

The Effects of the Internet on Marketing

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Abstract

With the use of the Internet, marketers are able to reach consumers where they work, play, shop, and live more efficiently than without it. Through e-commerce, social media, mobile phones, and much more, businesses are able to spread brand awareness, increase market share, and unveil new products. With this great opportunity comes an equally great responsibility, as businesses have now come under extreme scrutiny by their customers. In the Information Age, news travels faster and farther than ever before, with the news of ethical mishaps reaching even the smallest of shareholders. The most crucial element in e-commerce is trust and in order to build and maintain trust businesses ought to operate ethically. When trust is established, online business can flourish, bringing in revenue and loyal customers that might not have been earned elsewhere.

The Effects of the Internet on Marketing

Introduction

The Internet is a marvelous entity. While simple enough that any aspiring web designer can follow a few steps and create his own domain, it is also complex enough to contain millions of sites, each with its own data and information. From YouTube to WebMD, the Internet is full of websites that run the gamut from educational to entertaining. Social media, e-commerce, and search engine sites populate the world-wide web, providing everyone with access to the Internet an opportunity to get what they need, whether it is goods, information, or community. In the Information Age, marketers have a tremendous tool at their fingertips. Compared to the past when coupons were distributed through the Sunday paper, or advertisements heard on the radio and seen on television, the Internet provides efficient ways to reach both large and specific audiences. Interestingly enough, older advertising media have now adopted the Internet in order to better reach their target markets. Coupons can now be found on websites and within apps, many radio stations have their own mobile apps that listeners are encouraged to download, and Smart TV sales have grown to represent over 27% of worldwide TV sales (“Smart TV,” 2012, para. 1). As internet integration continues to increase, the use of the Internet for marketing becomes more attractive.

Although businesses are composed of many different elements, it is marketing that generates revenue. According to the American Marketing Association (AMA), marketing is defined as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (“Definition,” 2013, para. 1). In simpler terms, marketing is about discovering needs and then fulfilling those needs with solutions

that bring value to consumers. Marketing is implemented in order to convince consumers of their need for a certain good or service. Often people do not want to part with their hard-earned money and do not want to purchase things that do not satisfy perceived unfulfilled needs. Three key elements of marketing are quality, trust, and value. When marketing a product, the marketer must make just as much effort to establish trust as he does to portray the value and quality of the product or service.

In the pages that follow, the author will give examples of the Internet's impact on the business world in terms of e-commerce, social media, and the arrival of mobile applications. The author will also highlight some ethical dilemmas that major organizations have encountered in the past and the ways they dealt with them. Analyzing the way in which these companies handled the crises before them allows for lessons to be learned on the effects of decisions made and how to avoid potentially fatal mistakes for the organization. In order to succeed in the online business world, marketers ought to help their businesses establish trust with new consumers. Without trust, there might not be an online sale, and without an ethical business model, trust might never be cultivated.

E-Commerce

When conducting business online, trust becomes the most important element due to the inability of the customer to physically test the product and actually see the salesperson. Because of this, online consumers are unable to form the opinions that they might be able to if they were face to face with the salesperson and hands-on with the product. The product's value and quality matter little to consumers if they cannot trust the company or person from whom they are buying the product. This is reinforced by the findings of a Eurobarometer survey in which customers from France and West Germany conducted e-commerce for the first time. When speaking on the

importance of trust, Sun reinforces the claim made above that the customers' lack of interpersonal interactions and inability to pre-inspect products and services makes trust the central issue in regard to whether or not online transactions succeed or fail (2010, p. 334). The study also found that once customers have successfully completed a purchase from an online merchant, their trust was established and no longer much of a factor in future purchases. With that being said, the fact remains that in order for the first purchase to be made, consumers need to feel secure with their online purchases. Measures such as Verisign's credit card security check and the *https* URL help assure consumers that their transactions are safe and that the website they are using for transactions is trustworthy.

