Integrating The “E” In E-Marketing

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Abstract

The domain of e-marketing is much greater than pure play and enterprise level dot-coms. E-marketing concerns the deployment of information technology to render marketing strategy and process more effective and efficient. Technology and the Internet also changed the way marketing is conducted. For example, the fundamental idea of digitizing data has transformed media and software delivery methods as well as created a new transaction channel. Also, the Internet as information equalizer has shifted the balance of power from marketer to consumer. As developed nations enter what Gartner Group calls the slope of enlightenment on the way to dropping the “e” from e-business, successful marketers will grasp the risks and rewards of various levels of information technology commitment. Fortunately, marketers do not have to personally develop the technologies, but they need to know enough to understand technology, select appropriate suppliers, and direct technology professionals in order to harness its power. In this article we define e-marketing, then present a framework for a menu of business models along with best practices. The framework is designed to ease the navigation and integration of technology in marketing strategy to fully capitalize on Internet properties and reap advantages of its role in marketing and business strategy.

Integrating the “E” in E-Marketing

E-business has come full circle from questionable to hype to puzzlement, and finally now to acceptance and integration into daily business operations. Having gone through the boom and the bust in developed nations (the Internet is still booming in many emerging economies), these nations are now beginning to move from what Gartner Group calls the trough of disillusion onto the slope of enlightenment (Exhibit 1). E-business enlightenment does not yield major technology breakthroughs, but instead, allows firms to identify trends for effective and efficient value delivery to customers; that is, fulfill the e-business promises of the last 5 years with both eyes squarely on ROI and the bottom line.

According to Gartner, disillusionment was based 30% on the technology recession and 70% on disappointment with e-business results. This was a time when marketers returned to their traditional roots and began to rely on well-grounded strategy and sound marketing practices. During the dot-com shakeout from 2000-2002, there was much industry consolidation. Some firms, such as Levi Strauss, stopped selling online both because it was not efficient and because it created channel conflict. Other firms merged, with the stronger firms acquiring smaller ones, although in at least one case an e-business firm took over a traditional firm: AOL purchased Time-Warner. All of this is typical in a maturing market environment.

Gartner Group predicts that true e-business models will emerge, and sometime between 2004 and 2006 the “e” will be dropped, making electronic business just part of the way things are done. Some say that “E-business has become just business. E-commerce has become just commerce. The new economy has become just the economy (Aronica and Fingar 2001).” Others say that this is far from the truth—for them, e-business will always have its own models, concepts, and practices. It seems to us that both perspectives have merit: the marriage of technology and business will always have established practices and enticing new frontiers. An example of a firm that has already gone through the entire cycle is Charles Schwab, which allowed e.Schwab.com to cannibalize the larger brick-and-mortar securities firm in 1998. Dubbed “eat your own DNA” by former CEO Jack Welch of General Electric, Schwab astutely pitted the online and offline business models against each other and allowed the most profitable methods to win. The e.Schwab model resulted in lower prices, incorporation of successful e-marketing strategies,
and faster-growing accounts and assets. For this forward thinking brokerage firm, which subsequently dropped the “e” from its name, e-business is just business.

Exhibit 1. Entering the Slope of Enlightenment”
(Adapted from Raskino and Andren of Gartner Research 2001)

E-marketing is following a suit, with electronic practices becoming integrated into daily marketing strategies. The question on marketer’s minds during the slope of enlightenment involves how to select and implement technology solutions for achieving marketing objectives while achieving targeted results. To answer that, in this article we define e-marketing, outline the Internet’s properties as a springboard for technology integration, then present a framework for a menu of business models based on level of commitment to the technology solutions. The framework is designed to ease the navigation and integration of technology in marketing strategy to fully capitalize on electronic technology properties and reap advantages of its role in marketing and business strategies.

