CHAPTER 3

WEB-BASED MARKETING: PROSPECTS AND PROBLEMS

In an interactive, two-way world, it is the consumer- and not the marketer-who decides with whom to interact, what to interact about, and how to interact at all.

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3.1. Introduction

This chapter highlights the critical success factors of web marketing and how the web adds value to business. It also explores the dimensions of web-based marketing that could possibly have an impact on web marketing. Also, this chapter explores the prospects of web-based marketing besides the problems of web-based marketing.

3.2. Web Marketing: Critical Success Factors

Leslie Laredo of AT&T Interchange Online Network and other experts have opined that marketers will be most successful when they follow the laid down the 13 keys to success to web-based marketing (Janal, 1995)

1. *Appreciate the new paradigms in online marketing and advertising*: Online Marketing is a new branch of an old tree-marketing. To be successful online marketer, one needs to know the basics of the marketing process that includes needs assessment, market research, product development, pricing, distribution, advertising, public relations, promotion and sales.
Online marketing branches out in a most important manner-interactivity. Vendors now have the ability to deal interactively with consumers at any time of the day or night in their home or office. Conversely, buyers can interact with vendors in a new way. Communications is two way, not one way.

2. **Online marketing supports the integrated marketing program**: Online marketing should support the entire marketing program. Online marketing does not and should not exist in a vacuum.

   Integrated Marketing has three components:
   - Message consistency: The consumer finds the same message regardless of the media used.
   - Interactivity: The consumer has a way to conduct a meaningful dialogue with the company
   - Mission marketing: Everything the company does stems from its definition of what the company is and what its purpose is.

   Examples of companies with good integrated marketing program are coca-cola, United Airlines (even their planes and ticket envelopes match)

3. **Mass market is over, customisation is in**: Online marketing allows companies to target customers in a way that other media cannot. Online Marketing targets individuals through online services. It sells travel, stocks, upscale consumer goods and computer equipment and software.

4. **Build relationships one at a time**: Successful online marketers know that one builds a business- one customer at a time and that the lifetime value of a customer can be significant.

5. **Appreciate the long term value of customer**: For marketers, a major change in thinking must occur regarding the value of the customer. For too long, companies have regarded consumers as a replaceable commodities. Marketers
must look to the long term value of a customer. This concept will be a stretch for many salespeople. For example, when was the last time you got a call, card or note from the person who sold you your car? Probably never. Do you have any sense of loyalty to that salesperson or dealership? Probably not. That's not too bad for them, because you probably will buy a new car one day and it won't be from them!

6. **Advertising must be interactive:** Customers of online systems have a style of their own. They are not typical consumers. The average online consumer is better educated and has more disposable income. These consumers also have little tolerance for in-your-face advertising, ads that suddenly appear on their computer screens and ads that masquerade as messages.

The online medium uses a different strategy. Consumers request information from companies, which respond quickly. Consumers search for more data, pictures, testimonials and the like, which the company has carefully placed in accessible places online. A company representative might even interact personally through private e-mail to answer questions. When the consumer has finished her research, she has built relationship with the company that propels her to buy, and place the order.

7. **Provide reams of information not persuasion:** The stereotype of the overbearing salesperson is the antithesis for online marketing. Online consumers are information seekers and are persuaded by facts and logic. The medium itself is mostly text based, which attracts an educated audience that is used to making decisions based on reading reports. The go online to find information from company databases and discussion groups of peers. These are not people who are persuaded by the classic techniques of image advertising, which is based on irrational and emotional messages, such as appeals to ego and sex. Hype and oversell turn off online consumers. The successful online marketer will have a better chance to succeed if she offers information and rich content instead of self serving materials.
8. **Create innovative dialogue:** After the prospect has read the online information, one must create a way for her to continue developing a relationship with the company and the company should be equipped to send a prompt reply. Technologies allows several methods for replies. Customer support representative can respond to electronic mail on a timely basis to individual questions as soon as they are received in the company mailbox. Automated mail responders on the Internet (called mailbots) act like fax back system, which send the desired information immediately to the requester to any time of the day or night.

9. **Contribute to the community:** Online marketing is a two-way, interactive process. Companies can contribute by releasing surveys, reports and impartial information packets that contribute to the greater good of the online community. Companies can also offer free samples of their products, such as online newsletter or reports and demo versions of software.

10. **Adjust to the compression and distortion of time:** Companies that conduct business online must expect to deliver information quickly because the customer demands it and because the technology can make it possible. For example, automated mail systems, similar in concept to fax back systems, can automatically send information-packed files to customers who request specific information. This is the norm, not the exception.