When one thinks of e-commerce success, Amazon.com Inc. is typically the first company that comes to mind. In the 20 years that it has had a web presence, Amazon has continued to astound both customers and industry analysts alike with its business practices and strategies. Starting with selling books from publishers and third-party-dealers, it expanded its business model to include almost anything sold. Several elements have contributed to the large amounts of success that Amazon experiences such as: its easy to use website design, exhaustive amount and variety of brand name products, and offering web hosting for other companies. According to Bacheldor (2000), features such as easy navigation, minimal use of graphics, clearly marked pricing, and personal touches are a few of the things that indicate the high quality of Amazon's website design (para. 2). Although that article is 15 years old, Amazon.com Inc. has not been content to rest on what passed as quality site design a decade and a half ago, as seen by the company's constant efforts to keep its website clean and easy-to-access. In 2011, DM News reported Amazon's attempts to keep the business' web presence efficient. The news source stated that Amazon would launch a

revamped e-commerce site with enhanced product searching and tablet navigation that would act as the default homepage for both tablet and PC users while providing a separate mobile-optimized site for smartphone users (“Amazon.com,” 2011, para. 1). Amazon has done an expert job of catering the company’s offerings to a varied consumer base. With that diverse customer base, it is wise of Amazon to keep its site from becoming cluttered or difficult to read. In addition, their support for mobile customers was wise given the rate at which smartphones have been adopted in the U.S. and around the world.

In 2000, Amazon implemented two new services that would change not only the makeup of the company, but the way that e-commerce would be conducted in the future. Amazon developed two programs: Merchants@Amazon.com and Merchant.com. Through Merchants@Amazon.com, retailers could post their products on Amazon, track inventory and sales, and ship the product whenever it had sold on Amazon, all for a minor fee that Amazon charged for every sale it facilitated (Jung, 2003, para. 14). Jung goes on to say that, “With the other program, Merchant.com, Amazon builds and maintains a branded site for retailers. Amazon sometimes handles the shipping of items as well. Target, Borders Group Inc. and the National Basketball Association are among customers” (para. 15). Beyond those two methods, Amazon began to make money by allowing third-party merchants to use the site as their marketplace for a small fee or commission on each sale. Again, Amazon pioneered these techniques, which paved the way for many online retailers to come, but none have dethroned Amazon as the leader in online sales volume in the past 15 years.

With the growth of e-commerce companies like Amazon, traditional brick-and-mortar retailers begin to lose some of their market share in the name of convenience. In his BUSI 490: Strategic Management/ Business Policy class, Dr.

Young asks his students to place themselves in the shoes of a traditional brick and mortar retailer. He challenges his students to find a way to petition their company's suppliers to stop selling so much of their products online and bypassing the role of retailers like their company. As might be expected, the students struggle for several minutes to think of a strategy that a brick and mortar retailer could implement in order to keep online retailers and wholesalers from stealing their market share. The fact of the matter is that the landscape of consumer purchasing is shifting. With that being said, consumers are not entirely abandoning brick and mortar for online (Mulpuru, 2012, para. 1). By 2016, more than half of the dollars spent in the U.S. retail industry will be influenced by the Web (2012, para. 1). Online retailers, especially those with mobile websites, provide consumers with the ability to compare prices like never before. This *showrooming effect*, which has been largely exaggerated by traditional retailers, is the fear that consumers are able to find amazing deals online and therefore bypassing offline retailers entirely due to convenience and price (2012, para. 1). While Mulpuru advises brick and mortar businesses not to panic, she also encourages them to be proactive, seeking to adopt cross-channel best practices. The author's largest bit of advice to traditional retailers is to have mobile as well as online presences, so as not to become an afterthought when compared to online competitors (2012, para. 5). Given the rise in the number of online retailers within the past decade, perhaps brick and mortar retailers should consider adopting a click and mortar style of business; providing products and services both in-store and online.

Social Media

Marketing in a virtual world is made much easier when social media is involved. In 2012, An Experian Marketing Services report stated that 91% of online adults were using social media regularly ("Digital Marketer," 2012, para. 3).

Companies can create profiles just as easily as everyone else, and many use sites like Twitter and Facebook in order to promote brand awareness and attempt to stay relative with the Millennial Generation. Businesses encourage their loyal customers to *like us on Facebook* and *follow us on Twitter* because of the viral marketing that occurs when friends and followers of consumers are suddenly exposed to posts that they would not have otherwise seen. For example, 20% of Facebook users have purchased something because of ads or comments they saw there (Bodnar, 2012, para. 13). When certain individuals have upwards of a thousand friends or followers, public relations (PR) nightmares can sometimes occur. An example of such a scenario is when a loyal customer of Sheetz posted on his Twitter account how disappointed he was with the quality of his chicken strips the last time he ordered them. Sheetz was presented with two options: They could ignore the complaint and hope that the issue did not get out of hand, or they could be proactive and try their best to regain the loyalty of their valued customer. Fortunately for Sheetz, they chose the latter, sending the disgruntled customer a fresh batch of chicken strips, free of charge. The following day, their previously disappointed customer returned to his Twitter account to praise the actions of Sheetz, causing all of his followers to see just how well Sheetz treats their customers. There are many more examples of companies taking both the correct and the incorrect approach to these situations that arise over social media, but the point is that through social media, companies can use their own customers to engage in viral marketing for them without even knowing it.

