CHAPTER 4

THE INTERNET AS A MARKETING TOOL

4.1 INTRODUCTION

As is evident from chapter three, the Internet has resulted in a number of significant changes and new challenges in the environment within which marketers operate. Yet, simultaneously, the Internet holds the potential of being a significant new marketing tool - one that can be leveraged to execute traditional marketing tasks in an enhanced manner (Nour, 2000; Darby *et al.*, 2003). Accordingly, Mohammed *et al.* (2003: 5) subject that the Internet should be a prominent "component of any marketer's arsenal".

Using the framework of fundamental generic marketing elements developed in chapter two, this chapter seeks to identify those principles guiding the use of the Internet as a marketing tool that are relevant to generic marketers. Section 4.2 discusses the use of the Internet as a marketing intelligence tool, while section 4.3 reviews its use as a marketing research tool. The virtual brand community, as a marketing tool, is discussed in section 4.5. Internet's use in enhancing the execution of the marketing strategy and marketing tactics is reviewed in sections 4.4 and 4.6 respectively. In section 4.7 Internet as an international marketing strategy tool is discussed. The ethical use of the Internet as a marketing tool is outlined in section 4.8. Lastly, section 4.9 presents a table of the principles guiding the use of the Internet as a marketing tool, identified as being relevant to generic marketers.

4.2 INTERNET AS A MARKETING INTELLIGENCE TOOL

The Internet is both an important source of marketing intelligence, as well as an effective intelligence retrieval and distribution tool (Siegel, 2000). The Internet significantly increases the amount and scope of local, global, current and archived marketing

intelligence available to the marketer (Ellsworth & Ellsworth, 1997: 43; Siegel, 2000). Internet technologies also provide the contemporary marketer with an effective new tool for gathering and disseminating marketing intelligence in real time (Bickerton *et al.*, 1996: 24; Siegel, 2000). Internet technologies facilitate the cost effective, speedy and relatively easy retrieval of comprehensive, worldwide marketing intelligence (Siegel, 2000), as well as the timely distribution of such intelligence to relevant others, regardless of their location (Quelch & Klein, 1996; Wee, 2001.) Of all the available methods of executing the marketing intelligence process, the Internet possesses the most potential (Wee, 2001) and, as such, cannot be ignored by marketers.

Thus, comprehensive, market-oriented marketing strategies and tactics require the integration of Internet-based marketing intelligence activities into the traditional marketing intelligence process (Siegel, 2000; Wee, 2001). Marketers should always bear in mind that the value of Internet-based marketing intelligence depends on the accuracy, reliability and timeliness of the Internet source used (Siegel, 2000).

4.2.1 Internet as a source of marketing intelligence

The Internet contains a significant amount of local and global, current and archived information on a wide range of subjects (Bickerton *et al.*, 1996: 24; Ellsworth & Ellsworth, 1997: 43), including macro and task environmental indicators. Additionally, Internet technologies enable marketers to access information internal to the organisation effortlessly and speedily.

Within the macro environment up-to-date information on local and global economic indicators is readily available on the Web. South African Web sites that contain this information include, The Department of Trade and Industry (http://www.dti.gov.za) and the South African Reserve Bank (http://www.resbank.co.za). This information can be further supplemented and cross-referenced with economists' views and predictions contained in the numerous online business news reports.

Information concerning both the local and global regulatory/legislative environment is also easily accessible via the Web. To access South African business-related legislation, useful Web sites include, The Department of Trade and Industry (http://www.dti.gov.za), the South African Revenue Services (http://www.sars.gov.za), and the Department of Labour (http://www.labour.gov.za).

The Internet also gives marketers access to up-to-date reference sources regarding changes in the technological environment (Bickerton *et al.*, 1996: 31). Many online newspapers, business magazines and special interest magazines contain a special technology section, for example, Financial Mail Online (http://www.financialmail.co.za), Business Day (http://www.bday.co.za) and South African Computer Magazine (http://www.sacm.co.za). The Web sites of higher education institutions, information technology providers, technology drivers, relevant government agencies, as well as online databases, such as EBSCO Host and MCB Online can also be accessed in this regard. Again, this information is not limited to the local market.

Worldwide, as well as country-specific demographic data, such as population growth trends, population age mix trends and population gender mix trends are widely available on the Web. The same holds true for breakdowns of populations according to education levels, geographic areas, income levels, vocational fields, ethnic groups and language groups. Web sites providing data on South African demographics include Statistics SA (http://www.statssa.gov.za) and the South African Advertising Research Foundation (http://saarf.co.za). Much in-depth research pertaining to socio-cultural trends exists in online journal articles. For example, the Journal of Consumer Marketing, that can be accessed via the MCB Online database.

Locally, useful Web sites regarding the physical environment include, the Department of Environmental Affairs and Tourism (http://www.environment.gov.za), ESKOM (http://eskom.co.za), the Department of Minerals and Energy (http://www.dme.gov.za) and the Department of Water Affairs and Forestry (http://www.dwaf.gov.za).

Within the task environment, the Internet is a rich source of customer intelligence (Nour, 2000). Web sites containing detailed demographical intelligence, plus Web-based special interest newsgroups and discussion groups can be accessed to aid in monitoring customer trends (Burke *et al.*, 2001: 228, 229). When customers, current or potential, execute any of the stages of the consumption decision-making process online, it is possible to gain in-depth understanding of their dynamic pre-purchase behaviour. This includes information on alternative products considered and comparison-shopping approaches (Alba *et al.*, 1997; Rowley, 1999). Internet's connectivity, together with technological applications, such as in-store scanners, loyalty cards and credit cards, facilitate marketers' ability to continuously track individual customer trends (Burke *et al.*, 2001: 226, 247).

Further, the virtualisation of the supply chain greatly enhances the marketer's ability to collect continuous intelligence from collaborators, both upstream and downstream (Rayport & Sviokla, 1995; Porter, 2001).

The Internet also represents an important method for monitoring and gathering competitor intelligence (Kotler, 1999: 86; Malhotra & Peterson, 2001; Kotler, 2003: 251; Ferrell & Hartline, 2005: 60). Competitors' Web sites generally contain rich information about the organisation such as, the policies and values of the organisation (Kotler, 1999: 86), product and price information (Kotler, 1999: 86; Ferrell & Hartline, 2005: 60), including new product announcements (Kotler, 1999: 86; Kotler, 2003: 251) and the organisation's use of advanced technologies (Bickerton *et al.*, 1996: 33.) Even going through the competitor's online recruitment advertisements can help marketers gain insight into the competitor's strategic priorities (Kotler, 1999: 86; Kotler, 2003: 251). This intelligence can be further supplemented by accessing trade association sites (Kotler, 2003: 252) and online business journals (Ferrell & Hartline, 2005: 60.)

Data from these various sources are integrated into the organisation's data warehouses for the purpose of making such data conveniently accessible to organisational decision-makers (van Bruggen *et al.*, 2001). Internet technologies then enable marketers to gain

immediate access to internal databases, regardless of where in the world the marketer is situated (Quelch & Klein, 1996).

When using the Internet as a source of marketing intelligence it is necessary for marketers to be aware that not all online information is accurate. As a self-publishing communication medium, marketers will need to treat the credibility of online intelligence with a healthy dose of scepticism (Burke *et al.*, 2001: 231; Botha *et al.*, 2004: 280). As such, it is important for marketers to be knowledgeable on how to assess Internet-based information sources in terms of criteria such as, authority, accuracy, objectivity, currency and quality (Ó Dochartaigh, 2002: 208). In terms of marketing education, this then implies that marketing students need to be taught how to effectively evaluate Internet marketing intelligence (Siegel, 2000; Benbunan-Fich *et al.*, 2001; Castleberry, 2001).

An additional problem regarding online marketing intelligence is that of Internet searches that return vast quantities of largely irrelevant information (Burke *et al.*, 2001: 231; Botha *et al.*, 2004: 272). The root of this problem lies in the user's failure to select the correct search engine for the job at hand, together with a failure to utilise correct search techniques (Burke *et al.*, 2001: 231). Atwong and Hugstad (1997), together with Castleberry (2001), highlight the importance of teaching marketing students how to conduct an Internet search efficiently. This topic is explored in more depth below.

4.2.2 Internet as a tool for gathering marketing intelligence

On the Web, two different approaches to searching can be adopted. Firstly, the use of browsers, such as Netscape Navigator or Internet Explorer, that utilise embedded hyperlinks to link to Web sites and Web pages. Secondly, search engines that search on the basis of a key word or phrase entered by the individual into the engine's search box (Ainscough & Luckett, 1996; Rowley, 2000). Search engine document retrieval relies on the metadata representing Web sites. Generally, a Web site's metadata includes the uniform resource locator (URL), which is the standard way of locating Web pages, Web sites or other documents on the Internet, and a meta hypertext mark-up language (HTML)

tag used for Web indexing that includes the Web site's header, title, key words and description (Ellsworth & Ellsworth, 1997: 40, 188; Rowley, 2000).

When an initial search using a search term yields either an overwhelming number of sites or a no-match result, the marketer needs to decide to either use a new search term or, alternatively, apply a search technique to broaden or narrow the search (Rowley, 2000).

There are various search techniques that differ from Web site to Web site. Common search techniques that marketers can apply to make a more exact Web search include the following: (1) the use of OR to broaden a search; (2) the use of AND when the marketer is unsure of the word order, but wants to include more than one key word; (3) the use of NOT to exclude certain words to narrow the search; (4) the use of NEAR to include similar terms; (5) the use of quotation marks to connect key word phrases and; (6) the use of sub-strings and wildcards to retrieve all words derived or related to the root word (Ellsworth & Ellsworth, 1997: 200, 201).

The search tools available to marketers on the Web can be classified into two broad categories – search system and browser tools for conducting general or common searches (Rowley, 2000; Bakos, 2001), and specialised search system tools, such as intelligent agents (Rowley, 2000; Bakos, 2001; Ruefli *et al.*, 2001: 45.)

There are various types of Web search systems for marketers to choose from (Ellsworth & Ellsworth, 1997: 195; Rowley, 2000). These search systems differ in respect of their coverage of the World Wide Web, how they search, the search facilities that they offer and how they present results (Rowley, 2000).

There are major, global search engines, such as Yahoo, msn.search.com, Google.com (Bakos, 2001; Sullivan, 2003), country-specific search engines, such as ananzi.co.za, jump.co.za (iwd, 2001; Worthington-Smith, 2001: 61) and site-specific search engines, such as the Amazon.com search engine (Rowley, 2000.)

Another form of Web search engine system is the meta-search tool, such as ask jeeves, which searches across multiple search engines (Rowley, 2000; Burns, 2001: 292).

Further, there are global business directories, such as those offered by Yahoo and the LookSmart.com directories (Sullivan, 2003), as well as country-specific business directories, such as the Braby's business directory offered by ananzi.co.za (Ananzi, 2005), plus country- and industry-specific directories, such as SA Travelindex (iwd, 2001.)

Directories are generally organised by category, topic or type of business (Ellsworth & Ellsworth, 1997: 83). They make use of human intervention in the indexing of Web sites (Rowley, 2000), as opposed to the automated programmes – spiders, robots, and Web crawlers – used by search engines (Helmstetter, 1997: 161; Rowley, 2000.) Directories only list sites that have been submitted for registration (Helmstetter, 1997: 161) and are highly selective as to which sites are included and under which subject category they are categorised (Rowley, 2000.)

In addition to search engines, directories and meta-search tools, there are also portals. A portal provides the marketer with a gateway to the Internet Web environment (Burns, 2001: 35). Generally, portals include a search engine function and a Web site directory, together with information content such as news, weather and services such as e-mail (Burns, 2001: 35; Ruefli *et al.*, 2001: 45; Rappa, 2003). There are general-purpose portals, such as Yahoo and Excite (Burns, 2001: 35; Ruefli *et al.*, 2001: 45), as well as niche portals that are targeted at a specific segment of the market (Rowley, 2001; Worthington-Smith, 2001: 100; Rappa, 2003.)

Given the value of the Internet as a marketing intelligence tool, this study is of the opinion that it is essential that generic undergraduate marketing students be equipped with an understanding of the principles guiding:

- *Using the Internet to optimise the marketing intelligence process.*

As with the marketing intelligence process, the Internet is also increasingly being used to enhance the related process of marketing research.

4.3 INTERNET AS A MARKETING RESEARCH TOOL

As discussed in section 2.7, marketing research forms a fundamental ingredient of every marketing curriculum, given that marketing research is considered to be an indispensable task of marketing. As a result of the advent of Internet technologies, the field of marketing research is undergoing a significant transformation (Burke *et al.*, 2001: 226; Malhotra & Peterson, 2001; Miller & Dickson, 2001; Saxon *et al.*, 2003). Internet technologies are increasingly being used in the coordination and enhancement of the marketing research process (Malhotra, 2004: 25), as a source of secondary data (Rao & Ali, 2002; Mohammed *et al.*, 2003: 635; Malhotra, 2004: 25) and as a new method for collecting primary data (Miller & Dickson, 2001; Sweet, 2001; Mohammed *et al.*, 2003: 636; Malhotra, 2004: 25.) According to Mohammed *et al.* (2003: 629), the Internet is likely to emerge as the most potent of all available marketing research tools.

In the contemporary business environment, as more and more marketing research activities are becoming Internet-based activities (Miller & Dickson, 2001), so it becomes increasingly important for generic marketers to understand how and when Internet technologies can be used to complement traditional marketing research activities (Miller & Dickson, 2001; Malhotra *et al.*, 2002.) In particular, generic marketers need to understand how Internet technologies can be used to enhance the traditional marketing research process. Further, they should understand the conditions under which it is appropriate to select the Internet over traditional alternative marketing research data gathering instruments. In addition, generic marketers need to understand the fundamental guidelines for designing online marketing research.

4.3.1 Leveraging the Internet to enhance the marketing research process

The Internet can be used to enhance each of the stages of the traditional marketing research process, from defining the research problem and developing a research approach, right through to reporting the research findings (Burke *et al.*, 2001: 227; Malhotra *et al.*, 2002; Malhotra, 2004: 25).

For example, in defining the research problem and developing a research approach, Internet technologies can be used to communicate, at any time and from anywhere, with decision makers and industry experts, as well as to research the environmental context of the research problem (Malhotra *et al.*, 2002; Malhotra, 2004: 56).

Internet technologies can be used to cost effectively gather and process internal and external secondary data, plus primary qualitative and quantitative data (Malhotra & Peterson, 2001; Nancarrow *et al.*, 2001; Malhotra *et al.*, 2002). With regard to desk research, the Internet contains a rich variety of secondary data sources (Nancarrow *et al.*, 2001; Malhotra, 2004: 128). Internet technologies are also an important tool for accessing both internal and external secondary data (Malhotra & Peterson, 2001; Malhotra *et al.*, 2002; Malhotra, 2004: 128, 129). Internet technologies have substantially altered the traditional method of conducting desk research, offering significant advantages in terms of the required effort, time and cost involved in executing this activity (Malhotra & Peterson, 2001).

With qualitative research, use is being made of online focus groups, online in-depth interviews, certain projective techniques (Malhotra & Peterson, 2001; Malhotra *et al.*, 2002; Malhotra, 2004: 160, 162), as well as bulletin board discussion groups (Miller & Dickson, 2001; Sweet, 2001.) These online qualitative research methods offer marketers several advantages over traditional methods (Malhotra *et al.*, 2002; Malhotra, 2004: 161). For example, conducting qualitative research via the Internet enhances the marketer's ability to recruit respondents from those market segments which, due to time constraints,

would never normally agree to take part in such projects (Malhotra & Peterson, 2001; Sweet, 2001; Malhotra, 2004: 161). Conducting qualitative research via the Internet also eliminates geographic constraints (Mohammed *et al.*, 2003: 648; Malhotra, 2004: 161) and enables significant cost savings in terms of travel and lodging costs (Mohammed *et al.*, 2003: 648.) Further, the facelessness of the online environment (Sweet, 2001) elicits less inhibited responses (Malhotra, 2004: 161) and encourages more open responses to sensitive issues (Nancarrow *et al.*, 2001; Sweet, 2001.)

Quantitative research designs feasible over the Internet include, surveys, observations and experimentation methods (Burke *et al.*, 2001: 231). In comparison to traditional survey research, Internet surveys offer a number of advantages. Internet surveys reduce the amount of administration required (Wilson & Laskey, 2003). They offer significant cost and speed advantages (Malhotra & Peterson, 2001; Malhotra *et al.*, 2002; Wilson & Laskey, 2003; Malhotra, 2004: 179, 184). With Internet surveys, respondents can complete them in their own time and, as such, are not as inconvenient to respondents as many of the traditional survey methods are (Malhotra & Peterson, 2001; Malhotra *et al.*, 2002). Further, with Web-based surveys, multimedia capabilities allow for a wide diversity of questions to be asked (Malhotra, 2004: 180).

Concerning the observation research methodology, the Internet can be used to observe online behaviour through the use of cookies, data-augmented URL strings and/or click-streams (Miller & Dickson, 2001). The advantages of the Internet-based observation research method is that it enables the marketer to cost effectively build a detailed profile of customers' decision-making behaviour. This includes, their movement through Web sites and across Web sites, the information that they request and their preferences (Mohammed *et al.*, 2003: 648). It thus enhances marketers' understanding of the customer decision-making process (Burke *et al.*, 2001: 245).

The Internet can also be utilised as a mechanism for conducting causal research (Miller & Dickson, 2001; Malhotra & Peterson, 2001; Malhotra *et al.*, 2002; Malhotra, 2004: 223). Internet-based causal research offers the marketer the advantage of being able to

inexpensively conduct virtual experiments with respondents who can be situated anywhere in the world (Miller & Dickson, 2001). Experimental treatments can be posted at various Web sites. Recruited respondents can then be requested to visit the site and view the variable(s) being tested in a virtual shopping simulation. They can then be requested to complete a questionnaire online, thereby providing marketers with information on the dependent and independent variables. Using the same methodology, control groups can also be implemented via the Internet (Malhotra & Peterson, 2001; Malhotra, 2004: 223).

During the fieldwork stage, Internet technologies can be used to select, train, oversee and validate fieldworkers. Internet technologies allow for greater control over fieldworkers, while the use of Internet surveys eliminates the potential for interviewer bias (Malhotra, 2004: 179, 184). Further, the Internet can be used to gain access to statistical online packages, plus support for data analysis (Malhotra *et al.*, 2002; Malhotra, 2004: 396, 420, 421).

In the reporting stage, Internet technologies can be used to speedily and cost effectively distribute report findings to the relevant parties, regardless of location (Malhotra *et al.*, 2002; Mohammed *et al.*, 2003: 652; Malhotra, 2004: 658).