11. **Blend advertising, public relations, promotions, catalogs and sales:** Online marketers must get used to new definitions and new uses for trusted strategic marketing elements of advertising and public relations as they undergo a metamorphosis in the online environment. Online marketers must keep their minds open. Probably the best strategy is to see what other companies are doing online and adapt the most reasonable tactics to one’s own use.
12. **Online is a competitive advantage**: Having a commercial presence online presents a competitive advantage to companies. It provides them with an alternative and additional distribution channel for its products and services. For computers and software companies, not having an online forum to offer customer support can be seen as a distinct disadvantage. However, Online is just one channel; it is not the only channel. Companies should give careful consideration to how they use online services. Do they want to sell products, create an image and/or to support customers’ queries? Each channel should support the company’s main goals and messages.

13. **Company size is irrelevant Online**: Small companies with a well designed home page can look every bit as professional and credible with a web home page. Although online marketing is still in its infancy, quite a few small companies have become the big companies by using online marketing to sell flowers, T-shirts, novelties and computer software.

3.3. **Web: Adding Value to Business**

The web can have a positive impact on any business. More specifically, it can add value in six ways: (Janal, 1995).

1. **Enhancing the value proposition to customers**: The Internet has the potential to enhance the value a firm provides to any given customer. Business consumers are able to get more customisation, easier transactional capability, and better value-added service as a result of the Internet.

2. **Reducing operational inefficiencies within the organisation**: The Internet is being used widely to reduce operational inefficiencies within the companies. Many companies have implemented virtual teams for customer service, sales, and product development. Salespeople are using the Internet to give remote presentations to prospects, saving time and money.

3. **Streamlining supply chains**: One of the biggest effects of the Internet on business is to streamline the companies supply chains. Using the Internet, a
company can easily share information with suppliers and customers across the
globe, allowing it to plan and forecast better.

4. **Increasing connectivity:** The Internet is great at linking firms with other firms
(e.g. e-marketplaces) linking firms with their consumers (e.g. by e-mail) and
linking consumers with other consumers (e.g. e-bay). This creates a dense
network, leading to quicker communication among individuals and companies.

5. **Making everything faster:** In the words of Intel’s Andy Grove: “It makes
everything faster. Geonomics discoveries come faster. The most direct way of
increasing productivity is doing the same thing in a lesser period of time-
turning things faster. And productivity is the key to everything-greater
productivity increases economic growth”.

6. **Eliminating distance:** In the words of renowned management author, Peter
Drucker: “Today Internet eliminates distance for communication as witnessed
in the telephone customer service area”.

### 3.4. Dimensions of Web-based Marketing

For the purpose of study, the various dimensions that could possibly have an impact
on web-based marketing have been considered. This section highlights the issues and
challenges identified by previous researchers.

#### 1. Customer Orientation

Several studies and articles document renewed management concern for creating a
customer focused, market-driven enterprise (Houston, 1986; Shapiro, 1988; Webster,
1988). The canons of the marketing concept assert that profit is a reward for customer
orientation, which creates a satisfied customer. (Jaworski and Kohli, 1992; Narver and
Slater, 1990).

Customer orientation has been described as the companies’ ability to sufficiently
understand target buyers in order to continuously create superior value for them
(Narver and Slater, 1990). A customer oriented business is more likely to anticipate
future customer needs and have a long term vision. Correspondingly, such a business is likely to have a more proactive approach towards the adoption of new technologies. (Wu, Mahajan & Balasubramanian, 2003).

The rationale behind the high profiling of customer focus is the marketing concept, which promotes putting the interests of customers first. Accordingly, because customer orientation places the highest priority on continuously finding ways to provide superior customer value, an increased commitment to customer orientation should result in "increased boundary-spanning activity", beyond the status quo (Pierce and Delbecq, 1977).

Existing research on the virtual business environment in marketing has focused largely on its implications for consumers. Specific research foci include, but are not limited to the role of the Internet as a direct channel to reach end consumers (Balasubramanian, 1998), the study of online consumers using click and stream data (Moe and Fader, 2001), information flow in computer mediated environments (Hoffman and Novak, 1996), consumer demographics and Internet usage (Hoffman, Novak and Schlosser, 2000), customer value delivery using Internet (Keeney, 1999), and customer satisfaction in online environment (Balasubramanian, Konana and Menon, 2003).

Customer relationships with the vendor firms’s key contact employees are stronger than their relationships with the firm itself (Gwinner, Gremler and Bitner, 1998; Czepiel, 1990; Bendapudi and Leone, 2002).

Berthon et al. (1996) and Geissler (2001) suggest that gathering and responding to customer feedback are critical communication activities when attempting to convert a purchaser to a repeat customer, thus establishing a relationship between the customer and supplier.
2. Customer Satisfaction

Acquiring and retaining customers’ on-line means providing complete satisfaction from initial promise to delivery at the door. Online fulfillment forces Internet companies to do far more than enter orders, pick the stock, package it, and ship, the standard drilling the brick and mortar world that electronic retailers are supposed to have left behind. Electronic retailers must also answer the queries of customers quickly and accurately (while learning their buying habits and preferences, and make good use of the data generated during transactions (Bhise et al., 2000).