A particularly intriguing example of the power of social media comes in the form of an independently developed video game being created with the help of Twitter. Mika, an independent game developer, tweeted a screenshot of a red box standing on a gray platform and asked his followers for their input on this new

creation of his. Within hours, a popular game developer by the name of Schafer retweeted the post, making it visible to his 230,000 Twitter followers. Suddenly, the game went viral and responses began pouring in. The game grew from just a red box on a gray platform to a hybrid of soccer and basketball mixed with the chaotic fun of eight people playing at once. One commenter created the name #IDARB for the project, making an acronym of the words that accompanied Mika's first tweet, "It draws a red box." Moore, a journalist for Wired.com, touted #IDARB as an incredibly fun game that upended traditional game development and could become a new model for game development (2015, para. 11). A typical video game development schedule takes two to three years and costs millions of dollars and thousands of hours of work. In an article from 2006, Johns stated that since the video game industry's birth in the early 1960s, it has rapidly, and almost continuously, grown in size and scope (2006, p. 151). Johns went on to quote the industry worth at \$23.2 billion in 2003, with the expectation of reaching exceeding \$33 billion by 2008 (2006, p. 151). The video game industry has grown exponentially since 2006 with the introduction of largely popular consoles like Microsoft's Xbox 360, Sony's Playstation 3, and Nintendo's Wii. Several years into the Xbox 360 and Playstation 3's lifecycle, both Microsoft and Sony allowed independent (*indie*) developers to publish their games on both consoles' online marketplaces. While AAA developers such as Activision, Ubisoft, and Electronic Arts continue to dominate the marketplace with multi-million dollar titles, many indie developers have achieved mass recognition and support of their video games. What Mika accomplished with Twitter caught the attention of Microsoft, which offered him a place on their Xbox Live Marketplace, provided he could port #IDARB onto Xbox One consoles. Obviously, Mika has succeeded in making the transition to Xbox, and his game will be available for purchase at the end of January

2015. In 13 months Mika and his small team of developers were able to take an extremely generic idea and turn it into something that gamers cannot wait to get their hands on. When being interviewed by Moore, Mika said that “it’s awesome to watch the dialog between people who are following, and developers talking to other developers. I think that’s the future of game development” (2015, para. 50). Who is to say whether or not crowdsourcing the development of video games is the future of game development, but the fact of the matter is that the power of social media is great enough to allow a community of people engineer a real-world product that millions will be able to experience for themselves. Through the use of Twitter and a network of supporters and fans, Mike Mika was able to go from a few lines of code to a full-fledged video game that is being sold for \$20. When it comes to social media, the possibilities for marketing truly are endless.

Ethical Mishaps

As stated previously, one of the most necessary facets of business is trust. Whether business is being conducted online or in person, trust is necessary for the customer to make a purchasing decision. The customer should be able to trust the product and the salesman from whom he is making the purchase, and the salesman should be able to trust that the customer will fulfill the terms of the contract and pay in full for the goods or services he is purchasing. Building trust is an arduous task. One often needs to take many steps to earn the trust of another, but trust can be broken much easier. All it takes for a customer to lose trust in a business is one mistake, one missed delivery, one empty promise. Regardless of being online or offline, it is imperative that businesses conduct their work in an ethical manner. Too often the public hears of companies that tried to cut corners and ended up harming people such as the faulty brakes, gas pedals, and floor mats of Toyota vehicles

throughout the 2000's. In the Age of Information, it is especially important for companies to operate ethically if for no other reason than the fact that information is readily available to everyone. The following paragraphs contain examples of major businesses encountering serious ethical crises. After a summary of each of the cases, advice is given as to how those companies should have responded if their CEO's and Boards of Directors were motivated by ethical behavior. Whether it is a byproduct of the Information Age or an inherent trait of the Millennial Generation, the fact remains that companies are now held under severe scrutiny by their customers and not just the federal government.

