

**AN EMPIRICAL STUDY:**  
**The Impact of the Internet on Traditional**  
**Marketing Principles, Strategies and**  
**Practices in the Financial and Retailing**  
**Sectors**



**Annmarie Birkett**



M.B.S.

2004

AN EMPIRICAL STUDY:  
THE IMPACT OF THE INTERNET ON  
TRADITIONAL MARKETING PRINCIPLES,  
STRATEGIES AND PRACTICES in the Financial  
and Retailing Sectors

BY

Annmarie Birkett

A Masters of Business Studies

Presented to the Galway-Mayo Institute of Technology

Head of School:	Mr. Larry Elwood
Research Supervisors:	Mr. Kevin Heffernan and Ms. Andrea Moloney
Internal Examiner:	Mr. James McGivern
External Examiner:	Mr. Gerry Grinham

‘Submitted to the Higher Education and Training Awards Council, April 2004’.

## TABLE OF CONTENTS

List of Tables	(v)
List of Figures	(vi)
List of Appendices	(vi)
Dedication	(vii)
Acknowledgements	(viii)
Abstract	(ix)
<b>Chapter 1: Introduction to Thesis</b>	
1.1 Introduction	1
1.2 Primary Objectives	2
1.3 Secondary Objectives	2
1.4 Research Plan	2
1.5 Summary of Research Findings and Conclusions	4
1.6 Summary	4
<b>Chapter 2: The Internet</b>	
2.1 Introduction	5
2.2 Introduction to the Internet	5
2.3 Evolution of the Internet	6
2.4 Internet Technology	9
2.5 Intranets	10
2.6 Extranets	11
2.7 Internet Tools	14
2.7.1 The World Wide Web	15
2.7.2 Electronic Mail (E-mail)	20
2.7.3 ListSERV	22
2.7.4 Telnet	23
2.7.5 Usenet	23
2.7.6 File Transfer Protocol (FTP)	24

2.7.7 Gopher, Archie and Wide Area Information Server (WAIS)	24
2.8 Internet Security	26
2.9 Internet Statistics in Ireland	27
2.10 Summary	33
2.11 Conclusions	34
<b>Chapter 3: Marketing and the Internet</b>	
3.1 Introduction	36
3.2 The Evolution of the Marketing	36
3.3 Traditional Marketing and the Internet	38
3.4 The Marketing Mix	39
3.4.1 Traditional Marketing Mix	40
3.4.2 Internet Marketing Mix	45
3.5 Marketing Strategy	59
3.5.1 Traditional Marketing Strategy	59
3.5.2 Internet Marketing Strategy	60
3.6 The Marketing Plan	63
3.6.1 Traditional Marketing Plan	63
3.6.2 Internet Marketing Plan	65
3.7 Comparison of Traditional Marketing and Internet Marketing	66
3.8 Summary	69
3.9 Conclusions	71
<b>Chapter 4: Research Methodology</b>	
4.1 Introduction	73
4.2 Stage 1: Problem Definition/Research Question	73
4.3 Stage 2: Research Approach	74
4.3.1 Positivism (Quantitative)	75
4.3.2 Phenomenology (Qualitative)	76
4.4 Stage 3: Research Design	79
4.5 Stage 4: Fieldwork	80

4.6 Summary	83
4.7 Conclusions	84
<b>Chapter 5 Research Findings, Conclusions and Recommendations</b>	
5.1 Introduction	85
5.2 Bank Company Profile	86
5.2.1 Progression of Website Development	91
5.2.2 Perceived Factors Encouraging & Discouraging a Website Presence	92
5.2.2.1 Perceived Factors Encouraging a Website Presence	93
5.2.2.2 Perceived Factors Discouraging a Website Presence	94
5.2.3 Actual Advantages for the Banks of a Web Presence	96
5.2.4 Marketing Techniques	98
5.2.4.1 Traditional Marketing Techniques	98
5.2.4.2 Internet Marketing Techniques	100
5.2.5 Key Differences between Traditional and Internet Marketing	101
5.2.6 Banking Summary	102
5.3 Supermarket Company Profile	104
5.3.1 Progression of Website Development	108
5.3.2 Perceived Factors Encouraging & Discouraging a Website Presence	110
5.3.2.1 Perceived Factors Encouraging a Website Presence	111
5.3.2.2 Perceived Factors Discouraging a Website Presence	112
5.3.3 Actual Advantages for the Supermarkets of a Web Presence	114
5.3.4 Marketing Techniques	115
5.3.4.1 Traditional Marketing Techniques	115
5.3.4.2 Internet Marketing Techniques	117
5.3.5 Key Differences between Traditional and Internet Marketing	118
5.3.6 Supermarket Summary	119
5.4 Summary	121
5.5 Conclusions	122
5.6 Recommendations	123
5.7 Further Research Questions	125

**Bibliography**

**Appendices**

## LIST OF TABLES

Table	Description	Page
2.1	Characteristics of the Internet, Intranet and Extranet	13
2.2	Top-Level Domains in the United States	16
2.3	Top-Level Location/Country Domains	16
2.4	New (2000) General Top-Level Domains	17
3.1	Comparison of Traditional Marketing & Internet Marketing	68
4.1	Comparison of Positivist and Phenomenological Paradigm	77
4.2	Strengths and Weaknesses of Positivism and Phenomenology	78
5.1	Cost versus Perceived Benefit Analysis (Banks)	94
5.2	Factors Encouraging & Discouraging a Website Presence (Banks)	96
5.3	Actual Advantages & Disadvantages of a Website Presence (Banks)	98
5.4	Traditional and Internet Marketing Techniques (Banks)	101
5.5	Cost versus Perceived Benefit Analysis (Supermarkets)	112
5.6	Factors Encouraging and Discouraging a Website Presence (Supermarkets)	113
5.7	Actual Advantages and Disadvantages of a Website Presence (Supermarkets)	115
5.8	Traditional and Internet Marketing Techniques (Supermarkets)	118

## LIST OF FIGURES

<b>Figure</b>	<b>Description</b>	<b>Page</b>
2.1	The Role of Different Networks in E-Commerce	13
2.2	HTML Screenshot	18
2.3	The Web System Architecture	19
2.4	Growth in Internet Usage	28
2.5	Usage Locations	29
2.6	Frequency of Using the Internet	29
2.7	Number of Hours Spent Online	30
2.8	E-Commerce Activity	31
2.9	Online Sales	31
2.10	E-Commerce Intentions	32
3.1	Key Aspects of the 7Ps of the Internet Marketing Mix	58

## LIST OF APPENDICES

<b>App.</b>	<b>Description</b>
A	Cover Letter Accompanying the Questionnaire
B	Questionnaire Designed for Traditional Outlets
C	Questionnaire Designed for Internet Outlets
D	Internet Advertising Terminology
E	Company Websites



## **DEDICATION**

**Bernard and Mary Birkett**

To two people who have been a true inspiration to me and imparted to me the virtue of hard work. For your encouragement and understanding - I am truly grateful.

Thanks Mum, Thanks Dad.

## **ACKNOWLEDGEMENTS**

**I gratefully acknowledge the assistance and support of the following people in completing this thesis:**

Kevin Heffernan and Andrea Moloney, who, in their supervision of this thesis provided invaluable critical comment.

Mr. Larry Elwood for affording to me the resources of his department.

Daragh Henehan and the other members of the technical staff who were generous in their support.

Thanks to all those who participated in the case studies for their valuable insights into the business of the banking and supermarket sectors.

Furthermore, my thanks to the library staff in the Galway-Mayo Institute of Technology, University College, Galway, Limerick and Cork for their willingness to assist me in my research for information.

My Mother and Father who inspired confidence and self-belief. My Brothers and family for their care and support.

To Martin, for his encouragement, kindness and patience.

Helen, Siobhan, Mary Teresa, Derval and Sylvia - thank you for your help.

## **ABSTRACT**

The purpose of this research is to provide an insight into the impact of the Internet on traditional marketing principles, strategies and practices in the financial and retailing sectors.

The growth of the Internet is explored from its modest beginnings through to the diverse opportunities that it offers today's marketers. The evolution of marketing is also discussed in order to provide the reader with an understanding of its origins and the advancements it has made over the years.

A comparison is made between traditional and Internet marketing plans, and traditional and Internet marketing strategies. The key differences between traditional and Internet marketing is then highlighted.

The Internet provides numerous opportunities to the marketer and the consumer and it encourages dialogue between both, through various forms of interaction such as e-mail. The marketer has the power to build relationships and develop customer loyalty. The Internet is also one of the most cost-effective methods of marketing in today's global marketplace.

The Internet has affected many businesses. In an effort to demonstrate this, case studies are the chosen research method to identify the impact of the Internet on four different companies, two from the financial sector and two from the retailing sector. An in-depth analysis of all four companies is conducted, concentrating primarily on how the Internet has changed their business strategy, if at all.

# **Chapter 1**

## **Introduction to Thesis**

## **1.1 Introduction**

This study examines the impact of the Internet on traditional marketing principles, strategies and practices. The Internet is a prominent player in today's marketing environment. It has become an increasingly popular and versatile tool for marketing. Frequently touted as a revolutionary force for businesses, the Internet is becoming a fundamental and often necessary vehicle for communications and transactions between marketers and consumers, and between businesses.

The Internet is a medium that gives companies the opportunity to provide existing and potential customers with company, product and brand information (Dibb, Simkin, Pride and Ferrell, 2001). The Internet plays a pivotal role in developing marketing communications, building customer relationships, and using consumer data to build a community (Dwyer, 2001). It provides one of the most efficient and effective marketing tools a company can use to promote a brand, service, or product. According to Collin (2000) the Internet offers a variety of new ways to contact new and existing customers, setting up focus groups, supporting press enquiries, research campaigns, investigating new export markets, and getting advice or discussing topics with other professionals.

Equally, companies will always use traditional forms of marketing as not all customers have access to the Internet and some people are not interested in it. In order for certain companies to thrive, they must implement both traditional and Internet marketing techniques as both of these methods target a wider audience.

## **1.2 Primary Objectives**

The primary objectives of this thesis are as follows:

- To undertake a comparative study of Traditional and Internet Marketing Principles, Strategies and Practices.
- To study the impact of Traditional Marketing Principles, Strategies and Practices on Businesses on the Internet.
- To determine the impact of the Internet on Marketing Principles, Strategies and Practices.

## **1.3 Secondary Objectives**

The secondary objectives are as follows:

- To evaluate the current Internet use of Marketing Principles, Strategies and Practices.
- To evaluate the future Internet use of Marketing Principles, Strategies and Practices.
- To prescribe for the expedient use of Internet-based Marketing Principles, Strategies and Practices.

## **1.4 Research Plan**

The layout of the thesis is as follows: after an introduction to the thesis in chapter one, the concept of the Internet is introduced and expanded upon in chapter two. The literature, which comprises of researching books, periodicals, business magazines, articles, journals and the Internet, is reviewed for insight into the nature and content of the Internet. The

evolution of the Internet is examined, as are the different technical aspects of the Internet. The Internet tools are identified; the main ones being the World Wide Web and electronic mail (e-mail). The Author then proceeds to discuss Internet security and usage statistics in Ireland.

The effect the Internet has on marketing is highlighted in chapter three. An overview of marketing is provided and the evolution of marketing is explained. Following this, the traditional marketing mixes, traditional marketing plans and traditional marketing strategies are compared to the Internet marketing mixes, Internet marketing plans and Internet marketing strategies. A comparison is then made between traditional and Internet marketing.

The research methodology used throughout the primary investigation is examined in chapter four. The different theoretical and conceptual theories are identified i.e. positivist and phenomenology approaches, and the research design is selected based on the analysis of the various theories. The process the researcher undertook while conducting the chosen method of research will also be discussed. Following this, a summary of the research findings is highlighted.

