

# Preface

## **Introduction to Advances in Electronic Marketing**

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While the Internet has been in existence since the 1960s, it was not until the advent of the World Wide Web (WWW) that businesses began to modify practices in an attempt to exploit the advantages of this new technology. Most early entrants primarily focused on informational activities while discovering limiting technologies and perplexing consumer behavior. Few companies were able to utilize the Internet's full capabilities, and stories of failure amassed. The transition was seldom smooth, and companies enjoyed a mixture of successes and failures. In this period, one lesson became clear: electronic businesses operated in a distinct and unique manner from traditional business activities.

Today, the Internet has exploded into mainstream society. The electronic medium has created an informational and communication revolution that has forever changed the overall business environment. Consequently, marketers continue to explore the possibilities of electronic marketing as an ideal channel for communication, entertaining, selling, and distributing goods, services, and ideas. Marketers seek opportunities to tap into the Internet's potential for optimizing performance and success, while realizing that it remains a dynamic ever-changing medium. With a brisk rate of change, the state of electronic marketing remains fluid, success factors transform, and marketers must continually pursue the most robust advances in the field.

In the early 1990s, electronic marketing was fueled by the potential of revolutionizing the manner in which organizations conducted their entire business operations. In the past decade, with its rapid explosion of Web technologies, marketers have experienced excitement and panic; trial and error; and success and failure as they created online businesses and expanded into electronic channels of distribution. Most now agree that Internet marketing remains unique from traditional approaches, yet, still draws on fundamental marketing principles. Therefore, the genesis of this book lies in investigating contemporary marketing thought about how the Internet has changed the face of marketing. Specific emphasis is placed on managerially relevant discussions of progress in electronic marketing.

The buyer behavior of online consumers is the starting point for *Advances in Electronic Marketing*. In Section I, issues are investigated, such as customer attraction and retention, e-customer loyalty, factors influencing purchase behavior on the Internet, and customer willingness to provide information online. Section II explores emerging strategic issues associated with e-marketing. Technological tools (e.g., databases, wireless devices, and geographical information systems), once unavailable to traditional marketers but now commonplace for e-marketers, are investigated in Section III. Section IV includes two complementary chapters devoted to the various opportunities and challenges of the law as it pertains to e-marketing. Theoretical frameworks and models of e-marketing phenomena are presented in Section V.

## **Buyer Behavior of Online Consumers**

All marketing efforts are ultimately directed toward the consumer. As such, the introductory section takes a closer look at some of the emerging issues pertaining to buyer behavior of online consumers.

**Chapter I.** Eileen Bridges, Ronald E. Goldsmith, and Charles F. Hofacker differentiate between business-to-business (B2B) and business-to-consumer (B2C) marketplaces. The authors describe how and why customers purchase online and why consumers are attracted to particular suppliers. Online and off-line customers are compared in order to understand reasons for observed differences. Various antecedents of the online experience are addressed to determine influences on satisfaction and buying behavior. Web site efficacy (usefulness and ease-of-use) is addressed in light of its importance in customer satisfaction and retention for online shopping. The chapter concludes

with insights for e-marketers that wish to attract new buyers, satisfy, and retain them.

**Chapter II.** E-customer loyalty is defined as the intention to repurchase a certain product/service consistently from a particular e-vendor, despite the presence of other circumstances that may induce switching behavior. Alvin Y.C. Yeo and Michael K.M. Chiam provide an integrated framework for understanding the impact of corporate image, customer trust, and customer value on e-customer loyalty in a B2C e-commerce context. This framework incorporates cognitive, affective, and conative components in order to gain customer mind share, nurture emotional ties, and influence future purchase decisions. The authors offer managerial suggestions for online loyalty management to attain the “*tao of loyalty*”.

**Chapter III.** This chapter provides a thorough analysis of three key factors that can influence consumer purchase behavior on the Internet. These factors include product-related factors (e.g., product type, brand name, etc.), consumer-related factors (e.g., consumer expertise, attitudes, risk perceptions, shopping orientation, etc.), and retail-related factors (e.g., strategies and tactics). Francesca Dall’Olmo Riley, Daniele Scarpi, and Angelo Manaresi propose that consumer-related factors affect online purchasing and the resulting implications for online retailers. The authors provide practical suggestions for retailers to reduce or overcome some of the barriers that prevent consumers from increasing the amount of products purchased online.