Monsanto and Agent Orange

The Monsanto Company was founded in 1901 and started out producing an artificial sweetener, known as saccharine, which it sold to Coca-Cola (Ferrell, Fraedrich, & Ferrell, 2013, p. 308). Over the next several decades, the company would continue to increase the number of goods it produced, from plastics and synthetic rubbers, to a deforesting chemical known as Agent Orange, which was used by U.S. troops during the Vietnam War (Ferrell et al., 2013, p. 309). Agent Orange, which was often used in tandem with napalm, was designed to destroy Vietnamese crops in order to create a "scorched earth" tactic by the U.S. The dosage of Agent Orange, however, was much stronger than the dose necessary to wipe out indigenous crops. This resulted in the death of livestock and innocent Vietnamese citizens as well as the destruction of crops and rainforest. The estimated death toll by the end of the Vietnamese war was 4.8 million, which led to Agent Orange being outlawed by the Geneva Convention. But it was not just the Vietnamese who suffered from this chemical, American veterans who had been exposed to Agent Orange were also stepping forward, blaming Agent Orange for the afflictions they had in later life.

According to McCarthy, as of August 7, 1993, more than 40,000 Vietnam veterans had filed claims related to Agent Orange (1993, p. 362). The effects of Agent Orange did not disappear with the claims of those American veterans. The jungles and farmlands of Vietnam still suffer from dioxin (the main chemical used in Agent Orange) saturation to this day. On August 9, 2012, the US Agency for International Development funded an effort to clean up dioxin-contaminated soil that remains near a former American airbase near Da Nang city, Vietnam (“Agent Orange,” 2012, p. 258). The effort cost \$43 million and is expected to last four years (“Agent Orange,” 2012, p. 258). The fact that soil remains contaminated in Vietnam almost forty years after the war ended creates even more of a PR nightmare for Monsanto. Monsanto earned a reputation for destroying the environment and harming American soldiers. Currently, Monsanto is best known for its genetically modified seeds that it sells to farmers around the world in order to increase crop yield and prevent pests from destroying their crops. Agent Orange was developed as an herbicide. Monsanto now produces seeds that are genetically modified with pesticide resistances. Monsanto has been under severe scrutiny over the past couple of decades for its genetically modified (GM) seeds, and when one considers the crisis that occurred during the Vietnam War, it is hard to rush to the defense of a company whose products so adversely affected both man and nature. Regardless of the current debate of whether or not GM seeds should be used for the world’s food supply, the Agent Orange Crisis is a problem that Monsanto never truly rectified. When a lawsuit was filed against the company in 1979, after dioxin was found to be highly carcinogenic and many veterans stepped forward to blame their exposure to Agent Orange for their health problems, Monsanto agreed to settle for \$180 million, but beyond that, the company never addressed the issue any further (Ferrell et al., 2013, p. 309).

Monsanto should have been the company responsible for the cleanup in Vietnam, not the U.S. government. An ethical CEO would have made the decision to pay for the rehabilitation of both the land and the people who suffered from dioxin poisoning. Monsanto seeks to be known for feeding the world and supporting the ever-growing population, but it still has the stain of poisoning the world. No doubt the companies that helped manufacture Agent Orange would have run tests on it before putting it in the hands of American troops. They should have known the effects that Agent Orange would have had on living organisms and immediately shut down the project. An ethical company would have stopped the crisis before it could even begin.

Nike's Labor Issues

Blue Ribbon Sports was founded in 1964 as an athletic shoe distributor that catered to Japanese athletic shoe companies like Onitsuka Tiger (Ferrell, Fraedrich, & Ferrell, 2013, p. 495). For seven years, Blue Ribbon maintained relations with Onitsuka Tiger, allowing the company to sell its shoes in the United States and try to compete with brands like Adidas and Puma, which dominated the market at the time. In 1971, however, Phil Knight cut ties with Onitsuka Tiger and in 1978 changed the name of his company to Nike (Ferrell et al., 2013, p. 495). With the change of name came a change of role, as Nike moved from athletic shoe distributor to athletic shoe designer, developer, and marketer (but never producer). The company saw a meteoric rise in the 1980s, thanks in part to its celebrity athlete endorsements, but struggled in the '90s when allegations of harsh and unfair labor conditions in its Third World country factories were levied against the company (Ferrell et al., 2013, p. 495). Thanks to the company's Japanese ties, Nike found it easy to outsource manufacturing to Japan when it began production of its own product lines. However, when the labor reform laws began to make the price of Japanese labor too high to be

cost effective, Nike looked to less-developed countries for able workers. Nations like Vietnam, China, and Indonesia were prime candidates for cheap labor, and so Nike moved its factories to these countries. The following quote from Armour expertly sets the background for Nike's ethical crises:

There is also the important reminder that Nike is not a production company-it is a design, development and marketing company, with most of its production being outsourced. This leads to the, by now, familiar criticisms of Nike and the exploitation of workers in developing nations. (1998, para. 2)

What occurred in these underdeveloped nations was working conditions and wages that were subpar, sometimes even by their own nations' definitions. Laborers were working 14 hour shifts (or longer), children were being employed, and oftentimes the pay was less than what a worker needed to provide for his or her family. Nike was boycotted by many consumers and certain college campuses, which had agreements to sell Nike products, removed all Nike-affiliated products from their stores. Due to the size of the company, not everyone at Nike knew that these conditions were being allowed, but the point is that some people did and still did nothing about it. Nike was quick to react, and rightfully so, since the company's stock prices decreased by about 50 percent and they had to lay off 1,600 workers in 1998 (Ferrell et al., 2013, p. 497). Ferrell, Fraedrich, and Ferrell write that, "Nike's new priorities became to make certain that its factories were not taking advantage of its workers and to ensure that each worker had a safe work environment and competitive wage" (2013, p. 496). Although it is tough to accept the defense that Nike's executives were unaware of the unethical treatment of employees in Third World countries due to the size of the corporation, once Nike admitted fault, it did everything that it could to right its past wrongs. As mentioned above, when several universities cancelled their licensing

agreements with Nike, the company visited several college campuses, holding open forums with students and university faculty about the company's manufacturing policies (Keller et al., 2013, p. 497). Nike went even further and invited teams of students from Dartmouth to take tours of the corporation's Indonesian and Vietnamese factories for three weeks at Nike's expense (Ferrell et al., 2013, p. 497). Perhaps most importantly, Nike created a Corporate Responsibility Committee, which contains members of the Nike board and reports directly to the CEO, making sure that no crises like the aforementioned one ever occur again.

Ziek had this to say about Nike's response to criticism and unethical business practices: "The result of Nike's ability to effectively mitigate the controversy through communicative strategy and instrumentation is that today the company is considered the parent of modern CSR and regular inhabitants on Fortune's list of Most Admired Companies" (2013, para. 1). The ideal solution would have been to make sure that no situation like this had ever arisen in the first place, but the fact that Nike's executives were not only quick to fix the issue when it arose, but to also establish a system of corporate responsibility shows that they took as ethical an approach as they could.

The Exxon Valdez Spill

Exxon, like most companies that deal with oil, is faced with the task of transporting its goods across the world and often through some of the harshest terrain known to man. Whether transporting barrels of crude oil by convoy in the middle of the Arabian Desert or sending oil tankers through the frozen waters of the Arctic Ocean, there is always great risk associated with the transportation of oil. Exxon is no stranger to the risks associated with the transportation of oil, as most people commonly associate Exxon with the *Exxon Valdez* oil spill. In his book, Hosmer notes that the oil tanker *Exxon Valdez* left the terminal at Valdez, Alaska, at 9:30 p.m.