The analysis of the banking and retailing sections is discussed in chapter five. An examination is made under the following headings: the progression of website development, perceived factors encouraging and discouraging a website presence, and the actual advantages of a web presence. Traditional and Internet marketing techniques are

explored. The key differences between traditional and Internet marketing are analysed. Recommendations based on the analysis of the companies are highlighted and questions for further research are discussed.

### **1.5 Summary of Research Findings and Conclusions**

IIB Bank, Bank of Ireland, SuperValu and Superquinn have various differences, but also, have many similarities in relation to their views of marketing and the Internet. All companies use similar traditional marketing methods. The IIB Bank and Superquinn implement various Internet marketing techniques, while Bank of Ireland and SuperValu do not use any of these methods.

### **1.6 Summary**

The primary and secondary objectives of this study are outlined. The main aims are to undertake a comparative study of traditional and Internet marketing principles, strategies and practices and to determine the impact the Internet has on the aforementioned.

Following this, a brief description of each chapter is given, highlighting the important aspects entailed in each section. Next, a summary of the research findings and conclusions is examined.

The literature review will now begin. The following chapter focuses on the Internet



# **Chapter 2**

## **The Internet**

## 2.1 Introduction

This chapter describes what the Internet is and how it has evolved over the years. It highlights the relevance of Intranets and Extranets and their involvement in the efficient running of a business. A brief description of how the Internet works is given. Internet Tools are examined, namely, the World Wide Web and e-mail, as without these tools the Internet would not have developed as rapidly as it has or be so accessible to both consumers and businesses. Internet statistics in Ireland are highlighted, as it is important to see how people perceive the Internet in today's business environment.

## 2.2 Introduction to the Internet

As a result of the Internet, electronic commerce, which is the buying and selling of goods over the Internet, has developed at a rapid pace.

According to Lawrence, Corbitt, Fisher, Lawrence and Tidwell (2000, 48)

*'The Internet has been adopted as a tool which assists business transactions, promotes products, allows interactive news broadcasts, provides news in text and visual form, supports causes and activities to address social injustice, entertains, enables research and acts as an alternative publishing house. The Internet has become a conduit for immediate knowledge, information and communication.'*

The Internet is a diverse tool and can be used for many applications, ranging from marketing products and services to assisting business transactions. The Internet has motivated businesses to become even more competitive and establish what their customers' needs/wants are, thus enabling these companies to offer a higher standard of service.

In the following section the history of the Internet will be discussed, as it is important to see how the different applications have evolved over the years.

### **2.3 The Evolution of the Internet**

The Internet originates from ARPAnet, which was established by the US Advanced Research Projects Agency in 1969. The US Department of Defence (DoD) needed a secure means of transferring data around the world; hence it developed a series of computer links.

In 1972, an electronic mail application that allowed distribution of mail across a computer network using multiple computers emerged. E-mail has been a major tool in all aspects of the Internet, especially in the development of protocol specifications, technical standards and Internet engineering. E-mail has assisted companies in communicating with staff, customers and suppliers in a quick, efficient and inexpensive manner.

In 1973, an internetwork architecture was designed to allow different types of packet networks to interconnect and machines to communicate across a set of interconnected

networks. It was based on a protocol that is now known as Transfer Control Protocol/Internet Protocol (TCP/IP). TCP software ensures the safe and reliable transfer of data, while the IP software sets the rules for data transfer over a network (Mohammed, Fisher, Jaworski and Cahill, 2002). TCP/IP is the basic protocol that defines how information is exchanged over the Internet. The protocol introduces the IP Address, a multipart numeric code used to identify all nodes in a network; TCP/IP addresses are also represented by an alphabetic equivalent in e-mail and web site addresses (Whiteley, 2000). Application protocols developed for and used in TCP/IP include the File Transfer Protocol (FTP), e-mail protocol and the remote login facility Telecommunications Network (Telnet).

In the 1980s, ARPAnet was divided into two distinct networks called MILnet and NSFnet. MILnet was used primarily for government purposes, while NSFnet, funded by the National Science Foundation (NSF), was used to support education and research.

Tim Berners-Lee, a British researcher at CERN's European Laboratory for Particle Physics in Switzerland, invented the World Wide Web ('Web' for short) in 1989. The Web provided a way to link information on different computers. The objective was to overcome issues of computer incompatibility and utilise a new way of linking called 'hypertext'.

In 1993, a group of students led by Marc Andreessen at the University of Illinois wrote Mosaic. It was the first graphical user interface (GUI) program that could read Hyper-

Text Mark-Up Language (HTML). Hypertext is a system of linking documents and MarkUp is a system for indicating the formatting of the page, i.e. headings, paragraphs, italics, etc. Mosaic also uses HTML hyperlinks to navigate from page to page on computers, anywhere on the Internet. A GUI is a way of presenting program control functions and program output to users. It uses pictures, icons, and other graphical elements instead of displaying just text. Mosaic was the first of the Internet tools that are now referred to as 'web browsers'.

In 1994, Andreessen and other members of the University of Illinois Mosaic team joined with James Clark of Silicon Graphics to found Netscape Communications (now owned by AOL Times Warner). Its first product, the Netscape Navigator Web browser program based on Mosaic, was an instant success. Netscape became one of the fastest growing software companies in the world.

Nowadays, the web system, together with the Internet, forms the basic infrastructure for supporting e-commerce. The Internet is now a global network of commercial and non-commercial computer networks, some of them large, others small.

The following section discusses how the Internet works. This gives the reader a basic understanding of its capabilities and limitations.

## **2.4 Internet Technology**

The Internet operates by taking data (such as e-mail messages, a file, a document or a request for a file) dividing it into separate parts called packets. These packets are transmitted along the best available route to the destination computer. Once there, they are reassembled into meaningful information. The Internet works on an infrastructure that covers all of the media necessary for moving information. The infrastructure that works with and complements the Internet includes private corporate networks, cable and satellite television and telecommunications networks (Lawrence, Corbitt, Fisher, Lawrence and Tidwell, 2000).

From a computer, a set of client programs is used. A client is a computer or, more accurately, a particular computer program that knows how to communicate with a particular type of server, to use the information stored on that server, or to put information there. Servers can be any type of computer and most of the information accessed through the Internet is stored on these for use by clients. The client programs access a different type of server computer on the Internet.

The Internet enables business transactions and communication between businesses and individuals to take place across the globe. It combines many existing technologies into one framework, i.e. computer networks and communication networks, like telephone and fax, which are already integrated into the Internet. Conversion is also made possible; a fax can be converted to e-mail. This helps businesses that use different methods of communication to interact without any difficulties. It is also possible to translate data

from one language to another, including human language, programming and database language.

## **2.5 Intranets**

Intranets are computer networks that are privately developed and operated within an organisation. They use web servers, browsers and e-mail within a company to share company information and software applications. The employers and some or all of the employees are the only people allowed to access intranets. Businesses have access to applications, data, knowledge, information, and processes available through intranets. The company can then operate more efficiently when each person in the organisation knows what principles the business is based upon and how they communicate with the clients and suppliers. An intranet's website looks and acts just like any other website, but a firewall (a security measure to protect intranets from unauthorised access) surrounds an intranet.

Intranets can be used to replace documents such as staff manuals, internal telephone directories and office notices.

According to Bickerton, Bickerton and Pardesi (2000) the following are some of the items that can be posted up on a company's intranet:

- The corporate business plan can be relayed throughout an organisation and kept updated.

- The marketing plan can be integrated with the marketing activities so that internal team members can see how the overall plan is being implemented.
- The corporate policy documents (appraisals, expenses, holiday entitlements, etc.) can be stored in one location.
- The company's newsletter can be read online.
- Price lists and product descriptions can be referenced throughout the organisation.

Intranets allow employee interaction throughout the organisation. Senior managers can create response forms, which allow employees ask questions and receive feedback.

## 2.6 Extranets

According to Lawrence *et al.* (2000, 49)

*“An extranet is a collaborative network that uses Internet technology to link businesses with their suppliers, customers or other businesses that share common goals.”*

Extranets involve a company setting up a website, which can be reached through a simple dial-up connection. Passwords are given to certain people such as suppliers and customers. They can then log on to the site and access key information, such as sales and orders, as if they were on an intranet.

Extranets are external networks physically set up outside a company's firewall that provide assistance with business strategy, ordering and product-delivery systems and



customer support (Rider, 2000). Extranets are usually linked to business intranets where information is either accessible through a password system or through links which are established collaboratively (Lawrence *et al.*, 2000).

Szuprowicz (1998) identifies five advantages of an extranet to a company. These include enhanced communications, productivity enhancements, business enhancements, cost reduction, and information delivery. Based upon these benefits, an extranet can be used to do the following:

- ‘Speed up transactions between the company and suppliers by providing secure access to vital business information.
- Create and strengthen strategic relationships with business partners and customers.
- Enable collaborations with business, partners and suppliers.
- Reduce time to market for new products.
- Shorten sales cycles when product information is accessible by both the customers and sales staff via a secure extranet.
- Improve customer relationships, which indirectly increases sales.
- Focus on retaining valuable existing customers, which reduces the expense of acquiring new customers.’

*Source: Van Hook (2002, 7) The Role of Extranets in Electronic Commerce.*

Table 2.1 below identifies various functions of the Internet, Intranet and Extranet.

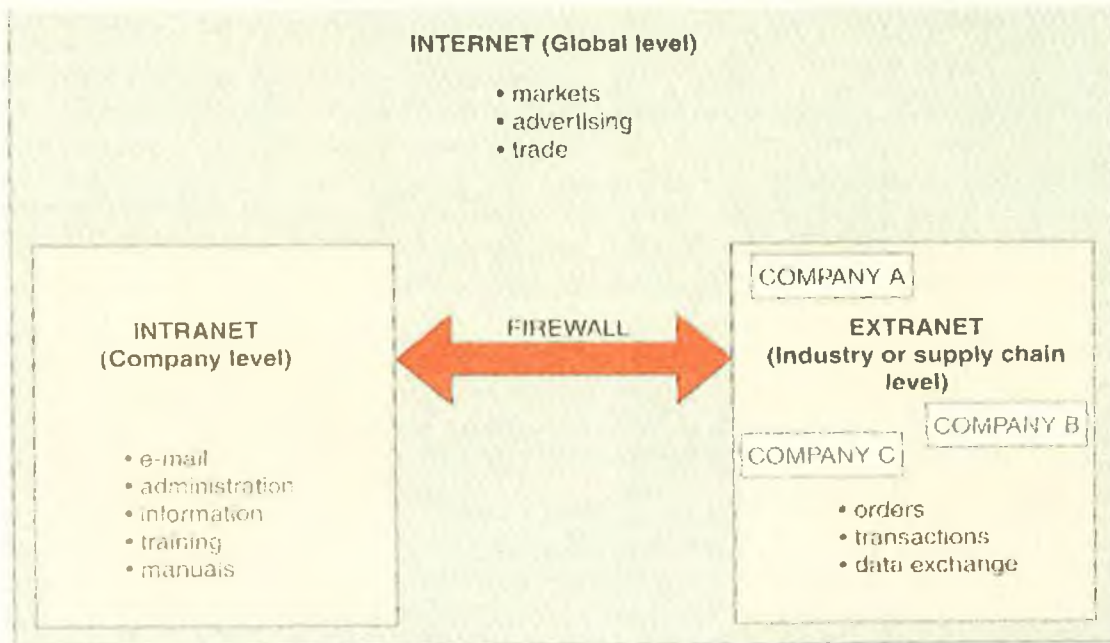
**Table 2.1 Characteristics of the Internet, Intranet, and Extranet**

<i>Network Type</i>	<i>Typical Users</i>	<i>Access</i>	<i>Type of Information</i>
The Internet	Any individual with dial-up access or LAN (Local Area Network – a computer network that spans a relatively small area)	Unlimited public: no restrictions	General, public and advertorial
Intranet	Authorised employees only	Private and restricted	Specific, corporate, and proprietary
Extranet	Authorised groups from collaborating companies	Private and authorised outside partners	Shared in authorised collaborating groups

Source: Szuprowicz (1998, 24) *Extranet and Intranet: E-Commerce Business Strategies for the Future*.