**Chapter IV.** The Internet has emerged as a powerful electronic customer relationship management tool. However, this tool is of practical use only when consumers are willing to provide the type of information that is of value to the e-marketer. Consumer willingness to provide personal information is a cornerstone of customer relationship management. Terry Daugherty, Matthew Eastin, and Harsha Gangadharbatla explore how consumers’ self-confidence in using the Internet impacts their willingness to provide personal information online. Results from their consumer panel support the idea that increasing Internet confidence may result in more favorable attitudes toward information requests and an increased willingness to provide information.

## **E-Marketing Strategy**

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We include several unique aspects of marketing strategy in this section to highlight some of the distinctive characteristics of the Internet. The first chap-

ter in this section accentuates the international nature of the Internet. A chapter on branding emphasizes challenges of creating interactive brands in the online and off-line worlds. The use of surprise is incorporated as an important element of viral marketing strategies in the next chapter. Finally, the mobile advertising chapter highlights the array of marketing opportunities available for use in a wireless environment.

**Chapter V.** The Internet and WWW provide new avenues for developing international e-marketing strategies. Wider market access, efficient resource access, global niches, competitive advantage, efficient coordination, online distribution, and production/sales smoothing are among the many strategic and operational opportunities provided by the Internet. However, as Gopalkrishnan R. Iyer discusses, several barriers exist which limit the effectiveness of global Internet marketing strategies. Challenges, such as infrastructure, laws, regulations, and culture, limit the global reach of organizations. This chapter provides insight for utilizing the Internet to deploy international marketing strategies. A managerial framework is presented to assist in the creation of customer-centric global organizations.

**Chapter VI.** Mary Lou Roberts makes a case for the importance of branding efforts by reviewing major approaches to brand development in both off-line and online marketing environments. The concept of Interactive Brand Experiences (IBE) is created and explored via the use of marketing tools, such as personalization, co-creation, purchase-process streamlining, self-service, brand community, rich media, product self-design, dynamic pricing, and customization. Roberts concludes that there are two major challenges involved in integrating branding efforts in online and off-line spaces: (1) identifying the appropriate techniques and the media best suited to deliver them and (2) executing seamlessly at all touchpoints in the process.

**Chapter VII.** Viral marketing strategies encourage customers to pass along marketing messages utilizing their own network of friends, relatives, colleagues, and so forth. Adam Lindgreen and Joëlle Vanhamme explain the primary mechanisms of viral marketing and investigate the emotion of surprise within viral marketing campaigns. The authors posit that drivers of viral marketing often include elements of surprise. Their exploratory research revealed that viral marketing campaigns should be based on surprising messages that benefit the recipients of the messages. The chapter includes a summary of major steps that marketers can implement to develop successful viral campaigns.

**Chapter VIII.** Mobile advertising (m-advertising) consists of marketing messages sent to and received on mobile devices, such as cell phones, personal digital assistants, and other handheld devices. Jari Salo and Jaana Tähtinen

discuss unique features of m-advertising and investigate the use of permission-based m-advertising in a Finnish retail context. Their case data was derived from the SmartRotuaari service system which includes a wireless multi-access network, middleware for service positioning, a Web portal, and m-advertising services. Their research concludes that retailers and advertising agencies have much to learn about m-advertising. Future trends and suggestions are offered for effectively utilizing the potential of m-advertising.

## **Technology for E-Marketing**

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The Internet, as a marketing tool, has received much attention in both practitioner and research communities. However, little attention has been given to emerging technologies as they pertain to e-marketing. This section of *Advances in Electronic Marketing* introduces contemporary research about the use of database integration, wireless devices, and geographic information systems in current Internet marketing practices.

**Chapter IX.** The Internet allows marketers to collect consumer data in a fast, inexpensive, and relatively accurate manner. Sally Rao and Chris O’Leary argue that Internet/database marketing provides solutions for some of the difficulties associated with customer relationship management. Using an action research methodology, the authors develop a theoretical framework for integrating the Internet with database marketing strategy. Data is collected from the Internet and then integrated into organizational databases. This integration process involves data content identification/understanding, data integration/aggregation, and data warehousing. Internet and database marketing strategies are derived from the integration and improved through one-to-one interactivity and customization.

**Chapter X.** The mobile channel and how mobile phones can be utilized for mobile branding (m-branding) is explored by Jari Helenius and Veronica Liljander. While m-branding is in its infancy, it is an emerging phenomenon in current brand management. The authors propose four mobile branding techniques that can be used to strengthen brand assets: sponsored content, mobile customer relationship marketing, different forms of mobile advertising, and a mobile portal. Each of these techniques is associated with specific brand asset objectives (e.g., awareness, loyalty, associations, etc.) as well as suggestions for supportive media that can be utilized in combination with m-branding.