Comparing Traditional Marketing and E-Marketing

The growth of Amazon.com, E-Trade, and Google.com demonstrates that some marketing principles never change. Markets always welcome an innovative new product, even in a crowded field of competitors, as long as it provides customer value. Nevertheless, organizations are scrambling to determine how they can use information technology profitably and to understand what technology means for their business strategies. Marketers want to know which of their time-tested concepts will be enhanced by the Internet, databases, wireless mobile devices, and other technologies. We define E-marketing as the application of a broad range of information technologies for:

- Transforming marketing strategies to create more customer value through more effective segmentation, targeting, differentiation, and positioning strategies;
- more efficiently planning and executing the conception, distribution, promotion and pricing of goods, services, and ideas; and
- Creating exchanges that satisfy individual consumer and organizational customers’ objectives.
Another way to view it is that e-marketing is the result of information technology applied to traditional marketing. E-marketing affects traditional marketing in two ways. First, it increases efficiency in traditional marketing functions. Second, the technology of e-marketing transforms many marketing strategies. The transformation results in new business models that add customer value and/or increase company profitability, as discussed in detail shortly.

Value and Revenue

As part of its business model, an organization describes the ways in which it creates value for customers and partners. Business partners might include supply chain members such as suppliers, wholesalers, and retailers, or firms with which the company joins forces to create new brands (such as the Microsoft and NBC alliance to create MSNBC). Firms deliver stakeholder value through e-business models by using digital products and processes. Whether online or offline, the value proposition involves knowing what is important to the customer or partner and delivering it better than other firms. Value encompasses the customer’s perceptions of the product’s benefits, specifically its attributes, brand name, and support services. Subtracted from benefits are the costs involved in acquiring the product, such as monetary, time, energy, and psychic. Like customers, partners evaluate value by determining whether the partnership provides more benefits than costs.

Value = Benefits - Costs

Information technology usually—but not always—increases benefits and lower costs to stakeholders. E-marketing strategies add many general benefits, thus increasing stakeholder value. Conversely, they can decrease value when Web sites are complex, information is hard to locate, and technical difficulties interrupt data access or shopping transactions. Aside from the product or service itself, an Internet exchange offers different benefits and costs from offline transactions. Notable among these for consumers are outlined below.

- **Benefits.** Consumers enjoy increased 24/7 convenience, self service to account and product information, full product assortments, and the ability to easily compare prices.
- **Monetary cost.** Consumers must use a credit card, debit card, electronic check, or smart card when purchasing online. This is a big problem for e-marketers targeting the huge teen market online and for those targeting consumers in countries with low credit card availability.
- **Time costs.** Worldwide, the average user spent nearly 10.25 hours online from home every month in 19 sessions of 31 minutes and he moved fairly quickly, spending less than half a minute per page (“Global Internet Index Average Usage” 2002). When Web sites are well organized and user friendly, time costs do not detract from value, but sometimes time costs become prohibitive when users cannot find what they seek.
- **Energy and psychic costs.** Consumers apply psychic resources when Web pages are hard to figure out or when facing technological glitches. Such is the case with 44% of all online shoppers who abandon online shopping carts at one time or another due to technical problems and other issues—buying just gets to be too much trouble (Wellner 2001).

As shown in Exhibit 2, e-business strategies help firms to decrease internal costs, either improving the value proposition for customers and partners or improving a firm’s ROI. They can also increase the enterprise revenue stream.
Exhibit 2 E-Marketing Contributes to the E-Business Model

<table>
<thead>
<tr>
<th>E-Marketing Increases a Firm's Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online mass customization (different products and messages to different stakeholders)</td>
</tr>
<tr>
<td>Personalization (giving stakeholders relevant information)</td>
</tr>
<tr>
<td>24/7 convenience for product/customer database and Web content maintenance</td>
</tr>
<tr>
<td>Self-service ordering and tracking</td>
</tr>
<tr>
<td>Enhanced supply chain coordination and communication</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E-Marketing Decreases a Firm’s Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low cost distribution of communication messages (e.g., e-mail)</td>
</tr>
<tr>
<td>Low cost distribution channel for digital products</td>
</tr>
<tr>
<td>Lowers costs for transaction processing</td>
</tr>
<tr>
<td>Lowers costs for knowledge acquisition (e.g., research and customer feedback)</td>
</tr>
<tr>
<td>Creates efficiencies in supply chain (through communication and inventory optimization)</td>
</tr>
<tr>
<td>Decreases the cost of customer service</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E-Marketing Increases Firm's Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online transaction revenues such as product, information, advertising, and subscriptions sales; or commission/fee on a transaction or referral</td>
</tr>
<tr>
<td>Add value to products/services and increase prices (e.g., online FAQ and customer support)</td>
</tr>
<tr>
<td>Increase customer base by reaching new markets</td>
</tr>
<tr>
<td>Build customer relationships and thus increase current customer spending (share of wallet)</td>
</tr>
</tbody>
</table>