The following figure depicts the role of different networks in e-commerce.

**Figure 2.1 The Role of Different Networks in Electronic Commerce**



Source: Lawrence et al. (2000, 50) *Internet Commerce: Digital Models for Business*.

The Internet operates within a structure that has existed to support other technologies, including telecommunications. It enables businesses to collect information, add value to information, conduct trade and communicate with suppliers and customers in an efficient and effective manner.

The following section describes various Internet tools.

## **2.7 Internet Tools**

As the Internet has evolved over the years, many tools have been developed to help find, send and receive information across it. The most important tool from a marketing point of view is the World Wide Web, as it is quite easy to use from both a customer and business perspective. Information is displayed clearly and hence is more easily understood by everyone. E-mail is another essential tool, as it allows customers and companies to contact each other.

The following five Internet tools are also discussed.

1. **ListSERV:** an automatic mailing list server.
2. **Telecommunications Network (Telnet):** a protocol that provides a way for users/clients to connect to other users via servers on the Internet.
3. **Usenet:** a worldwide electronic bulletin board used to discuss certain topics, i.e. sport or hobbies.

4. **File Transfer Protocol (FTP):** used as a standard for transferring files to or from one computer to another.
5. **Gopher, Archie and Wide Area Information Server (WAIS):** important tools used before the advent of the Web for storing and searching documents on the Internet.

The main advantage of Internet tools lies in their ability to transfer, store and retrieve information at a faster rate.

### **2.7.1 World Wide Web**

The Web is a medium for publishing information on the Internet in an easy-to-use form. Essentially, it is a collection of disseminated documents called 'pages' sited on computers all over the world. It is organised through the client-server model using the TCP/IP protocol. These pages may contain words, colour pictures, movies, animations, sound, on-screen fill-out forms, and programmes that run directly on a computer. There are also opportunities to send information to the owner of the website, databases, catalogues and interactive programmes. Web browsers such as Netscape Navigator provide an easy method of accessing and viewing information stored as web documents on different servers.

Web addresses or Uniform Resource Locators (URLs) refer to particular pages on a Web Server (used to store the web pages accessed by the web browsers), which are hosted by a computer or organisation. They are prefixed by `http://www` to denote the Web protocol and are then fragmented as follows: `http://www.domain-name.extension/filename.htm`.

The domain name refers to the name of the web server and the extension indicates its type or location/country as shown in Tables 2.2 and 2.3.

**Table 2.2 Top-Level Domains in the United States**

<i>Domain Label</i>	<i>Characteristic Domain User</i>	<i>Example</i>
.com	Commercial, for-profit organisations	Barnes & Noble Bookstore (barnesandnoble.com)
.net	Network resource organisations and gateways	Internet Alaska (Alaska.net)
.edu	Educational organisations	Virginia Tech (vt.edu)
.gov	Government organisations	Argonne National Lab. (anl.gov)
.mil	Military organisations/branches	Air Force (af.mil)
.org	Not-for-profit organisations	Girl Scout Council (gsusa.org)

*Source: Coupey (2001, 12) Marketing and the Internet.*

**Table 2.3 Top-Level Location/Country Domains**

<i>Top Level Domains</i>	<i>Country</i>
.ie	Ireland
.uk	United Kingdom
.fr	France
.sp	Spain
.it	Italy
.de	Germany
.au	Australia
.ca	Canada
.jp	Japan

*Source: Coupey (2001, 12) Marketing and the Internet.*

Table 2.4 below presents the most popular top-level domains.

**Table 2.4 New (2000) General Top-Level Domains**

<i>Top Level Domains</i>	<i>Use</i>
.aero	Air-transport industry
.biz	Businesses
.coop	Cooperatives
.info	General Use
.museum	Museums
.name	Individual people
.pro	Professionals (accountants, lawyers, physicians)

Source: Schneider (2003: 51) *Electronic Commerce*.

The Web is based on a standard document format known as HTML (Hypertext Mark-Up Language). It is the scripting language used to create Web pages, which provides both formatting and hyperlinking. HTML allows users to move freely from one document to another (Bocij, Chaffey, Greasley and Hickie, 1999).

The following is a sample HTML document:

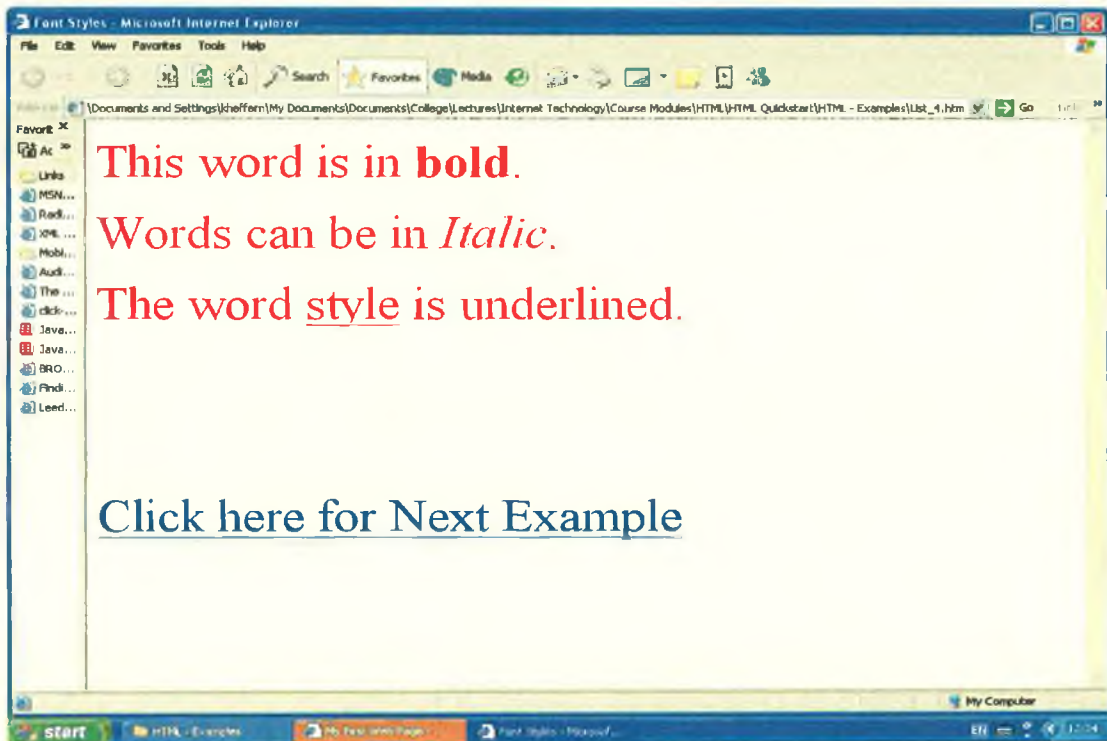
This word is in **bold** <B>

Words can be in *Italic* <I>

The word style is underlined <U>

Figure 2.2 below is an example of a HTML screenshot

**Figure 2.2 HTML screenshot**



The architecture of the Web will now be discussed.

- **The Web Architecture**

The Web architecture consists of the following components: Web browser, Backend system, Web server, Application server, and the Internet.

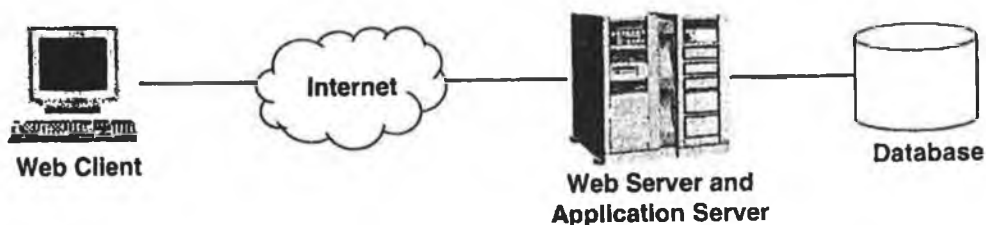
- **Web browser:** is a software program, which acts as a graphical interface between the user and the Internet. It sends the necessary commands to request data from other computers and then formats them for the user's screen. Without

the browser the user would not be able to retrieve any information. It interacts with the web server using the HTTP (Hyper-Text Transfer Protocol). HTTP is a protocol used to transfer files from a Web server onto a browser in order to view a Web page that is on the Internet.

- **Backend system:** supports the service system for fulfilling the user's request. In many cases, it is a database management system.
- **Web server:** is used to store the Web pages accessed by the Web browser. It may also contain databases of customer or product information, which can be queried and retrieved from the browser. It interacts with the web client as well as the backend system.
- **Application server:** is the other main component of the service system and it hosts the e-commerce application software.
- **Internet:** is the communication platform for the web server and the web client to exchange information with each other.

The following diagram is an example of the Web System Architecture.

**Figure 2.3 The Web System Architecture**



*Source: Chan et al. (2001, 39) E-Commerce: Fundamentals and Applications.*



The next Internet tool to be discussed is e-mail as it is extremely important from a marketing perspective as it gives companies an opportunity to communicate a message with existing and potential customers.

### **2.7.2 Electronic Mail (E-mail)**

E-mail can be defined as the transmission of a message over a communications network. Messages can be entered via a keyboard or taken from files stored on disk. Data files, such as spreadsheet files, graphics or database files, can accompany messages. This is known as adding a file attachment.

E-mail messages can be composed online or off-line; they can be sent immediately or at a later time. It is a popular method of sending and receiving electronic messages. Usually, it takes a matter of seconds or minutes for mail to reach its destination. When messages are sent, they are stored in electronic mailboxes until the recipient reads them. After the mail is read, it can be stored in a text file, forwarded to other users or deleted. Messages can also be sent to multiple individuals at the same time and this is known as broadcasting. A mailing list is defined as the same message being sent to a group of people simultaneously; these individuals can then reply to all the people on the mailing list or to the individual who sent the message. According to Siegel (1999) many project and general managers now use mailing lists in order to keep their project teams updated at all times.

E-mails are written and read in a special mail reader program. Within a large company it is often part of a groupware package, such as Microsoft Exchange, Novell Groupwise or

Lotus Notes. Smaller companies use Microsoft Outlook Express, Eudora, or Pegasus Mail, as some of these packages are free or less expensive (Chaffey, Mayer, Johnston, Ellis-Chadwick, 2000).

Companies that are fully computerised make extensive use of e-mail because it is fast, reliable and flexible. In a business organisation, e-mail can be used to support both internal and external communications. In relation to internal communications, many organisations use e-mail instead of internal memos or telephone calls and messages are stored automatically until the user accesses them. In respect to external communications, e-mail offers teleworkers (someone who works from home, using technology as a means of communication) the opportunity to stay in contact with clients, colleagues and employers. It also allows them to send or receive work-related material quickly and easily (Bocij *et al.*, 1999).

From a marketing perspective, e-mail allows companies to attract new customers by sending them information on their products or services. Companies can also provide their customers with information about existing or new products and special offers. The consumer can avail of the offer by linking from the e-mail to the website of the company. The customer is given an opportunity to request product information, such as product specifications or quotes. Customers can also express their opinions or make any comments in relation to the company's products or services.



E-mail also helps companies to communicate with customers in a more cost effective and efficient manner. Companies then develop a database of their customers and can enhance their products towards the needs of their customers.