Given the potential of the Internet to enhance the various stages of the traditional marketing research process, this study subjects that generic undergraduate marketing students should be equipped with an understanding of the principles guiding:

- *Leveraging the Internet to improve the marketing research process.*

While the Internet is proving to be a valuable marketing research tool in many situations, it is not appropriate for all situations (Mohammed *et al.*, 2003: 636). As such, marketers need to be aware of the various factors that should be considered in deciding whether or not to use the Internet as a marketing research tool (Nancarrow *et al.*, 2001; Mohammed *et al.*, 2003: 637).

4.3.2 Conditions under which it is suitable to use the Internet as a primary data-gathering tool

In determining the conditions under which it is appropriate to select the Internet as the primary data collection method, Mohammed *et al.* (2003: 637) suggest that three major considerations need to be weighed up: (1) whether or not the sample is representative of the targeted population; (2) the complexity of the intended research interview and; (3) the sensitivity of the data to be gathered.

For example, the Internet is a suitable data-gathering instrument for both quantitative and qualitative research designs when the online sample is representative of the target population (Miller & Dickson, 2001; Sweet, 2001; Mohammed *et al.*, 2003: 637; Malhotra, 2004: 335). If this is not the case, marketers are advised to use offline methods in order to avoid sample coverage bias (Mohammed *et al.*, 2003: 637).

While the Internet is suitable for testing audio and visual stimuli in qualitative and causal research designs, offline methods will be required for testing touch, taste and smell stimuli (Burke *et al.*, 2001: 241; Malhotra, 2004: 161). The Internet is said to be suitable for gathering qualitative data on sensitive issues (Nancarrow *et al.*, 2001; Sweet, 2001) from time constrained (Malhotra & Peterson, 2001; Sweet, 2001; Malhotra, 2004: 161), geographically distributed respondents (Sweet, 2001; Mohammed *et al.*, 2003: 648; Malhotra, 2004: 161.) Where the qualitative research design calls for a more in-depth response and/or observation of respondents' physical response to stimuli, then offline methods should rather be leveraged (Sweet, 2001). Similarly, the use of Internet questionnaires for gathering quantitative research data is not advised when the data to be gathered from each respondent is extensive, in-depth or of a complex nature (Mohammed *et al.*, 2003: 638).

Further, where research material is highly classified, for example, the testing of new marketing programme concepts, attention needs to be given to the security of such information (Miller & Dickson, 2001; Mohammed *et al.*, 2003: 638). Unless it is

possible to ensure that competitors will be unable to access such information, Mohammed *et al.* (2003: 638) advise that the Internet should rather not be selected as the data-gathering tool.

This study then asserts that generic undergraduate marketing students should understand the principles guiding:

- *Conditions under which it is suitable to choose the Internet over traditional offline alternatives, as an instrument for gathering primary marketing research.*

Over and above these conditions, it is also necessary for marketers to understand the special design considerations and design guidelines regarding Internet primary research gathering instruments.

4.3.3 Internet-based research designs

When designing Internet primary research gathering instruments there are a number of unique considerations and guidelines that marketers need to take into account. In this regard, the following guidelines exist for online qualitative research studies. As with the offline focus group, an online focus group requires the use of a screening questionnaire to qualify suitable respondents (Sweet, 2001; Malhotra, 2004: 160). Those not qualifying should be thanked and their e-mail addresses should be blocked to prevent them from attempting to re-qualify (Sweet, 2001). The qualified respondents will need to be e-mailed with the details on the time, Web site address, room number and password for the focus group interview (Malhotra *et al.*, 2002; Malhotra, 2004: 160).

When designing and conducting online focus groups, a number of special considerations need to be taken into account. Firstly, respondents' browsers need to be compatible with the software platform being used (Sweet, 2001). Secondly, both the interviewer and the respondents need to be computer literate and have keyboard skills (Burke *et al.*, 2001: 239; Sweet, 2001). Thirdly, the time zones of the respondents need to be taken into

consideration when scheduling sessions (Sweet, 2001). Fourthly, respondents need to be instructed on certain technical aspects, such as how to express emotions using keyboard characters (Malhotra, 2004: 161). Fifthly, the interviewer needs to have strong Internet communication skills, as well as the ability to establish rapport with respondents in this medium (Sweet, 2001). Lastly, it may be advisable to use traditional methods, such as the telephone, to verify that the respondent does in fact form part of the targeted research group (Malhotra, 2004: 161).

Similarly, there are a number of special considerations and guidelines that should be taken into account when designing and conducting online quantitative research. For example, with online observation methods the overriding guiding principle is that marketers need to ensure that respondents have provided their full and informed consent to have their behaviour observed in such a manner (Franzak *et al.*, 2001; Miller & Dickson, 2001). Marketers need to ensure that such information is kept secure and that the respondent's privacy rights are not violated (Franzak *et al.*, 2001). Concerning online causal research, the fundamental design principle is that of safeguarding against competitors accessing sensitive information regarding the organisation's marketing efforts (Miller & Dickson, 2001; Nancarrow *et al.*, 2001).

When designing Internet surveys use can be made of closed-ended single response, dichotomous or multiple-choice questions, scaled questions, rankings and paired-comparison questions. Open-ended questions that require lengthy response should generally be avoided in the online environment (Mohammed *et al.*, 2003: 640). The length of an Internet questionnaire should not exceed fifteen to twenty minutes (Miller & Dickson, 2001; Mohammed *et al.*, 2003: 638).

With e-mail questionnaires it is advisable to obtain the potential respondent's permission via conventional means, such as the telephone, before sending the questionnaire. Further, the e-mail questionnaire's cover letter should clearly indicate who is conducting the research and the intended purpose of the gathered data (Miller & Dickson, 2001). There should also be a truthful indication regarding how much time will be required to complete

the questionnaire (Miller & Dickson, 2001; Nancarrow *et al.*, 2001). In addition, it is necessary to provide assurance of and to honour the respondent's confidentiality and anonymity (Nancarrow *et al.*, 2001). While reminder e-mails can be sent out to increase response rates (Mohammed *et al.*, 2003: 645), Nancarrow *et al.* (2001) warn that excessive reminders constitute an invasion of "interactional privacy" and, as such, should be avoided.

With Web surveys, respondents can be recruited online or, alternatively, invited via e-mail or the telephone (Mohammed *et al.*, 2003: 644). Recruiting respondents by invitation palliates self-selection bias (Malhotra *et al.*, 2002; Malhotra, 2004: 178) and problems regarding respondents responding multiple times (Malhotra *et al.*, 2002.) According to Dillman *et al.* (1998), a user-friendly Web questionnaire design should meet three fundamental criteria. Firstly, the questionnaire interface should be adaptable across a wide range of operating systems. Secondly, the design of the questionnaire needs to allow for the fact that the respondent is required to engage in the dual actions of answering the questionnaire, while concurrently operating a computer. Thirdly, mixed-mode surveys should be provided for, whereby respondents are able to select the data collection mode most convenient to them.

With regard to the survey research design, there are several types of Internet survey questionnaire formats that can be used. These include, the e-mail survey with an embedded, text-based questionnaire, the e-mail survey with a questionnaire attachment and the Web-based survey questionnaire (Furrer & Sudharshan, 2001; Malhotra & Peterson, 2001; Miller & Dickson, 2001).

Online and offline research designs share many similarities. All the same, the computer-mediated environment of the Internet creates special challenges that need to be addressed when designing an online primary research-gathering instrument (Mohammed *et al.*, 2003: 641). With regard to these special considerations and design guidelines, this study subjects that generic undergraduate marketing students should understand the principles guiding:

- *The design of Internet primary marketing research gathering instruments.*

Marketing intelligence, together with marketing research, form the input into the organisation's database, which then makes that data accessible to relevant decision makers throughout the organisation (Kotler, 2003: 125). Before the advent of electronic databases, the organisation's information was manually stored in filing systems (Bocij *et al.*, 2003: 127). The connectivity of the Internet enables the organisation to build databases that are updated with real-time information (Gronroos, 1997; O'Leary *et al.*, 2004). Sophisticated analytical techniques, such as data mining, can then be used to discover data patterns and relationships (Bocij *et al.*, 2003: 128). The integration of the Internet with the organisation's customer database enhances relationship-oriented database marketing efforts, in that it enables the organisation to target segments of one (O'Leary *et al.*, 2004), as discussed next.

4.4 INTERNET AS A MARKETING STRATEGY TOOL - SEGMENTATION, TARGETING AND POSITIONING

In chapter two it was established that marketing strategy, with its three-stage process of segmentation, targeting and positioning, is a fundamental element of general marketing theory (Section 2.8). The advent of the Internet enables the marketer to execute the generic marketing tasks of segmentation, targeting and positioning in a more market-oriented (Randell *et al.*, 2002) and more relationship-oriented manner (Kara & Kaynak, 1997; Gordon, 1998: 5.) As a result of Internet technologies, a new conceptualisation of segmentation has emerged in the field of marketing – micro segmentation or segments of one (Jain, 2000: 123; Ferrell & Hartline, 2005: 139). In pre-Internet days, cost considerations dictated that an organisation's market be segmented into broad groups of customers, with similar needs and preferences, for which an averagely appealing marketing mix was developed (Lee *et al.*, 2000). The Internet provides marketers with the necessary tools for implementing a finer form of segmentation that is true to being both market oriented (Randell *et al.*, 2002) and relationship oriented (Kara & Kaynak, 1997; Gordon, 1998: 5.)

While relationship marketing theory has long advocated the use of database marketing (Gronroos, 1997), the Internet enables the marketer to profile customers in a more detailed manner (O'Leary *et al.*, 2004.) Internet technologies decrease the cost of gathering and processing information (Chen, 2001: 161; Mohammed *et al.*, 2003: 96) and increase the degree of specificity with which Web site visitors can be tracked (Bakos, 2001; Iyer *et al.*, 2002; Ferrell & Hartline, 2005: 139.) Further, Internet's connectivity enables customer data to be integrated from multiple contact points (Kohavi *et al.*, 2002: 45). This enables marketers to build rich databases of customer information and employ data mining techniques (Rowley, 2002a) to profile prospects and customers into more precise gradations of segments (Rowley, 2002a; Mohammed *et al.*, 2003: 96), even down to the individual level (Wind & Mahajan, 2001: 8; Rao & Ali, 2002; Rowley, 2002a; Mohammed *et al.*, 2003: 96.)

The Internet also facilitates marketers' ability to segment customers in real time. The use of loyalty cards, together with Internet's connectivity, enables the development of a dynamic segmentation scheme, whereby customer behaviour changes are tracked in real time (Schultz, 2002). The new marketing task then is to manage individual customer markets (Blattberg & Deighton, 1991; Wind & Mahajan, 2001: 8) on a real-time basis (Schultz, 2002.)

Relationship marketing stresses the importance of targeting the 'right' customer segment(s), in terms of their lifetime profitability to the organisation (Webster, 1994a; Gronroos, 1997; Gordon, 1998: 43; Hughes, 2000: 24). The Internet, as a real-time information system, enables marketers to continuously update the organisation's customer database. This ensures that marketers continue to target relationship-marketing efforts at profitable customers (Gronroos, 1997).

One of the most significant properties of the Internet is its addressability (Kierzkowski *et al.*, 1996). This property means that each customer can be identified and targeted individually (Kierzkowski *et al.*, 1996; Davenport & Jarvenpaa, 2001: 139), with a custom tailored product or marketing effort (Kierzkowski *et al.*, 1996; Davenport &

Jarvenpaa, 2001: 139; Teo & Tan, 2002) at a minimum cost (Iyer *et al.*, 2002; Teo & Tan, 2002.)

As an interactive medium, the Internet can be used to learn more about the individual customer (Kierzkowski *et al.*, 1996). This allows marketers to more accurately identify customer preferences (Bakos, 2001). Using collaborative filtering techniques, recommendations, including those for additional purchases, can be made based on the customer's past behaviour (Bakos, 2001; Ruefli *et al.*, 2001: 43). Further, collaborative filtering techniques can be used to make personalised recommendations to prospective customers that share a similar profile to that of the targeted customer (Bakos, 2001; Chen, 2001: 126; Ruefli *et al.*, 2001: 43; Wind & Mahajan, 2001: 9).

Wind and Mahajan (2001: 8) postulate that targeting segments of one is one of the major principles that should guide marketers in the Internet age. Rao and Ali (2002) concur, stating that, from a relationship marketing perspective, marketers require an in-depth understanding of their consumers or organisational customers as micro groups, or as segments of one. Similarly, Benbunan-Fich *et al.* (2001) stress the importance of today's marketing students understanding the concept of customised target marketing using information technology, including the Internet. Evans (2003: 247) agrees, stating that such customised target marketing represents the future direction of market-oriented marketing on the segmentation activity. The implication of this for marketing educators is that modern marketing curricula should include the principles guiding:

- *Using the Internet to profile market segments more precisely.*
- *Utilising the Internet as a tool for targeting the right customer with the right market offering, i.e. customised target marketing.*

Regarding the brand positioning strategy, Sarel and Marmorstein (2002) assert that the Internet significantly improves brand positioning, in that it facilitates the marketer's ability to better match the 'right' value proposition with the 'right' customer. Using the Internet enables the marketer to implement a more personalised brand positioning

strategy. Further, as a two-way communication channel it enables customers to interact with the organisation behind the brand, which serves to increase the customer's understanding of the value proposition. In addition, interactivity and personalisation aid in creating a brand personality, which, in turn, contributes to the customer developing a relationship with the brand (Mohammed *et al.*, 2003: 492).

Silverstein *et al.* (2001a) emphasise that, when using the Internet as a brand positioning tool, it is essential that the brand image developed online be consistent with that developed offline. The authors assert that branding consistently across channels is essential; warning that failure to do so can create brand confusion. Given that brand positioning is the foundation of marketing (Kotler, 2003: 418), this study asserts that generic undergraduate marketing students should be furnished with an understanding of the principles guiding:

- *Applying the Internet to optimise the organisation's brand positioning.*

Virtual communities, as discussed below, provide the contemporary marketer with a new and potentially potent brand-positioning platform.

4.5 VIRTUAL BRAND COMMUNITIES AS A MARKETING TOOL

As a result of Internet's capability of enabling many-to-many communication flows (Hoffman & Novak, 1997), an increasing number of virtual communities are being formed online (Chen, 2001: 133.) The popularity of these online or virtual communities has not gone unnoticed by marketing practitioners (McWilliam, 2000) and Botha *et al.* (2004: 240) predict that many organisations' marketing plans will include an online brand community strategy in the near future.

Easley (2002) defines a virtual community as "an electronically-based group of individuals who share a common interest and like to discuss that interest via the

electronic exchange of information". Taking a more formal approach, Balasubramanian and Mahajan (2001) propose a working definition that defines a virtual community as including the following characteristics:

- "It is constituted by an aggregation of people.
- Its constituents are rational utility-maximisers.
- Its constituents interact with one other without physical collocation, but not every constituent necessarily interacts with every other constituent.
- Its constituents are engaged in a (broadly defined) social-exchange process that includes mutual production and consumption (*e.g.*, mutual dissemination and perusal of thoughts and opinions). While each of its constituents is engaged in some level of consumption, not all of them are necessarily engaged in production. Such social exchange (as opposed to monetary or material exchange) is a necessary, but not always the only, component of interaction between the constituents of the entity.
- The social interaction between constituents revolves around well understood focus that comprises a shared objective (*e.g.*, environmental protection), a shared property/identity (*e.g.*, a national culture or a lifestyle choice), or a shared interest (*e.g.*, a hobby)."

4.5.1 Types of virtual communities

There are a variety of dimensions that can be used to classify virtual communities. According to Mohammed *et al.* (2004: 405), a number of noteworthy typologies exist that can be used by marketers to gain an understanding of specific types of virtual communities that are feasible.

Virtual communities can be categorised according to the technologies used. This results in two main categories – communication rings and content trees. With community rings, messages are sent directly between members and every member in the ring receives all of the messages. Community ring technologies include, e-mail lists, Net pagers, groupware, plus games and simulations. With content trees, messages are sent indirectly via a central

gathering point. The technologies used for content trees include, Usenet, bulletin boards, chat rooms, virtual worlds and Web sites with member content (Hanson, 2000: 297).

Virtual communities can also be categorised according to the shared interest upon which the community is built. According to this classification, there are communities that are information-driven, activity-driven or commonality-driven (Mohammed *et al.*, 2003: 401).

Further, virtual communities can be classified according to the type of customer need the community is designed to meet. This gives rise to four main types of communities. Firstly, virtual transaction communities that communicate information related to the purchase and sale of products. Secondly, virtual interest communities that communicate on specific topics of shared interest. Thirdly, virtual fantasy communities designed to create new imaginary environments, personalities and scenarios. Lastly, there are virtual relationship communities that communicate on shared life experiences that are typically of an intense nature (Armstrong & Hagel, 1996).

According to Mohammed *et al.* (2003: 405), such frameworks serve to foster comprehension of the various types of communities that exist. The following section reviews the use of such communities in enhancing marketing efforts.

4.5.2 Virtual brand communities as a tool for enhancing marketing efforts

Virtual communities can serve to enhance marketing efforts in a number of significant ways. For example, given that virtual communities typically draw individuals with shared interests, they represent natural segments that can be targeted (Kleindl, 2001: 164; Mohammed *et al.*, 2003: 411; Botha *et al.*, 2004: 133). A virtual brand community provides marketers with a valuable source of real-time information regarding true customer perceptions toward the brand (Armstrong & Hagel, 1996; McWilliam, 2000; Mohammed *et al.*, 2003: 411). Such communities can be used to cost effectively test new

products, product modifications and new marketing programmes (Mohammed *et al.*, 2003: 411). Interaction between brand loyal customers in large virtual brand communities serves to generate positive word-of-mouth communication, both online and offline. This serves to lower customer acquisition costs (Easley, 2002; Mohammed *et al.*, 2003: 411). Online brand communities can also serve as a low cost marketing communication platform for creating awareness for new products (Mohammed *et al.*, 2003: 411).

Given the idea of positioning on the value proposition, as postulated by Webster (1994b), having a strong brand community, where customers can interact and form relationships with like-minded customers, serves as an additional benefit in the value proposition (McWilliam, 2000.) Further, interaction between brand loyal enthusiasts reinforces brand-positioning efforts. In addition, the brand community can act as an effective vehicle for communicating the value proposition to potential customers (McWilliam, 2000; Easley, 2002).

According to Armstrong and Hagel (1996), the most significant marketing benefit of a virtual brand community is that it provides marketers with a new tool for building stronger and "deeper" customer relationships. McWilliam (2000) concurs, highlighting the value of the virtual brand community as a relationship marketing tool. In a similar manner, Mohammed *et al.* (2003: 392) indicate that the very concept of community is founded in "sets of relationships", making it a valuable relationship marketing tool.

Hanson (2000: 296) points out that community building represents a unique marketing challenge, given that marketers are generally not familiar with community. The author adds that the growing importance of virtual communities necessitates that marketers equip themselves with an understanding of the fundamentals of successful brand community building.