Internet Properties

The basic properties of information technology gave marketers the ability to enhance and transform stakeholder value through e-marketing activity (Exhibit 3). For example, Nicholas Negroponte’s fundamental idea of digitizing data (bits not atoms) has transformed media and software delivery methods as well as created a new transaction channel. Also, the Internet as information equalizer has shifted the balance of power from marketer to consumer.

Compare these properties to those of the telephone. Referring to the property descriptions, the telephone is a mediating technology, has global reach, and has network externality. In contrast, the Internet has properties that create opportunities beyond those possible with the telephone, television, postal mail, or other communication media. It is these differences that spawned e-business and has marketers wondering how to best capitalize on them.
Exhibit 3. Internet Properties and Marketing Implications (adapted from Afuah and Tucci 2001)

<table>
<thead>
<tr>
<th>Property</th>
<th>Marketing Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bits not atoms</td>
<td>Information, products, and communication in digital form can be stored, sent, and received nearly instantaneously. Text, audio, video, graphics, and photos can all be digitized, but digital products cannot be touched, tasted, or smelled.</td>
</tr>
<tr>
<td>Mediating technology</td>
<td>Peer-to-peer relationships such as auctions and music file sharing, and business partnerships can be formed regardless of geographic location. Technology allows timely communication and data sharing, such as with businesses in a supply chain.</td>
</tr>
<tr>
<td>Global reach</td>
<td>Opens new markets and allows for worldwide partnerships, employee collaboration and salesperson telecommuting.</td>
</tr>
<tr>
<td>Network externality</td>
<td>Businesses can reach more of their markets with automated communication, and consumers can disseminate brand attitudes worldwide in an instant.</td>
</tr>
<tr>
<td>Time moderator</td>
<td>There are higher expectations from consumers about communication with companies and faster work processes within companies.</td>
</tr>
<tr>
<td>Information equalizer</td>
<td>Firms employ mass customization of communication, and consumers have more access to product information and pricing.</td>
</tr>
<tr>
<td>Scalable capacity</td>
<td>Firms pay for only as much data storage or server space as needed and can store huge amounts of data.</td>
</tr>
<tr>
<td>Open standard</td>
<td>Companies can access each other’s databases for smooth supply chain and customer relationship management. This equalizes large and small firms.</td>
</tr>
<tr>
<td>Market deconstruct</td>
<td>Many distribution channel functions are performed by non-traditional firms (e.g., Edmunds.com and online travel agents) and new industries emerged—e.g., ISP’s.</td>
</tr>
<tr>
<td>Task automation</td>
<td>Self-service online lowers costs and makes automated transactions, payment, and fulfillment possible.</td>
</tr>
</tbody>
</table>

A Menu of Successful E-Business Models

A key element in setting e-marketing objectives is to take stock of the company's current situation and decide the level of commitment to e-business in general and e-marketing in particular. The possible levels of commitment fall along a continuum that is appropriately represented as a pyramid since few businesses occupy the top position (Exhibit 4). As a general rule, the higher the firm travels up the pyramid, the greater its level of commitment to e-business, the more its strategies are integrated with information technology, and the greater the impact on the organization. Also, the more strategic moves are at the top, while the more tactical activities are at lower levels; as a result, higher levels carry more risk than lower levels for most firms. Each level of the pyramid indicates a number of opportunities for the firm to provide stakeholder value and generate revenue streams using information technology.

Bear in mind that one firm’s e-business activity may be another’s enterprise level e-business model. For example, electronic transaction order processing (e.g., selling products on a Web site) may be a small activity for a ski shop with 1% of its business from the online channel, but it is an enterprise-level activity for FedEx, the package delivery service. As well, many firms combine two or more e-business models. For example, Amazon.com is a both an online retailer and auctioneer. It also uses many processes and activities listed in the exhibit, such as content publishing and customer relationship management.