### **2.7.3 ListSERV**

In 1986, Eric Thomas developed an automatic mailing list server. When e-mail is addressed to a listserv mailing list, it is automatically distributed to everyone on the list.

Mailing lists can be divided into two different categories:

1. A one-way mailing list
2. A two-way mailing list

#### **1. One-way mailing list**

This form of mailing list either accepts or sends information, but the user only interacts with the list server and not with other users. The most popular methods of one-way mailing lists are outgoing messages such as newsletters, announcements, and unsolicited mail.

#### **2. Two-way mailing list**

This involves users interacting with other subscribers to that mailing list. This is one of the most common types of discussion groups. The mailing list is usually limited to subscribers who have sent a message to a specified address to sign up for that list.

Mailing lists may be open to the public or may be private or restricted to known parties. The latter are often used for educational discussions, as it enables the instructor to exchange messages to a specific student group (Weiss, 2002).

#### **2.7.4 Telnet**

Telnet is a protocol that provides a way for users/clients to connect to other users via servers on the Internet and it is one of the oldest forms of the Internet. Telnet operates in a client/server environment in which one host negotiates opening a session on another computer. It is a program that allows clients to use the power of the Internet to connect to databases and other information resources around the world.

Telnet is often used as a way of organising sales order processing systems across a wide-area network (a computer network that spans a relatively large geographical area). Telnet can also be used to check if an item of stock is currently available in the warehouse.

#### **2.7.5 Usenet**

Usenet is a worldwide electronic bulletin board used to facilitate discussion on a particular topic such as sport or a business matter. Users post messages to the newsgroups and the messages are broadcast across the news servers around the Internet.

The website, [www.usenet.org](http://www.usenet.org) offers a comprehensive overview and introduction to the Usenet culture and the technical issues of how newsgroups and news servers work. People ask questions or generate statements in relation to a particular topic and wait for

other people to reply. Lists of related questions are held together in what is commonly known as a 'thread'.

In relation to the marketing aspect of Usenet groups, companies carry out marketing research in the form of receiving feedback from their customers.

### **2.7.6 File Transfer Protocol (FTP)**

FTP is used as a standard for transferring files from a server to a client, across the Internet. Common FTP programs are used to send and receive files from specific sites. FTP programs are used to upload or transfer HTML web pages and graphics to a website when a site is created or modified. FTP can also be provided as a means of communicating with customers. Large volumes of information such as price lists, catalogues or support information can be made available from a website as a file (Chaffey *et al.*, 2000).

The most common application of FTP servers in marketing is in the distribution of demonstration software or updates (Dann *et al.*, 2001).

### **2.7.7 Gopher, Archie and Wide Area Information Server (WAIS)**

Gopher, Archie and WAIS were important tools before the advent of the Web for storing and searching documents on the Internet. According to Chaffey *et al.* (2000) the Web has replaced these tools as it provides a way for publishing information, which is easier to use. Multimedia is also integrated into it rather than just plain text.

- **Gopher** was developed at the University of Minnesota and named after the school's mascot. Gopher, which pre-dates the Web, is a system for organising and displaying files on Internet servers. It presents its contents as a hierarchically structured list of files. Most Gopher databases were converted to websites, which can be more easily accessed via Web search engines. Two systems, Veronica and Jughead, allow users to search global indices of resources stored in Gopher systems.
- **Archie** is a program that enables a user to search for files on the Internet by filename.
- **WAIS (Wide Area Information Server)** is a program for finding documents on the Internet. However, the World Wide Web has superseded WAIS as it is rather primitive in its searching capabilities.

The advent of the Internet and the Web has given companies an opportunity to market and distribute their goods and services through another medium. It is important to have an understanding of how the Internet, Intranets, Extranets and Internet tools work as they are all interconnected and help assist businesses to operate in a more efficient and effective manner.

The question of Internet security is an important part of every company's strategy and will be discussed in further detail in the following section.

## 2.8 Internet Security

According to Turban, King, Lee, Warkentin, and Chung (2002) the following security issues may occur in online transactions:

- **‘Authentication:** the process by which one entity verifies that another entity is who they claim to be. Authentication requires evidence in the form of credentials, which can take a variety of forms including: something known (i.e. a password); something possessed (i.e. a smartcard); or something unique (i.e. a signature).
- **Authorisation:** is usually determined by comparing information about the person or program with access control information associated with the resource being accessed.
- **Auditing:** the process of collecting information about accessing particular resources, using particular privileges, or performing other security actions (either successfully or unsuccessfully) is known as auditing. Audits provide the means to reconstruct the specific actions that were taken and often the ability to uniquely identify the person or program that performed the actions.
- **Confidentiality or Privacy:** information that is private or sensitive should not be disclosed to unauthorised individuals, entities, or computer software processes. Some examples of things that should be confidential are trade secrets, business plans, health records, credit card numbers, and even the fact that a person visited a particular website. Confidentiality is usually ensured by encryption (the conversion of data into a code so that it cannot be read by unauthorised users).
- **Integrity:** the ability to protect data from being altered or destroyed in an unauthorised or accidental manner. Data can be altered or destroyed while it is in

transit or after it is stored. Financial transactions are one example of data whose integrity needs to be secured. Again, encryption is one way of ensuring integrity of data while it is in transit.

- **Availability:** an online site is available if a person or program can gain access to the pages, data, or services provided by the site when they are needed.

Technologies such as load-balancing hardware and software are aimed at ensuring availability.

- **Non-repudiation:** is the ability to limit parties from refuting that a legitimate transaction took place. One of the keys to non-repudiation is a ‘signature’ that makes it difficult to dispute that a person was involved in an exchange.’

*Source: Turban et al. (2002, 547-548) Electronic Commerce 2002: A Management Perspective*

As there is no human contact online, customers must feel confident about giving their personal details such as home address, financial information etc. Companies are responsible for ensuring that all the aforementioned security issues are implemented into their business strategy. Businesses should make their customers aware of their website security and privacy policies. This may lead to an increased sense of trust being developed between both parties.

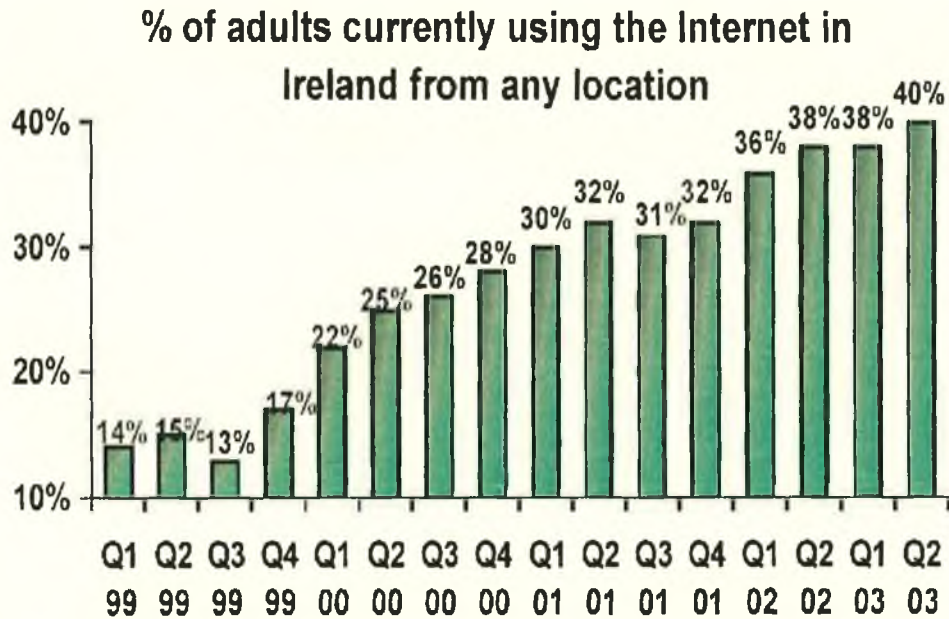
## **2.9 Internet Statistics in Ireland**

In recent years the Internet has become very popular amongst users in Ireland. The following charts indicate the Internet usage statistics in Ireland.



Figure 2.4 shows the growth in Internet Usage from 1999 to the second quarter of 2003.

Figure 2.4 Growth in Internet Usage



Source: Amárach Consulting, 2003

As demonstrated on the above chart, the percentage of adults currently using the Internet in Ireland is growing at a steady rate. In the first quarter of 1999, 14% of people used the Internet. In the second quarter of 2003, Internet usage was measured at 40%, i.e. approximately 1,151,000 Irish adults used the Internet, which is a significant increase.

Figure 2.5 below shows the percentage of users who access the Internet from various locations.

**Figure 2.5 Usage Locations**

Location of Use	% of all Adults Q1 03	Equivalent Population Q1 03	% of all Adults Q2 03	Equivalent Population Q2 03	% of all Internet Users Q2 03
Home	26%	738,000	27%	766,000	67%
Work	13%	378,000	15%	434,000	38%
Schools/Colleges	10%	276,000	9%	254,000	22%
Friend's House	3%	74,000	2%	65,000	6%
Cyber Cafes	1%	39,000	2%	62,000	5%
Public Library	1%	33,000	2%	60,000	5%
On the move	1%	19,000	1%	34,000	3%
Elsewhere	0%	8,000	1%	16,000	1%
<b>Total</b>	<b>38%</b>	<b>1,102,000</b>	<b>40%</b>	<b>1,151,000</b>	

Source: Amárach Consulting, 2003

The most popular location of use is from people's homes - 26% (738,000) of all adults accessed the Internet at home in the first quarter of 2003 and this figure increased to 27% (766,000) in the second quarter of 2003.

Figure 2.6 below indicates the amount of times users access the Internet.

**Figure 2.6 Frequency of Using the Internet**

How Often Do You Use the Internet at Home?	Q1 03	Q2 03
Daily or nearly every day	20%	19%
Several times a week	41%	45%
About once a week	25%	23%
About once every 2 weeks	9%	7%
About once a month	4%	3%
Less often than once a month	1%	1%
<b>Mean number of times per week</b>	<b>2.95</b>	<b>3.01</b>

Source: Amárach Consulting, 2003

On average, home Internet users log on three times a week. This is unchanged from the last quarter. The most frequent users are more likely to be in the 25-34 age group and those banking or buying online (Amárach Consulting, 2003).

The following figure shows the number of hours spent online.

**Figure 2.7 Number of Hours Spent Online**

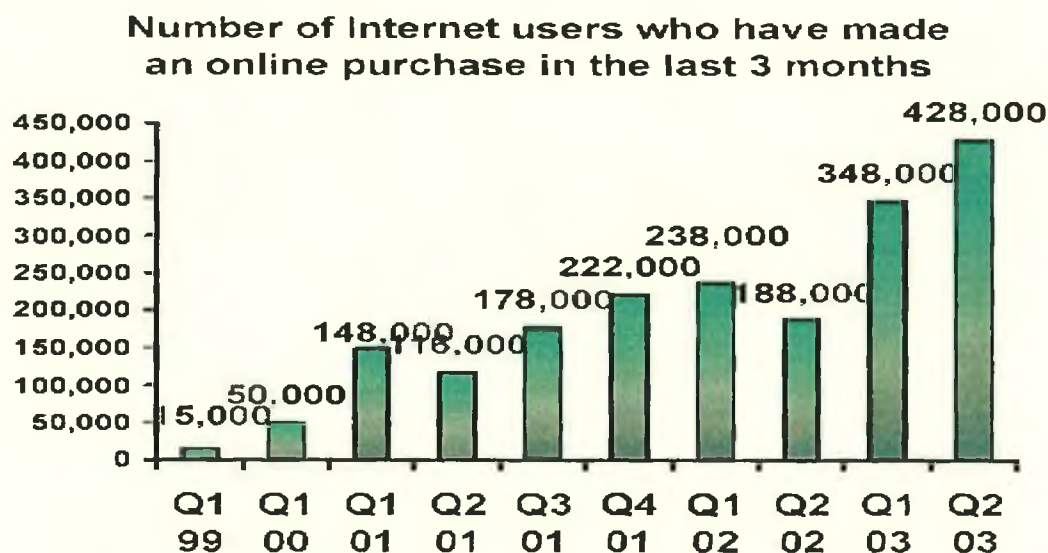
<b>How Many Hours in a Typical Week Would You Spend Online at Home?</b>	<b>Q1 2003</b>	<b>Q2 2003</b>
1	31%	22%
2	20%	15%
3-4	19%	18%
5-7	12%	11%
8-15	9%	17%
16+	4%	5%
Don't know	6%	10%
<b>Mean number of hours per week</b>	<b>4</b>	<b>6</b>

*Source: Amárach Consulting, 2003*

On average, those using the Internet at home are estimated to spend six hours a week online. This represents an increase of 2 hours per week, based on the results of the first quarter of 2003.