To this end, Reichheld and Schefter (2000) highlight the issue of trust as being fundamental to successful virtual brand communities. Mohammed *et al.* (2003: 392, 395)

agree, stating that relationships are fundamental to community and trust is fundamental to relationships, so therefore, trust is the fundamental element of successful community. Fostering trust in an online brand community necessitates the establishment and enforcement of rules and codes of conduct (Reichheld & Schefter, 2000). Building such trust also necessitates the formulation of and adherence to information privacy policies. Such policies are necessary to provide members with the assurance that personal customer information will not be misused (Rowley, 2002a; Mohammed *et al.*, 2003: 301).

Strong rules of membership are also considered fundamental to successful online brand communities. The reasoning here is that while weak membership rules may foster fast community growth, they typically lead to weak participation and a lack of community commitment (Hanson, 2000: 301).

To encourage customer participation in a virtual brand community, there needs to be a distinctive content focus (Hanson, 2000: 302; McWilliam, 2000; Sands, 2003; Botha *et al.*, 2004: 240). In terms of the online brand community, Botha *et al.* (2004: 240, 241) recommend assessing if the brand is part of a product category capable of generating sufficient customer enthusiasm to act as the content focus. In the case of low involvement brands, the authors suggest investigating possible brand usage situations that may have brand community potential. For these low involvement brands it is necessary to identify a brand-associated issue capable of capturing attention and stimulating the type of enthusiasm that encourages the desire to exchange views on the issue (McWilliam, 2000).

Additional fundamental elements of virtual brand communities include having volunteer moderators (McWilliam, 2000; Sands, 2003) and a brand leader (McWilliam, 2000; Botha *et al.*, 2004: 241.) In accordance with both the market orientation and relationship marketing concepts, it is essential that the virtual brand community strategy be seamlessly integrated with the total marketing strategy (McWilliam, 2000).

As discussed above, virtual brand communities represent an important new marketing tool. Given the marketing potential of these communities, this study asserts that generic undergraduate marketing students should understand the principles guiding:

- *Using virtual online communities to enhance marketing efforts.*

The following section seeks to identify the ways in which the Internet can be leveraged to enhance the execution of generic marketing tactics.

4.6 INTERNET AS A TOOL FOR EXECUTING MARKETING TACTICS – THE MARKETING MIX

As with the marketing strategy, the Internet is also increasingly being recognised as an important tool for enhancing the marketing tactics (Tapscott, 2000; Allen & Fjermestad, 2001). Using the 4'P framework of product, price, promotion and place, the following section seeks to identify the principles guiding the use of the Internet in the execution of traditional marketing tactics.

4.6.1 Internet as a product strategy tool

The Internet is influencing the traditional product strategy in a number of significant ways. The digitisability of many product offerings or elements of product offerings has significant implications to the product strategy, as well as to the other components of the marketing mix. The digitisability of a product refers to "the degree to which its functionality can be augmented by or converted into information-based functionality" (Balasubramanian *et al.*, 2001: 320).

Digitised products or product elements have a number of significant properties. In the Internet environment, digitised products are subject to positive network externalities, that is, the value of the product increases as the demand for the digital product increases.

Digital products are also characterised as having increasing returns to scale – high initial fixed costs and near zero variable costs in replication, storage and distribution (Chen, 2001: 165, 169; Ruefli *et al.*, 2001: 34, 35, 36). Using the Internet channel, transportation of digitised products is almost instantaneous (Balasubramanian *et al.*, 2001: 320). Digitised products are also highly durable in that they do not wear out or get used up with consumption (Chen, 2001: 173; Mohammed *et al.*, 2003: 242) and are easily shared with others (Chen, 2001: 174.)

The marketing implications of digitisability are significant. For example, the Internet and digitisability eases or eliminates many of the traditional limitations associated with service offerings. This results in a blurring of the conventional distinction between physical products and intangible services (Pitt *et al.*, 1999; Leong *et al.*, 2003; Mohammed *et al.*, 2003: 241). Further, the Internet has created new opportunities for augmenting the product offering with enhanced value (Chaffey, 2003: 656, 657; Mohammed *et al.*, 2003: 244, 245), enables mass customisation (Lee *et al.*, 2000) and makes the realisation of the networked intelligent product feasible (Balasubramanian *et al.*, 2001: 321.) In addition, the Internet provides an important new platform for the new product development process (Watson & Zinkhan, 1997; Allen & Fjermestad, 2001). These topics are reviewed in more detail below.

4.6.1.1 Internet as a neutralising force on the traditional constraints associated with service offerings

As indicated in chapter two, four characteristics – intangibility, inseparability, variability and perishability – have traditionally distinguished services from physical products (Zeithaml & Bitner, 1996: 19; Pitt *et al.*, 1999).

The Internet is increasingly blurring this distinction between services and physical products by neutralising many of the traditional fundamental truths regarding the problems associated with the marketing of services (Pitt *et al.*, 1999; Leong *et al.*, 2003; Mohammed *et al.*, 2003: 241).

The Internet can be used to provide a tangible dimension to intangible services by enabling the potential customer to sample the service's performance or experience prior to purchase and consumption. Examples include, creating Web sites that offer virtual tours (Pitt *et al.*, 1999; Mohammed *et al.*, 2003: 243) and the installation of video cameras at service points to enable customers to vicariously experience service delivery performance via real-time feeds to the organisation's Web site (Pitt *et al.*, 1999.)

For digitisable services, marketers can provide tangibility by allowing the customer to sample the service online for a limited trial period (Hui & Chou, 2002: 76). Further, creating online discussion forums for customers who have already experienced the service enables memories to multiply, thereby creating credible word-of-mouth proof of the service's performance or experience benefits for potential customers (Pitt *et al.*, 1999; Mohammed *et al.*, 2003: 243).

By eliminating access time and location constraints, the Internet neutralises the inseparability problem for many services and enables cost effective, large-scale delivery of highly customised services (Zeithaml & Bitner, 1996: 353; Pitt *et al.*, 1999; Mohammed *et al.*, 2003: 243). This elimination of the inseparability problem also minimises opportunities of customer error negatively affecting the service outcome (Zeithaml & Bitner, 1996: 353; Pitt *et al.*, 1999).

Internet channels facilitate a service quality standardisation that previously was not possible for most services (Zeithaml & Bitner, 1996: 353). The Internet enables customers to indicate their preferences in real time, thereby becoming co-producers of a highly customised personalised service. This reduces organisational effort, while simultaneously increasing customer satisfaction with the service outcome. This increases relationship-building opportunities (Mohammed *et al.*, 2003: 244). Interactive Web-based questionnaires, together with the monitoring of online discussion groups can further facilitate the real-time management of service variability (Pitt *et al.*, 1999). Lastly, perishability of services can also be managed more efficiently using the Internet. Due to the Internet's ability to provide interactive, real-time updates, online auctions

and/or agents can be used to clear excess service supply quickly (Pitt *et al.*, 1999; Mohammed *et al.*, 2003: 244). In the case of digitisable services, the problem of synchronising demand and supply is completely eliminated as the Internet enables the marketer to provide around-the-clock service, regardless of location (Pitt *et al.*, 1999).

In the Internet age, many services are no longer clearly distinguishable from physical products and the limitations historically associated with services are in many cases eased or even completely eliminated (Pitt *et al.*, 1999; Mohammed *et al.*, 2003: 241). Accepting these constraints as a principle of marketing is no longer relevant. Marketers need to rather focus on the use of the Internet in easing or neutralising traditional service marketing limitations and challenges. Thus, this study asserts that generic undergraduate marketing students should understand the principles guiding:

- *Utilising the Internet to improve service-marketing efforts.*

Due to Internet's potential for neutralising traditional service marketing constraints, it provides marketers with a valuable tool for augmenting the product with value adding services.

4.6.1.2 Internet-enabled product offering augmentation opportunities

The Internet has important competitive implications in that it offers today's marketer significant opportunities for enhancing the augmented offering with digitised services and information (Balasubramanian *et al.*, 2001: 312; Varadarajan & Yadav, 2002; Mohammed *et al.*, 2003: 244). This contributes to the organisation being more market oriented and relationship oriented.

One of the focal constructs of the market orientation concept is achieving superior customer value relative to competitors (Kohli & Jaworski, 1990; Narver & Slater, 1990;

Day, 1994; Slater & Narver, 1995; Hurly & Hult, 1998; Varadarajan & Jayachandran, 1999). Yet, one of the major dilemmas facing marketers when seeking to augment the product with added value is the added cost that augmentation implies (Kotler, 2003: 409). The near zero marginal cost of digitised products or digitised product elements (Mahajan & Venkatesh, 2000; Bakos, 2001) aids in alleviating this dilemma. The Internet enables the organisation to cost effectively improve customer service and customer support. The Internet also enables the organisation to accelerate its response to the changing needs of customers. This serves to enhance market orientation (Randell *et al.*, 2002).

Relationship marketing literature stresses the importance of expanding the market offering beyond the core offering by embedding it with value adding services and information in order to create greater customer satisfaction and, hence, greater customer loyalty (Gronroos, 1996; Ravald & Gronroos, 1996; Gronroos, 1997). The dilemma here is that non-marketing staff members deliver many, if not the majority, of the value added services used to augment the product (Gronroos, 1996). Again, the Internet serves to aid in alleviating this dilemma. Having a virtual value chain that mirrors the physical value chain introduces visibility into the activities across the value chain, thereby enabling marketers to ensure that the services delivered by non-marketing staff remain customer oriented (Rayport & Sviokla, 1995).

Internet-enabled augmentation opportunities extend across industry sectors and product types (Balasubramanian *et al.*, 2001: 312). Digitisable products offer significant augmentation opportunities. Many digitisable products, such as financial services, newspapers, magazines, books, maps, *etc.*, now co-exist as hybrid forms – alternative analogue and digitised solution versions for satisfying the same customer need (Varadarajan & Yadav, 2002). In the case of the digitised version, augmentation opportunities often mean that the digitised version supersedes the value of the analogue version. Balasubramanian *et al.* (2001: 312), provide the example of a static analogue map and its co-existing digitised counterpart that is augmented with value adding features such as, facilities for planning a trip, shortest versus scenic route advice and detailed destination information. Digitisability also offers marketers considerable opportunities

for bundling, for example, selling word-processing software with an integrated dictionary and thesaurus (Bakos, 2001; Chen, 2001: 172; Varadarajan & Yadav, 2002).

Augmentation opportunities are not just limited to digitisable products, and Ghosh (1998) prescribes that marketers investigate ways of adding valued digitisable elements to their non-digitisable products. For example, Internet capabilities facilitate customer-driven augmentation that spans the total customer experience (Balasubramanian *et al.*, 2001: 314; Mohammed *et al.*, 2003: 244).

Interactive Web-based decision aids, such as the recommendation agent and the comparison matrix, are examples of value adding services to provide the customer with pre-purchase support (Häubl & Trifts, 2000). Enabling the customer to configure the offering virtually to meet their individual needs is a further example (Riggins, 1999).

Offering flexible fulfilment, in terms of flexible ordering options and flexible delivery options, can be used to add value during the fulfilment stage (Mohammed *et al.*, 2003: 245). Organisations, such as FedEx, add further value to their offerings by using Internet's connectivity to enable customers to track the status of their deliveries online (Riggins, 1999; Chen, 2001: 152).

Examples of Internet-enabled, augmenting post-purchase support include, offering Web-based tips and troubleshooting services (Mohammed *et al.*, 2003: 244), keeping customers informed about new product releases or upgrades (Leong *et al.*, 2003), providing customers with online guides or training regarding the use and maintenance of their purchase and providing information related to the needs that their purchased offering is aimed at satisfying (Dutta & Segev, 1999.) It can further include value adding downloadable tools and utilities to aid customers in their use of the offering (Chaffey, 2003: 657).

Given the competitive importance of the augmented product and the significant and cost effective ways in which the Internet can enhance the augmented product offering, it is

imperative that generic marketers and, by implication, generic marketing students, understand the fundamentals of Internet-enabled product offering augmentation opportunities. That is, generic undergraduate marketing students should understand the principles guiding:

- *Using the Internet to augment the core product/service with customer-led added value.*

One of the most significant product augmentation opportunities afforded by the Internet is that it facilitates mass customisation. This is discussed next.

4.6.1.3 Internet-enabled mass customisation

Prior to the Internet, mass customisation was an unrealistic ideal. The marketing principle stood that mass production and individual customisation were, out of necessity, two separate marketing strategies (Lee *et al.*, 2000). Internet technologies, together with advances in supply chain management, now enable the customer-oriented customisation to be combined with the efficiency of producing on a mass scale (Lee *et al.*, 2000; Ferrell & Hartline, 2005: 140). An increasing number of organisations are utilising the Internet to enable customers to configure the basic modules of the product offering into a combination customised to their preferences for the purpose of enhancing customer satisfaction (Kotler, 1999: 15, 30; Mohammed *et al.*, 2003: 252).

For digitisable products, with a high level of modular divisibility, the mass customisation marketing strategy is particularly effective (Mohammed *et al.*, 2003: 248). For example, content-based product offerings, such as textbooks, can be unbundled into separate chapters and re-aggregated to create a customised textbook version consisting of chapters from various textbooks (Varadarajan & Yadav, 2002; Mohammed *et al.*, 2003: 253).

Opportunities for using the Internet to enable mass customisation are not just the domain of digitised products (Mohammed *et al.*, 2003: 252). To understand the application of

mass customisation to non-digitised product offerings it is necessary to understand the concept of modular product architecture.

Product architecture refers to the system design by which the offering's functionalities are broken down and allocated across its individual functional components and the ways in which these functional components are integrated to make the offering operational. Modularity refers to the degree to which the product system can be decomposed into modules with concentrated functionality that are operationally connected via a standardised interface, whereby a wide range of variations in components can be substituted without necessitating design adaptations in the other components (Sanches, 1999; Balasubramanian *et al.*, 2001: 316, 319).

Adopting a modular design product strategy, rather than the traditional optimising approach to product design, creates opportunities for increased product variety and mass customisation (Sanches, 1999). Customers can use the Web interface to combine the basic modules to match their particular needs and preferences (Kotler, 1999: 30; Sanches, 1999). The use of modular architecture for Internet-enabled mass customisation is also feasible in the service industry (Grenci & Todd, 2002: 65). In adopting a modular architecture approach to product design, the marketing task then moves from determining the optimal set of product and/or service features required to operationalise a core benefit to identifying the optimal range of component-based functionalities to be incorporated into the modular architecture (Sanches, 1999).

Given that customers differ in their level of product or service experience and expertise (Grenci & Todd, 2002: 67), the customisation option may create problems for the customer in identifying the offering best suited to his purposes (Kiani, 1998; Grenci & Todd, 2002: 67.) The number of options presented in the online choice menu should not overpower the customer. Further, consideration needs to given to ensuring that the chosen product design can effectively and safely function (Wind & Mahajan, 2001: 12).

In this regard, marketers need to be aware that the various Web-based decision support interfaces offer different advantages and disadvantages, depending on the product's complexity and the level of customer expertise. A user-driven Web-interface provides limited support, placing almost all of the configuration process in the hands of the customer. A decision-assisted Web-interface requests that the customer specify the features they desire and then uses that information to narrow the available choices to a few suggested configured offerings. The expert-driven Web-interface recommends a choice set with configured solutions based on detailed information about the customer, including how they plan to use the offering (Grenci & Todd, 2002: 67). Wind and Mahajan (2001: 12) further suggest that marketers should include an off-the-shelf option in the choice menu to accommodate those customers who are not interested in the customised option.

Internet-enabled mass customisation offers numerous benefits, ranging from cost savings in the form of reduced inventory-holding levels (Byrne, 2000; Grenci & Todd, 2002: 65) and elimination of the undesired or obsolete merchandise risk (Byrne, 2000), right through to enhanced customer satisfaction by bringing the offering closer to individual customer needs (Lee *et al.*, 2000.) This allows for premium prices to be charged for the customised offering and decreases the likelihood of the customer engaging in comparison-shopping (Byrne, 2000).

Internet's real-time, interactive connectivity that enables the organisation to link with suppliers, distributors and customers provides the necessary open platform to cost effectively realise such mass customisation (Lee *et al.*, 2000). To fully realise the benefits of mass customisation requires a close relationship with both upstream and downstream channel intermediaries and the utilisation of Internet technologies to bring transparency into the value chain and value system (Gordon, 1998: 223; Byrne, 2000; Lee *et al.*, 2000). It also requires a closer relationship with customers, using the Internet to interact with customers and to gather a database of rich information on individual customer needs and preferences (Gronroos, 1996; Gordon, 1998: 218, 223).

Mass customisation represents a key element of relationship marketing. For an organisation striving to fully commit to a relationship marketing orientation, mass customisation, as a product strategy, is a necessity rather than an option (Gordon, 1998: 217, 218).

Internet technologies have transformed the idealistic, mythical mass customisation marketing principle into an operationally realistic one, thereby facilitating a true relationship marketing approach. Internet-enabled mass customisation represents an important new product strategy, one which generic marketers increasingly need to understand the fundamentals of. Thus, it can be stated that generic undergraduate marketing students need to be equipped with an understanding of the principles guiding:

- *Leveraging Internet's real-time interactivity to implement a mass customisation strategy.*

The Internet can also be used to facilitate creating total ongoing service delivery, as discussed next.

4.6.1.4 Internet-enabled intelligent, upgradeable product offerings

When products that utilise software with embedded intelligence are connected to the Internet, they gain networked intelligence value (Balasubramanian *et al.*, 2001: 321). Without a network, such embedded intelligence is static. The intelligence of a network lies in its capabilities to gather, store, modify or disseminate information. The Internet, as an intelligent digital network, improves the utility of information, thereby creating economic value (Sawhney, 2001). With reference to product offerings, products with embedded intelligence software linked to the Internet are able to remotely receive downloadable upgrades, as well as updated downloadable customised functionalities. This allows the customer to customise the product according to their real-time needs (Balasubramanian *et al.*, 2001: 321).

While upgrades are certainly not a new product strategy for establishing long-term customer relationships (Mohammed *et al.*, 2003: 253), the Internet facilitates more frequent and less disruptive upgrades and updates (Balasubramanian *et al.*, 2001: 316.)

A number of products today are being designed to take advantage of such networked intelligence benefits (Wind & Mahajan, 2001: 14). Intelligent home appliances connected to the Internet include *inter alia*, microwave ovens that enable recipes and new settings to be downloaded; washing machines that diagnose problems and download upgraded wash programmes. Both of these appliances, due to Internet's connectivity, can be operated remotely (Oliver, 2003: 24, 25). Networked intelligent toys, such as Microsoft's Actimate Barney toy, can download new programmes that are customised to match the child's intellectual capabilities at that point in time (Balasubramanian *et al.*, 2001: 321).