Because there is no single, comprehensive, ideal taxonomy of e-business models, we categorize the most commonly used models based on the firm’s level of commitment (Exhibit 5). This scheme is not perfect either, because the level of commitment for each model varies by firm, as previously mentioned. Also, the activity-level items generally add value by shaving costs, but may not generate a direct revenue stream. Nonetheless, we present this as a good menu of strategic opportunities, arranged by level of commitment to e-business, focusing primarily on models that involve e-marketing.
E-Business Activities

The lowest level of the pyramid affects individual business activities that can save the firm money if automated using information technology or the Internet. In this low-risk area, the firm realizes cost reductions through e-business efficiencies (e.g., conducting order processing, competitive intelligence, or surveys online). The following is a very brief description of activity level models, along with businesses that successfully used the model.

**Online purchasing.** Firms can use the Web to place orders with suppliers, thus automating the activity. Normally this is not a marketing function, but when retailers such as Wal-Mart created automated order processing throughout the supply chain; it had a huge marketing impact. For example, the University of Pennsylvania attributed $64.1 million in savings over the past six years to the online posting of preferred vendors and subsequent automation of 81,661 purchase orders. Lowered purchasing costs helps keep tuition costs under control for student customers (Barlas 2003).
E-mail. When organizations send e-mail communication to stakeholders, they save printing and mailing costs. Using a list of 200,000 fans who opted into a marketing communication list at the 'N Sync Web site, Zomba e-mailed a message announcing the new No Strings Attached album one month ahead of its national release, including a song sample, voice message from the band, and an invitation to download a video (Weintraub, 2000). More than one-third of the recipients downloaded the video, nearly 90 percent clicked on one of the embedded links to get more information, and thousands shared the e-mail with their friends. In its first week 2.4 million copies of the album were sold.

Content publisher. In this model, companies create valuable content or services on their Web sites, draw lots of traffic, and sell advertising. In other examples of content publishing, the firm posts information about its offerings on a Web site, thus saving printing costs (brochureware), or provides portals to access database information. For instance, the South Carolina Department of Health and Human Services (DHHS), created a portal for hospitals and physicians that saves $1 million a year in postage and printing through electronic distribution of Medicaid remittance reports (Barlas 2003).

Business intelligence (BI). This refers to the gathering of secondary and primary information about competitors, markets, customers, and more. For example, consultants at Fuld & Company assisted a consumer goods client in understanding the competitive structure of an industry it was considering entering. Fuld personnel conducted online database and Internet searches for the proposed product features and found three main competitor types and sample companies in each category (see www.fuld.com).

Online advertising. As an activity, the firm buys advertising in someone else’s e-mail, Web site, or content to a wireless handheld device. For example, in late 2001, the eDietShop spent $10,000 a month on online advertising to diabetics and generated $150,000 in sales (Rosen 2001). It used free banner ad exchanges, sponsored e-mail newsletters for groups such as DiabeticGourmet.com, and key word advertising on search engines, so that users saw the banner ad when searching using the terms “sugar free” and “low fat.”

Online sales promotions. Companies use the Internet to send samples of digital products (e.g., music or software), electronic coupons, and conduct sweepstakes. For instance, Heineken, the global beer brand, used wireless Internet technology and short message services (SMS) to capitalize on the British pub tradition of quiz nights. It placed point of purchase signs in pubs inviting customers to call a phone number from their cell or other mobile device, and type in the word “play” as a text message. In response, the customer received a series of three multiple choice questions to answer, each in turn. Getting all the questions right scored a food or beverage prize to be redeemed by giving a special and verifiable number to the bartender—which 20% of all players realized. Both customers and sellers found it to be a great promotion.

Pricing strategies. With dynamic pricing, a firm presents different prices to various groups of customers, even at the individual level. Online negotiation through auctions is one type of dynamic pricing initiated by the buyer instead of the seller. Technology allows this activity to be automated. Using this tactic, Circus Circus Hotel and Casino optimizes its daily room inventory by offering online bidding for rooms and setting example prices based on current reservation levels.

