INTRODUCTION


In this section, we introduce the marketing concept, and then consider its relationship to more recent concepts such as Internet marketing, e-commerce and e-business. The word 'marketing' has two distinct meanings in modern management practice. It describes:

- The range of specialist marketing functions carried out within many organisations. Such functions include market research, brand and product management, public relations and customer service.

- An approach or concept that can be used as the guiding philosophy for all functions and activities of an organisation. Such a philosophy encompasses all aspects of a business. Business strategy is guided by an organisation's market and competitor focus and everyone in an organisation should be required to have a customer focus in their job.

The modern marketing concept (Houston, 1986) unites these two meanings and stresses that marketing encompasses the range of organisational functions and processes that seek to determine the needs of target markets and deliver products and services to customers and other key stakeholders such as employees and financial institutions. Increasingly the importance of marketing is being recognised both as a vital function and as a guiding management philosophy within organisations. Marketing has to be seen as the essential focus of all activities within an organisation (Valentin, 1996). The marketing concept should lie at the heart of the organisation, and the actions of directors, managers and employees should be guided by its philosophy.

Modern marketing requires organisations to be committed to a market/customer orientation (Jaworski and Kohli, 1993). All parts of the organisation should coordinate activities to ensure that customer needs are met efficiently, effectively and profitably. Marketing encompasses activities traditionally seen as the sole domain of accountants, production, human resources management (HRM) and information technology (IT). Many of these functions had little regard for customer considerations. Increasingly such functions are being reoriented, evidenced by the importance of initiatives such as Total Quality Management (TQM), Business Process Reengineering, Just-in-Time (JIT) and supply chain management. Individuals' functional roles are undergoing change, from being solely functional to having a greater emphasis on process. Individuals are therefore being encouraged to become part-time marketers. Processes have a significant impact on an organisation's ability to service its customers' needs.

The Internet can be applied by companies as an integral part of the modern marketing concept since:

- it can be used to support the full range of organisational functions and processes that deliver products and services to customers and other key stakeholders;
- it is a powerful communications medium that can act as a 'corporate glue' that integrates the different functional parts of the organisation;
- it facilitates information management, which is now increasingly recognised as a critical marketing support tool to strategy formulation and implementation;
- the future role of the Internet should form part of the vision of a company since its future impact will be significant to most businesses.
Without adequate information, organisations are at a disadvantage with respect to competitors and the external environment. Up-to-date, timely and accessible information about the industry, markets, new technology, competitors and customers is a critical factor in an organisation's ability to plan and compete in an increasingly competitive marketplace.

**Avoiding Internet marketing myopia**

Theodore Levitt, writing in the *Harvard Business Review* (Levitt, 1960), outlined the factors that underlie the demise of many organisations and at best seriously weaken their longer-term competitiveness. These factors still provide a timely reminder of traps that should be avoided when embarking on Internet marketing.

1. Wrongly defining which business they are in.

2. Focusing on:
   - products (many web sites are still product-centric rather than customer-centric);
   - production;
   - technology (technology is only an enabler, not an objective);
   - selling (the culture on the Internet is based on customers seeking information to make informed buying decisions rather than strong exhortations to buy);

   rather than:

   - customer needs (the need for market orientation is a critical aspect of web site design and Internet marketing strategy); and
   - market opportunities (the Internet should not just be used as another channel, but new opportunities for adding value should be explored).

3. Unwillingness to innovate and 'creatively destruct' existing product or service lines.

4. Shortsightedness in terms of strategic thinking.

5. The lack of a strong and visionary CEO (Baker (1998) found that this was important to companies' effective use of the Internet).

6. Giving marketing only 'stepchild status', behind finance, production and technology.

Any organisation that sees and hence defines its business in anything other than customer-benefit terms has not taken the first step in achieving a *market orientation*. Any organisation that defines its business by what it produces is said to be suffering from 'marketing myopia'. Such myopia results from a company having a shortsighted and narrow view of the business that it is in. If Internet marketing is to become integrated and fully established as a strategic marketing management tool, then the focus of attention needs to move towards understanding its broader applications within the total marketing process rather than just using it as a communication and selling tool. This is not to detract from the capability of the Internet to communicate and sell, but recognises that this is only one important aspect of the marketing process to which the Internet can contribute. The danger for those currently considering developing Internet technology is that the focus of such involvement will be too narrow and the true power of the Internet and its potential contribution to the marketing process will be missed.

One of the elements of developing an Internet marketing strategy is deciding which marketing functions can be assisted by the Internet. There is a tendency amongst companies first using the Internet to restrict applications to promotion and selling rather than a relationship-building and service delivery tool. In later chapters in this book, we explore the full range of marketing applications of the Internet.
Internet marketing defined

What, then, is Internet marketing? Internet marketing or Internet-based marketing can be defined as the use of the Internet and related digital technologies to achieve marketing objectives and support the modern marketing concept. These technologies include the Internet media and other digital media such as wireless mobile, cable and satellite media.

In practice, Internet marketing will include the use of a company web site in conjunction with online promotional techniques such as search engines, banner advertising, direct email and links or services from other web sites to acquire new customers and provide services to existing customers that help develop the customer relationship. However, for Internet marketing to be successful there is a necessity for integration with traditional media such as print and TV, and this will be a consistent theme in this book.

Internet marketing

The application of the Internet and related digital technologies in conjunction with traditional communications to achieve marketing objectives.