For years, researchers have studied service quality and customer satisfaction in physical environments that involve face-to-face interaction with customers (Oliver, 1980, 1999; Parasuraman et al., 1988). However, with virtual interfaces serving as the primary, or even sole, points of customer contact for many firms, researchers and managers are now interested in re-examining service quality and customer satisfaction in online settings (Krishnan et al., 1999; Zeithaml et al., 2000; Shankar et al., 2003). Researchers have suggested that trust may play a central role in online customer satisfaction (Urban et al., 2000; Balasubramanian, Konana & Menon, 2003).

In the face of capricious consumer demand and increasing competition, today’s companies must develop new strategies beyond traditional marketing techniques that focus on retaining current customers and building relationships with them (Kotler & Armstrong, 1999) because the cost to attract a new customer is as much as six times the cost to keep a current one (Rosenberg & Crepiel, 1984) and the loss of a customer means losing more than a single sale. Recently, companies have been moving their marketing strategies away from focusing on individual transactions towards building relationships with customers. More and more customers are developing customer retention and loyalty programs (Kotler & Armstrong, 1999) and transforming their approach to customer management by shifting their focus from customer acquisition to customer retention (Payne, 2000).
3. Orientation Towards Suppliers

A web portal where goods and services can be bought from a wide range of suppliers is called a B2B marketplace. Some years ago, B2B marketplace barely existed, even as an idea. Today, for buyers B2B marketplace promise not only to deliver more competitive prices but also to rid the supply chain of a host of inefficiencies (Ramsdell, 2000).

Be it the buyers, sellers or both, all companies have substantial stakes in the B2B marketplaces. Their supply chains, their product and marketing strategies, their processes and operations, even their business models will be shaped by the way B2B relationships are formed and transactions are carried out (Wise & Morrison, 2000).

The business-to-business space includes the myriad upstream and downstream transactions that can enhance channel coordination and customer relationships. JC Penny shares packing, shipping, inventory and product movement with suppliers (Griffith & Palmer, 1999). By extracting fees for the transactions occurring within the B2B marketplaces, market makers can earn vast revenues. And because the marketplaces are made from software—not bricks and mortar— they can scale with minimal additional investment, promising even more attractive margins as the markets grow (Kaplan & Sawhney, 2000).

Studies reveal that institutional pressures play a role in inducing upstream suppliers and downstream channel members to embrace socially accepted norms & behaviours (Selznick, 1984; Grewal & Dharwadphkar, 2002). This, in turn, may exert pressures on the business to conform in terms of adopting e-business initiatives in communication processes with outside parties and in order-taking and procurement processes (Wu, Mahajan & Balasubramanian, 2003).

E-procurement refers to processes associated with online suppliers search and qualification, online order placement and monitoring by the business with the
suppliers, online bid submission by suppliers and the like (Wu, Mahajan & Balasubramanian, 2003).

Through communications with external parties on both the supply and demand sides, and within itself, a business will better understand its current position in the marketplace and be better prepared to take on new challenges. Correspondingly, increased customer power will force businesses to adopt to new technologies that enable streamlined communications at all points of the supply chain. Also, powerful customers in search of convenience and lower transaction costs will pressurize businesses to implement online order taking. In particular, such pressures is likely to be applied by large customers who buy a range of products and in large quantities—these customers will gain the most from online order placement (Wu, Mahajan & Balasubramanian, 2003).

Externally, the challenge of managing relationship with intermediaries is just as important. The challenge is to make a manufacturer’s digital marketing initiatives a ‘win-win-win’ proposition.

4. Top Management Orientation

Top management attitude towards change significantly influences adoption decisions (Dewar and Dutton, 1986; Damanpour, 1991). Since top management plays a central role in shaping organizational strategies when it comes to implementing Web based marketing strategy (Kohli and Jaworski, 1990), the role of top management in e-business context is likely to be significant. Specifically, the top management has the power to reduce interdepartmental conflict and facilitate rapid e-business implementation by building an organization wide strategic consensus related to e-business adoption (Dess & Origer, 1987; Wu, Mahajan & Balasubramanian, 2003).

In the context of communication processes, e-business tools facilitate information and knowledge flow within and across the boundaries of the business unit and can help integrate previously truncated information flows into a streamlined knowledge
management system (Sawhney & Zabin, 2001). However, knowledge is power and managers both within and across departments tend to hoard rather than share information, thereby hindering the treatment of information as shared, corporate asset (Brancheau & Wetherbe, 1987). In this context, top management has the ability to reduce interdepartmental conflict and resistance to information sharing. Likewise, implementing e-business tools in order taking and procurement process may call for the restructuring and realignment of external relationships with customer and suppliers, both in terms of information sharing networks and other organisational arrangements (Wu, Mahajan & Balasubramanian, 2003).

5. Organisational Learning Ability

The companies learning ability or (absorptive capacity) describes its ability to evaluate, adopt and exploit external knowledge or equivalently, its ability to recognize the value of new information, assimilate it and apply it to commercial ends (Cohen & Levinthal, 1990).