Business Process Level E-Business Models

The next level of the pyramid changes business processes to increase the firm’s effectiveness.

Customer relationship management (CRM) involves retaining and growing business and individual customers through strategies that ensure their satisfaction with the firm and its products. CRM seeks to keep customers for the long term and to increase the number and frequency of their transactions with the firm. In the context of e-business, CRM uses digital processes and integrates customer information collected at every customer “touch point.” Customers interact with firms in person at retail stores or company offices, by mail, via telephone, or over the Internet. The results of interactions at all these touch points are integrated to build a complete picture of customer characteristics, behavior, and preferences. For example, two and a half million users a month visit the Cisco Systems
Web site, and 90% of all orders come from the Internet—up from 5% in 1996. Registered site user satisfaction is 4.26 on a 5.0 scale, and 82% of all customer questions are handled online. While improving customer business and satisfaction, Cisco saves $340 million a year in customer service costs due to automation.

Knowledge management (KM) is a combination of a firm’s database contents, the technology used to create the system, and the transformation of data into useful information and knowledge. KM systems create a storehouse of reports, customer account information, product sales, and other valuable information managers can use to make decisions. Nestlé Purina PetCare Company identified 50,000 consumers belonging to both comScore’s panel of Internet consumers and the Knowledge Networks frequent grocery shopper panel, and conducted an online experiment to find the most effective banner ad. Researchers were able to pinpoint both the best ad and most frequented Web site for its placement by correlating the experiment results with purchase behavior from the panel data.

Supply chain management (SCM) involves coordination of the distribution channel to deliver products more effectively and efficiently to customers. Sears, Roebuck, and Co. has database driven real-time inventory visibility across all stores and Web sites—something achieved by only 12 percent of retailers. This is an awesome task with over 90 million unique Universal Product Codes, but it pays off when customers want seamless transactions between online and offline retailing environments (Barlas 2003).

With community building, firms build Web sites to draw groups of special-interest users. In this model, firms invite users to chat and post e-mail on their Web sites with the purpose of attracting potential customers to the site. Firms often gather e-mail lists of like-minded users from these communities for future e-mail marketing campaigns. Through community building, marketers can create social bonds that enhance customer relationships. Amazon is betting heavily on the benefits of online communities. First, it provides extensive space on the Web for customer reviews of books, music, and other merchandise. Second, in early 2003 it purchased Pyra Labs, a weblog company that serves a large number of Blogger Web sites (Blogs are frequent, chronological postings of personal thoughts and links on a third party Web site). Finally, in February, 2003, Amazon filed a U.S. patent for a “method and system for conducting a discussion relating to a topic (see www.uspto.gov/).”

Affiliate programs occur when firms put a link to someone else’s retail Web site and earn a commission on all purchases by referred customers. Amazon.com pioneered this e-business model. When viewed from an Amazon affiliate’s perspective, it is operating as a selling agent for Amazon’s products. According to the Affiliate Tracking Network, “affiliate programs will account for 20% of the 53 billion dollars in revenue generated online by next year (see http://www.affiliatetracking.com/).”

Database marketing involves collecting, analyzing, and disseminating electronic information about customers, prospects, and products to increase profits. This is one of the fastest growing strategies for e-marketers and also one of the oldest techniques, predating the Internet. What is new is the ability to send personalized communication via e-mail or short message that is relevant and timely because it is event driven. For example, insurance companies are experimenting with sending short messages to policy holders to warn them of upcoming hurricanes or other potential natural disasters. Database marketing systems can be a part of the firm’s overall knowledge management system.

Mass customization refers to the Internet’s unique ability to customize marketing mixes electronically and automatically to the individual level. Firms use this practice when they collect information from customers and prospects, and use it to customize products and communication on an individual basis for a large number of people. Dynamic pricing at Circus Circus is one example of mass customization.