Figure 2.8 highlights e-commerce activity in Ireland. It shows the number of Internet users who have made an online purchase in the last three months.

**Figure 2.8 E-Commerce Activity**



Source: Amárach Consulting, 2003

37% of Internet users have made a recent online purchase, in comparison to 32% last quarter. Based on the above chart, those buying online are more likely to be aged between 25-34.

The top 10 online purchases are highlighted in the following chart (Figure 2.9).

**Figure 2.9 Online Sales**

Top 10 Online Purchases	Q1 2003	Q2 2003
Airline tickets	67%	63%
Concert tickets	24%	28%
Package holiday	13%	18%
Other travel services (e.g. hotel, car hire)	4%	18%
Music	12%	16%
Books	15%	13%
Videos/DVDs	11%	8%
Information	6%	6%
Clothing	5%	5%
Wine	1%	4%

Source: Amárach Consulting, 2003

In the first quarter of 2003 airline tickets were the most popular online purchase, accounting for 67% of overall sales, this number decreased to 63% in the second quarter of 2003. The second most popular item is concert tickets, which increased by 4% in the second quarter of 2003.

Figure 2.10 below denotes the intentions of consumers in Ireland to purchase online over the next three months.

Figure 2.10 E-Commerce Intentions



Source: Amárach Consulting, 2003

Intentions to make an online purchase within the next three months are high with almost one in five Internet users claiming they are certain to make an online purchase in the next three months and one in four saying they are likely to. The likelihood of making an online purchase is highest among those who have previously made an online purchase, and 25-34 year olds.

## 2.9 Summary

The Internet is a linkage of many smaller computer networks throughout the world. These links are created through phone lines, satellites, and other telecommunication systems. In 1969, the US Department of Defence created ARPAnet as it provided a reliable way of transferring data across the world. It existed until 1990 and was used by the government, research and academic institutes. In 1989, Tim Berners-Lee invented the World Wide Web. The Internet works by dividing data into packets and transmitting them along the most appropriate route to the destination computer. It then reassembles these packets into meaningful information.

Staff manuals, internal telephone directories and office notices have been replaced in the many companies by intranets. Their advantage is that they are always accessible and amendments can be made easily.

An extranet is an intranet that is extended beyond the boundaries of a company. Authorised people outside the company, such as suppliers and customers, can access extranets. Key information, such as sales and orders can be accessed through an extranet. Since the establishment of the Internet, many tools have been developed to find, send and receive information across it, the main ones being the Web and e-mail. From a marketing perspective, an increasing number of companies conduct business on the Web. It has enabled them to develop an effective customer interface. E-mail helps companies to communicate with customers in a more cost effective and efficient manner. Companies

then develop a database of their customers and can enhance their products towards the needs of their customers.

Over the years the Internet has developed at a rapid pace. It has motivated businesses to become even more competitive and establish what their customers' needs and wants are. It enables companies to deliver the desired products to their consumers. The Internet has given organisations many opportunities to provide visitors to their website with information about their products and services, and the opportunity to purchase online.

According to Amárach Consulting (2003) Internet penetration has now reached 40% of Irish adults, this is equivalent to 1,151,000 adult users and represents a 2% increase on figures recorded for 2002. This reveals that more people are becoming interested in using the Internet and are better aware of what it offers. The most popular online purchase is airline tickets and one in five Internet users maintain that they will make an online purchase in the next three months.

## **2.10 Conclusions**

Although the Internet has only recently been introduced into daily life, it has grown at an extraordinary rate, surpassing projected use in terms of the number of users globally.

Over half a billion people worldwide now have Internet access, according to research from Nielsen-Netratings. The research company's latest study indicates that 580 million people have Internet access, compared to 563 million in the third quarter of 2002 (Nua Surveys, 2003).

The Internet is the fastest growing marketing medium of the 1990s and has become embedded in our society. The World Wide Web has fuelled this growth by providing companies with different methods of marketing and selling goods online. The Internet has become of major benefit to many firms, who are consequently increasing their global market share. The Internet is an effective information, marketing, and distribution tool. It helps many businesses to generate more sales by communicating with their customers. As a result of the Internet and the Web, businesses are given the opportunity to avail of an alternative medium for selling goods and communicating with customers, suppliers and other businesses. The Internet represents one of the most successful examples of the benefits of sustained investment and commitment to research and development of information infrastructure.

The technical element of the Internet has been discussed; in the next chapter the Author will explain how the Internet affects traditional marketing strategies, as it is one of the key objectives of the thesis.



# **Chapter 3**

## **Marketing and the Internet**

### **3.1 Introduction**

This chapter describes how marketing has evolved over the years and the changes that have taken place. It proceeds to incorporate the Internet by discussing marketing on the Internet. It defines the services marketing mix, i.e. the seven Ps - Product, Price, Place, Promotion, People, Processes and Physical Evidence and compares both the traditional and Internet marketing mixes. Special emphasis is placed on website promotion. The traditional marketing strategy is outlined, as is the Internet marketing strategy. The concept of the traditional marketing plan is analysed along with the Internet marketing plan. Finally, a comparison is made between traditional and Internet marketing.

The above topics are discussed, as these are the core elements of marketing and when combined together may help many companies prosper.

The following section explains the evolution of marketing, as it is important to highlight the most important changes that have taken place and how these have effected today's marketing environment.

### **3.2 The Evolution of Marketing**

Dibb *et al.* (2001, 5) provide the following definition of marketing:

*'Marketing consists of individual and organisation activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas.'*

Marketing has not always existed in its present form. It has gone through a number of evolutionary stages. Originally it was a form of exchange, dominated by barter. As a result of developments during the Industrial Revolution (1700s to early 1800s), firms could produce more in terms of volume than the local economy could consume (Lancaster and Reynolds, 1998). With the large-scale production of products, goods became standardised and suppliers tried to convince customers of the need for such products.

During the twentieth century, differentiation of products and services became important. Some companies began to plan their business operations in a marketing oriented manner as supply was becoming greater than demand. Organisations began to analyse and interpret the needs and wants of customers and products were tailored to meet these demands.

Throughout the 1990s, marketing began to move away from one-way communication to two-way communication. Companies began to concentrate on relationship marketing, which is the process of establishing, maintaining, enhancing, and commercialising customers relationships through promise fulfilment (Gronroos, 1990). Promise fulfilment means that when firms make offers in their marketing communications programs, customer expectations will be met through product experiences. The basis of relationship marketing is developing a long-term customer orientation, involving ongoing interactive communication between a firm and selected shareholders, and focusing on individual

customers. Relationship marketing differentiates between individual customers based on their need, rather than differentiating products for target groups (Strauss and Frost, 2001).

Since its evolution, many marketers have viewed the Internet as an interactive medium, which informs consumers about organisations' products and services. The Internet is another marketing tool, which companies can invest in, and provides another channel of distribution.

The following section describes the effect the Internet has on traditional marketing.

### **3.3 Traditional Marketing and the Internet**

Marketing applications can differ substantially from company to company. One company may use the Internet as a tool for effecting standard business practices, such as e-mail and handling catalogue requests. Another may make its entire product line available through an Internet site, as well as through traditional outlets. While another company such as Amazon may market its products solely through a virtual storefront on the Internet. The types of online activities are influenced by the goals of the company and by its experience with Internet technologies (Coupey, 2001).

The Internet has become an increasingly popular and resourceful tool for marketing. It is rapidly becoming a fundamental and often necessary vehicle for communication and transactions between marketers, consumers and businesses (Coupey, 2001).

According to Sheth, Eshghi and Krishnan (2001) the Internet age has prompted a radical examination of how marketing's basic mission is carried out. They have noticed three fundamental paradigm shifts that are taking place:

1. Internet age customers are increasingly initiating and controlling the exchange. Customers dictate what information they need, what product(s) they are interested in and what price they are willing to pay.
2. Customers demand high quality products at affordable prices and want a faster and better service. The Internet age marketer is expected to satisfy customers' current and future needs efficiently and effectively.
3. Marketing exchanges no longer revolve around a single transaction at a given point in time. Forward-looking enterprises are increasingly moving away from narrowly defined-market categories to the totality of customers' experiences.

The following topic to be discussed is the marketing mix, which is an extremely important part of every company's business strategy.

### **3.4 The Marketing Mix**

The marketing concept is deployed by selecting a target market for the product or service and then developing the marketing mix to help meet consumers' requirements. When choosing a target market, companies must evaluate different markets to determine how entering them would affect the company's sales, costs and profits. After selecting the appropriate segment(s), the task of the company is to make its target market aware of the

existence of the product/service. This is achieved by developing appropriate marketing mixes for each target audience.

In 1960 Jerome McCarthy at the University of Michigan developed the concept of the four Ps: Product, Price, Place and Promotion. The marketing mix is a well-known theory that helps marketers define and concentrate on their specific marketplace. Once the variables are mixed together correctly, they will lead to customer satisfaction (Smith and Chaffey, 2002).

Boom and Bitner developed the 7 Ps, commonly known as the services marketing mix. The extra Ps: People, Processes and Physical Evidence, are important in the delivery of both products and services.

### **3.4.1 Traditional Marketing Mix**

- **Product**

Kotler, Armstrong, Saunders, Wong (1999, 561) define a product as:

*'Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organisations and ideas.'*

The product variable is the aspect of the marketing mix that deals with researching consumers' product wants and designing a product with the desired characteristics.

Product variable decisions and related activities are important because they directly involve the creation of products and services that satisfy customers' needs and wants.

Product decisions include a wide variety of issues such as new product development, packaging, branding, labelling, and the strategic management of products throughout their lifecycle (Czinkota, 2000).

A critical element to the success of the marketing communication process is defining the product accurately from the customers' perspective rather than the organisational one (Dann *et al.*, 2001). The company must determine what its customers are looking for and meet their demands.

- **Price**

According to Kotler *et al.* (1999, 681) price is:

*'The amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service.'*

Frequently, price is one of the aspects of the marketing mix that a marketer can change quickly to respond to the activities of competitors or changes in demand (Dibb *et al.*, 2001).

Price is the only element of the marketing mix that produces revenue; all the other elements represent costs. Most products represent good value for money. Luxury goods, such as Ferrari cars are an exception. If these form of goods decreased in price, there

would be a negative impact in the mind of the consumer in relation to the product.

People do not buy luxury items because they represent good value for money; they buy them because of the exclusive image they portray.

- **Place**

Products must be available at the right time and in a convenient location, in order to satisfy customers. A company must seek to make products available in the quantities desired to as many customers as possible.