loaded with roughly 1.26 million barrels of oil (2011, p. 146). What occurred later that night/early the next morning was an accident that caused the largest spill of crude oil in North America at that time. There were many players in the accident. The main captain left the ship shortly after navigating through an iceberg patch, the secondary captain handed control over to the third mate after receiving permission from the Coast Guard to divert the ship's course, and the third mate ran the ship aground due to the autopilot function being left on by the previous captain and the third mate not being aware of it. The immediate outcome of the spill was catastrophic. The tanker spilled approximately 11,000,000 gallons of crude oil off the coast of Alaska's shoreline, affecting about 1,300 square miles of shore (Keller, 2013, p. 478). Thousands of animals were killed almost instantaneously, with the effects of the pollution still being felt on the local wildlife to this day. The area where the spill occurred, Prince William Sound, was home to many fishermen and thus, even more fish. With most of their bounty dead or too sickly to fish, the local fishermen had lost their livelihood. As well as the toll on fishermen, Prince William Sound and the surrounding regions of Alaska lost millions of dollars in tourism as their biggest draw, beautiful waterfronts and aquatic wildlife, were ruined. The public was already outraged by the fact that the accident was caused by negligence, but perhaps the issue that angered them the most was the fact that the executives at Exxon refused to comment on the issue for an entire week (Keller, 2013, p. 478). Although Exxon officials did eventually accept blame for the spill and paid generous sums in order to compensate those who lost jobs and to start an effort to clean up the oil, Exxon's apology was seen as disingenuous. Some Exxon employees that were involved in the accident deflected blame onto others and when officials chose to speak, their apologies were perceived as cold and rehearsed. Saundry, editor of the Encyclopedia

of Earth, writes that ExxonMobil paid \$300 million to more than 11,000 Alaskans who were affected or lost their livelihoods because of the Valdez spill, as well as paying \$2.2 billion on the cleanup of Prince William Sound, staying with the cleanup from 1989 until 1992, when both Alaska and the U.S. Coast Guard declared the cleanup complete (2013, para. 59).

Although Exxon paid a large amount of money to help clean up for its mistake, which is more than can be said for Monsanto with its Agent Orange incident, the public was not satisfied with Exxon's response. In Keller's book, he mentions that the three main reasons why Exxon's response was criticized were: (1) lack of a mission statement, (2) a lack of swiftness in response, and (3) a lack of sincerity in their response (2013, p. 478). Exxon is a prime example of a company that did everything they could have once the crisis had happened, but went about it the wrong way. The company went through the motions instead of establishing relief efforts because it was the ethical thing to do. In most instances, Exxon gave because the company had been ordered to by a judge and jury. The correct response would have been to provide relief in order to maintain the earth and make up for the livelihoods that were lost by the Alaskan fishermen.

Johnson & Johnson: Getting It Right

Johnson & Johnson has been in existence for over a century. The experience that comes from not only being in the American market for over a century, but also thriving in it, is something that most companies do not have. Johnson & Johnson has shown that it can deliver solutions that consumers will purchase in large volumes to satisfy their needs, wants, and desires. Their affinity for expert marketing research is linked to the company credo. Developed by Johnson in 1943, the credo of Johnson &

Johnson is about putting the needs and well-being of the people the company serves first (“Our Credo Values,” 2014, para. 1).

The groundwork that was laid by that credo helped the company through one of its toughest times in October of 1982, when the Tylenol Crisis occurred. During the first week of October 1982, the news reported that seven people in the greater Chicago area had died after taking Extra-Strength Tylenol that had been found to contain traces of cyanide (Keller, 2013, p. 476). Some madman had tampered with a handful of Tylenol bottles, placing cyanide in them. Despite the fact that this incident was most likely isolated to Chicago and that the person doing this was not an employee of Johnson & Johnson, the company decided to recall Extra-Strength Tylenol from shelves all across the country. Removing the product from shelves across America was an extremely costly thing for the company to do, preventing them from earning any profit on the products they had spent money producing as well as shrinking their market share considerably, but it was the right thing to do. Had Johnson & Johnson left their product on the shelves, no one would have bought it anyway for fear that they might be poisoned, and perhaps people would have begun to think that Johnson & Johnson cared more about making a profit than the lives of their customers. What guided the executives of Johnson & Johnson to make this costly decision was the company credo, which stresses that customers come first, and shareholders come last (Hosmer, 2011, p. 164). It was only by following this credo that Johnson & Johnson had any hope of returning to the market, much less of regaining their position as market leaders. But the company did more than just recall its product; Within the first week of the crisis, J&J issued a worldwide alert to the medical community, set up a 24-hour toll-free telephone number, recalled and

analyzed sample batches of the product, briefed the FDA, and offered a \$100,000 reward to apprehend the culprit of the tampering (Keller, 2013, p. 476).