Such networked intelligence significantly increases the functionality of a product offering (Varadarajan & Yadav, 2002), thereby facilitating ongoing service- and upgrade-based opportunities (Balasubramanian *et al.*, 2001: 313.)

The significance of this to the generic marketer is that it enables marketers to deliver what Gronroos (1996) postulates to be a relationship marketing imperative – the aggregated continuous service offering. This being so, generic undergraduate marketing students need to understand the principles guiding:

- *Using the Internet to create a total ongoing service delivery offering for the customer, such as downloadable customised upgrades.*

The Internet also has important implications to the contemporary new product development process, as discussed below.

4.6.1.5 Internet-enabled new product development

Internet technologies provide an important new platform for the new product development process (Watson & Zinkhan, 1997; Allen & Fjermestad, 2001). Using Internet technologies as a mechanism to facilitate the new product development process adds significant value to the process by accelerating the development process, as well as reducing the cost of the process (Iansiti & MacCormack, 1997; Howe *et al.*, 2000).

The Internet allows for a new level of flexibility to be introduced into the process (Iansiti & MacCormack, 1997; Mohammed *et al.*, 2003: 263). Internet technologies make it economically feasible to incorporate continuous customer input into the process (Iansiti & MacCormack, 1997; Howe *et al.*, 2000; Balasubramanian *et al.*, 2001: 325; Mohammed *et al.*, 2003: 264), thereby creating relationship marketing opportunities for executing customisation (Mohammed *et al.*, 2003: 264.) Real-time collaboration between expert teams within the organisation, as well as with relevant outside parties is also greatly enhanced using Internet technologies (Iansiti & MacCormack, 1997; Howe *et al.*, 2000).

The important advantages offered by Internet technologies are expected to lead to their increased adoption into the new product development process (Mohammed *et al.*, 2003: 265). Given generic marketers' pivotal role in the new product development process, their quest to improve the process and the significant advantages Internet technologies offer the process, today's generic marketer needs to understand the strategic uses of Internet technologies in supporting and improving the new product development process.

Specifically, marketers need to know the ways in which Internet technologies can be used to support and enhance existing approaches to the new product development process. For example, making use of Web sites, Web-based bulletin boards, forums and newsgroups to generate new product ideas (Watson & Zinkhan, 1997; Howe *et al.*, 2000); making use of Web-based newsgroups, to acquire a sense of potential customers' reaction to initial new product ideas; making use of informative Web sites, containing demographic data, to

estimate market size and potential and; making use of intranets and extranets to communicate with relevant expert teams concerning factors, such as design feasibility and associated costs (Howe *et al.*, 2000.)

Prototypes can be tested virtually. In addition, due to significant cost savings afforded by virtual prototypes, more virtual concepts can be tested, thereby increasing the probability of the final design better matching customer preferences (Hart, 2003: 321).

Beta testing can be conducted via the Internet to facilitate collaborative elimination of design faults. The market offering can be placed at various Web-based outlets to cost effectively test market reactions to different pricing and promotion strategies (Howe *et al.*, 2000). Alternatively, the organisation's own Web site can be used to test market different configurations of the market offering by randomly introducing Web visitors to different options and observing their reactions by monitoring their click streams (Mohammed *et al.*, 2003: 266).

Lastly, marketing communication, via the Web, can be used, in conjunction with other commercial mass media, to create awareness and prompt trial during the commercialisation process (Howe *et al.*, 2000).

In addition to understanding the use of Internet technologies in supporting and enhancing existing new product development processes, marketers need to be knowledgeable about flexible new product design processes that are gaining prominence as a result of Internet technologies.

Basically, flexible new product development is an "adaptive co-development" process between the organisation and the customer. It utilises Internet technologies to facilitate a continuous flow of customer information into the product design throughout the development process, even after the product's launch (Balasubramanian *et al.*, 2001: 326, 330). The cost and time savings afforded by the Internet enable information on changing customer requirements to be integrated into an evolving product concept design so that

the product concept design stage and the design implementation stage occur simultaneously (Iansiti & MacCormack, 1997).

Internet-enabled new product development processes decrease the time lapse between product concept definition and commercialisation, thereby increasing the speed to market. Further, it fully integrates customer input into all of the stages of the development process, thereby enhancing the success rate potential of new product development processes (Howe *et al.*, 2000). As such, Internet provides marketers with an important new tool for improving both the efficiency and effectiveness of the new product development process. Additionally, by incorporating customer input so thoroughly into the process, it provides marketers with an important relationship-building tool. Given the importance of the Internet as a marketing tool in the new product development process, marketing educators should ensure that generic undergraduate marketing students understand the principles guiding:

- *Applying the Internet to optimise the new product development process.*

Thus, the fundamental value of the Internet as a product strategy tool lies in its ability to significantly improve what Kotler (1998) termed the "value configuration" process. As a product strategy tool, it can be leveraged to alleviate or eradicate many of the traditional restrictions associated with service offerings. Further, Internet has created novel opportunities for augmenting the product with enhanced value, enables mass customisation and makes the actualisation of the networked intelligent product feasible. Additionally, the Internet provides an all-important new platform for the new product development process. In much the same way the Internet is also being leveraged to improve the pricing of products, as discussed below.

4.6.2 Internet as a pricing strategy tool

In chapter two it was noted that relationship-marketing proponents do not perceive price as a major issue, theorising that strong relationships moderate customer price sensitivity.

All the same, these theorists acknowledge that price is not inconsequential (Section 2.9.2.2). According to Monroe and Cox (2001), pricing decisions rank as one of the most important and complex decisions marketers need to make.

Verma and Varma (2003) assert that the Internet is influencing the pricing strategies of all organisations. The authors indicate that this influence is occurring irrespective of whether or not the organisation is actively engaged in Internet-based activities. Indeed, as highlighted in chapter three, the Internet has resulted in greater price transparency in both the business-to-consumer (Section 3.5) and business-to-business markets (Section 3.6.)

Consumers and organisational customers alike can now effortlessly, speedily and cost effectively compare prices on a significantly wide range of products across geographic boundaries (Hanson, 2000: 329; Baker *et al.*, 2001; Pitt *et al.*, 2001; Rock, 2001; Simon & Schumann, 2001: 377; Iyer *et al.*, 2002; Mohammed *et al.*, 2003: 277; Verma & Varma, 2003). This has led to a better-educated customer (Simon & Schumann, 2001: 377) and more efficient customer, as well as significant price transparency across markets (Marn, 2000; Baker *et al.*, 2001; Pitt *et al.*, 2001; Simon & Schumann, 2001: 377; Verma & Varma, 2003.)

On the one hand, there is no doubt that the Internet increases price transparency. On the other hand, Internet is also an important new marketing tool that can be used to improve the pricing process in a number of ways. The sections below discuss the ways in which the Internet is being leveraged to improve the pricing process. This includes, how the Internet opens up opportunities to price more precisely, even to the extent of customising pricing. Further, it includes how the Internet has brought significantly greater flexibility into the pricing process, including making the implementation of dynamic pricing strategies more feasible.

4.6.2.1 Using the Internet to price more precisely

Accurate pricing begins with a good knowledge of targeted customers (Simon & Schumann, 2001: 388). It was noted in chapter two that when estimating demand, as part of the price determination process, marketers should identify the range of prices customers expect to pay. This should be followed by a price sensitivity analysis (Section 2.9.2.1). According to Diamantopoulos (2003: 344), the Internet significantly enhances the marketer's ability to more accurately identify these pricing parameters.

Price sensitivity research has traditionally been costly and time consuming (Marn, 2000; Baker *et al.*, 2001). The results of such research generally offer broad, rather than specific pricing parameters (Baker *et al.*, 2001). Further, due to time and financial constraints, such research is only feasible for a small sample of products over a limited range of different prices (Marn, 2000).

The interactivity of the Internet facilitates marketers' ability to accurately gauge how customers react to price changes (Marn, 2000; Baker *et al.*, 2001; Pitt *et al.*, 2001; Simon & Schumann, 2001: 380; Mohammed *et al.*, 2003: 277; Fleischmann *et al.*, 2004). The Internet enables marketers to research price in real time and on a continuous basis (Marn, 2000; Baker *et al.*, 2001), with feedback on customers' responses to price being immediately received (Marn, 2000; Baker *et al.*, 2001; Mohammed *et al.*, 2003: 277.) Further, marketers can cost effectively use the Internet to research which promotional discount methods customers respond to best (Baker *et al.*, 2001). The level of precision brought about by the Internet enhances marketers' ability to accurately determine optimum prices (Marn, 2000; Baker *et al.*, 2001; Pitt *et al.*, 2001; Diamantopoulos, 2003: 344).

Marketers can synthesis online pricing information with offline sources, for example, information from sales representatives, information from previous transactions with customers in the physical setting, *etc.*, to build rich customer databases (Iyer *et al.*, 2002). Such rich, real-time customer information opens up opportunities of tailoring the product

and price to individual requirements, which would not have been feasible on a mass scale without the Internet (Marn, 2000; Baker *et al.*, 2001; Pitt *et al.*, 2001; Simon & Schumann, 2001: 368; Iyer *et al.*, 2002; Mohammed *et al.*, 2003: 277). Using the Internet to better match the individual customer's perceived value of the product with their perceived worth of that product creates switching costs for customers (Pitt *et al.*, 2001) in that it creates greater customer value (Simon & Schumann, 2001: 368) and enables premium prices to be charged (Baker *et al.*, 2001.)

When testing prices in the Internet environment, marketers should avoid actions that may lead to adverse responses from customers (Baker *et al.*, 2001; Iyer *et al.*, 2002). The objective of the exercise is to collect pricing data and not to boost sales revenues. As such, those customers paying higher prices during the research exercise should be refunded immediately afterwards in order to prevent them from feeling marginalized (Baker *et al.*, 2001). Further, when collecting and collating pricing information from online and offline sources, care needs to be taken not to overstep any legal or ethical boundaries (Iyer *et al.*, 2002).

In addition to enabling the marketer to price more precisely, the Internet also brings a new level of flexibility into the pricing process.

4.6.2.2 Internet-enabled pricing flexibility

In the physical environment altering prices is both an expensive and time-consuming exercise (Baker *et al.*, 2001; Simon & Schumann, 2001: 387). In contrast, the Internet environment allows a high degree of price flexibility. Changing prices on the Internet is effortless, immediate and highly cost effective (Hanson, 2000: 338; Marn, 2000; Baker *et al.*, 2001; Simon & Schumann, 2001: 387; Mohammed *et al.*, 2003: 277; Fleischmann *et al.*, 2004; Verma & Varma, 2004). Further, the Internet allows for prices to be linked to multiple variables in real time, which essentially improves the accuracy of price management on a day-to-day basis (Simon & Schumann, 2001: 387; Fleischmann *et al.*, 2004). Additionally, this real-time flexibility enables organisations to implement pricing

strategies of a more complex nature that allow for more customised pricing, for example, multidimensional pricing (Simon & Schumann, 2001: 387).

One of the most interesting offshoots of this Internet-enabled flexibility is that it enables more organisations to implement dynamic pricing mechanisms (Hanson, 2000: 339; Marn, 2000; Mohammed *et al.*, 2003: 276). Online dynamic pricing mechanisms, such as auctions and yield management, are now being cost effectively utilised in both the business-to-business and business-to-consumer markets (Hanson, 2000: 339; Baker *et al.*, 2001; Pitt *et al.*, 2001; Verma & Varma, 2004).

As a result of the Internet, a wider variety of industries, as well as smaller sized organisations, can now utilise yield management to lower costs and improve profits (Hanson, 2000: 339; Verma & Varma, 2004). In a similar manner, the Internet also enables the cost effective implementation of the auction pricing mechanism (Mohammed *et al.*, 2003: 276). Further, the Internet serves to improve the efficiency of auctions in two fundamental ways. Firstly, by allowing bidders access to more information, the Internet improves bidders' understanding of the product being auctioned. Secondly, the online auction does not require participants to be physically present. This serves to increase the number of bidders that can participate in a given auction (Hanson, 2000: 340; Verma & Varma, 2004). Pitt *et al.* (2001) note that there is an increasing trend toward the use of such dynamic pricing mechanisms. The authors add that due to the Internet, customers are now price makers, as well as price takers, giving the examples of online negotiations and reverse auctions.

Regardless of the specific pricing mechanism used, the Internet is proving to be an important new marketing tool for improving the pricing process, both in terms of making it more accurate and more flexible. Given this, this study asserts that generic undergraduate marketing students should be equipped with an understanding of the principles guiding:

- *Using the Internet to enhance the pricing process.*

In addition to being an important new marketing tool for improving the price determination process, the Internet is also increasingly being used as a marketing communication tool. This topic is elaborated on in the following section.

4.6.3 Internet as a marketing communication strategy tool

When seeking to integrate the Internet into the marketing communication mix it is necessary for marketers to understand that, as a communication tool, the Internet is an integrated form of all traditional marketing communication tools (Chaffey, 2003: 661). For example, there are Internet advertising tools, such as banner adverts, micro sites, interstitials, search engine registration and sponsorships (Chaffey, 2003: 660; Kotler, 2003: 50). There are Internet direct-marketing tools, such as permission-based e-mails and Internet word-of-mouth communication tools, such as viral marketing and affiliate marketing (Chaffey, 2003: 660). There are also Internet selling tools, such as searchable FAQS (frequently asked questions) (Mohammed *et al.*, 2003: 360), online catalogues (Kiani, 1998) and virtual sales staff, as well as Internet sales promotion tools, such as online loyalty schemes, incentives and rewards (Chaffey, 2003: 660.) Further, there are customer-led Internet communication tools, such as personalised Web sites and virtual communities (Kierzkowski *et al.*, 1996).

The Web site forms the foundation of the organisation's Internet marketing strategies (Aldridge *et al.*, 1997) – one that may either add to or detract from its image (Kim *et al.*, 2003.) The strategic importance of the Web site interface means that great care needs to be taken with the design thereof (Aldridge *et al.*, 1997). As a marketing communication channel, Internet complements, rather than replaces traditional communication channels and, as such, needs to be fully integrated into the organisation's overall communication mix (Berthon *et al.*, 1996; Chaffey, 2003: 661; Mohammed *et al.*, 2003: 342). According to Berthon *et al.* (1996), the Internet can typically be viewed as complementary to the personal selling efforts of the organisation and supplementary to its mass media communication efforts. Web site design principles, together with the principles guiding

the integration of the Internet communication channel into the organisation's overall communication mix are reviewed below.

4.6.3.1 Web site design principles

The organisation's Web site lies at the very heart of its Internet marketing strategies (Aldridge *et al.*, 1997). Whether used as a fully functioning transaction channel or merely as a virtual brochure (Worthington-Smith, 2001: 61), the Web site still represents a strategically important new interface between the organisation and its target markets (Worthington-Smith, 2001: 61; Kim *et al.*, 2003) - one which may either add to or detract from the organisation's image (Kim *et al.*, 2003.)

The strategic significance of the organisation's Web site means that great care needs to be taken with the design thereof (Aldridge *et al.*, 1997). As an important new marketing communication vehicle (Bartholome & Olsen, 2002), the design of the Web site is essentially a marketing responsibility (Shepherd & Fell, 1998.) Yet, marketers' general lack of technical expertise has often meant that this responsibility has been left in the hands of information technology specialists (Stones, 2002), resulting in the creation of many technically "clever", rather than customer-oriented Web sites (Page & Lepkowska-White, 2002.) Designing a customer-oriented Web site necessitates input from those who know customers best – marketers (Oliva, 1998; Aldridge *et al.*, 1997; Shepherd & Fell, 1998; Page & Lepkowska-White, 2002).

One solution to this problem is to arm marketing graduates with the required technical expertise (Bartholome & Olsen, 2002). While this no doubt would be the ideal solution, possibly a more practical approach would be to educate generic marketing graduates on the principles guiding Web site design. Instead of trying to turn marketers into programming specialists (Schwartz, 2000), the emphasis should rather be on equipping them with knowledge of the fundamental features of a customer-oriented Web site. This will facilitate their ability to communicate marketing-based design guidelines to the Web

site designers, thereby helping to ensure that the end result is a customer-oriented Web site (Reddy & Iyers, 2002).

Regardless of the strategic objectives of a specific Web site, there are a number of generic design principles that are fundamental to creating a customer-oriented Web site (Page & Lepkowska-White, 2002; Young, 2002; Mohammed *et al.*, 2003: 160; Botha *et al.*, 2004: 194).

Usability is highlighted as one of the core Web site design principles. This principle refers to the ease of use and ease of navigation through a site. Usability is dependent on Web site features, such as the site's download speed, its graphic design and the structuring of Web pages within the site (Mohammed *et al.*, 2003: 135; Botha *et al.*, 2004: 192).

According to Nielsen (1999: 67), out of all of the usability features, download speed is the most important. Download speed refers to the time required to access Web site pages (Page & Lepkowska-White, 2002; Mohammed *et al.*, 2003: 136; Botha *et al.*, 2004: 191). The speed of page downloads has been found to positively influence both the number of pages accessed, as well as the duration of a site visit (Page & Lepkowska-White, 2002). Given that rich graphical imagery tends to slow download speed, excessive use of graphical imagery on Web pages should be avoided (Mohammed *et al.*, 2003: 136).

To enhance usability, Web pages should be logically structured (Worthington-Smith, 2001: 61), with navigational aids, such as site maps and search engines (Nielsen, 1999: 67), as well as clear and meaningful links (Young, 2002.) Further, each Web page should have a consistent navigation bar to facilitate movement around the site (Lohse & Spiller, 1998: 85), which should preferably be on the left hand side of the page (Young, 2002.)

Another important design principle is that of Web site reliability (Page & Lepkowska-White, 2002; Mohammed *et al.*, 2003: 136; Botha *et al.*, 2004: 191). This refers to the Web site's consistency of operation (Page & Lepkowska-White, 2002). Frequent periods

of downtime, due to either system crashes or planned maintenance work, as well as frequency of incorrect Web site downloads (Mohammed *et al.*, 2003: 136; Botha *et al.*, 2004: 191) are detrimental to both the Web site's and the organisation's image (Page & Lepkowska-White, 2002.)

Given the explosion of Internet-enabled devices, media accessibility is fast emerging as one of the core Web site design principles. This principle requires that the Web site be downloadable to an ever-increasing variety of media platforms (Mohammed *et al.*, 2003: 136; Botha *et al.*, 2004: 192).

The appropriateness of the Web site's content is another fundamental feature of a customer-oriented site (Reddy & Iyer, 2002). Content should be relevant to the target market and up-to-date (Page & Lepkowska-White, 2002; Botha *et al.*, 2004: 192). Text should be concise and written in short chunks linked with hypertext in order to facilitate users' tendency to scan, rather than read online (Nielsen, 1999: 68; Bocij *et al.*, 2003: 467). The content should also be reliable, where the perceived reliability can be enhanced by sourcing and dating documents, providing the author's name and contact details, together with links to the organisation's support centres (Kim *et al.*, 2003).