Enterprise Level E-Business Models

At the enterprise level of the pyramid, the firm automates many business processes in a unified system—demonstrating a significant commitment to e-business. Firms relying heavily on these models (such as Dell Computer) believe that their future will depend on e-business activities.
E-commerce refers to online transactions: selling goods and services on the Internet, either in one transaction or over time with an ongoing subscription price (e.g., Wall Street Journal Online). Online retailers are firms that buy products and resell them online. One type of online retailer sells physical products and uses traditional transportation methods to deliver them. The other type sells digital products such as media, software, and music and delivers them via the Internet (and usually ground transportation too). Many online retailers maintain brick-and-mortar stores as well. Direct selling is when manufacturers sell directly to consumers, eliminating intermediaries such as retailers. In a B2B example, National Semiconductor allows its 500,000 engineering clients to search the online database for parts using design specification parameters and test them on the Web site prior to ordering. According to National Semiconductor, engineers created 41,000 designs online in 2002, and this proprietary Webench system is responsible for generating $2 million a month in business and $83 million in productivity savings for customers (Barlas 2003)

Content sponsorship online is a form of e-commerce in which companies sell advertising, editorial space, or search engine top rankings on query results pages. It is called content sponsorship because this model sprang from the media, which depend on advertising sales to pay for editorial content. An estimated $8.1 billion was spent on online advertising in 2002. Google, the search engine firm, is a notable success story with its key word advertising sales. Its 2001 revenues from advertising and search technology sales hovered around $70 million, while it doubled its number of employees and earned about $15 million in profit.

A portal is point of entry to the Internet, such as the Yahoo! and AOL Web sites. They are portals because they provide many services in addition to search capabilities. For example, they are destinations for news, games, maps, shopping, and so forth in addition to being jump-off points for content provided by others. AOL uses its portal to communicate with members, help them find other Web sites, offer entertaining content, and conduct e-commerce—driving $33 billion in sales a year to partner merchants.

Online brokers are intermediaries that assist in the purchase negotiations without actually representing either buyers or sellers. The revenue stream in these models is commission or fee-based. Examples of firms using the brokerage model are E*Trade (online exchange), Converge B2B exchange for electronic components, computer products and networking equipment, and eBay (online auction). Brokers usually create a market space for exchanges to occur, taking a piece of the action. A B2B exchange is a special place because it allows buyers and sellers in a specific industry to quickly connect. Online auctions occur in both B2B and B2C markets, with the online broker providing the Web site and technology in exchange for a commission on all sales.

Unlike brokers, online agents tend to represent either the buyer or the seller and earn a commission for their work. Selling agents help a seller move product. There are many of these in the B2B market. In the B2C market, affiliate programs, discussed above, are also an example of the selling agent model.

Manufacturer's agents represent more than one seller. In traditional marketing, they often represent manufacturing firms that sell complementary products to avoid conflicts of interest. However, in the virtual world, they generally create Web sites to help an entire industry sell product. For example, Travelocity.com, the online travel agent, is a manufacturer's agent in the travel industry. Another interesting model, the catalog aggregator, brings together many catalog companies to create a new searchable database of products for buyers.

A special type of agent is the metamediary—so-called because it represents a cluster of manufacturers, online retailers, and content providers organized around a life event or major asset purchase (Sawhney 1999). Consumers facing life events such as weddings (www.theknot.com) or major asset purchases such as cars (www.autobytel.com) require a cohesive set of cognitively related products and information. The metamediaries assemble all the content and services in one location for the customer's convenience and receive a fee from selling firms. These sites show how the Web adds value and lowers costs through market deconstruction, giving consumers everything they want at the right time and in the same place.

Purchasing agents represent buyers. In traditional marketing, they often forge long-term relationships with one or more firms; on the Internet, however, they represent any number of buyers, often anonymously. For example,
shopping agents help individual consumers find specific products and the best prices online (e.g., www.dealtime.com). Slightly over 15% of Internet users visited shopping agents in July 2002, an increase of 6% from six months earlier—a positive trend, but still small usage among Internet users. Another model, the reverse auction, allows individual buyers to enter the price they will pay for particular items at the purchasing agent’s Web site, and sellers can agree or not. Purchasing agent models are growing and evolving because they are based on the idea of increasing buyer control online.