A high learning ability can facilitate e-business adoption in multiple ways. Allowing for an established procedural pattern and represents an ongoing process of assimilation and transformation. Willingness for adoption must be backed by an adequate absorptive capacity that facilitates:

a) The quick recognition of new developments in the e-business arena
b) An understanding of how e-business initiatives can augment existing operations
c) A continuous scanning of the environment for successful implementation stories that can be replicated.

Moreover, an important component of learning is the organization wide dissemination of information that leads to a shared understanding and interpretation of external phenomena and internal strategies (Sinkula et al., 1997; Wu, Mahajan & Balasubramanian, 2003).
6. Orientation Towards Competitors

Orientation towards Competitors refers to the ability and the will to identify, analyze and respond to competitor’s actions (Narver & Slater, 1990; Gatignon & Xuereb, 1997). Using the target rivals as a frame of reference, competitor oriented businesses constantly seek to identify their own strengths and weaknesses (Han et al., 1998). Such attention to competitive factors will provide a business with a proactive disposition toward shaping the competitive environment and its own strategy (Day & Wesley, 1988).

Businesses engaged in continuous environmental scanning and adaptation are therefore more likely to lead the industry in terms of adopting and implementing e-business initiatives and will exhibit a higher overall intensity of e-business adoption (Wu, Mahajan & Balasubramanian, 2003).

In business, a competitor oriented company would be seen to implement web marketing tools in its communication processes as well. Customer orientation and competitor orientation have been held to ‘include all of the activities involved in acquiring information about the buyers and competitors in the target market and disseminating it throughout the business’ (Narver & Slater, 1993; Wu, Mahajan & Balasubramanian, 2003).

An organization may adopt an innovation because it fears being left behind by other companies that do so (DiMaggio & Powell, 1983; Abrahamson & Rosenkopf, 1993).

7. Financial orientation

With a significant number of users purchasing online owing to the products and service being available at a very low cost (Gupta et al., 1995), companies require different strategies to Internet promotion (Poon & Jevons, 1997). Emergence of information-based technology has enabled new approaches to product development and pricing. Methodical approaches in the form of survey of representative sample of
potential buyers are followed in selected markets to arrive at a pricing point. One of the easiest methods followed is Direct Questioning that involves communicating with potential buyers and eliciting the level of value the buyers places in the new product (Panda, 2005). By aggregating customers’ purchasing power, e-coops give online shoppers the ability to buy at the ‘volume discount’ prices usually achieved by large-volume retailers (Pitt et al., 2002).

Today, prices are relatively comparable on the Web, although some companies, such as Buy.com, offer lower prices. The majority of firms are choosing to differentiate themselves using methods other than pricing because pricing is easy to imitate and non price differentiation is more enduring for all but the price leaders (Krishnamurthy, 2003).

The Internet has made pricing information widely available to suppliers, customers, and competitors alike. This should have the effect of reducing price differences between suppliers, because customers can shop for a better price from any supplier in the world. If this scenario develops, it would reduce the importance of price competition and increase the importance differentiation (Neal, 2000).

The Internet has also helped drive significant price declines in life insurance and cars, both markets in which buyers use the Internet to gather information but typically make purchases offline (Kwak, 2001).

8. Orientation Towards E-Business

A business process focused conceptualization of e-business adoption is seen to be consistent with the argument of Sawhney & Zabin, (2001) that e-business makes possible enterprise application targeted at building and managing relationships with key constituencies (including customers, suppliers, employers and partners).
However, a mere willingness to adopt e-business implementation may not in itself lead to high levels of e-business implementation. Such willingness must be backed by an adequate absorptive capacity that facilitates:

- Quick recognition of new developments in the e-business arena
- An understanding of how e-business initiatives can augment existing operations
- A continuous scanning of the environment for successful implementation stories that can be replicated.

Thus, while implementing the e-business adoption is critical, an important component of learning is the dissemination of information that leads to a shared understanding and interpretation of external phenomena and internal strategies (Sinkula et al., 1997).

Researchers in marketing have focused on institution driven factors and capability driven factors in terms of the adoption or rejection of laptop computers using explanatory variables (Gatignon & Robertson, 1989). Grewal, Comer & Mehta (2001) found that motivations related to efficiency and the quest for legitimacy (an institution driven factor), together with the companies' abilities related to learning and information technology, affect the degree of organizational participation in business-to-business electronic markets. Srinivasan, Lilien & Rangaswamy (2002) studied the antecedents and implications of technological opportunism, defined as the companies' ability to sense and respond to new technologies, in the context of e-business adoption.

9. Business Orientation

Researchers have examined innovation adoption antecedents both within and outside the business unit (Daft, 1982; Robertson & Gatignon, 1986; Chandy & Tellis, 1998; Gatignon & Robertson, 1989).
Consistent with the ‘often unwritten assumption’ that innovations benefit their adopters, businesses frequently adopt innovations to gain competitive advantages or capabilities (Abrahamson and Rosenkopf, 1993). The literature on organizational adoption of innovations has delineated specific business characteristics and conditions that facilitate such adoptions (Kimberly & Evanisko, 1981). These include, but are not limited to, functional differentiation (Balridge & Burnham, 1975), administrative intensity (Damanpour, 1987), external and internal communication (Miller & Friesen, 1982) and vertical integration (Hull & Hage, 1982).