E-marketing defined

The term 'Internet marketing' tends to refer to an external perspective of how the Internet can be used in conjunction with traditional media to acquire and deliver services to customers. An alternative term is e-marketing or electronic marketing (see for example McDonald and Wilson, 1999 and Smith and Chaffey, 2001) which can be considered to have a broader scope since it refers to the Internet, interactive digital TV and mobile marketing together with other technology approaches such as database marketing and electronic customer relationship management (CRM) to achieve marketing objectives. It has both internal and external perspectives considering how internal and external marketing processes and communications can be improved through information and communications technology.

As with many terms with the 'e' prefix, we need to return to an original definition of the topic to more fully understand what e-marketing involves. The definition of marketing by the Chartered Institute of Marketing (www.cim.co.uk) is:

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably

This definition emphasises the focus of marketing on the customer, while at the same time implying a need to link to other business operations to achieve this profitability. Smith and Chaffey (2001) note that Internet technology can be used to support these aims as follows:

• Identifying- the Internet can be used for marketing research to find out customers' needs and wants (Chapters 7 and 9).

• Anticipating- the Internet provides an additional channel by which customers can access information and make purchases - understanding this demand is key to governing resource allocation to e-marketing as explained in Chapters 2 and 4.

• Satisfying - a key success factor in e-marketing is achieving customer satisfaction through the electronic channel, which raises issues such as: is the site easy to use, does it perform adequately, what is the standard of associated customer service and how are physical products dispatched? These issues of customer relationship management are discussed further in Chapters 6 and 7.

A broader definition of marketing has been developed by Dibb, Simkin, Pride and Ferrell (Dibb et al., 2000):
Marketing consists of individual and organizational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas.

This definition is useful since it highlights different marketing activities necessary to achieve the 'exchange relationship', namely product development, pricing, promotion and distribution. We will review the way in which the Internet affects these elements of the marketing mix in Chapter 5.

Many organisations began the process of Internet marketing with the development of web sites in the form of brochure ware or electronic brochures introducing their products and services, but are now enhancing them to add value to the full range of marketing functions. In Chapters 2 and 4 we look at stage models of development of Internet marketing services, which start with brochureware sites that can be used to assess and inform an organisation's current and future application of Internet marketing. Another key aspect of Internet marketing planning is using the Internet for what it is best suited - reaching particular types of customers using innovative selling techniques. Case Study 1.1 gives one example of such applications of the Internet.

E-commerce and e-business defined

The terms 'e-commerce' and 'e-business' are often used in a similar context to 'Internet marketing', but what are the differences between these terms and do the finer distinctions between them matter to the practitioner? In fact, the differences are significant and do matter, since managers within an organisation require a consistent understanding of the opportunities to enable their organisation to have a cohesive strategy to best utilise new technology.

Electronic commerce (e-commerce) is often thought to simply refer to buying and selling using the Internet; people immediately think of consumer retail purchases from companies such as Amazon. However, e-commerce involves much more than electronically mediated financial transactions between organisations and customers. Many commentators now refer to e-commerce as both financial and informational electronically mediated transactions between an organisation and any third party it deals with (Chaffey, 2002). By this definition, non-financial transactions such as customer enquiries and support are also considered to be part of e-commerce. Kalakota and Whinston (1997) refer to a range of different perspectives for e-commerce:

1 A communications perspective - the delivery of information, products/services or payment by electronic means.
2 A business process perspective - the application of technology towards the automation of business transactions and workflows.
3 A service perspective - enabling cost cutting at the same time as increasing the speed and quality of service delivery.
4 An online perspective - the buying and selling of products and information online.

Zwass (1998) uses a broad definition of e-commerce noting the significance of information transfer. He refers to it as:

the sharing of business information, maintaining business relationships, and conducting business transactions by means of telecommunications networks.

The UK government also uses a broad definition:
E-commerce is the exchange of information across electronic networks, at any stage in the supply chain, whether within an organisation, between businesses, between businesses and consumers, or between the public and private sector, whether paid or unpaid.

All these definitions imply that electronic commerce is not solely restricted to the actual buying and selling of products, but also includes pre-sale and post-sales activities across the supply chain.

When evaluating the impact of e-commerce on an organisation's marketing, it is instructive to identify the role of buy-side and sell-side e-commerce. Sell-side e-commerce refers to transactions involved with selling products to an organisation's customers. Internet marketing is used directly to support sell-side e-commerce. Buy-side e-commerce refers to business-to-business transactions to procure resources needed by an organisation from its suppliers. This is typically the responsibility of those in the operational and procurement functions of an organisation. Remember, though, that each e-commerce transaction can be considered from two perspectives: sell-side from the perspective of the selling organisation and buy-side from the perspective of the buying organisation. So for organisational marketing we need to understand the drivers and barriers to buy-side e-commerce in order to accommodate the needs of organisational buyers. For

**E-business defined**

What then is e-business? Let us start from the definition by IBM ([www.ibm.com/e-business](http://www.ibm.com/e-business)), which was one of the first suppliers to coin the term:

**e-business (e' biz' nis):** The transformation of key business processes through the use of Internet technologies.

The key business processes in the IBM definition are the organisational processes or units in the centre of the figure. They include research and development, marketing, manufacturing and inbound and outbound logistics. The buy-side e-commerce processes with suppliers and the sell-side e-commerce processes involving exchanges with distributors and customers can also be considered to be key business processes.