A component of place is the physical distribution, which involves all business activities associated with storing and transporting raw materials or finished products. The main aim of distribution is to make products arrive at their locations in usable condition when needed (Lamb, Hair, and McDaniel, 1998). It is also necessary to keep total inventory, transport and storage costs as low as possible.

- **Promotion**

Promotion aims to satisfy exchanges with target markets by informing, educating, persuading, and reminding them about the availability and benefits of a company's product or service.

Promotion includes advertising, sales promotion, personal selling and public relations.

- ✓ **Advertising** is the delivery of a non-personal message in rented time and/or space within an advertising channel via radio, television, cinema, newspapers, magazines, Internet Service Provider (ISP) websites and billboards (Kotler, 1997).



- ✓ **Sales Promotions** are marketing activities conducted to stimulate short-term growth in sales through techniques such as competitions, coupons, special offers, special demonstrations and free sampling. Each of these incentives is designed to achieve customer loyalty, encourage sampling and motivate customers to return to the business. For example, the customer may be offered two products for the price of one.
- ✓ **Direct Marketing** is promotion using a range of media which includes direct mail, e-mail and direct response campaigns. It is intended to reach individuals who are members of a defined target market, to assist in building profitable customer relationships. For example, a company using telemarketing to sell insurance directly to its consumers.
- ✓ **Public Relations and Publicity** incorporate a variety of activities designed to promote the organisation and/or the organisations' products. For example, a company writing an article about its organisation in a trade magazine, or sponsorship of a popular sporting event, such as a round-the-world yacht race (Kotler, 1997).

- **People**

Dibb *et al.* (2001, 23) define the people variable as follows:

*“The people variable reflects the level of customer service, advice, sales support and aftermarket back-up required, involving recruitment policies, training, retention, and motivation of key personnel.”*

In services marketing, people are considered a vital element of the marketing mix, as everyone in the organisation represents the company in the mind of the consumer.

The organisation must indicate what is expected from its staff in relation to its interactions with customers (Palmer, 2001). To achieve a specified standard, it is important that recruitment, training, motivating and rewarding staff is embedded in the people element of the marketing mix.

- **Processes**

The acts of purchasing and consumption are important in all markets. Greater emphasis is placed on the process of the transaction of services, as they are perishable. The service concludes when the customer leaves and pays for it (Dibb *et al.*, 2001). Friendliness of staff and flows of information affect the customer's perception of the service product being offered and of the company itself. Ease or difficulty of payment can enhance or spoil the consumption of a service. For example, McDonalds customers expect prompt service, and no delays in paying for their meals.

- **Physical Evidence**

The atmosphere in which the consumer is immersed is important with respect to his/her understanding of the service. This will lead to him/her being satisfied or dissatisfied with the service. For example, if a sales person is rude to a customer, this may lead to the customer having a negative impression of the company.

As a service is intangible, it means the potential customers are unable to judge it before it is consumed. Therefore the level of risk is increased in the purchase decision. In order for a company to be successful, it is vital that it develops ways to decrease this level of risk by offering tangible evidence of aspects of the service product. According to Dibb *et al.* (2001) tyre stores have realised this aspect of the extended marketing mix for services as being important. They now provide comfortable customer waiting areas with seating, drink machines, televisions and newspapers.

The following section describes the Internet marketing mix and how the Internet provides unique opportunities for the marketer to deviate from the traditional marketing mix.

### **3.4.2 Internet Marketing Mix**

- **Product**

In order for a company to thrive it must develop strategies based on marketing principles. The first step is to carry out research to determine what is important to customers and then offer more value to them than the competitors. Value is the entire product experience. It begins with a customer's first awareness of a product, continues at all customer touch points including the website experience and e-mail from a firm, and finishes with the actual product usage and post-purchase customer service (Strauss *et al.*, 2001).

According to Avlonitis and Karayanni (2000), as cited in Eid and Trueman (2002), the Internet leads to a faster discovery of customer needs. It facilitates the collection of

information on clients through e-mail, greater customisation of the products to satisfy the customers' needs, faster product testing, and shorter product life cycles.

In order to be successful, a company must design new or improved products that meet the needs of its customers, and find an effective way to bring the product to the customer and provide after-sales support. The Internet provides the means of finding out what customers want as they can offer feedback through e-mail and online discussion groups. The products can be delivered to them immediately and after-sales service can be provided instantly through direct communication via e-mail. This is particularly true if the product being offered can be transformed into a digital product. However, even if the product is not digital 'many companies still take advantage of the Internet to streamline their business' (Wilson and Abel, 2002, cited in Eid *et al.*, 2002).

- **Price**

According to Bickerton *et al.* (2000) the advent of the Internet has imposed changes in pricing strategy. It forces prices down for three main reasons:

1. Customers can choose between wider ranges of products throughout the world.
2. Overheads can be decreased. For some companies costs such as rent and rates can be significantly reduced.
3. As competition increases, customers' choice increases and they can compare prices.

In the mid-1990s, Pierre Omidyar developed an online auction site, which he called eBay. He realised that the Internet offered a new way of creating markets, such as by establishing an online auction site where buyers and sellers can negotiate transactions. The visitor fills out a registration form and access is then granted to a list of available items and information is provided on the highest previous bid. Sellers also have the ability to collect information on customers' buying behaviour, so they can tailor their products and prices for their target market. Prices reflect their true market value as buyers and sellers have different objectives. The Web gives customers the opportunity to state how much they are willing to pay for a product or service and the seller then knows how much the customer is willing to pay.

As soon as the customer decides what his/her purchase preference is, they then have the opportunity to access a number of sites providing comparative data on prices quoted by a number of companies. Examples of these types of comparative pricing service are WebMarket ([www.webmarket.com](http://www.webmarket.com)) and Jango ([www.jango.com](http://www.jango.com)). Visitors to these sites receive a list of suppliers and published prices by inputting brand names or model numbers. The advent of the Internet means that consumers can use sites such as [www.pricescan.com](http://www.pricescan.com) and online shopping agents such as [www.bottomdollar.com](http://www.bottomdollar.com) to rapidly compare prices and features on many products (Chaston, 2001).

- **Place**

With reference to the Internet, the place variable is not as important an aspect of the marketing mix. This is because the Web can be accessed at any time and from anywhere,

as long as there is a computer and Internet access available. Products bought online can be paid for immediately and delivered to their destination.

According to Bandyopadhyay (2001) an obvious advantage of the Internet as a marketing medium is the opportunity for disintermediation. This is the process whereby conventional distribution channel intermediaries become redundant. As producers can gain access directly to vast numbers of current and potential customers in Cyberspace via their website (Rosenbloom, 1999).

Wilson (2002) indicates that there are 3 different models for distribution:

- **Local distributor model:** after a company receives a day's orders, the e-tailer purchases the products from a local distributor and then transports them to its own facility for packing and shipping, e.g. Dell.com.
- **Inventory model:** a company orders an item from the manufacturer or distributor and keeps it in stock until it receives an order from a customer, e.g. Amazon.com.
- **Fulfilment house:** it handles some or all of the aspects of getting the product to the customer. It maintains inventory, orders new product, assembles, packs and ships, all according to the specifications of the company. It also deals with the order taking, the Internet shopping cart, and provides an ordering and customer service call centre, e.g. Nike.com.

The online distribution system of the company has some advantages over the traditional style of distribution. For example, twenty-four hour order taking, customer service, customer-handling expertise and response capability are provided to consumers.

Information should be provided to customers on how products will reach them and precautions should be specified to ensure their proper condition on reaching their destination (White, 1997). The customers should also be told how these procedures are being implemented and what guarantees are provided to them.

Marketers can use their website and the manner of distribution through the Internet to leverage consumers' perceptions of the website as place (Coupey, 2001), i.e. the website represents the company. It is important that companies keep the information on their website up-to-date and users should be able to navigate the site without any difficulties.

- **Promotion**

The Internet offers a new marketing communication channel by which to inform customers of the benefits of a product and assist them in the buying decision (Chaffey *et al.*, 2000). Promotion of the website is necessary to generate traffic to the site.

The promotional mix is comprised of advertising, sales promotions, direct marketing, public relations and publicity. Although these topics have been discussed previously, the applications are different in relation to the Internet. Other online promotional techniques are also identified below.

- **Advertising**

Advertising on the Internet generally takes place when an advertiser pays to place advertising content on another website. The most popular form of web advertising are banner ads. A banner ad is a rectangular graphic displayed on a web page for the purpose

of advertising. Users can click through to access further information. These ads can be static or animated and serve many purposes. For example, the ads can provide information about a company product or service, offer users an interactive experience with the product and encourage customers to return to the site.

The Interactive Advertising Bureau (IAB) is an association of businesses and individuals interested in developing research and standards for online advertising. It predicts that online advertising spending will rise from \$6.3 billion to \$6.7 billion in 2003, an increase of 6.3%.

Another form of web advertising is pop-up ads. These are sophisticated multi-media presentations, which attract some users and are similar to television advertisements. These ads are based on a full screen size and normally appear while another page is loading. However, this can irritate users as they have to close the page and some feel this method of advertising is intrusive.

#### ➤ **Sales Promotion**

Sales promotion tends to stimulate goodwill among consumers. It generates immediate sales as the customer can see that the company is making an effort to satisfy them by providing them with special offers. These offers tend to entice customers to buy more products. Sampling is one of the tools of sales promotion. It encourages customers to return to the company on a regular basis and purchase products. The advantage the Web has over traditional promotion is that if a promotion is not working well, it can be changed rapidly.



According to Bickerton *et al.* (2000) the following are effective sales promotion techniques to encourage sampling on the Internet:

- A health check or a financial assessment can be automatically generated specifically for the user. The provider organisation offers the user its expertise and this leads to enhanced customer relationships, which may lead to sales.
- The company can offer specific users market research report summaries.
- Users can receive free chapters of books and later purchase the book directly from the Internet if they are satisfied with it.

Sales promotions are an important aspect of launching new or redefined products and building customer loyalty.

➤ **Direct Marketing**

One method of direct marketing is to send a piece of promotional material by e-mail. In order to do so, a company needs a list of its customer's e-mail addresses. Addresses may be gathered by requesting existing customers to forward their addresses or the company may rent a list from a specialist broker. A simple form on a company's website can motivate users to give their e-mail address to receive regular updates, newsletters or special offers. This practice can be beneficial to both the company and the consumer. Companies must be aware that people may not want to give personal details. They may also give wrong information and this will cause the database to be less valuable. It is impossible for companies to distinguish between correct and incorrect information.

Other methods of direct marketing are to communicate with people through newsgroups and mailing lists:

- **Newsgroups:** Someone can post a message on a site and anyone else can read it. The message can include questions, seeking advice or assistance (Sterne, 1999).
- **Mailing Lists:** A user must register with a mailing list. When a message is posted to a bulletin board, the reader must actively go to the newsgroup to see what has been posted.

Companies should carefully monitor these groups as they may be interested in the product or service and this may lead to an increase in sales.

The information collected about the customers' preferences and personal details allows companies to keep in contact with them and deliver services in an efficient manner. The content of the website should be constantly updated to reflect the interest of the user.

#### ➤ **Public Relations (PR) and Publicity**

Online PR activities allow a company to engage in corporate communications, sponsorship, publicity and act as a direct vehicle for communicating press releases.

An organisation should have a section on its website solely dedicated to Frequently Asked Questions (FAQs). If the customer cannot find the required information, a special e-mail address should be displayed. Customers should be informed that if they have any queries/comments to make, they could send these to the specified e-mail address. It is vital that the company replies to these queries within a reasonable period of time.

Publicity incorporates information about a company's products and services, sending product release information to editors, writers and publishers via the Internet. When dealing with the media, many reporters prefer receiving news and press releases via e-mail rather than by post or by telephone. The Internet allows companies to streamline their distribution of information. This is made possible by delivering press releases to a large number of journalists quickly and maintaining better contact with reporters via e-mail and other net-based discussion groups (Collin, 2000).