Researchers have examined that companies need to keep abreast with technological innovation to ensure their business orientation (Swanson, 1994). Herein, the top management support to adapt to innovations related to the business, catalyzing role of operational crises and changes in organizational architecture is necessary.

10. Orientation Towards Cyber Issues

An article in Economic Times, quoted that India has joined the list of top 10 countries considered places of origin for Internet-based attacks on the telecommunications industry, while a report on Internet-based threats by the Nasdaq-listed Symantec Corp shows. India now ranks ninth and is responsible for 1% of the total attacks but analysts expect this to grow as broadband penetration in India increases (Thakur, 2005).

Majority of Indian consumers is still wary of security issues involved in shopping via the net. In the backdrop of the various portals witnessing a rising trend in purchasing on the net, both for traditional shopping like gifts and jewellery as well as consumer durables (Parwan, 2005). There is a need for creating consumer awareness about the security and convenience of online shopping. The business companies too need to effectively address these emerging cyber issues to instill confidence in the consumers.

Korner and Zimmermann (2000) as well as Aaker (1996), suggest that in the new business medium of the Internet, confidence in the business partner is crucial for
conducting business transactions. Companies must clearly communicate their privacy policies, security policies concerning customer data. For the security aspect, Bartmann and Kreuzer (1996) noted that secure handling of business transactions is critical for building trust.

Creating a privacy policy and security is an aspect of trust, seen as a vital dimension to web marketing. Korner and Zimmermann (2000) as well as Aaker (1996), suggest that in the new business medium of the Internet, confidence in the business partner is crucial for conducting business transactions. With respect to privacy policies concerning customer data, companies must clearly communicate the purpose of collecting consumer profile data. For the security aspect, Bartmann and Kreuzer (1996) note that secure handling of business transactions is critical for building trust.

11. Orientation Towards Online Transactions

Order taking refers to processes associated with order placement, order monitoring, and payment submission by customers. Adoption of web marketing in order taking or online transactions can influence multiple outcomes. First it can enhance efficiency by reducing transaction costs and other intermediary related costs. Secondly, it can improve sales performance by allowing customers to easily access offered products and services in an intermediary-free environment. Moreover, customers can track and inquire about their orders electronically and can shop without the conventional restraints of time and/or place associated with non-virtual market settings. It also allows customers to monitor their orders closely to avoid mistakes and delays, leading to greater customer satisfaction (Wu, Mahajan & Balasubramanian, 2003).

The Information Technology Act (2000) of India, as amended from time to time, has facilitated the e-procurement process by providing legal recognition to the use and acceptance of electronic records; authentication of such e-records by means of digital signature technology; and publication of rules, regulations and orders in electronic gazettes.
However, the underlying principles behind some of the newer auction systems like reverse auctions are apparently in conflict with the procurement framework prescribed for the public sector, which strongly disallows negotiations, counter-offers and bid-price disclosure under any circumstances.

A number of reforms have been attempted in India in the past few years to bring about transparency, fairness and accountability in public procurement systems, both in government departments as well as in many Public Sector Units (PSUs).

They have ranged from basic electronic tendering as in the case of Andhra Pradesh Government (a process which converts the traditional sealed-bid into an electronic format) to newer systems like electronic reverse auctions in the case of SAIL, BHEL, the DGS&D and the Indian Railways. It has been estimated that electronic procurement in India in the public domain has crossed total contract volumes of Rs. 25,000 crore in the past three years and will continue to rise at rates of 25-30% every year.

Detmer (2002), suggests that e-marketers must take the time to clearly define your company's privacy policy, and make sure it is strictly enforced... Maintaining the balance between privacy and personalization will increase the comfort level your customers feel for your business. In addition to stating the privacy policy, e-commerce firms can reassure customers by using a safe and encrypted payment process for transactions. Trust is also important if customers should encounter problems on the Web site, require personal assistance, or need to exchange or return a purchase. Visitors may be more likely to buy from a site if they know a live person can be contacted.

Powerful customers in search of convenience and lower transaction costs will pressurize businesses to implement online order taking (Wu, Mahajan & Balasubramanian, 2003).
12. Marketing Orientation

Even the hard core manufacturing sector is today keen to embrace online marketing. As an out-of-the-box thinking for the new age tractor marketing, it is seen in India that companies are using everything from virtual gaming, to web enabled services, to Internet kiosks and a 24 hour call center to woo their customers (Gupta, 2005).

Marketers can use interactive media to provide better service and lower costs by delivering up-dated product and non product related information (Morgan & Hunt, 1994). According to Kiani (1998), the web is a faster, less expensive, highly immediate communication, round the clock and global. According to Blattberg & Deighton (1991), addressability of the web provides the opportunity for marketing to create individual relationships, managing markets of one, and addressing each in terms of its stage of development.