**Chapter XI.** As a relatively new technology, Mark R. Leipnik and Sanjay S. Mehta explain how Geographic Information Systems (GIS) can be applied to electronic marketing efforts. While GIS technologies have been used for almost 40 years, marketing applications, and particularly e-marketing applications, are just beginning to emerge. The chapter's objective is to help marketing managers gain an appreciation for GIS technologies for use in strategic decision making. The authors list sources of software and data to assist in developing GIS structures. Specific e-marketing examples of GIS applications are examined in industries, such as tourism, real estate, and market research.

## **E-Marketing Legal Challenges**

The legal/regulatory environment cannot be ignored when developing and implementing e-marketing strategy. This environment is complex, changing, and in many instances, unresolved. While great efforts have been made to provide a legal environment with clear uniform law, online marketers must be aware that both domestic and global rules can form the basis for liability.

**Chapter XII.** As Michael T. Zugelder points out, there are numerous legal issues facing online marketers. Current law, both domestic and global, is varied and poses great potential for liability. E-marketers must contend with intellectual property concerns, such as trademark law, copyright law, guarding trade secrets, and protection of patents. Information management becomes a concern as there are many laws that regulate, control, and sometimes forbid the collection or dissemination of information. Consequently, these laws impact online advertising, consumer privacy concerns, and data collection. Zugelder's chapter concludes with a discussion of online contract formation and recent developments with contract law.

**Chapter XIII.** Heiko deB. Wijnholds and Michael W. Little identify and categorize major regulatory and marketing challenges as they pertain to global online marketing. The chapter emphasizes international transactions between the U.S. and European Union (EU) by comparing and contrasting marketing practices and specific regulatory positions affecting e-commerce trade. The authors highlight the U.S. and EU positions regarding regulation versus self-regulation. Policies are reviewed, such as those affecting sales taxes on Internet purchases, income taxes, liability, and jurisdiction. The chapter lists business and legal precautions to enhance e-marketing efforts and meet e-marketing objectives.

## **E-Consumer Theoretical Frameworks**

*Advances in Electronic Marketing* concludes with theoretical frameworks that can be used to explore various e-marketing phenomena. Building on some of the ideas presented in prior chapters, the final section provides insight on attitudes toward advertising on the Internet, virtual communities, and online purchase decision cycles.

**Chapter XIV.** It is well-known in the marketing literature that consumer attitudes toward products and advertisements can impact consumer behavior. However, marketing research has largely explored this concept via traditional (off-line) means of advertising. This chapter provides an initial exploration of attitude toward advertising as applicable to advertising on the Internet. Chris Manolis, Nicole Averill, and Charles M. Brooks use experimentation to manipulate consumer attitudes toward Internet advertising and measure resulting effects on brand attitudes and intentions to purchase. Their study found that Web site advertising does not appear to significantly impact attitudes toward the brand; however, attitudes toward the brand affected purchase intentions.

**Chapter XV.** This chapter explains the unique features of virtual communities with special emphasis on the strategies, managerial suggestions, and technologies employed for this type of business model. Carlos Flavián and Miguel Guinalú analyze virtual communities from a sociological perspective with particular attention to communities developed around a brand. Explanation is provided for why individuals become members of such communities, including dealing with matters of interest, establishing relationships, living out fantasies, and carrying out transactions. The authors outline recommendations for the marketing of virtual communities in order to incorporate feasible strategies and common technologies (e.g., discussion forums, e-mail groups, chat rooms, MUDs, content management, peer-to-peer systems, and really simple syndication).

**Chapter XVI.** Penelope Markellou, Maria Rigou, and Spiros Sirmakessis present a framework depicting an online consumer purchase decision cycle. The framework assumes that online consumers are triggered by a stimulus to purchase certain items and is based on three distinct and important phases: building trust and confidence, online purchase experience, and after-purchase needs. Their framework is used to examine customer states and transition conditions, with special focus on abandonment factors, as online consumers interact outside of the e-shop, inside the e-shop, and after the purchase. The authors provide guidance for managers by outlining success and failure factors during the online consumer purchase decision cycle.

## Conclusion

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Due to the fluid nature of the field, absolute answers to electronic marketing problems are unattainable. However, this book does provide a comprehensive collection of cutting-edge research on Internet and technological applications for marketing. By investigating major elements of Internet marketing, including online marketing strategy, marketing research, database development, online consumer behavior, customer relationship marketing, and the online marketing mix, readers should have a better understanding of the current state of the discipline. The primary contribution lies in bringing together a global perspective, from many of the leading researchers, of the issues facing electronic marketing today. We hope that *Advances in Electronic Marketing* will serve as a useful resource for greater understanding of the concepts, theories, practices, and current state of electronic marketing.