➤ **Other Online Promotional Techniques**

The other forms of online promotional techniques include search engines and web directories, links from other sites, e-mail, online reviews and 'what's new listings', cookies, and traditional media.

❖ **Search Engines and Web Directories**

Search engines (based on a subject search) and web directories (list of companies) assist in increasing the number of users who find a website when searching using keywords. A company should make sure that its website is correctly registered with the main search engines and directories relevant to its products. These promotional techniques are important in view of the number of Web users who use such facilities for finding information. The Webmaster refers to sources such as Search Engine Watch, which explains how the search engines work and gives ideas on how to get the site as high as possible in the search engine listing (Chaffey *et al.*, 2000). The Webmaster is familiar with the techniques for achieving good listings in search engines, therefore a company can obtain soaring search rating listings.

❖ **Links from Other Sites**

It is advantageous to a company if its website has links from as many other related sites as possible, using hyperlinks. This may lead to increased sales and awareness of the company and its products (Gorman, 2000). Companies can also get involved in co-branding. This is an arrangement between two or more companies where they agree to jointly display content and to conduct joint promotions using brand logos or banner advertisements. This method is becoming increasingly popular, as it is cost-effective. An example is TheBiz ([www.thebiz.com](http://www.thebiz.com)), which began as a basic directory of business sites online and now includes thousands of useful business sites, information and news.

❖ **E-mail**

E-mail can be used to inform customers about new products or market information relevant to them. On the Internet, companies use e-mail to send updates on products or other issues relating to the business, offers, messages, and newsletters to existing and potential customers quickly. E-mail can also be used in the product purchase process and to facilitate transactions. A company can buy space for an advertisement within an e-mail newsletter. These newsletters are highly targeted, and the audience will view the advertisement as part of the e-mail (Chaffey *et al.*, 2000).

❖ **Online Reviews and ‘What’s New Listings’**

Most Internet users like to keep up-to-date with what is new on the Web and will often visit a new site if it has been reviewed, mentioned in a magazine, or given an interesting write-up (Collin, 2000). Many ‘what’s new’ websites have evolved into very popular websites. To increase the number of visitors to a company’s site, it should try to win an

award from a magazine or another review panel, which will increase the popularity of the website.

#### ❖ Cookies

Cookies are text files stored on a user's hard drive after visiting a website. When the user returns to the site, the company's server looks for the cookie file and uses it to personalise the site. For example, customers who return to Amazon.com get a greeting name because of cookie files, which personalises the process for the customer. Users, who are registered with certain sites, do not have to remember passwords. Cookie files allow firms to see the trail users take from site to site and produce advertising banners relevant to user interests. They also keep track of shopping baskets and other tasks so that users can stop in the middle and return to the task later (Strauss *et al.*, 2001). Most users are unaware that websites write cookie files and use them to track behaviour. It is possible for any person to view his or her cookies and delete them.

#### ❖ Traditional Media

It is important to realise that the Internet must be integrated with traditional media. Bicketon *et al.* (2000) identify five traditional mass media: press, cinema, radio, outdoor advertising and television. It is recommended that a company use at least one of these in conjunction with the Internet as not all potential customers may see the company being advertised online. If the company also uses another form of advertising such as television, people are more likely to see the advertisement. It is also important that companies place their website address on all the company's literature, cards, letterheads, and envelopes.

- **People**

People are becoming even more important as more companies are adding online services to enhance their product offerings. It is vital that a company hires the right people for the job, invests in regular staff training, and rewards/motivates them appropriately.

Some customers may wish to buy online, and a sub-segment of these customers may desire personal contact. Alternatively, if they cannot find the information they are looking for online; they may have to contact the company by e-mail or by telephone. The company may respond by telephone or e-mail, regardless of the original mode of contact. It is vital that the company responds to the customers within a reasonable period of time.

- **Process**

The process refers to the time period from the moment at which the customer purchases the product online until they receive it. For example, when a person purchases a computer from the Dell website, he/she can check the progress of the order online at anytime. This saves both Dell and the customer time and money, as customers do not contact them directly in relation to their order. The customer is also satisfied as he/she is able to check the status of the product at any time convenient to him/her without having to contact the company.

Online services and their processes of production are not as obvious to the customer. He/she cannot physically see the processes that are being carried out. Users can view some of the processes, such as menus, form filling, shopping baskets, follow-up e-mails and interactions on websites.

A co-ordinated process combines the business processes and systems. This reduces costs and inventories. Re-examining processes and systems can assist in redesigning supply and distribution chains, which in turn can lead to companies competing more efficiently. For example, Ryanair has reduced the price of flights by allowing customers to book over the Internet and this had led to a reduction in its transaction costs.

- **Physical Evidence**

When buying intangible services, customers may require physical evidence as an assurance. Online, the evidence is digital and primarily through websites and e-mail. Websites should be designed to provide the maximum possible physical evidence in an appealing fashion to customers.

The quality and appearance of the site is the physical evidence online. So it is important to reassure customers that they are buying intangible services through a site that meets acceptable standards of speed and ease of use.

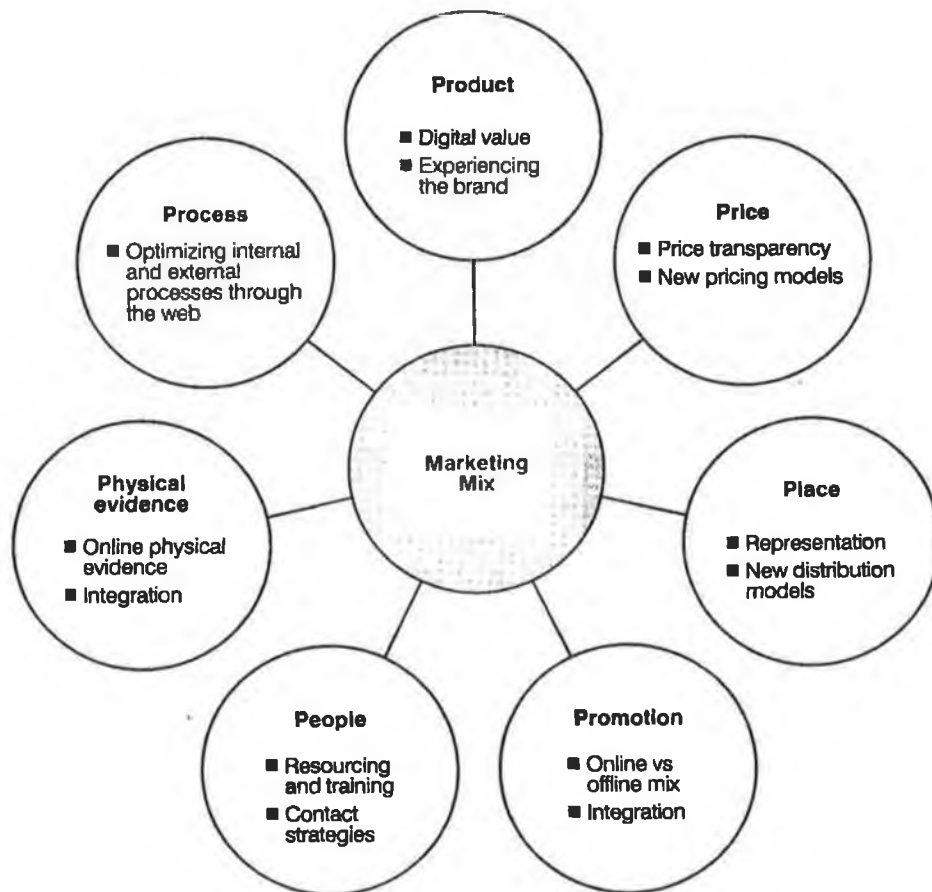
According to Smith *et al.* (2002) the following methods may be commonly used to reassure users visiting the website:

- Guarantees
- Refund policies
- Privacy policies
- Security icons
- Trade body membership

- Awards
- Customer lists
- Customer endorsements
- Independent reviews

Figure 3.1 below depicts the important elements of the 7Ps of the Internet marketing mix.

**Figure 3.1 Key Aspects of the 7Ps of the Internet Marketing Mix**



Source: Smith, P. and Chaffey, D. (2002, 34) *eMarketing eXcellence: the heart of Ebusiness*.



The marketing mix is a set of marketing tools that a company merges together to produce the response it wants in the target market (Kotler *et al.*, 1999). If the components are mixed together expediently, the company will prosper.

The marketing strategy is the next topic to be analysed. It is vital to companies, as without it they would not be able to identify whom their target audience is and how they are going to reach them.

### **3.5 Marketing Strategy**

According to Dibb *et al.* (2001, 656)

*'Marketing strategy indicates the specific markets towards which activities are to be targeted and the types of competitive advantages that are to be developed and exploited.'*

#### **3.5.1 Traditional Marketing Strategy**

A market consists of market segments, homogeneous groups of customers who have similar wants and needs. As there are many different types of customers, a company must choose to focus on particular segments called target markets. A strategy should be developed for profitably serving the particular target market better than its competitors.

Marketing strategy involves developing a marketing mix that is specially formulated to meet the needs of each of its intended target markets (Czinkota, 2000). Clear and concise objectives must be stipulated in the strategy and aligned with the organisations' goals.

Associated marketing mixes should be developed into marketing programmes that successfully implement the marketing strategy.

To formulate a marketing strategy, the marketer identifies and analyses the target market and develops a marketing mix to satisfy individuals in that market. Marketing strategy is best formulated when it reflects the overall direction of the organisation. The strategy must also be co-ordinated with all of the company's functional sections, such as production, finance and personnel. Organisational objectives and resources, competitor activities, the structure of the market itself, and the firm's willingness to make change and take risks influence marketing strategy (Blythe, 1998).

### **3.5.2 Internet Marketing Strategy**

The Internet marketing strategy consists of setting objectives, segmenting, positioning, integrating and implementing.

- **Setting objectives:** Griffith and Krampf (1998), as cited in Dann *et al.* (2001), have identified a variety of common Internet strategic objectives including enhancing communication, increasing online sales, improving customer service and increasing market share.
- **Segmenting:** it is vital to comprehend the connection between the target market segment a company wishes to reach and their attitudes towards the Internet.

- **Positioning:** these strategies are determined by aligning the company and the product offering within the marketplace relative to the other competitors and their products (Dann *et al.*, 2001).
- **Integrating:** the marketing mix of a company, the website and the on and offline objectives must be all combined for the maximum beneficial outcome.
- **Implementing:** as soon as the Internet marketing strategy has been formulated, a more detailed, comprehensive strategy implementation plan needs to be compiled. This is commonly known as the Internet Marketing Plan and will be discussed in the next section.

According to Dandridge and Levenburg (2000) by thoughtfully implementing Internet marketing strategies, entrepreneurial firms may be able to:

- Gather marketing intelligence on the industry, competitors and their strategies, and potential markets.
- Search out information on possible products to offer new suppliers, fund resources, or basic information on how to do business.
- Expand access to markets beyond their immediate geographic area.
- Create immediate awareness of their products/services not only through publishing a website, but also through registering the site with relevant search engines, participating in discussion groups, mailing lists and bulletin boards, and so on.
- Endeavour to position themselves advantageously with respect to large established concerns.

- Serve markets that are often ignored by larger competitors. Such markets, may, for example be small in size, hard to reach, or geographically remote.

For all companies the key to developing a more successful Internet marketing strategy is defining who their target audience is going to be. The company must decide if they are going to attract a new client base and/or provide a new service for existing customers and whether they are based nationally or internationally. They must also establish if their suppliers and business customers have their own website, as this would make communication between the various parties easier.