According to Blattberg et al. (1994), the customer is now an active participant and a partner in the production. Therefore, motivation of consumers to response and interact is a key point of virtual marketing in such a marketing environment. In an interactive two-way world, it is the consumer and not the marketer who decides with whom to interact, what to interact about, and how to interact at all. Marketers have to earn the right to the digital relationship, and they have to do so by continuously enhancing the value they offer to consumers (Kierkowski et al., 1996). He stated that the most significant challenge for the digital marketers will be to manage the interdependencies between the digital marketing efforts and the rest of the organization and existing outside partners such as distributors and retailers.
13. Streamlining Processes

Korner and Zimmermann (2000) suggest that the development of appropriate processes is relevant for all blocks in order to make them operational. The processes can be divided into internal and external processes. Internal processes refer to the processes within a company and are tied into satisfying customer's requests. These processes cover such things as the interface between the back office and the customer communication center; order processing procedures, organization of service processes and the procedures for handling complaints. External processes involve interactions between suppliers and customers, which include ease of use, easy navigation and ease of contact access. In Geissler’s study (2001), website designers agreed that providing consumers with an easy navigation system through a website was critical for facilitating interactivity. Because consumers are often impatient, they should be able to move quickly and efficiently within a site.

One of the strongest motivators for customers who make Web-based purchases is the ease of ordering. Companies must market their alliances and delivery timeliness as an important benefit. Furthermore, if the online company follows through on its promises, it is more likely to build customer loyalty and receive referrals from satisfied customers. Customer satisfaction or dissatisfaction can spread very quickly on the Internet with just a few keystrokes (Krishnamurthy, 2003).

14. Technology Orientation

With ever demanding customers, it is increasingly becoming evident for companies that they adopt to newer technologies else be behind their competitors. In fact, in some cases the fear of losing customers are forcing the organisations to adopt to newer technologies (Wu, Mahajan & Balasubramanian, 2003). When significant customers demand it, then bureaucratic firms execute technologically difficult innovations (Christensen & Bower, 1996).
Today companies’ are seen to position themselves on the basis of technology, that a firm is one the cutting edge - especially important for online marketers. Two examples are:

- At the Lands’ End Web site, women can build virtual models based on their physical features such as hair color, skin tone, hair style, and face shape. Users can then see how Land's End apparel would look on themselves by trying virtual outfits on the model. The model can be rotated for front, side, and back views (www.landsend.com).

- The American Airlines site offers various tools to allow customers to manage their flight arrangements: frequent flier account management, personalized travel planning, and personalized seat selection when booking flights. Customers can store user-profile information on preferred destinations, seating preference, companion travelers, and frequent flier rewards status and billing (www.aa.com).

### 3.5. Prospects of Web-based Marketing

Companies that are positively inclined towards the above mentioned orientations are expected to gain competitive advantage in the long run. In fact, companies can benefit from web-based marketing in many ways. On the basis of the literature review (Dess & Origer, 1987; Kohli & Jaworski, 1990; Janal, 1995; Harrington & Reed, 1996; Kierzkowski et al., 1996; Nobel et al., 1998; Adriaenssens & Cadman, 1999; Pincott & Branthwaite, 2000; Wilke et al., 2000; Brown, Culkin & Fletcher, 2001; Eichman et al., 2001; Sharma, Gupta & Manhas, 2002; Venkatesh & Balachandran, 2003; Wu, Mahajan & Balasubramanian, 2003; Sallehuddin et al., 2004) the following prospects emerge:
1. Customer orientation

a. It is easy to reach a defined audience in an environment that is not yet crowded with competitors. Thereby finding new customers.
b. Target a defined customer group with precision and develop a continuing dialogue.
c. Create a responsive dialogue with customers and hence reshape customer relationships
d. Distribute software and information products quickly through e-mail and file transfers
e. Deal interactively with customers at any time of the day or night in their home or office
f. Provide personalized, customized service to customers
g. Provide reams of information to customers
h. Profit is a reward for customer orientation which creates a satisfied customer
i. It helps to find new ways to provide superior customer value
j. It helps to respond to customer queries quickly and accurately
k. It helps to improve customer retention
l. It helps in online customer analysis- understanding their profile, what they buy, from whom etc.
m. Through web marketing, businesses enhance customer satisfaction by providing information about products, troubleshooting and service online.
n. Web marketing allows companies to directly reach their customers and promptly whenever a new product is introduced and by tapping into markets that were hitherto inaccessible on account of distribution or other infrastructural constraints
2. **Marketing orientation**

a. Web-based marketing allows companies to act quickly by adding products and changing selling propositions at a moment’s notice

b. It helps in tracking the sales interaction, steps and results

c. It gives a broader platform to contact and reach new segments and markets

d. The almost instant customer feedback allows to enhance product/service quality

e. It helps in internal marketing, that allows cross company communications for keeping staff informed of what is happening throughout the company and for providing a feedback mechanism

f. With the help of Intranet, the fastest growing method of internal communications, the employees can keep abreast with cross company communication at all times

g. Increased scope for International marketing

h. It can improve sales performance by allowing customers to easily access offered products and service in an intermediary free environment

i. Web marketing allows for important product planning and inventory information to be shared on a regular or even real time basis leading to more productive relationships.