But the effort did not stop there, either. Along with repurchasing the bottles of Extra-Strength Tylenol, the company stopped advertising altogether, making its only form of communication with the public press releases. The company also made use of their company doctor's calm demeanor to create a public service commercial that informed consumers that they could still trust the Tylenol brand. According to Keller, by February 1983, Tylenol's sales had almost completely returned to the level of pre-tampering sales six months earlier (2013, p. 476). This was influenced both by the invention of the tamper-proof seal and coupons that were mailed out to consumers for Tylenol's new caplets. In regards to the tamper-proof seal, FDA regulations resulted in the following: "All products with tamper-resistant packaging would alert the consumer on the packaging to the tamper-evident feature. For example, a warning reading 'do not use if safety seal is broken' might appear on the bottom of a tablet bottle" ("Tylenol and Tamper-Resistant Packaging," 2012, para. 9). However, the greatest influence in Johnson & Johnson and Tylenol's return to the marketplace was the credo that had been established long before the Tylenol Scare occurred. When the executives of Johnson & Johnson were faced with the dilemma of what to do, all they had to do was look to the credo, and suddenly their dilemma was no longer much of one. The ethical businessman sets out to establish guidelines for himself and his company from the very beginning, so that when tough times arise, there is tranquility in the midst of the chaos. Johnson & Johnson is one of the best examples of how ethical business practices can benefit a company.

The Impact of Internet Marketing

Is a web presence truly necessary in order to remain competitive in the marketplace? Yes. With the exception of perhaps a handful of business in one or two industries, a strong web presence is vital to the survival and success of a company. Gone are the days where consumers would look up the number of a business in the yellow pages and call the owner to find out what his hours of operation were. If an individual wishes to find the address of a local business, he or she may simply Google the business and find the address, phone number, and hours of operation all in one place within a matter of seconds. In fact, apart from the business' general information, Google allows users to find both consumer and industry reviews of businesses. If that individual does not have a particular business in mind, all they have to do is simply search for a type of business in the desired area and a number of businesses that fit the criteria appear. The majority of consumers no longer wait for the Sunday paper to find the best deals. Now they simply check online for coupons for their favorite grocery stores, restaurants, department stores, etc. While the internet is most likely not the zenith of technological advances in communication, it is a frequently used medium that has much to offer the modern marketer.

The community that the widespread adoption of the internet brought about was something previously unavailable to people. By word-of-mouth someone could pass positive or negative reviews of a business to his or her social circle, but more often than not it would not venture far from that physical circle. With the internet came a social circle without physical bounds. Complete strangers could share their experiences with companies, places, foods, and life in general with others all around the globe. The ability to go viral had arrived. In the travel sector, many blogs began to appear from authors who wanted to give their own guides for potential tourists. What

made the travel blog so successful was the anticipated trust that would-be tourists had in the testimonials of those who were just like them and had gone before them. These blogs eliminated the concern of advertising exaggerations and relieved some of the anxiety that consumers might feel when planning a trip on their own. Visitors could leave comments on the blogs depending on whether the author allowed them or not, about things as serious as false advertising to those as trivial as poor grammar or spelling. Seeing the success of the travel blogs, certain tourism companies began to implement their own sites that customers could form communities on. One such business, Carnival Cruise Lines, “created CarnivalConnections.com in early 2006 to provide a platform for cruise passengers to hook up with former shipmates, plan future sea trips together and share experiences and opinions on cruise destinations and facilities” (Hudson, 2008, p. 331). The implementation of a community website proved lucrative for Carnival. According to Hudson the site had attracted 13,000 registered users by mid-2006, of which 2,000 had already planned additional trips with Carnival’s 22 ships (2008, p. 331). These trips were expected to bring in about \$1.6 million in revenue, making a relatively small investment extremely worth it for Carnival (Hudson, 2008, p. 331).

What proved to be profitable for Carnival was not an isolated incident. Brands like Harley-Davidson Motor Company and Jeep have seen the value in supporting the communities created by their customers. Both Jeep and Harley-Davidson are well-known for their efforts to keep their communities active. Jeep sets up yearly get-togethers for owners and enthusiasts that usually involve large, outdoor concerts and cross-country races. Harley-Davidson organizes local charters and rallies as well as cross-country rides. The customers of Carnival, Harley-Davidson, and Jeep are heavily brand loyal because of the nature of the goods and services that the companies

offer. Cruises, jeeps, and motorcycles are not necessities. They are not consumables that are purchased on a weekly or even monthly basis. For most, they are serious purchases that require a lot of time and research before making a purchase decision, which contributes to the brand value that consumers perceive within these goods and services. Being able to cultivate strong online communities is a prime example of the strong impact that the internet has made on marketing.