A virtual mall is similar to a shopping mall in which multiple online merchants are hosted at a Web site. This as an agent model because the firm with the Web site hosting the mall usually builds the site, promotes it, and takes a fee for its services. Many online malls have shut down, recognizing that customers tend to go directly to online retailers of interest; however, Web portals such as AOL, Yahoo!, and MSN draw huge numbers of customers worldwide to their malls.

Pure Play

The final level of the pyramid is comprised of Internet pure plays. Pure plays are businesses that began on the Internet, even if they subsequently added a brick-and-mortar presence. We do not include pure plays in Exhibit 5 because they start right at the top of the pyramid rather than progressing upward as do traditional brick and mortar firms. For example, E*Trade is a pure play, beginning with only online trading. Interestingly, E*Trade now has several retail storefronts in major cities. Pure plays face significant challenges: they must compete as new brands and take customers away from established brick-and-mortar businesses. The successful ones have been able to do so by industry redefinition (i.e., changing the rules of the game) (Modahl 2000). One way to change the rules is to invent a new e-business model, as Yahoo! and eBay did. In fact, some observers believe that eBay has the only truly viable pure play model in existence. The key to pure play success is offering greater customer value. For example, Buy.com increases customer value by utilizing a content sponsorship model combined with direct sales. The ad inventory sold on the site helps to subsidize prices for the consumer. Most fallen angels in the dot-com crash were pure plays that lacked viable e-business models.

Conclusion

The domain of e-marketing is much greater than pure play and enterprise level dot-coms. As developed nations enter what Gartner Group calls the slope of enlightenment, marketers who grasp digital technology properties and identify best practices will be better poised to profitably capitalize on information technology. As well, an understanding of the level of commitment to e-business can help firms identify potential risks and rewards of electronic strategies and tactics.

Traditional marketing processes such as market research, market segmentation, competitive positioning, appropriate use of marketing mix strategies, and the role of planning are as important today as in the past. Information technologies simply created opportunities for more effective and efficient processes and strategy implementation. As well, we believe that technology changed traditional marketing in a number of critical ways:

- Power shift from sellers to buyers. Both individual and business buyers are more demanding than ever because they are just one click away from a plethora of global competitors, all vying for their business. Also, consumers are gaining control of brand images through online community postings and e-mail to acquaintance lists. This trend began with the television remote control device, and will become complete when most users have broadband connectivity and can truly control the timing of information and entertainment delivery. In this environment, buyer attention is the scarce commodity and customer relationship capital a valued asset.

- Time and place are less important. Time is not a factor with Internet communication between firms and their stakeholders. Online stores can be open 24/7; people can communicate as their schedules permit; times zones disappear for managers collaborating with partners on other continents. Geographic location is no longer a factor when collaborating with business partners, supply chain firms, or customers, or just chatting with friends. The Internet allows many buyers and sellers to bypass traditional intermediaries.
Multi-channel integration is critical. Retailers transact and communicate with customers online, at brick and mortar stores, and via the telephone and catalog. Many firms have successfully integrated the data from each customer touch point to enhance customer relationship management. Increasingly, consumers expect firms to follow their communication and behavior in each transaction channel.

Knowledge management is key. In the digital world, customer information is easy and inexpensive to gather, store, and analyze. Managers can track marketing results as they are implemented, receiving play-by-play reports. However, turning huge databases into meaningful knowledge to guide strategic decisions is a major challenge.

Relationship capital is a strategic asset. The magazine Business 2.0 predicted relationship capital to be the most important asset a firm can have. In an environment of customer control, with attention a scarce commodity, a firm’s ability to build and maintain relationships with customers, suppliers, and partners may be more important than a firm’s land, property, and financial assets. It is this relationship capital that provides the foundation of future business.

More sophisticated performance metrics. Technology allows automated data collection at the point of purchase as well as over computer networks. Firms expect marketers to provide ROI and interim benchmark statistics for marketing communication campaigns, pricing changes, and product movement.

E-marketing is about the deployment of technology. Fortunately, marketers do not have to personally develop the technologies, but they need to know enough to understand technology, select appropriate suppliers, and direct technology professionals in order to harness its power. Although the “e” may drop from e-marketing in the next few years, it is only because information technology applied to marketing strategy is becoming a mainstream activity for marketers.

References