3. **Top Management Orientation**

a. It allows an established player to reinvent its market and the new entrant to disintermediate existing relationships

b. When top management plays a critical role in shaping organizational strategies, the adoption of web-based marketing reduces interdepartmental conflict and facilitate rapid implementation by
building an organization wide strategic consensus related to the adoption.

c. Financial investments and commitments elicit best results when the top management is fully involved and committed towards the implementation of web-based marketing concept.

d. Willingness to adopt web marketing concept by top management would result in quick recognition of latest developments; understand how businesses can augment existing operations and a continuous scanning of environment would assist in successful implementation.

4. Orientation Towards Competitors

a. Web-based marketing helps in improving one's competitiveness, for it is easy to access information about the competitors, thereby keeping an eye on him

b. Using target rivals as a frame of reference company businesses constantly seek to identify their own strengths and weaknesses

c. It allows to take proactive disposition towards shaping competitive environment

d. By adopting and implementing web marketing, businesses are likely to lead on account of continuous environment scanning and adaptation.

e. Companies that adopt to web-based marketing concept would be seen to be ahead of its competitors and thereby gain competitive advantage.

5. Financial orientation

a. Financial investments must have the approval of top management to elicit the desired results. Once it is there, there are obvious benefits in cost savings

b. Web marketing allows businesses to deliver competitive prices online

c. The shortening of the intermediaries also assists in reducing the prices online
d. Thus, there are cost savings in terms of distribution costs, reduced cost
of marketing, cost of coordinating, general management costs, and
transaction costs.
e. With the decreasing cost of bits, there is cheap and efficient technology
available to the users. Hence, transact business electronically and at a
lower cost. E-mail and data files can be transmitted to selected
customers or entire lists in seconds, for pennies.
f. The end result is thereby, reduced cost in acquiring new customers by
using online marketplaces
g. The creation of digital technologies has now becomes cheaper over the
last few years, hence adoption of web marketing is no longer a far
fetched thought.

6. Orientation Towards Suppliers

a. Web marketing helps in streamlining the supply chains, getting rid of
the supply chain inefficiencies
b. It helps the selling process by allowing manufacturers to communicate
and sell directly to end users without the going through the classic
distribution channels
c. Web marketing allows for online bid submission by suppliers
d. It allows them to directly link with the companies database
e. The suppliers can any point of time track orders electronically
f. They could also search for online information about their competitors
or potential suppliers

7. Orientation Towards Cyber Issues

a. Web-based marketing calls for a clear laid down policy by the
organization in terms of the security and privacy policies
b. It calls for adhering to the applicable cyber laws, thereby protecting the larger interest of the organization, its employees, suppliers and partners.

c. Thus, by adhering to the applicable laws, it is easy to implement the e-business practices as per the prescribed manner.

d. Building trust of its customers is prime to any organization. By adhering to the cyber law, the company can build upon trust and confidence within its customers.

e. By keeping the personal records shared by customers as confidential, by keeping the transactions as confidential, the organization is able to build upon trust and confidence. Assurance towards secure handling of business transaction for long term helps to build long term relationships with its customers.

8. **Orientation Towards Online Transaction**

a. The web allows for e-procurement, online order placement.

b. Powerful customers are seen to be pressurizing the businesses to transact online and thereby, they gain competitive advantage over others.

(c. Companies feel they are technologically deficient, if they do not adopt online transaction, hence the adoption helps building the companies technology savvy image.

d. The customers can shop without the conventional constraints of time or place.

e. It allows customers to track and inquire about their orders electronically.

f. Customers can monitor their orders closely to avoid mistakes & delays, lending to greater customer satisfaction.

g. It allows for enhancing efficiency by reducing transaction costs and other intermediary costs.
h. Online transactions can be expected to increase efficiency by enabling a tighter balancing of demand and supply and by reducing the costs of both finding the right suppliers and transacting with them.


a. Web marketing makes possible enterprise applications targeted at in managing relationships with key constituents (customers, suppliers, employees and partners)

b. It allows for dissemination of information that leads to a shared understanding and interpretation of external phenomena and internal strengths

10. Orientation Towards Company Responsiveness

a. Web marketing provides information to customers irrespective of time and place, thereby disseminating information freely

b. Web marketing allows for improved customer service by offering 24X7X365 days interaction using self-service applications over the web

c. Web allows for quicker, faster response time, moreso, real-time response time leading to a more satisfied customer