Further, the Web site should be aesthetically appealing (Kim *et al.*, 2003; Mohammed *et al.*, 2003: 167). Through the use of colour, graphical images, layout and other visual features (Bocij *et al.*, 2003: 462; Mohammed *et al.*, 2003: 167; Botha *et al.*, 2004: 177), the style or so-called look-and-feel of the site is created (Silverstein *et al.*, 2001a; Mohammed *et al.*, 2003: 164; Botha *et al.*, 2004: 180.) The combined use of these style elements creates the personality of the Web site (Bocij *et al.*, 2003: 462; Botha *et al.*, 2004: 177) and this should be consistent the target audience's needs and preferences (Bocij *et al.*, 2003: 462; Mohammed *et al.*, 2003: 164), as well as the organisation's overall image (Kleindl, 2001: 58.)

To facilitate navigation, each page within the Web site should maintain a consistent look-and-feel (Botha *et al.*, 2004: 181). In a similar vein, where the organisation is following a

bricks-and-clicks strategy, it is advisable to bring the look-and-feel of the physical outlets onto the Web site to create a consistent image across channels (Silverstein *et al.*, 2001a). While the use of visual features enhance the aesthetics of the site (Mohammed *et al.*, 2003: 167; Botha *et al.*, 2004: 177), marketers need to ensure that there is a balance between functionality and aesthetics in order not to negatively affect the usability of the site (Mohammed *et al.*, 2003: 168.)

From a relationship marketing perspective, two fundamental Web site features that should be incorporated into the design of the site are interactivity and individuality (Mohammed *et al.*, 2003: 199). Internet's interactive communication capability is one of its most important characteristics, which makes designing such interactivity into the site fundamental to fully exploiting the marketing opportunities of this channel (Chen, 2001: 126). It is this interactivity that facilitates Web site customisation (Mohammed *et al.*, 2003: 345). Through the use of Web site registration, marketers are able to provide customers with a more personalised and, as such, a more valuable experience (Page & Lepkowska-White, 2002; Mohammed *et al.*, 2003: 345). In order to encourage users to register at the site marketers need to ensure that they provide customers with a persuasive reason to register. In addition, privacy assurances should be given and only the most relevant personal information should be requested (Young, 2002). The interactivity and intimacy levels afforded by the Internet provide marketers with a significant platform upon which to build strong sustainable relationships. It thus makes good marketing sense to ensure that the design of the site incorporates these features in order to facilitate relationship-marketing efforts (Geissler, 2001).

While creating a compelling Web site experience is very much an ongoing learning process, there are a number of Web site design principles that have emerged that are applicable generically (Young, 2002). To ensure the much needed marketing input into Web site design (Aldridge *et al.*, 1997; Oliva, 1998; Shepherd & Fell, 1998; Page & Lepkowska-White, 2002), it is essential that marketers and, hence, marketing graduates, be knowledgeable regarding these generic principles (Reddy & Iyer, 2002.) This being

so, this study asserts that generic undergraduate marketing curricula should include the principles guiding:

- *Designing a compelling marketing Web site.*

Leveraging the Web site as a relationship marketing tool in a market-oriented manner necessitates that the site, and indeed all Internet marketing communication levers, form part of an integrated marketing communication strategy (Geissler, 2001). The importance of following an integrated marketing communication approach is discussed below.

4.6.3.2 Integrating the Internet into the marketing communication mix

There is no doubt that the Internet represents a valuable new marketing communication channel. Yet, even though it offers significant benefits over traditional methods, it does not replace traditional marketing channels. One of the fundamental marketing truths to emerge in the Internet age is that optimal use of the Internet as a marketing communication vehicle necessitates an integrated approach. That is, Internet marketing communication tools should be leveraged as part of an integrated marketing communication strategy that incorporates both online and traditionally used communication mix elements (Berthon *et al.*, 1996; Chaffey, 2003: 661; Mohammed *et al.*, 2003: 342).

The integrated marketing communication approach requires a holistic approach be taken to formulating the marketing communication mix strategy. This approach differs significantly from the traditional practice of developing each element of the mix on a separate individual basis (Yeshin, 2003: 409). The objective of the holistic approach is to maximise the impact of the marketing message by coordinating the various elements of

the communication mix into a seamlessly integrated clear and consistent message (Kotler, 2003: 583).

Marketing communication efforts should be integrated across the organisation's channels (Schoenbachler & Gordon, 2002) and should focus on delivering a consistent message (Chaffey, 2003: 661; Yeshin, 2003: 409) and brand image across channels (Rasch & Linter, 2001.) This requires a high level of coordination (Mohammed *et al.*, 2003: 343) and a single integrated database (Chaffey, 2003: 661.) The implementation across time and multiple communication platforms should be guided by the organisation's marketing strategy objectives (Mohammed *et al.*, 2003: 343) and should at all times be customer oriented (Yeshin, 2003: 399.) Further, the marketing communication efforts in one channel should symbiotically support the other channels (Schoenbachler & Gordon, 2002).

Even though the Internet is capable of performing all the functions of traditional communication levers (Chaffey, 2003: 661), there is wide spread agreement that it is best utilised in combination with traditional communication methods (Berthon *et al.*, 1996; Kierzkowski *et al.*, 1996; Geissler, 2001; Page & Lepkowska-White, 2002; Chaffey, 2003: 641.) The marketing challenge then is to determine how best to strategically deploy the Internet as part of the organisation's marketing communication mix strategy.

To this end, Berthon *et al.* (1996), postulate that leveraging the Internet optimally, as part of an integrated marketing communication strategy, involves using this tool to complement personal selling methods and supplement non-personal communication methods. As a complement to personal selling efforts, the Internet can be used to strategically support the selling process (Kleindl, 2001: 72; Porter, 2001; Sawhney, 2001; Sarel & Marmorstein, 2002; Kotler, 2003: 648; Spiro *et al.*, 2003: 60, 61), as well as to enhance the management of the sales force efforts (Avlonitis & Karayanni, 2000; Spiro *et al.*, 2003: 136; Ferrell & Hartline, 2005: 248, 249.) As a supplement to non-personal communication methods, the Internet's strategic value lies in its marketing communication potential to move from one-directional communication to relationship-

building interactive dialogue (Kierzkowski *et al.*, 1996; Hoffman & Novak, 1997; Kiani, 1998; Chaffey, 2003: 641).

4.6.3.3 Utilising the Internet to move from monologue to relationship-building interactive dialogue

One of the most significant features that distinguish the Internet from traditional mass media communication channels is that it facilitates interactive dialogue (Kierzkowski *et al.*, 1996; Hoffman & Novak, 1997; Chen, 2001: 126). According to Deighton and Barwise (2001: 342, 343), an interactive medium is one, which is able to send a message to a recipient, gain a response from that recipient and then send a new message that is modified in accordance to the said recipient's response. The authors go on to say that the value of the Internet as an interactive medium lies in the speed and frequency with which these "send and respond" cycles occur.

Internet's interactive communication capability has important implications to marketers, given that it serves to enhance all three elements of the relationship marketing concept. The Internet facilitates bio-directional communications between the organisation and the customer, as well as between the organisation and multiple business partners. This facilitates both interactive marketing and network marketing. Further, such two-way interactivity enables marketers to gather rich, real-time customer data, thereby facilitating database-marketing efforts (Wang *et al.*, 2000).

Naturally, the specific issues that will need to be addressed will differ from organisation to organisation. Even so, a number of best practices have emerged to serve to guide marketers in their efforts to move toward Internet-facilitated interactive dialogue (Kierzkowski *et al.*, 1996).

Firstly, in contrast to traditional mass media channels, the Internet communication channel requires the customer to actively seek out and voluntarily attend to the marketing message (Kierzkowski *et al.*, 1996; Hoffman & Novak, 1997; Chaffey, 2003: 640).

While online communication tools, for example, banner adverts, sponsorships and the like can help attract visitors to the site, it has been established that traditional mass media has an important role to play in this regard (Kierzkowski *et al.*, 1996; Page & Lepkowska-White, 2002; Chaffey, 2003: 641). Use of traditional mass media (Kierzkowski *et al.*, 1996; Page & Lepkowska-White, 2002) and the placing of Web site addresses on product packaging and on other organisational communication materials (Berthon *et al.*, 1996) have been found to be essential to creating awareness of and interest in the Web site, as well as facilitating the customer's ability to locate the site (Kleindl, 2001: 61; Page & Lepkowska-White, 2002.)

Secondly, as discussed above, the Web site itself needs to be designed with due consideration to the site features fundamental to creating a compelling Web site experience (Section 4.6.3.1). Research indicates that marketers need to pay greater attention to the level of interactivity available on the Web site (Kierzkowski *et al.*, 1996; Quinton & Harridge-March, 2003), given that this is considered a critical feature in encouraging the customer to engage in interactive dialogue (Berthon *et al.*, 1996.)

A third important guideline is that every interaction with the customer, offline and online, needs to create opportunities for future interactions (O'Leary *et al.*, 2004). To create true "send and respond" interactivity (Deighton & Barwise, 2001: 343) it is necessary to ensure that each interaction with the customer, regardless of the touch point, is modified in accordance to information gleaned from the previous interaction (Peppers, 2000.) Such relationship-building, customised interactions are an essential element of the one-to-one strategy (Peppers, 2000; O'Leary *et al.*, 2004). This requires the coordination of customer information across channels (Mohammed *et al.*, 2003: 468) and the use of a single integrated customer database (Chaffey, 2003: 661.)

A fourth related and significant marketing issue in moving toward Internet-enabled interactive dialogue is that of strictly adhering to the principles of permission marketing (Sarel & Marmorstein, 2002; O'Leary *et al.*, 2004). While the Internet offers unprecedented opportunities for engaging in low cost interaction on a mass scale

(Deighton & Barwise, 2001: 344), intrusive marketing actions such as unsolicited e-mail campaigns, pop-up adverts, mouse trapping and the like (Goldsborough, 2003) are guaranteed to seriously damage relationship-building efforts (Hoffman *et al.*, 1999b.)

A final point, worthy of repeating here, is the importance of following an integrated marketing communication approach. To fully exploit the relationship marketing potential of this interactive channel, Internet marketing communication efforts should form part of an integrated marketing communication mix strategy, focussed on delivering a consistent message across channels (Geissler, 2001).

From an education perspective, this implies that marketing educators need to ensure that generic undergraduate marketing students are equipped with an understanding of the principles guiding:

- *Applying Internet marketing communication tools optimally as part of an integrated marketing communication mix strategy.*
- *Utilising the Internet to move from one-direction marketing communication to relationship-building interactive dialogue.*

As mentioned previously, in following this recommended holistic approach (Yeshin, 2003: 409), Berthon *et al.* (1996), suggest that while the Internet should be used to supplement non-personal marketing communication methods, it is best served as a complement to personal selling efforts.

4.6.3.4 Utilising the Internet as a complement to sales force efforts

As a significant element of the marketing communication mix, it is essential that the objectives and efforts of the sales force be seamlessly integrated with those of the other communication elements deployed by the organisation (Ferrell & Hartline, 2005: 247). In contrast to non-personal communication methods, the sales force serves as the organisation's personal communication link with its customers (Kotler, 2003: 638). As a

marketing communication method, personal selling offers the highest possible level of interaction and individualisation (Mohammed *et al.*, 2003: 351). On the downside, it is also extremely costly (Kotler, 2003: 639; Mohammed *et al.*, 2003: 351) and has a limited reach (Mohammed *et al.*, 2003: 351.)

With the commercialisation of the Internet and its promise of low cost, individualised, interactive communication (Kotler, 2003: 639; Mohammed *et al.*, 2003: 343) many mistakenly believed that this new communication channel would render the traditional personal selling function obsolete (Piercy & Lane, 2003.) Yet, the emerging reality is that while the Internet is significantly influencing both the role of the sales person (Donaldson, 2003: 363; Spiro *et al.*, 2003: 7) and the way in which sales operations are managed (Donaldson, 2003: 362), it is not replacing the personal selling function (Spiro *et al.*, 2003: 7.)

Research findings suggest that the use of the Internet as a tool to facilitate the personal selling process improves sales force performance and efficiency (Avlonitis & Karayanni, 2000). Indeed, there are a number of ways in which the Internet can be deployed to empower the sales force and support the traditional selling process. It can be used to identify, qualify and contact prospective customers (Berthon *et al.*, 1996; Spiro *et al.*, 2003: 60). It can be used to provide sales people with remote and immediate access to up-to-date information on customer buying patterns, products (Sawhney, 2001), prices and inventory availability (Kleindl, 2001: 72.) It can also be used to execute remote product demonstrations (Spiro *et al.*, 2003: 67), as well as to place and track orders online (Sawhney, 2001.)

A number of organisations are finding that use of the Internet to execute routine tasks has resulted in a more, rather than less, productive and valuable sales force (Porter, 2001; Spiro *et al.*, 2003: 7, 8). Using the Internet to automate routine tasks enables sales people to devote more time to order making and customer relationship-building activities (Piercy & Lane, 2003).

As such, the Internet redefines the role of the sales force within the organisation (Donaldson, 2003: 363; Piercy & Lane, 2003; Spiro *et al.*, 2003: 7). The focus of the sales person today is more on building relationships with key customers (Spiro *et al.*, 2003: 7, 8). Not only does the modern sales person need to be knowledgeable regarding relationship marketing principles and practices, they also need to understand how to fully exploit the capabilities of the Internet to optimise their own performance (Avlonitis & Karayanni, 2000). This includes being able to convert customers to the Internet channel in order to free up the time required to focus on order making and relationship-building activities (Piercy & Lane, 2003).

From an education standpoint, it follows then that generic undergraduate marketing students should understand the principles guiding:

- *Applying the Internet to optimise personal selling efforts, that is, shifting routine order-taking tasks online to enable sales force to focus on relationship marketing activities.*

The Internet is also significantly influencing the management of sales force activities (Donaldson, 2003: 362). The Internet is an important tool for enhancing sales management efforts (Avlonitis & Karayanni, 2000). It is a cost effective tool for recruiting sales persons and for providing training to geographically distant sales people (Avlonitis & Karayanni, 2000; Spiro *et al.*, 2003: 136, 209; Ferrell & Hartline, 2005: 248, 249). It can be used to provide new product tutorials online, together with continued reinforcement and motivation. Further, it can be used to identify and discuss critical issues and set up meetings remotely (Spiro *et al.*, 2003: 210, 211, 314).

Yet, while it enhances sales management activities (Avlonitis & Karayanni, 2000), it also brings about new challenges. One of these challenges is getting sales people to embrace the organisation's Web site as a selling tool (Spiro *et al.*, 2003: 49). Kleindl (2001: 67) asserts that it is essential for the sales force to actively participate in the process of designing the organisation's Web site. Spiro *et al.* (2003: 49) concur, adding that failure

to include sales people in this activity is likely to result in them feeling threatened by the Web site. The authors add that this, in turn, is likely to lead them to discourage their customers from using the site. In this regard, it is also necessary to address the remuneration issue. In order to motivate sales people to convert their customers to the more cost effective Internet channel it is necessary to ensure that the sales person continues to get credit, in the form of remuneration, on the captured account, irrespective of which channel the customer elects to use (Piercy & Lane, 2003; Spiro *et al.*, 2003: 49).

A further sales management challenge is that of managing multiple sales interfaces. One of the basic marketing axioms emerging here is that effective strategic use of the Internet requires that the sales force and the Internet be integrated as complementary elements of a multi-channel strategy. This creates a new challenge. The challenge here is to manage multiple sales interfaces in such a way that they complement each other, so that a single seamlessly integrated view of the organisation is presented to the customer across channels (Piercy & Lane, 2003). This topic of integrated channels is explored in more detail below.

In sum, while the Internet creates new sales management challenges that need to be addressed, it also serves as a valuable new sales management tool. As such, generic undergraduate marketing students should understand the principles guiding:

- *Using the Internet to enhance the management of sales force efforts.*

As with marketing communication, the Internet is also increasingly being used to improve the distribution strategy.

4.6.4 Internet as a distribution strategy tool

As a distribution strategy tool, the Internet is increasingly being recognised as an important new marketing channel (Ghosh, 1998). As a distribution channel it offers the advantages of being available twenty-four hours a day, seven days a week (Peterson *et*

al., 1997; Kotler, 1999: 213; Simon & Schumann, 2001: 371) and of being accessible regardless of geographical location (Peterson *et al.*, 1997; Simon & Schumann, 2001: 371.) For consumers and organisational customers alike it offers the advantages of greater convenience and reduced costs (Doyle, 2003: 310).

Internet's connectivity enables the conventional generic distribution channel functions of communication and transaction to be moved online (Peterson *et al.*, 1997; Webb, 2002). In the case of digitised goods, even the physical delivery function can be executed online (Hoffman *et al.*, 1995; Peterson *et al.*, 1997; Webb, 2002), resulting in the variable costs of distributing such goods shrinking to near zero (Hoffman *et al.*, 1995; Peterson *et al.*, 1997; Fisher & Reibstein, 2001: 308.)

Further, as a result of Internet's direct interactive facility, it creates the potential for organisations, especially those marketing digitised goods (Hoffman *et al.*, 1995) to bypass traditional intermediaries in the value chain and transact directly with end consumers or organisational customers (Ghosh, 1998.) This so-called disintermediation refers to the shortening of the value chain by eliminating certain intermediaries, such as wholesalers, distributors and retailers (Stewart & Zao, 2000; Giaglis *et al.*, 2002; Mohammed *et al.*, 2003: 452). The motivation behind such disintermediation efforts is the lowering of transaction costs across the value chain (Stewart & Zao, 2000; Giaglis *et al.*, 2002) by internalising the functions traditionally purchased from intermediaries (Giaglis *et al.*, 2002.)

The ability to use the Internet to achieve national or even global market coverage without the high cost of establishing a distribution system resulted in a large number of pure click organisations starting up (Mohammed *et al.*, 2003: 444). Brick-and-mortar organisations, with already established distribution systems, sought an online presence but, generally, for fear of channel conflict and channel cannibalisation, avoided engaging in Internet-based commerce (Kotler, 2003: 47). Alternatively, they set up standalone Internet ventures (Porter, 2001; Rasch & Linter, 2001; Worthington-Smith, 2001: 151) emulating the pure click model, mistakenly believing that an online transaction site, together with a

dedicated warehousing and separate distribution system would lead to profits (Worthington-Smith, 2001: 151.) This business model proved to be a failure for both the majority of pure clicks organisations and those brick-and-mortar organisations emulating them (Porter, 2001; Worthington-Smith, 2001: 151). Further, while disintermediation is feasible and has occurred to a certain degree in a variety of industries (Ghosh, 1998; Hanson, 2000: 379), its viability has proved to have been somewhat overstated (Porter, 2001.) This is especially true for tangible goods that require a physical distribution system (Webb, 2002).