Smartphones and Apps

With the rise of smartphones comes a new platform on which business can be conducted. Just as 10 years ago any business without a web presence was falling behind, today any business without a mobile presence is falling behind. As of 2013, there were over 6.8 billion mobile phones in use worldwide (Barnes, 2014, slide 4). Of those 6.8 billion, 1.4 billion were smart phones (Barnes, 2014, slide 4). Just as the use of mobile phones grew exponentially over time, the use smartphones can be expected to grow as quickly, if not faster. According to a survey conducted by the Federal Reserve, “As of December 2013, 87 percent of the U.S. population ages 18 and above owned or had regular access to a mobile phone. Of the mobile phone owners, 61 percent had a smartphone” (*Consumers and Mobile Financial Services*, 2014, p. 4). What this data shows is that over half of the U.S. population has access to the internet practically every waking hour of the day. With smartphone applications, people can purchase and listen to music, download and read books, order food, bank, play games, turn their phone into a GPS, and make their accounts even more secure by downloading authenticator keys to their phones. As technology progresses and hard drives and processors are able to be made smaller and smaller, the computing power and abilities of the smartphone will continue to grow and manifest itself in unique new ways. In fact, consumers are already being given glimpses of phones that

can be worn on one's wrist or as a pair of glasses. Given the above information, no business should feel that it is advisable to maintain an online presence only. When 64% of smartphone users are using their smartphones to shop online and 73% are accessing social networks through apps at least once a day, businesses ought to notice that the trend in consumers is shifting to mobile, not stationary (Bodnar, 2012, para. 18, 21).

The opportunity for businesses that comes with the rise in smartphone usage is tempered by the small margin of error that is allowed in the mobile marketplace. While the case could be made that there is a low tolerance for error in all marketplaces, the mobile marketplace seems to be the strictest in that regard. Studies show that users will wait three seconds on average before abandoning an app due to unresponsiveness, and 50% of users will delete an app if they encounter a single bug (Barnes, 2014, slide 2). That information, coupled with the estimate that there will be one trillion applications in circulation by 2020, means that if a company fails to perform correctly consumers can go to the app marketplace and find another company's app that will perform the way it ought (Barnes, 2014, slide 2).

With that being said, the fact remains that great opportunities exist for companies that seek to be marketed via smartphones and apps. Mobile technology revenue is expected to reach \$1.3 trillion by 2015, making up roughly 35% of the technology marketplace (Barnes, 2014, slide 4). As stated previously, the mobile market shows no indication of declining any time soon. According to Verizon Communication Inc.'s 2014 SWOT analysis, "mobile data traffic is projected to increase at a CAGR (Compound Annual Growth Rate) of 61% for the 2013-2018 periods, to 15.9 exabytes by 2018 compared to 1.5 exabytes in 2013" (2014, p. 8). In comparison, while one gigabyte represents 1 billion bytes, one exabyte represents 1

quintillion bytes. To create a point of reference for how massive an amount 15.9 exabytes is, it is said that 5 exabytes is enough memory to contain all words ever spoken by human beings (Hoff, 2012, para. 7). Companies that use mobile applications will be a part of the expanding universe of the Internet vs. the contracting universe of traditional websites. Those that do not wish to charge for their mobile services and products are still able to tap into a market of over one billion consumers, advertising their business right into the palm of their customers' hands. A fundamental necessity of advertising is to be where the target market is, and there is no surer way of reaching people today than by being on the one device they *never leave home without*.

Conclusion

The Internet has become the most convenient place to conduct business. As more websites are proven to be secure, garnering their customers' trust, consumers are more willing to sit in the comfort of their homes and order just about everything that they want or need via the web. Businesses that allow customers to order groceries from them online are thriving in large metropolitan communities. Companies that create applications for smart phones receive more business because consumers are able to streamline the process of getting to a computer and getting on the Internet by pressing a button on their phones that takes them straight to what they want. Social media allows businesses to develop a positive brand image as long as they handle matters quickly and ethically. No matter what site one visits, advertisements are everywhere, allowing marketers to convince consumers of their need for different products. Ads are posted on Facebook news feeds, ads appear before and during content on YouTube, even the top results of search engines like Google are ads. The Internet allows marketers to reach nearly everyone, everywhere.

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