3.6. Problems of Web-based Marketing

Web-based Marketing has its challenges too. It is vital that marketers look ahead and prepare for challenges identified by researchers (Kohli & Jaworski, 1990; Janal, 1995; Harrington & Reed, 1996; Kierzkowski et al., 1996; Nobel et al., 1998; Adriaenssens & Cadman, 1999; Pincott & Branthwaite, 2000; Wilke et al., 2000; Brown, Culkin & Fletcher, 2001; Eichman et al., 2001; Sharma, Gupta & Manhas, 2002; Venkatesh & Balachandran, 2003; Wu, Mahajan & Balasubramanian, 2003; Sallehuddin et al., 2004). Some of these are listed below:
1. There are a host of products and services that cannot be sold successfully on the web and they fall into four categories:

a) **Experience and sensory products (high-touch products)** such as clothing, produce or jewellery without touching.

b) **Products that are hard to transport**, that are bulky (e.g. Sofas) have high transportation costs, which may increase the price of the product substantially, and render product returns problematic.

c) **Products with delivery problems** - One of the biggest problems faced by the online grocery business are delivering to a large number of customers who are spread out across urban areas. A driver may be able to make only ten to twenty stops a day, leading to huge delivery costs. As a result, such a business cannot compete effectively with a brick-and-mortar supermarket, which does not have these costs.

d) **Services where face-to-face interaction matters** - Consider services such as healthcare and education. In both cases, there is no substitute for consulting a doctor or interacting with professors and peers in a classroom setting. In both cases, the Internet can help make the face-to-face interaction more productive, but it cannot replace it for a large section of the population.

2. Top Management Orientation

a) Web based Marketing requires major changes in organisational approach and structure. It calls for involvement of top management which when missing could act as a deterrent in adopting web based marketing concept.

b) Lack of involvement by top management in implementing web marketing would result in increase in interdepartmental conflict, thereby hindering rapid implementation process

c) Huge financial investments could go haywire if the top management does not play an active role in implementation

d) Also, continuous environment scanning is critical for top management, the failure to do so, would impact strategic decisions
e) The skills of employees needs constant upgradation and it is vital that they have the right mindset. A small core of professionals would have to be recruited from outside. A consensus on this by top management is critical.

3. Marketing Orientation

a) Inability to send regular information and updates to customer would be seen as a deterrent
b) Through web marketing, if the organization fails to exchange frequent information between people and departments, then there would be a negative impact
c) Ineffective web marketing would not yield in increased market share, increased sales volume and increase in customer acquisition
d) Web marketing allows for strengthening relationships with customers, failure to utilize the web for this purpose would have a negative impact on the customer relationship
e) Lack of ability to respond to instant customer feedback would boomerang.
f) Internal communications could get hampered if the intranet is not utilized fully
g) The almost instant customer feedback allows to enhance product/service quality

4. Orientation Towards Suppliers

a) Inappropriate use of technology would not result in getting rid of the supply chain inefficiencies
b) The process of online bidding has to be foolproof to avoid errors
c) The technology part here has to be full proof, so as to avoid any errors related to tracking, online communication etc.
5. Orientation Toward Online Transaction

a) Providing satisfaction to the customers is the key. However, if the company is technology deficient, then, they would be able to provide and adopt online transactions.
b) Inability to provide online transaction is today seen as disadvantage. Customers then would not have the benefit of transacting anytime-anywhere.

6. Orientation Towards E-Business

a) Web marketing calls for an effective e-business plan to be implemented. Inability to do so, would have a bearing on the web marketing.
b) The companies’s inability to respond to new technology would be deterrent in implementing web marketing.
c) Inability to upgrade the employees skills would impact e-business adoption.

7. Orientation Towards Competitors

a) Web marketing strategies calls for analyzing the competitor’s strengths and weaknesses from time to time. However, lack of sensitivity to gain competitor information could have a direct and a long term bearing on the company.
b) Inability to adopt to latest technology would carve out a way ahead for the competitor.
c) The organization needs to act proactively to competitor’s actions, lack of it would impact the organization and its strategies in the long run.

8. Orientation Towards Company Responsiveness

a) Alacrity is the key to success in today’s world. Web marketing allows this. However, even then, if companies fail to respond to its customers with all the
latest tools and techniques, then customer satisfaction and customer relations gets impacted forever.

9. Financial Orientation

a) Web marketing initiatives would suffer strongly if the approval of top management is missing
b) All efforts to benefit from reduced cost would be impossible without the role and involvement of top management

10. Orientation Toward Cyber Issues

a) Building trust and confidence in customers is difficult if the organization does not stand by the applicable cyber laws
b) Insensitivity to do so, would hamper the customer relationships

11. Customer Orientation

a) Lack of web marketing strategies would limit any organization to its existing customer base only
b) Limited dialogue with existing customers on account of lack of use of interactive tools and techniques.
c) Inability to respond to customers on time is another fallout
d) How would companies attempt to motivate their online customers need to be addressed

12. The challenge of managing relationships with existing intermediaries is just as important, critical viz. salesforce, distributors, and retailers perceive web based marketing as a perceived threat to their ‘ownership’ of consumers. If not planned, the results would impact business from all spheres.