As Internet-based commerce evolves, one of the marketing principles emerging is that following an integrated bricks-and-clicks strategy offers the majority of organisations a greater potential for success than the pure clicks strategy (Peppers, 2000; Burns, 2001: 277; Rasch & Linter, 2001; Silverstein *et al.*, 2001b; Worthington-Smith, 2001: 153; Kotler, 2003: 40). This holds true for both the business-to-business market (Webb, 2002) and the business-to-consumer market (Burns, 2001: 277; Rasch & Linter, 2001; Silverstein *et al.*, 2001b.)

Implementing a successful bricks-and-clicks strategy involves having a customer-oriented online transaction channel (Silverstein *et al.*, 2001a) that is tightly integrated with the organisation's offline distribution system (Porter, 2001; Rasch & Linter, 2001; Silverstein *et al.*, 2001b; Webb, 2002.) Further, it involves using Internet's connectivity to support, rather than displace, channel members (Webb, 2002) and to integrate upstream and downstream value adding activities into a customer-responsive value delivery network (Porter, 2001; Kotler, 2003: 504.)

The challenge for marketers is to be clear as to the principles guiding the creation of a customer-oriented online transaction interface. Further, marketers need to understand the strategic implications of implementing an online transaction channel in order to appreciate why the integrated bricks-and-clicks strategy holds the most promise for success. To this end, they need to understand the principles guiding the integration of the Internet with the traditional distribution system, together with the use of the Internet in

integrating upstream and downstream value adding activities to create a customer-responsive value delivery network.

4.6.4.1 Fundamental features of a customer-oriented online transaction channel

Related to the Web site design principles discussed in the previous section, marketers need to understand the principles guiding the creation of a customer-oriented online transaction Web site. As noted in section 4.6.3.1, Web site design requires marketing input if it is to be customer oriented. As such, this is not an activity that can be simply abdicated to Web site designers. Again, this is not to suggest that marketers need to be programming experts (Schwartz, 2000). Rather, they need to be knowledgeable as to what constitutes a compelling online transaction site and communicate these guidelines to the Web site designers (Reddy & Iyer, 2002).

According to Silverstein *et al.* (2001a), one of the first principles is that the product selection and availability online should at least equal, but preferably exceed that offered through offline channels. Lohse and Spiller (1998: 82), Novak *et al.* (2000) and Reibstein (2001: 221) all concur, citing a wide product selection to be an essential feature in creating a compelling Web transaction site.

Given that the customer cannot physically interact with the product online, the product catalogue should offer hyperlinks (Lohse & Spiller, 1998: 82) to more comprehensive product information (Lohse & Spiller, 1998: 82; Silverstein *et al.*, 2001a; Botha *et al.*, 2004: 189.) The site should also enable customers to conduct product comparisons in terms of product attributes, prices, reviews or any other dimension deemed important for that product category (Silverstein *et al.*, 2001a). Where a product item is out of stock, its inventory status should be communicated at the start of the search, rather than at the checkout point (Silverstein *et al.*, 2001a; Mohammed *et al.*, 2003: 181), to avoid customer irritation (Mohammed *et al.*, 2003: 181.)

Alternative delivery options, together with the cost of the different options, should be clearly presented along with product prices and any other costs involved (Silverstein *et al.*, 2001a; Mohammed *et al.*, 2003: 181; Botha *et al.*, 2004: 188). It is essential to avoid the occurrence of any price 'surprises' at the checkout point (Silverstein *et al.*, 2001a; Mohammed *et al.*, 2003: 181).

Customers should be able to review the contents of their shopping cart at any time and should be able to undo individual items without the frustration of emptying the entire shopping cart and having to start over again (Lohse & Spiller, 1998: 84).

The ordering and checkout process should be easy (Lohse & Spiller, 1998: 84; Novak *et al.*, 2000; Reibstein, 2001: 221), with clear instructions on how to complete the process (Silverstein *et al.*, 2001a.) The process should be fast (Lohse & Spiller, 1998: 84; Silverstein *et al.*, 2001a; Mohammed *et al.*, 2003: 180), should request only the minimum amount of required information (Mohammed *et al.*, 2003: 180) and should include an express checkout option (Silverstein *et al.*, 2001a.) Where an error occurs, the error report should be written in clearly understandable language and should include easy-to-follow remedial action (Mohammed *et al.*, 2003: 181).

Different payment options should be provided for (Botha *et al.*, 2004: 324) and the site must be able to guarantee and demonstrate proof of transaction and payment security (Silverstein *et al.*, 2001a; Mohammed *et al.*, 2003: 180; Botha *et al.*, 2004: 324) and information privacy (Silverstein *et al.*, 2001a.)

Contact information should be clearly displayed (Silverstein *et al.*, 2001a; Mohammed *et al.*, 2003: 181). Upon placement of the order, the customer should receive immediate conformation of the order (Silverstein *et al.*, 2001a) and an online order tracking facility should be provided (Silverstein *et al.*, 2001a; Mohammed *et al.*, 2003: 180; Botha *et al.*, 2004: 188.)

Specified delivery times must be adhered to (Silverstein *et al.*, 2001a) and a no-hassle return policy needs to be in place (Novak *et al.*, 2000; Rasch & Linter, 2001; Silverstein *et al.*, 2001a.)

These features represent the fundamentals of creating a compelling, customer-oriented transaction site. They have come about through experience and research. While the growth of Internet-based commerce is slow in South Africa, it is nevertheless growing (Gordon, 2004: 20), with many South African organisations implementing an online transaction channel (Vaida, 2003.) As such, it is essential to equip the contemporary marketing student with knowledge as to the fundamental features required to create a compelling, customer-oriented online transaction interface. That is, generic marketing students should understand the principles guiding:

- *Using the Internet as a customer-oriented transaction channel.*

The decision to employ the Internet as a transaction channel creates a number of distribution strategy implications that need to be addressed by marketers. These implications are reviewed below.

4.6.4.2 Distribution strategy implications of implementing an Internet transaction channel

Implementing the Internet as a transaction channel gives rise to new distribution strategy challenges. Marketers need to understand the strategic implications of implementing the Internet as a transaction channel in order to fully appreciate why, in the majority of situations, the integrated bricks-and-clicks strategy holds the greatest potential for success.

The first important strategic implication of having an Internet transaction channel is the physical logistics issue. Offering fast and accurate order fulfilment and delivery that meets the value proposition of the online transaction channel is widely accepted to be a

competitive imperative (Alshawi, 2001; Huizingh, 2002; Jelassi & Leenen, 2003) for both business-to-business and business-to-consumer transactions (Gurãu *et al.*, 2001.)

While the Internet enables the virtualisation of the generic marketing channel functions of communication facilitation and transaction facilitation, it does not enable the physical delivery of tangible goods (Webb, 2002). Thus, in the case of tangible goods, a physical logistics system is required (Gurãu *et al.*, 2001).

Marketers of tangible goods need to understand that implementing an Internet transaction channel creates a significant challenge in terms of physical logistics (Alshawi, 2001), with order fulfilment and delivery remaining one of the major hurdles in Internet-based commerce (Anderson & Anderson, 2002.)

In the business-to-business market, organisations are discovering that transacting over the Internet requires more effort be devoted to managing the physical aspects of value chain operations than that required in pre-Internet days (Lichtenthal & Eliaz, 2003). Many of these organisations are finding transacting via the Internet results in the costly process of having to fulfil multiple orders, of often small amounts, which may even require delivery to diverse, far sprung areas (Worthington-Smith, 2001: 53).

Marketers are experiencing the same, if not worse, logistical challenges in the business-to-consumer market (Alshawi, 2001; Worthington-Smith, 2001: 151; Anderson & Anderson, 2002; Vaida, 2003). Whereas in the physical market a portion of the distribution cost is born by the consumer, in Internet-based transacting the majority of the distribution cost shifts to the organisation (Gurãu *et al.*, 2001). Having an online transaction channel thus adds a new layer of logistical costs in terms of assembling, packaging and delivering small package items to geographically dispersed consumer households (Porter, 2001; Vaida, 2003).

Organisations, in both the business-to-business and business-to-consumer markets, that have an already established physical distribution system are well positioned to implement

an online transaction channel that complements their distribution strategy. On the one hand, it is widely acknowledged that order taking and processing can be conducted far more efficiently online than offline. On the other hand, the traditional physical logistics method of bulk delivering to local distribution points is more efficient than attempting to make individual deliveries from a central warehouse (Porter, 2001). This reason alone accounts for why an integrated bricks-and-clicks strategy makes more sense than the standalone pure clicks strategy (Worthington-Smith, 2001: 151; Webb, 2002). A further advantage of using the existing distribution system to execute order fulfilment is that it counteracts the age-old problems of following a multi-channel strategy – channel conflict and channel cannibalisation (Porter, 2001; Webb, 2002).

In this regard, it is also important for marketers to be aware that the extent to which Internet-enabled disintermediation and subsequent channel conflict and cannibalisation were predicted to occur has ended up being rather overstated (Porter, 2001), especially concerning physical goods that require physical distribution (Webb, 2002.) One of the fundamental principles of marketing that is as relevant in the Internet age as it was in pre-Internet days is that while it is feasible to eliminate a channel intermediary, it is not possible to eliminate that intermediary's function(s) (Mohammed *et al.*, 2003: 452). To this end, Jallat and Capek (2001) subject that the Internet-driven concept of disintermediation entails finding new distribution methods, rather than the elimination of intermediation. Porter (2001) concurs, emphasising Internet's potential as a complement to, rather than as a displacement of existing marketing channels.

Indeed, rather than disappearing, marketers need to understand that the Internet is in fact leading to what Sheth and Sisodia (1999) refer to as "reintermediation". That is, the value added by intermediaries is evolving and new specialised forms of intermediaries are emerging (Sheth & Sisodia, 1999; Stewart & Zao, 2000; Jallat & Capek, 2001; Anderson & Anderson, 2002; Giaglis *et al.*, 2002). Examples include, the rise of third-party logistic providers, such as FedEx, which focus on facilitating physical logistics for Internet-based transactions (Alshawi, 2001; Anderson & Anderson, 2002; Giaglis *et al.*, 2002). There are also new specialised intermediaries that seek to facilitate trust between

trading parties in the online environment, such as certification authorities, privacy guarantee services and public key cryptography services (Giaglis *et al.*, 2002; Botha *et al.*, 2004: 53). There has also been a rise in infomediaries such as portals, search engines and transaction aggregators (Giaglis *et al.*, 2002; Mohammed *et al.*, 2003: 461). Many of the banks and credit card organisations have, in addition to their offline facilities, moved online to facilitate online payment between trading parties (Giaglis *et al.*, 2002).

Contemporary marketing curricula should incorporate these new forms of intermediaries, together with the facilitation function they provide alongside more traditional intermediaries. This is necessary to ensure that marketing students' understanding of the distribution strategy is in line with current trends in the marketing environment.

Another important strategic implication that marketers need to recognise when implementing an Internet transaction channel is that the desire to purchase via the Internet is not ecumenical (Sarel & Marmorstein, 2002). Further, as indicated by Porter (2001), consumers and organisational customers that buy online also continue to buy from offline channels. While certain consumers/customers purchase certain goods online in certain situations (Sarel & Marmorstein, 2002), the majority are hybrid buyers (Kotler, 2003: 39) valuing a combination of online and offline channels (Porter, 2001.)

As discussed in the previous chapter, while many consumers and organisational customers, purchase online, the majority utilise the Internet channel in conjunction with the traditional offline channel in their buying decision-making process. There is increasing recognition that having an online or offline distribution channel is no longer sufficient. Rather, being customer oriented and, hence, market oriented in the Internet age necessitates implementing an integrated online and offline distribution system (Peppers, 2000; Rasch & Linter, 2001).

An essential ingredient in understanding the contemporary distribution strategy is to understand how to strategically integrate the online transaction channel with the offline channel to create a customer-oriented distribution strategy. This is discussed next.

4.6.4.3 Integrating the Internet channel with traditional distribution channels

For most organisations today, following an integrated bricks-and-clicks strategy is becoming increasingly fundamental to success (Peppers, 2000; Burns, 2001: 277; Porter, 2001; Rasch & Linter, 2001; Silverstein *et al.*, 2001b; Worthington-Smith, 2001: 153; Webb, 2002; Kotler, 2003: 40). This emerging marketing principle holds true for both the business-to-business market (Webb, 2002) and the business-to-consumer market (Burns, 2001: 277; Rasch & Linter, 2001; Silverstein *et al.*, 2001b.)

The bricks-and-clicks strategy involves utilising both an online and offline channel, as opposed to the pure clicks model of only utilising the online transaction channel. This bricks-and-clicks strategy is, in essence, a multi-channel marketing approach (Worthington-Smith, 2001: 153).

While multi-channel marketing is hardly a new marketing approach, it has become far more prevalent today due to the increased pressure on organisations to implement an online transaction channel (Schoenbachler & Gordon, 2002). Organisations are finding that merely having an online presence, rather than a fully-fledged online transaction channel is no longer acceptable. Even pure click organisations are experimenting with the multi-channel approach by adding a physical channel to their online channel. As such, marketers are increasingly operating in a multi-channel marketing environment (Rasch & Linter, 2001).

One of the major challenges facing contemporary marketers is that of mastering the principles of servicing consumers/organisational customers via both the online and offline channels (Schoenbachler & Gordon, 2002). One of the main principles emerging in this regard is the importance of online and offline channel integration (Peppers, 2000; Porter, 2001; Rasch & Linter, 2001; Silverstein *et al.*, 2001b; Mohammed *et al.*, 2003: 467), with the degree of channel integration fast emerging as a significant source of

competitive advantage (Porter, 2001; Rasch & Linter, 2001; Mohammed *et al.*, 2003: 467.)

Marketers are advised to view the Internet as a complement to traditional channels, rather than as a separate entity or substitute (Hoyer, 1999; Porter, 2001; Webb, 2002). Understanding the Internet channel as a complement instead of a cannibal will enhance the marketer's ability to integrate the online channel with the offline channel (Porter, 2001) in such a way that avoids channel conflict (Webb, 2002) and increases customer satisfaction (Peppers, 2000; Porter, 2001; Rasch & Linter, 2001; Silverstein *et al.*, 2001b.)

Utilising the Internet channel as a complement requires that marketers understand how best to exploit each channel to its full advantage (Rasch & Linter, 2001). For example, the offline channel offers organisations the advantages of physical distribution points, an operational physical logistics system and established brand names (Silverstein *et al.*, 2001b), as well as facilitating physical interaction with the product and the satisfaction of the social-interaction shopping motive (Rasch & Linter, 2001.) On the other hand, the Internet channel enables the organisation, at a low variable cost, to offer round-the-clock trading hours, detailed product information and easy price comparisons, up-to-date inventory availability data, together with a fast and easy communication method (Rasch & Linter, 2001; Silverstein *et al.*, 2001b). Further, while it is more efficient to utilise an already established distribution system to execute order fulfilment, it is significantly more efficient to take and process orders via the Internet channel (Porter, 2001).

While one channel may be better than the other at different stages of the buying decision-making process, each must be able to serve the customer's requirements throughout the process (Rasch & Linter, 2001). Organisations able to provide for the seamless, integrated customer experience across channels will gain a definite competitive advantage (Rasch & Linter, 2001; Silverstein *et al.*, 2001a).

The seamlessly integrated bricks-and-clicks strategy is characterised by a number of features. These include, allowing orders placed online to be picked up from a convenient distribution outlet, offering discounts based on total purchases across channels (Kotler, 2003: 506; Mohammed *et al.*, 2003: 467), integrating order history across transaction channels, updating customer preferences based on both online and offline transactions (Mohammed *et al.*, 2003: 467) and allowing products ordered online to be returned at a convenient offline distribution outlet (Kotler, 2003: 506.)

To foster relationship-building efforts, customer information across channels must be coordinated (Mohammed *et al.*, 2003: 468) in such a way that a single, integrated view of each individual customer is gained, regardless of which touch point they use (Christopher & Payne, 2003: 492.) Every interaction with each individual customer, regardless of which channel they use, should be informed with the required information to ensure that that individual customer's unique needs are properly addressed (Peppers, 2000). Further, each channel should synergistically support the other (Burns, 2001: 278; Schoenbachler & Gordon, 2002), creating a consistent brand image (Rasch & Linter, 2001; Silverstein *et al.*, 2001a; Schoenbachler & Gordon, 2002) and high quality customer experience across channels (Rasch & Linter, 2001; Silverstein *et al.*, 2001a; Christopher & Payne, 2003: 493.)

The overriding marketing principle then, is not simply to manage the online and offline channels, but rather to manage across them to create a seamlessly integrated customer-oriented experience (Silverstein *et al.*, 2001b).

Such seamless integration of the online and offline channels is important from both a market orientation and relationship marketing perspective. As discussed in chapter two, one of the central principles of being market oriented is to achieve superior customer satisfaction relative to competitors (Kohli & Jaworski, 1990; Narver & Slater, 1990; Slater & Narver, 1995). As the bricks-and-clicks strategy becomes more of the norm, rather than the exception in both the business-to-business (Webb, 2002) and business-to-consumer markets (Rasch & Linter, 2001), so the degree of channel integration becomes

an important differentiating element of customer satisfaction and, hence, a powerful source of competitive advantage (Rasch & Linter, 2001; Silverstein *et al.*, 2001a.)

In terms of the relationship marketing perspective, seamless integration between the two channels serves to increase the level of customer service offered, thereby heightening the "attractiveness" of the organisation as a potential "relationship partner". Relationship building opportunities are further enhanced through the integration of customer information across channels, enabling a holistic, continuously updated view of the customer across interactions (Mohammed *et al.*, 2003: 481). Given the importance of channel integration, this study asserts that generic undergraduate marketing students should understand the principles guiding:

- *Integrating the Internet channel with traditional distribution channels to optimise the customer experience across channels, that is, following a seamlessly integrated multi-channel distribution strategy that optimises customer convenience.*

This value proposition of offering a customer-oriented, seamlessly integrated bricks-and-clicks front-end interface, while essential, represents only one half of the picture. Delivering on this promise necessitates an equally integrated value delivery network (Roberts, 2001: 41), as discussed next.

4.6.4.4 Customer-responsive value delivery networks

Delivering on the anytime, anywhere, online or offline promise of the integrated bricks-and-clicks strategy requires a tightly integrated supply chain (Wind & Mahajan, 2001: 15). This integrated supply chain is, possibly more appropriately, also labelled the integrated value delivery network (Kotler, 2003: 71).

