell's "Listening Czar"

- They ended up creating a new position called Dell's "Listening Czar", which became one of the most important components of their social media programme. The Czar was the overall integration lead for all of Dell's social media functions, from their support forums to Ideastorm, and led a mix of resources to segment out conversations for different business functions.
- Additionally, the Czar monitored a customized social media dashboard to identify trends and emerging issues. If a given threshold is reached, for example, if there are a lot of people talking or asking about a certain issue, a blog post on Direct2Dell was initiated.

- Dell have recently expanded their programme even further by launching their Social Media Listening Command Centre, a social media hub focused purely on listening, engaging and responding to all-things-Dell in more than 11 languages and the Social Outreach Services (SOS) team has grown from 10 to 70 people over the past 2 years.
- Dell's Radian6 monitoring and management tools record an average of 20k – 25k social media events for the company each day, and they make a point of engaging wherever appropriate as quickly as possible. Most tweets, Facebook posts and the like receive some kind of response in no more than 24 hours, and many are handled in real-time.
- In case you are a Dell customer, social media support is available to you via Twitter (@DellCares), Facebook (click the “Support” Button under the Cover Photo) and via Dell's website by clicking “Support” on each Dell.com web page.
- In just a few years, Dell went from a serious brand backlash to leading the social media bunch; especially when it comes to effectively listening and responding to an ocean of customer conversations. By doing so, Dell has become a great example of how to integrate social media into an organisation.

Introducing Dell's Social Media Command Center

<http://www.youtube.com/watch?v=w4ooKojHMkA>

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