As discussed in the previous chapter, Internet's connectivity facilitates the integration of multiple activities both within the organisation's value chain and between the

organisation and multiple value system members (Porter, 2001). More and more organisations today are harnessing Internet's connectivity capabilities to build networks of strategic partnerships with other organisations (Jüttner & Wehrli, 1994; Walters & Lancaster, 1999a; Kotler, 2003: 504). The purpose behind such networks is to overcome the limitations associated with an organisation operating alone (Lazer, 1993; Awuah, 2001).

Creating an integrated value delivery network (Kotler, 2003: 71) capable of delivering a superior customer experience requires collaboration (Roberts, 2001: 41) with each stakeholder, including those upstream and downstream channel members, capable of enhancing the organisation's relationships with its target markets (Gordon, 1998: 254.) Fostering such collaboration within these value networks necessitates the application of relationship marketing principles (Mohammed *et al.*, 2003: 480) or, more specifically, network marketing principles (Pels *et al.*, 2000.)

Traditionally, marketers have focused their relationship-building efforts on the demand side of the value network (Kotler, 2003: 504). Yet, in today's multi-channel (Heckan, 1999), Internet connected, network era (Achrol & Kotler, 1999) being truly customer responsive necessitates closer collaboration with all value-adding stakeholders (Gordon, 1998: 256.) As such, marketers will increasingly be required to leverage their relationship-building skills to create and maintain relationships not only on the demand side, but also on the supply side of the value network (Sheth & Sisodia, 2001; Kotler, 2003: 504).

To this end, marketers will need to engage in the level of Internet-enabled interactive and individualised communication necessary for fostering strong collaborative relationships with value delivery network partners (Mohammed *et al.*, 2003: 408). They will need to coordinate the individual value adding activities of network partners in such a way that the values deemed important by the customer are delivered (Gordon, 1998: 255; Walters & Lancaster, 1999a) as cost effectively and competitively as possible (Walters & Lancaster, 1999a.)

In utilising the Internet as a network-marketing platform (Sawhney & Zabin, 2002), marketers will need to build the level of trust that facilitates the type of information sharing between network partners necessary to ensure the seamless integration of value adding activities (Kotzab *et al.*, 2003.) The overriding role of marketers within these virtually integrated value delivery networks will be to ensure that all parties remain focused and committed on delivering customer-defined value (Webster, 1994a), across channels (Silverstein *et al.*, 2001a.)

From a marketing education perspective, this means that it is increasingly necessary to focus on the supply side, as well as on the demand side of the value delivery network (Heckan, 1999). As highlighted in the previous chapter, marketing education needs to widen its scope beyond customer-side relationship marketing principles to include network-marketing principles (Evans *et al.*, 2002). This should include the use of the Internet as a network-marketing tool (Sawhney & Zabin, 2002). Thus, it can be stated that generic marketing students should be equipped with an understanding of the principles guiding:

- *Leveraging Internet technologies to build a customer-led value delivery network, that is, seamlessly integrating upstream and downstream supply chain activities into a customer-responsive process.*

In chapter two, international marketing was identified as a fundamental element in general marketing theory (Section 2.10) and in chapter three the influence of the Internet in driving globalisation was highlighted (Section 3.3.) Below, the use of the Internet as an international marketing tool is outlined.

4.7 INTERNET AS AN INTERNATIONAL MARKETING STRATEGY TOOL

According to Lazer (1993), the global market phenomenon requires marketers to conceptualise markets as being borderless and marketing opportunities and threats as

seamlessly occurring across geographical regions. Developing the marketing competencies and capabilities required to address the increasingly global nature of the market place has long been accepted as critically important for modern marketers (Olivia, 1997; Day & Montgomery, 1999; Hunt, 2002; Rao & Ali, 2002).

As both an important enabler and driver of global marketing, today's marketer needs to understand the use of the Internet as a tool in international marketing (Quelch & Klein, 1996; Hamill, 1997). Specifically, marketers need to understand the Internet-enabled internationalisation process, the strategic implications of the Internet to the international marketing mix and the strategic use of Internet technologies in supporting and managing global marketing network activities (Hamill, 1997).

4.7.1 Internet-enabled internationalisation process

The term internationalisation describes the development process by which an organisation's expansion into the international market place takes place (Johansson, 2000: 155). In international marketing teaching and literature, the dominant model of internationalisation is the incremental process model (Hamill, 1997). This model depicts internationalisation as a sequential process, involving distinctive stages of gradual increased commitment by an organisation to international markets (Johansson, 2000: 155; Keegan & Green, 2003: 291).

In today's Internet-enabled business world, the relevance of this incremental internationalisation model has become questionable (Hamill, 1997; Johansson, 2000: 155). The Internet, with its global reach, provides organisations, both small and large, with instant access to international markets at a reasonable cost (Hamill, 1997; Palumbo & Herbig, 1998). The inherently global nature of the Internet (Johansson, 2000: 525) means that any organisation with a Web site is, by definition, international (Quelch & Klein, 1996.) The automatic access that the Internet affords organisations to global markets means that some organisations are "born global", that is, they have the choice of going global from the outset, regardless of their size (Johansson, 2000: 155).

International marketing educators need to focus on educating marketing students on the use of Internet technologies in supporting the internationalisation process. Internet technologies support the internationalisation process in a number of ways. For example, exposure to Web-based international marketing information facilitates awareness of global marketing opportunities (Hamill, 1997). The Internet significantly reduces the cost and complexity of gathering international marketing intelligence and administering marketing research studies (Mohammed *et al.*, 2003: 638). Rich international related marketing intelligence is readily available on the Internet (Hamill, 1997). A number of countries have established specific Web sites to assist organisations in identifying marketing opportunities in global markets (Keegan & Green, 2003: 233). Country-specific Web sites can be used to gather foreign market marketing intelligence in terms of socio-cultural, economic, regulatory and physical infrastructure dimensions and the overall business environment for the purpose of conducting foreign market screening and selection (Hamill, 1997; Johansson, 2000: 109).

The Internet is also a cost and time efficient means of gaining access to exporting advice and guidelines (Hamill, 1997; Kotler, 2003: 391). Further, online databases can be used to identify and select suitable foreign agents or distributors and strategic partners. Internet's communication technologies can be used to create relationships with foreign strategic partners, as well as to create and develop relationships with geographically distant customers (Hamill, 1997; Johansson, 2000: 156, 532).

Global credit card organisations, such as Visa, MasterCard and American Express, together with the growth in the number of new global shipping options that facilitate Internet-based global transactions further render the traditional internationalisation process obsolete (Johansson, 2000: 156, 430, 483).

Rather than focusing on outdated internationalisation paradigms, marketing educators need to focus on equipping today's marketers with the necessary knowledge and skills required in using Internet technologies to facilitate the internationalisation process (Hamill, 1997).

4.7.2 Strategic implications of the Internet to the international marketing mix

The Internet creates new strategic implications regarding the international marketing mix, which marketers will need to understand and address.

4.7.2.1 Strategic implications of the Internet to the international product strategy

The Internet has given rise to a number of significant marketing implications for the international product strategy, which contemporary marketers need to understand if they are to succeed in capitalising on the Internet's global strategic potential.

Marketers can utilise the Internet to add value to the core international market offering by providing product support and value-adding information to international customers, as well as customised Web-based customer service (Quelch & Klein, 1996). Further, by using Internet technologies to link marketing, engineering and design expertise across the globe, the potential exists to develop product offerings that truly encapsulate globally appealing features and benefits (Keegan & Green, 2003: 354). Alternatively, international marketers can use Internet technologies to cost effectively research, develop and test market customer-led adaptations of the global product, as well as the other marketing mix elements (Quelch & Klein, 1996).

For organisations offering niche products that require a critical mass of customers to succeed, the Internet can be used to increase their market size to target globally dispersed customers (Quelch & Klein, 1996; Worthington-Smith, 2001: 228; Mohammed *et al.*, 2003: 249), which prior to the Internet could not have been profitably exploited (Peterson *et al.*, 1997.) Indeed, according to White (1997), unique, country-specific niche products that are not readily available in foreign markets are particularly well suited to Internet-based international marketing.

The speed of communications and global reach of the Internet also increases the pace at which new trends are globally shared and accepted, thereby shortening the diffusion rates of new product offerings. The correct timing of new product announcements to coincide with having the necessary capacity to meet this faster paced, global-wide demand thus becomes a strategic imperative for international marketers (Quelch & Klein, 1996).

The Internet also presents the international marketer with new threats regarding the product strategy. For example, digitised goods can be easily duplicated over the Internet (Palumbo & Herbig, 1998), making the unauthorised copying and sharing of such goods across borders a real threat in certain industries, such as the international music industry (Johansson, 2000: 533.)

4.7.2.2 Strategic implications of the Internet to the international pricing strategy

One of the major international marketing implications of the Internet to international pricing strategy is that it renders prices transparent across borders (Keegan & Green, 2003: 447; Kotler, 2003: 400). In the past, marketers designed the international pricing strategy to exploit the fact that country-specific demand and competitive factors lead to different levels of customer price sensitivity levels across borders and, hence, allowed for higher prices to be charged in less price sensitive countries. Price visibility across borders changes the feasibility of such practices (Keegan & Green, 2003: 447). There is the danger that customers will not tolerate such price discrimination (Quelch & Klein, 1996) and marketers need to carefully consider how current and potential customers are likely to react to such practices (Keegan & Green, 2003: 447.) Quelch and Klein (1996) postulate that the cross-border price transparency, brought about by the Internet, is likely to usher in a marketing era of international price standardisation, or at the very least, a decrease in the extent of price discrimination across countries.

Marketers utilising the Internet to transact with international customers need to also be aware of the importance of providing sufficient pricing information on their Web site.

Empirical findings highlight the importance of providing a convenient-to-use currency rate calculator on an international Web site, together with accurate information on the shipping costs involved for each country-market (White, 1997).

4.7.2.3 Strategic implications of the Internet to the international marketing communication strategy

While the Internet, together with other global communication technologies, has given rise to an emerging global consumer culture (Keegan & Green, 2003: 135), within which global trends spread more rapidly (Quelch & Klein, 1996), language and cultural differences remain an international marketing communication problem on the Web (Quelch & Klein, 1996; Palumbo & Herbig, 1998; Melewar & Smith, 2003.)

There are a number of Web-based marketing communication strategy options for addressing these differences. The option selected largely depends on global brand familiarity, organisational resources and customer preferences in the targeted country-markets (Lynch & Beck, 2001). Some organisations may opt for creating Web sites with multiple language options (Palumbo & Herbig, 1998). Other organisations may consider creating a number of different Web sites, with tailored marketing communication content, each targeted at a specific country-market. Alternatively, a limited number of Web sites may be developed, with marketing communication content tailored to appeal to broad world regions that share similar cultural characteristics and a common language. Yet another marketing strategy option is to partner global mega sites that have already established country-market Web sites across the globe. A further option is to consider partnering the local portals of the targeted foreign markets (Lynch & Beck, 2001).

Global brand name familiarity remains as important online as it is offline and the Web sites of globally established brands tend to result in the greatest number of visits (Quelch & Klein, 1996; Johansson, 2000: 524). The dilemma that the Internet poses to global brand marketing communication revolves around creating a coherent global brand image while, simultaneously, utilising the Internet's ability to create country-specific,

customised brand image, in the face of global exposure to those country-specific Web pages (Quelch & Klein, 1996; Palumbo & Herbig, 1998; Melewar & Smith, 2003). The danger of an organisation and its various foreign subsidiaries each having separate, country-specific Web sites is that this can create confusion in the mind of the consumer. Marketers need to carefully weigh-up the advantages of having customised, country-specific marketing communication content versus the advantages of maintaining a consistent global brand image (Quelch & Klein, 1996).

Using the Internet as a marketing communication channel significantly increases the importance of global reputation management and requires that international marketers adopt an integrated global approach to crisis-management marketing strategies (Melewar & Smith, 2003). In today's Internet age, marketers need to be particularly sensitive to the potential threat of negative publicity, given the speed of communication and global reach of the Internet (Johansson, 2000: 528).

Numerous Web sites have been developed for the explicit purpose of defaming large multinational organisations and their business practices. For example, the www.mcspotlight.org Web site was set up to target the McDonald's fast food brand. This site receives over a million visits per month (Melewar & Smith, 2003). Nike and Disney are two further examples of global brands that have been targeted by Internet boycotts (Johansson, 2000: 528).

In an Internet-enabled world, international marketers need to be increasingly proficient in the principles of global reputation management. This includes, monitoring relevant Web sites to sense potential ill feelings before they escalate and using the Internet as a response tool in global crisis management (Melewar & Smith, 2003).

When designing the marketing communication content of a Web site, marketers need to be aware that global accessibility to a Web site creates the potential danger of offending certain cultural groups, locally and internationally (Quelch & Klein, 1996). Violating the moral code of a country may even result in court action against the organisation. As

such, marketers need to adopt a global perspective when designing an Internet marketing communication campaign. The same holds true for the privacy issue. Different cultural groups may have different attitudes toward what constitutes an invasion of privacy and, thus, would require a different marketing communication approach (Palumbo & Herbig, 1998).

Global market places also differ in their level of information and communication technology infrastructure development. This influences the availability of bandwidth capacity and, often, the cost of Internet access. Marketers need to take cognisance of this fact in the design of the Web marketing communication content. In countries with low bandwidth capacity and costly Internet access, sophisticated graphics that slow download speeds are more likely to create frustration than add value (Quelch & Klein, 1996).

4.7.2.4 Strategic implications of the Internet to the international distribution strategy

Utilising the Internet as a distribution channel in international marketing is limited to those product offerings that are digitisable (Bandyopadhyay, 2001; Johansson, 2000: 537). Physical products still require an international delivery system (Palumbo & Herbig, 1998; Bandyopadhyay, 2001).

Before using the Internet to seek orders internationally, marketers need to address certain international distribution challenges including, payment issues and physical logistic issues (Palumbo & Herbig, 1998). In addition, marketers need to be knowledgeable about the new Internet-facilitated global distribution options which exist (Johansson, 2000: 430), including the role of Internet-based intermediaries in virtualising the international supply chain (Ho *et al.*, 2003.)

With regard to the international distribution strategy, marketers need to ensure that the Web site provides customers with accurate and sufficient delivery related information. Web sites targeting international customers must clearly indicate which country-markets

delivery is available to, the shipping costs involved, how goods are to be packaged and shipped to ensure their arrival condition, expected delivery dates and the organisation's international return policy (White, 1997).

When selecting an international payment instrument, marketers need to consider factors such as, the security of the instrument, the global availability and use of the instrument, together with the convenience and simplicity of use of the instrument (Palumbo & Herbig, 1998). Global credit cards that accept payment in various currencies have greatly enhanced the use of Internet as an international marketing tool (Johansson, 2000: 483). While credit cards remain the most useful payment instrument for international Internet transactions, marketers need do take cognisance of the fact that the popularity and availability of credit cards varies from nation to nation. For some targeted foreign markets it may be necessary to investigate other payment instrument options (Palumbo & Herbig, 1998).

Internet-based commerce has given rise to a number of new international distribution options, for example, courier services such as, FedEx, DHL and UPS, that international marketers need to be aware of (Johansson, 2000: 430). When the courier service's information system is linked via the extranet to the organisation, direct shipment from the organisation to the foreign buyer is automatically arranged upon the organisation's receipt of the foreign buyer's order (Keegan & Green, 2003: 515). These global services also facilitate the fast clearance of goods through customs and provide online tracking features for monitoring the progress of packages (Johansson, 2000: 430).

There are also Internet-based intermediaries, or e-hubs, that host electronic market places for particular industries or business processes (Ho *et al.*, 2003). For example, eFreight in Africa is part of a global logistic network of supply chain service providers that facilitate international logistic processes and documentation (Worthington-Smith, 2001: 167). Amongst other functions, such intermediaries provide an electronic market place for international trading, as well as Web access to online international credit rating services. They also provide Web access to international trade support service providers such as,

shippers, forwarders, warehouse operators, financial institutions, *etc.*, thereby enabling delivery arrangements to be made online. Further, they enable transportation documentation to be exchanged online, together with the online preparation of customs declarations (Ho *et al.*, 2003).

4.7.3 Strategic use of Internet technologies in supporting and managing global marketing network activities

While there are a number of different ways in which an organisation can organise its international marketing activities (Johansson, 2000: 500; Kotler, 2003: 401), the global network approach is widely acknowledged as being a veritable source of competitive advantage in international marketing (Johansson, 2000: 505.)

A global network approach involves the integration of global marketing activities by fostering strong, lasting relationships between the organisation and its foreign subsidiaries and between the organisation and its strategic partners and customers that span international boundaries (Lazer, 1992; Johansson, 2000: 505; Keegan & Green, 2003: 604). The global network approach is increasingly being viewed as a critical success factor in international marketing (Lazer, 1992; Eid *et al.*, 2002), for both large multinational organisations (Johansson, 2000: 504) and smaller organisations (Poon & Jevons, 1997.)

Communication of information and knowledge between network participants lies at the very heart of successfully leveraging the global network's resources (Johansson, 2000: 506). Internet technologies, which enable real-time interactivity and global connectivity, create a virtual business platform. This virtual business platform facilitates real-time communication between network participants and borderless coordination of international marketing activities (Dutta & Segev, 1999). Internet technologies facilitate the development of a truly integrated global network (Johansson, 2000: 506), strategically revolutionising the organisation of international marketing effort (Quelch & Klein, 1996.)

It is essential for today's marketer to understand the strategic use of Internet technologies in supporting and managing global marketing network activities (Hamill, 1997).

In multinational organisations, secure Internet-based communication channels, such as intranets, extranets and encrypted e-mails, enable interactive dialogue between global network participants. This facilitates the global integration of marketing activities, thereby enhancing the global focus of the network. By engaging in interactive dialogue across the globe, network participants learn about each other's capabilities, which creates opportunities for idea generation on innovative marketing growth strategies. Further, such interactive global dialogue fosters the development of a global culture within the network (Johansson, 2000: 506, 509).

The global-wide, real-time, coordination capabilities afforded by the Internet also enhance the ease, speed and effectiveness with which global marketing strategies can be executed (Johansson, 2000: 529; Melewar & Smith, 2003).

Internet technologies vastly improve the organisation's ability to coordinate and monitor international logistics (Johansson, 2000: 529). In addition, secure Internet-based communication channels can be used to request and retrieve real-time marketing information from foreign subsidiaries and other relevant network participants, as well as to disseminate relevant company information and news to these parties (Quelch & Klein, 1996), including the issuing of strategic marketing directives (Johansson, 2000: 529.)

Globally dispersed functional expertise can be brought together virtually to work on special projects or solve problems. In addition, Internet channels provide foreign subsidiaries and relevant network participants with access to corporate databases and reports. Real-time, interactive training to globally dispersed employees can also be cost effectively provided via the Internet (Quelch & Klein, 1996).

In today's marketing environment, the benefits of following a network approach to organising international marketing activities are not limited to only large multinational

organisations. In the past, time and resource constraints prevented the sharing of information and experiences between geographically separated small businesses and, hence, inhibited the formation of international networks of small businesses. Not so anymore. The Internet technologies of today now facilitate the formation of such networks and the maintenance of relationships between network participants (Poon & Jevons, 1997).

The Internet provides small businesses with a cost effective marketing tool for developing and sustaining relationships (Worthington-Smith, 2001: 223). To expand globally, following the network approach, small businesses can subscribe to trade associations that supply small businesses with relevant overseas marketing intelligence and export advice (Quelch & Klein, 1996; Poon & Jevons, 1997), as well as Internet-based marketing services and integrated trading systems that match foreign purchasers with local small business suppliers (Quelch & Klein, 1996.)

Internet-based, integrated trading systems, further facilitates small business access to international trading by integrating payment processes and logistic processes onto a single Web interface. This enables the time, experience and resource constrained small business to calculate real-time per unit cost/price across different currencies, conduct sensitivity and variance analysis on exchange rate fluctuations and undertake risk analysis and make forward cover decisions. Such a Web interface also allows the small business to coordinate orders with other members to improve the efficiency of shipments and to manage the process and documentation involved in cross-border trade including, managing international payments and receipts. Examples of South African organisations that supply such services include, BuySouthAficaOnline.com and Tradestream (Worthington-Smith, 2001: 166, 167).

Alternatively, small businesses can use the Internet to form their own international network by partnering other small businesses with similar objectives to realise economies of scale (Poon & Jevons, 1997; Worthington-Smith, 2001: 229).

Given the growing importance of international marketing and the acknowledgement of the network approach as a critical success factor thereof, it is essential that today's generic marketer understands the strategic uses of Internet technologies in managing and supporting global network marketing activities from both a multinational and a small business perspective. Thus, this study subjects that generic undergraduate marketing students should understand the principles guiding:

- *Applying the Internet strategically as an international marketing tool to optimise international marketing efforts.*

At all times, use of the Internet as a marketing tool, needs to be in line with the principles of ethical marketing, as discussed next.

4.8 MARKETING ETHICS IN THE INTERNET AGE

A significant issue, frequently highlighted in both academic research and media reports, is that pertaining to the ethical use of the Internet by marketers. Unethical marketing practices are as old as marketing itself and the Internet is merely a new environment within which it is occurs. While certain practices are clearly unethical and even illegal, Kotler (2003: 701) notes that it is often difficult to differentiate between common and unethical marketing practices. The 'newness' of the Internet environment gives rise to new ethical dilemmas. The most pertinent of these dilemmas revolves around the issue of privacy.

In chapter two, it was noted that ethical marketing conduct is fundamental to trust which, in turn, is fundamental to building relationships (Section 2.11). Relationship marketing efforts necessitate information rich customer databases and frequent interactive communication with customers on an individual level (Section 2.5). As indicated throughout chapters three and four, the Internet, as a marketing tool, facilitates marketers' ability to gain in-depth insight into customer behaviour. It further allows for cost effective, frequent and real-time interactive marketing communication, even at the

individual level, to takes place on a mass scale. Yet, this creates an ethical dilemma for marketers. The ethical dilemma here is drawing the line between normal relationship marketing efforts and relationship damaging customer privacy invasion.

Customer privacy concerns are a consequence of the marketing trend of moving from transactional-based toward relational-based marketing. Effective relationship marketing requires a new level of customer information and a new level of marketer-customer interactivity. The Internet is the key to gaining the required penetrating insight into customer behaviour, as well as to fostering the level of interactivity so essential to successful relationship marketing. As the key to relationship marketing, the Internet unlocks the potential for unethical privacy invasion (Franzak *et al.*, 2001). Accordingly, Gauzente and Ranchhod (2001) note that customer privacy concerns in the Internet environment relate to both the capture of customer information and to the use of the Internet as a marketing communication tool.

In order to foster an understanding of the fundamentals of ethical online relationship marketing it is first necessary to understand customer privacy concerns in the Internet environment. These concerns are discussed below, followed by a review of the fundamentals of ethical permission-based marketing practices.

4.8.1 Customer privacy concerns in the Internet environment

While personal privacy concerns exist in the physical world, this risk is significantly magnified in the online environment, given the high-speed and vast data capturing, data storage and data dissemination capabilities of Internet technologies (Hoffman *et al.*, 1999a: 83).

Even though customers' privacy concerns have been identified as one of the major perceived risks impeding online purchasing (Wang *et al.*, 1998: 64; Hoffman *et al.*, 1999b), few South African online merchants appear to have addressed this serious issue (Gordon, 2003: 4.)

Customers have several privacy concerns related to the Internet marketing environment. Firstly, becoming a victim of Spam mail, that is, receiving mass unsolicited commercial e-mails (Wang *et al.*, 1998: 64; Goldsborough, 2003; Gordon, 2003: 4; Botha *et al.*, 2004: 160). Secondly, having their preferences and Internet usage history tracked through cookies (Wang *et al.*, 1998: 64; Davenport & Jarvenpaa, 2001: 147). Thirdly, unwittingly subscribing to a mailing list that has a time-consuming or, in some cases, no opt-out option (Wang *et al.*, 1998: 64). Fourthly, unwittingly enabling someone to gain access to personal data storage files and/or enabling them to view confidential information (Wang *et al.*, 1998: 64; Hoffman *et al.*, 1999a: 83; Elsenpeter & Velte, 2001: 356). Lastly, there is the very real concern that one's personal details will be captured and sold to a third party (Wang *et al.*, 1998: 65; Hoffman *et al.*, 1999a: 83).

Internet marketing activities that are largely responsible for these privacy concerns include, unauthorised access, collection, monitoring, analysis, storage and sale of customers' personal information, as well as the sending of unsolicited marketing and advertising e-mails (Wang *et al.*, 1998: 65, 66). While e-mail spamming is regarded as the most unethical online marketing communication practice (Goldsborough, 2003; Botha *et al.*, 2004: 160), there are a number of other intrusive forms of Internet-based marketing communication practices (Goldsborough, 2003.) These include pop-up/under advertisements (Goldsborough, 2003; Botha *et al.*, 2004: 161), pop-up spamming, spawning (Goldsborough, 2003), mouse trapping (Goldsborough, 2003; Botha *et al.*, 2004: 163), misleading banner advertisements (Gauzente & Ranchhod, 2001), deceptive meta tags and Web site addresses purposely designed to resemble those of frequently visited sites (Botha *et al.*, 2004: 162.)

Hoffman *et al.* (1999b), conclude that customers' distrust of the Internet market is largely due to marketers' failure to address their privacy concerns and that this constitutes a major barrier inhibiting commercial development in the Web market.

4.8.2 Permission-based Internet marketing

Ethical use of the Internet as a marketing tool necessitates that the fundamentals of permission marketing be applied. These fundamental should guide both the capture of online customer information, as well as the targeting of marketing communications (Sarel & Marmorstein, 2002). The core principle of permission marketing is that customers voluntarily agree to be included in the organisation's target market (Ferrell & Hartline, 2005: 140). That is, potential customers volunteer to provide the organisation with personal information and volunteer to receive marketing communication from the organisation (Mohammed *et al.*, 2003: 380).

The manner in which the organisation obtains this permission has important ethical implications. In this regard, the opt-in, as opposed to the opt-out privacy policy, is considered to be both more ethical and more conducive to building trust, and, hence, relationships. The legal principles governing the collection of personal information electronically in South Africa are laid out in Section 51 of the Electronic Communications and Transactions Act (25/2002).

Once the organisation has customer volunteers, it is essential that marketing communications directed at these customers be both pertinent and valuable (Sarel & Marmorstein, 2002; Mohammed *et al.*, 2003: 380). Continuing to provide customers with valuable information provides marketers with the opportunity to interact with customers on a more frequent basis. This aids in building relationships (Mohammed *et al.*, 2003: 380). Ethical marketing dictates that the frequency of such interactions need to be closely monitored in order to ensure that these interactions do not become intrusive to personal privacy (Gauzente & Ranchhod, 2001; Sarel & Marmorstein, 2002).

Ethical use of the Internet as a marketing tool is fundamental to both market orientation (Gauzente & Ranchhod, 2001) and relationship marketing (Hoffman *et al.*, 1999b.) This involves more than just having a privacy policy. It necessitates demonstrating the organisation's commitment toward ethical behaviour via its marketing actions (Gauzente

& Ranchhod, 2001). According to Hoffman *et al.* (1999b), this necessitates that marketers adopt their customers' "information privacy values" as their own. Given the importance of ethical behaviour in Internet marketing, this study maintains that generic undergraduate marketing students should understand the principles guiding:

- *Using Internet technologies in an ethical manner that fosters relationship-building trust.*

There is a great deal of evidence from the above discussion that the Internet holds significant potential as a marketing tool. As such, it is recommended that generic undergraduate marketing students be equipped with knowledge of the principles guiding the use of the Internet as a marketing tool. These principles are summarised below.

4.9 PRINCIPLES GUIDING THE USE OF THE INTERNET AS A MARKETING TOOL THAT ARE RELEVANT TO GENERIC MARKETERS

The Internet is proving to be a vital tool in both the marketing intelligence process (Siegel, 2000) and the marketing research process (Malhotra, 2004: 25.) In addition, the Internet significantly enhances the marketing strategy process (Kara & Kaynak, 1997; Gordon, 1998: 5; Randell *et al.*, 2002) and the execution of marketing tactics (Tapscott, 2000: Allen & Fjermestad, 2001.) Virtual brand communities provide marketers with a new tool for building relationships (Armstrong & Hagel, 1996). The Internet is also proving to be a valuable international marketing tool (Quelch & Klein, 1996; Hamill, 1997). Strict adherence to ethics is fundamental to using the Internet as a marketing tool (Hoffman *et al.*, 1999b; Gauzente & Ranchhod, 2001). Table 4.1 below summarises the fundamental Internet marketing content elements identified as being relevant to generic marketers, together with a sample of the main published sources used for identifying these fundamental content elements.

Table 4.1 Principles guiding the use of the Internet as a marketing tool identified as relevant to generic marketer as derived from published sources

Fundamental Internet marketing elements	Researcher(s)
Using the Internet to optimise the marketing intelligence process.	Atwong & Hugstad (1997); Nour (2000); Siegel (2000); Benbunan-Fich *et al.* (2001); Castleberry (2001); Wee (2001)
Applying the Internet to improve the marketing research process.	Malhotra & Peterson (2001); Miller & Dickson (2001); Malhotra *et al.* (2002); Malhotra (2004)
Conditions under which it is suitable to choose the Internet over traditional offline alternatives as an instrument for gathering primary marketing research.	Miller & Dickson (2001); Nancarrow *et al.* (2001); Sweet (2001); Mohammed *et al.* (2003)
The design of Internet-based primary marketing research gathering instruments.	Dillman *et al.* (1998); Burke *et al.* (2001); Furrer & Sudharshan (2001); Malhotra & Peterson (2001); Miller & Dickson (2001); Sweet (2001); Malhotra *et al.* (2002); Mohammed *et al.* (2003); Malhotra (2004)
Using the Internet to profile market segments more precisely.	Kierzkowski *et al.* (1996); Jain (2000); Wind & Mahajan (2001); Randell *et al.* (2002); Rao & Ali (2002); Rowley (2002); Mohammed *et al.* (2003); Ferrell & Hartline (2005)
Utilising the Internet as a tool for targeting the right customer with the right market offering.	Kierzkowski *et al.* (1996); Jain (2000); Wind & Mahajan (2001); Randell *et al.* (2002); Rao & Ali (2002); Rowley (2002); Mohammed *et al.* (2003); Ferrell & Hartline (2005)
Applying the Internet to optimise the organisation's brand positioning.	Silverstein *et al.* (2001a); Sarel & Marmorstein (2002); Mohammed *et al.* (2003)
Using virtual online communities to enhance marketing efforts.	Armstrong & Hagel (1996); McWilliam (2000); Chen (2001); Balasubramanian & Mahajan (2001); Easley (2002); Mohammed *et al.* (2003); Sands (2003); Botha *et al.* (2004)
Utilising the Internet to improve service-marketing efforts.	Zeithaml & Bitner (1996); Pitt *et al.* (1999); Leong *et al.* (2003); Mohammed *et al.* (2003)
Using the Internet to augment the core product/service with customer-led added value.	Rayport & Sviokla (1995); Balasubramanian *et al.* (2001); Randell *et al.* (2002); Varadarajan & Yadav (2002); Chaffey (2003); Mohammed *et al.* (2003)

Table 4.1 Principles guiding the use of the Internet as a marketing tool identified as relevant to generic marketer as derived from published sources (continued ...)

Exploiting Internet's real-time interactivity to implement a mass customisation strategy.	Gordon (1998); Kotler (1999); Sanches (1999); Byrne (2000); Lee *et al.* (2000); Balasubramanian *et al.* (2001); Wind & Mahajan (2001); Grenci & Todd (2002); Varadarajan & Yadav (2002); Mohammed *et al.* (2003); Ferrell & Hartline (2005)
Using the Internet to create a total ongoing service delivery offering for the customer.	Balasubramanian *et al.* (2001); Sawhney (2001); Wind & Mahajan (2001); Varadarajan & Yadav (2002); Mohammed *et al.* (2003); Oliver (2003)
Applying the Internet to optimise the new product development process.	Iansiti & MacCormack (1997); Watson & Zinkhan (1997); Howe *et al.* (2000); Allen & Fjermestad (2001); Balasubramanian *et al.* (2001); Hart (2003); Mohammed *et al.* (2003)
Using the Internet to enhance the pricing process.	Hanson (2000); Marn (2000); Baker *et al.* (2001); Pitt *et al.* (2001); Simon & Schumann (2001); Iyer *et al.* (2002); Diamantopoulos (2003); Mohammed *et al.* (2003); Fleischmann *et al.* (2004); Verma & Varma (2004)
Designing a compelling marketing Web site.	Aldridge *et al.* (1997); Oliva (1998); Shepherd & Fell (1998); Nielsen (1999); Geissler (2001); Silverstein *et al.* (2001a); Worthington-Smith (2001); Page & Lepkowska-White (2002); Reddy & Iyers (2002); Young (2002); Bocij *et al.* (2003); Kim *et al.* (2003); Mohammed *et al.* (2003); Botha *et al.* (2004)
Applying Internet marketing communication tools optimally as part of an integrated marketing communication mix strategy.	Berthon *et al.* (1996); Kierzkowski *et al.* (1996); Geissler (2001); Page & Lepkowska-White (2002); Chaffey (2003); Mohammed *et al.* (2003)
Utilising the Internet to move from one-direction marketing communication to relationship-building interactive dialogue.	Berthon *et al.* (1996); Kierzkowski *et al.* (1996); Hoffman & Novak (1997); Peppers (2000); Wang *et al.* (2000); Deighton & Barwise (2001); Chen (2001); Geissler (2001); Sarel & Marmorstein (2002); Chaffey (2003); Quinton & Harridge-March (2003); O'Leary *et al.* (2004)
Applying the Internet to optimise personal selling efforts.	Berthon *et al.* (1996); Avlonitis & Karayanni (2000); Kleindl (2001); Porter (2001); Sawhney (2001); Donaldson (2003); Piercy & Lane (2003); Spiro *et al.* (2003)

Table 4.1 Principles guiding the use of the Internet as a marketing tool identified as relevant to generic marketer as derived from published sources (continued ...)

Leveraging the Internet to enhance the management of sales force efforts.	Avlonitis & Karayanni (2000); Donaldson (2003); Piercy & Lane (2003); Spiro *et al.* (2003); Ferrell & Hartline (2005)
Using the Internet as a customer-oriented transaction channel.	Lohse & Spiller (1998); Novak *et al.* (2000); Rasch & Linter (2001); Reibstein (2001); Silverstein *et al.* (2001a); Silverstein *et al.* (2001b); Mohammed *et al.* (2003); Botha *et al.* (2004)
Integrating the Internet channel with traditional distribution channels to optimise the customer experience across channels.	Peppers (2000); Burns (2001); Porter (2001); Rasch & Linter (2001); Silverstein *et al.* (2001b); Worthington-Smith (2001); Schoenbachler & Gordon (2002); Webb (2002); Kotler (2003); Mohammed *et al.* (2003)
Using Internet technologies to build a customer-led value delivery network.	Jüttner & Wehrli (1994); Gordon (1998); Achrol & Kotler (1999); Walters & Lancaster (1999a); Awuah (2001); Porter (2001); Roberts (2001); Sheth & Sisodia (2001); Silverstein *et al.* (2001a); Wind & Mahajan (2001); Sawhney & Zabin (2002); Kotler (2003); Kotzab *et al.* (2003); Mohammed *et al.* (2003)
Leveraging the Internet strategically as an international marketing tool to optimise international marketing efforts.	Quelch & Klein (1996); Hamill (1997); Poon & Jevons (1997); White (1997); Palumbo & Herbig (1998); Johansson (2000); Bandyopadhyay (2001); Lynch & Beck (2001); Worthington-Smith (2001); Eid *et al.* (2002); Ho *et al.* (2003); Keegan & Green (2003); Kotler (2003); Melewar & Smith (2003)
Using Internet technologies in an ethical manner that fosters relationship-building trust.	Wang *et al.* (1998); Hoffman *et al.* (1999a); Hoffman *et al.* (1999b); Franzak *et al.* (2001); Gauzente & Ranchhod (2002); Sarel & Marmorstein (2002); Goldsborough (2003); Mohammed *et al.* (2003); Botha *et al.* (2004); Ferrell & Hartline (2005)

4.10 SYNOPSIS

Applying the framework of fundamental generic marketing elements developed in chapter two, this chapter sought to identify those principles guiding the use of the Internet as a marketing tool that are relevant to generic marketers. Use of the Internet as a

marketing intelligence tool and as a marketing research tool were discussed in sections 4.2 and 4.3 respectively. Section 4.5 reviewed the use of virtual brand communities. Internet's use in enhancing the execution of the marketing strategy and marketing tactics were discussed in sections 4.4 and 4.6 respectively. Section 4.7 outlined the implications of the Internet as an international marketing strategy. Ethical principles and practices regarding the use of the Internet as a marketing tool were discussed in section 4.8.

This chapter identifies twenty-four fundamental Internet marketing elements related to the use of the Internet as a marketing tool that are subjected as being relevant to generic marketer as presented in table 4.1, section 4.9. This study then recommends that generic undergraduate marketing students should be equipped with knowledge of the principles guiding the implementation of these twenty-four Internet marketing elements.

An empirical study is to be undertaken to determine how relevant marketing academic and practitioners judge Internet marketing content elements to be to generic undergraduate marketing students. The following chapter outlines the research methodology to be used in this empirical investigation.