Once the enterprise's target audience has been established the company must decide what products and services it is going to offer its customers via the Internet. A decision must also be made in relation to the form of advertising strategy it is going to implement in order to attract customers. If the organisation's target market is international, it must find out about the country's language, customs and laws, in order to develop its Internet strategy. The company must also identify the differences between its online business and existing business.

The following section describes what the marketing plan entails. It is extremely important to every company to develop a comprehensive marketing plan as the goals and objectives of the organisation are defined in immense detail and a time-line is constructed in order for the company to reach these goals.

### 3.6 The Marketing Plan

According to Dibb *et al.* (2001, 656) a marketing plan is defined as:

*'... the framework and entire set of activities to be performed; it is a written document or blueprint for implementing and controlling an organisation's marketing activities.'*

#### 3.6.1 Traditional Marketing Plan

Once a company defines its objectives and how it is going to achieve them, it can compare actual and expected performance (Lamb *et al.*, 1998). The written marketing plan helps employees focus on their performance by aiming to reach the goals of the company. As soon as a marketing plan has been established, it acts as a focal point for the success of future activities within the company.

Kotler *et al.* (1999) believe a marketing plan should contain an executive summary, current marketing situation, threats and opportunities, objectives and issues, marketing strategies, action programmes, budgets and controls.

- **Executive Summary:** includes a short summary of the main goals, overall strategies, fundamental conclusions and relevant points regarding the suggested marketing mix programmes and recommendations in the plan.

- **Current Marketing Situation:** provides information about the target market and company's position within it. It includes information about the market, product performance, competition and distribution.
- **Threats and Opportunities:** gives a brief list of vital success factors in the market. The company defines its strengths and weaknesses and compares them to the competitors.
- **Objectives and Issues:** after an examination of the strengths, weaknesses, opportunities and threats, the company determines its objectives and examines issues that will affect it.
- **Marketing Strategies:** a broad overview is provided of the plan for achieving the marketing objectives and the organisational goals. The marketing strategy focuses on defining a target market and developing the marketing mix to gain competitive and consumer advantage.
- **Action Programmes:** the various analysis and statements of strategies. They imply exactly what the company needs to do, how and why it should be done.
- **Budgets:** an indication of required resources must be stated in the plan. The financial projections and budget sections outline the returns expected through implementation of the plan.
- **Controls:** describe how the results of the plan will be measured. These provide the mechanisms for evaluating marketing results in respect to the goals outlined in the plan and for correcting actions that are unlikely to assist the organisation attaining its goals within the budget guidelines (Lamb *et al.*, 1998).

company must analyse its competitors. On the Internet there are many more contenders than in any single geographic area. A competitive analysis helps a company to differentiate its business and therefore increase the likelihood of attracting new customers.

A comparison between traditional and Internet marketing will now be made as it is important to understand the differences between the two.

### **3.7 Comparison of Traditional Marketing and Internet Marketing**

The Internet provides a media that can mix text, audio, images, graphics, animation and video. The ability of the media to exploit multimedia for electronic-marketing (e-marketing) has provided companies with opportunities for conducting business on the Internet.

According to Chan *et al.* (2001) the differences between traditional marketing and Internet marketing are as follows:

Traditional marketing relies on two main marketing strategies

1. **A one-to-many or mass marketing strategy:** a newspaper, television channel, or a radio broadcast is an example of such a mass marketing strategy. Content and the flow of material in the advertisement are fixed from the beginning for all viewers of the advertisements.
2. **A one-to-one or direct marketing strategy:** this strategy involves a salesperson selling directly to a customer.

In comparison, Internet marketing allows a company to carry out the following:

1. **A many-to-one or targeted marketing strategy:** this allows the marketer to tailor the content presented to a particular viewer of the website based on an understanding of the viewers' preferences. These preferences could be determined from an understanding of the previous visits to the site or the users' choices on the current visit to the site.
2. **A many-to-many or group marketing model:** through the employment of user opinion forums, and chat rooms. This allows the organisation to develop a self-segmenting approach to marketing.

Internet media can support two-way interaction between the website and the users. The visitors can control and influence the manner in which they utilise the site, while traditional marketing is predominantly a one-way system.

The website is virtual in nature, in that it has no physical form. Users can 'surf the net' twenty-four hours a day, seven days a week from their own home. Online visitors also have more choice as there is a greater selection of products available online. Companies can update information instantaneously at a relatively low-cost. This enables customers to have access to real-time information (Breitenbach and Van Doren, 1998). On the other hand, traditional marketing has a physical form but in contrast to Internet marketing, customers have limited access to the information within a certain timeframe, and the product selection is smaller.



The following table compares traditional marketing and Internet marketing.

**Table 3.1 Comparison of Traditional Marketing and Internet Marketing**

<b>Dimensions</b>	<b>Traditional Marketing</b>	<b>Internet Marketing</b>
Advertising	Deliver a uniform message to all customers	Information provided in response to specific customer enquiries
Targeting	Market segmentation	Identifying and responding to specific customer behaviours and preferences
Promotions and discounts offered	Same for all customers	Individually tailored to customer
Distribution channels	Through intermediaries chosen by seller	Direct or through intermediaries: customer's choice
Pricing of products or services	Set by the seller for all customers (seller-driven)	Negotiated with each customer (buyer-driven)
New product features	Seller-determined based on its own research and development	Respond to customer demands
Measurements used to manage the customer relationship	Market share, profit	Customer retention, total value of the individual customer relationship

*Source: Perry and Schneider (2001, 26), New Perspectives on E-Commerce.*

From the above table a number of differences between traditional and Internet marketing are identified. With respect to advertising, each customer receives the same message in traditional marketing. The Internet however provides companies with the opportunity to create a customised message for each customer according to their profiles and buying behaviour. In relation to targeting, markets are segmented as a result of traditional marketing while the Internet allows companies to identify and respond to specific customer behaviours and preferences. The promotions and discounts offered are the same for all customers in traditional marketing. However online, these are individually

tailored to the customer. In accordance with traditional marketing, intermediaries are chosen by the seller, the customer does not have a choice. Online, customers can decide to have their goods delivered directly to them or through intermediaries. In traditional marketing, price is determined by the seller, while the Internet gives customers the opportunity to compare prices between different companies and therefore price is determined by the amount the buyer is willing to pay. In relation to traditional marketing, when a company decides to change its product features, it does so based on the results of its own research and development. The Internet gives customers the opportunity to offer their opinions on how to improve product features, thus these can be tailor-made according to customers' requirements. Finally, market share and profit are measurements used to manage the customer relationship in traditional marketing. With respect to Internet marketing, the measurements used are customer retention, and the total value of the individual customer relationship.

### **3.8 Summary**

Previously, companies concentrated on the large-scale production of goods. As a result products became standardised and companies delivered the same marketing message to everyone. However, as supply became greater than demand, companies had to find ways to differentiate between their products. Since the 1990s companies have focused on relationship marketing, which involves building and maintaining a relationship with the customer.

Once a company has chosen its target market, the business must make people aware of the products and services being offered. An organisation can achieve this by implementing the marketing mix into its strategy. The marketing mix is made up of seven P's - Product, Price, Place, Promotion, People, Processes and Physical Evidence and once combined together properly can lead to a company thriving. The Internet provides opportunities for the marketer to vary the marketing mix and one of the most important elements of the marketing mix is promotion. A company can use a combination of promotional techniques, such as advertising, sales promotions, direct marketing, publicity and public relations and other online techniques to increase its Internet sales. Offline techniques can also be used for promoting the website, such as placing the company's website address on all literature and stationery.

Marketing strategy takes its direction from the overall objectives of an organisation. An Internet marketing strategy should be developed for profitably serving the particular target market better than competitors.

On formulation of an Internet marketing strategy, a more detailed, comprehensive strategy implementation plan needs to be compiled and this is the Internet marketing plan. It is a short-term, operational planning device detailing both the implementation of the website and associated marketing communications to achieve the aims of an Internet marketing strategy.

In relation to the differences between traditional and Internet marketing, traditional marketing focuses on a one-to-many or mass marketing strategy, whereas Internet marketing concentrates on a many-to-one or target marketing strategy.

Many marketers have focused on the Internet as an interactive medium to inform consumers about their products and services and in many cases to sell these over the Internet. Interactivity allows marketers to find out the needs of their consumers and modify their products to meet the specific needs of their target markets. Personalisation is based on a two-way communication between the consumer and marketer. This is facilitated by the use of the Internet.

### **3.9 Conclusions**

Since the 1990s, Internet marketing has developed at a rapid pace. It is changing the way businesses operate in today's marketplace. Companies recognise that the Internet is both a marketing tool and a new distribution channel. The Internet has also revolutionised the way in which goods are sold to consumers. Consumers have been empowered to select their purchases from a vast array of competitive services. They can base their purchasing decisions upon boundless product information available online.

The global marketplace is becoming increasingly 'customer focused'. Companies must develop their marketing strategies around their customers. Internet marketers must make the shopping experience easy and enjoyable for their customers. They can do so by making orders, payments and deliveries easier to conduct with minimum complexity.

Building a customer-focused attitude, adapting corporate culture, and including customers as part of the business are factors that need to be implemented into a company's marketing strategy. These factors will provide the basis for satisfying customers who expect higher standards of service.

As there is no human interaction between the buyer and seller online, it is vital that the company establishes a close relationship with its customers. This will lead to a sense of trust being developed between both parties. The consumer can provide the company with feedback on the performance of the business as a whole. The company can then make any necessary improvements, which may satisfy its customers, who may return to purchase more products in the future.

Organisations are now recognising that in order to attain and retain customers, they can no longer rely on the convenience of traditional communication channels. The Internet is another channel whereby companies can gain a competitive advantage over other corporations.

Having at this point discussed the literature undermining these key issues, the author proceeds to outline the research methodology in next chapter.

# **Chapter 4**

## **Research Methodology**

## **4.1 Introduction**

The main objective of this chapter is to examine the theoretical and conceptual considerations affecting the research design adopted by the author to complete this study. The first section describes the research question. The research approach is then examined and a comparison is made between two different research philosophies, i.e. positivism and phenomenology. Following this, the research design is identified and case studies are analysed. The fieldwork section analyses the procedure the researcher followed while conducting the case studies.

## **4.2 Stage 1: Problem Definition/Research Question**

The research question of this study is as follows:

*'To determine the Impact of the Internet on Traditional Marketing Principles, Strategies and Practices.'*

The main objectives of the research are:

- To undertake a comparative study of Traditional and Internet Marketing Principles, Strategies and Practices.
- To study the impact of Traditional Marketing Principles, Strategies and Practices on Businesses on the Internet.
- To determine the impact of the Internet on Marketing Principles, Strategies and Practices.
- To evaluate the current Internet use of Marketing Principles, Strategies and Practices.
- To evaluate the future Internet use of Marketing Principles, Strategies and Practices.

- To prescribe for expedient use of Internet-based Marketing Principles, Strategies and Practices.

The main focus of this thesis is to determine how the Internet affects traditional marketing principles, strategies and practices and includes a comparison between Internet and traditional marketing strategies.

### **4.3 Stage 2: Research Approach**

Having determined the overall goals of the study, the need to identify a research method was apparent. While considerable debate surrounds the choice of paradigms that might provide the best guidance for conducting research, two paradigms in particular have earned widespread use, the positivist and phenomenology approach.

To determine the most appropriate research methodology to use, the researcher was faced with many diverse approaches and strategies, which have different appropriate uses.

There is a continuous debate in the social sciences as to the appropriate philosophical viewpoint from which research methods should be formulated. This debate centres on two directly opposing schools of thought – positivism (quantitative) and phenomenology (qualitative).

Gill and Johnson (2002) add that internal validity, external validity and reliability of methods are considerations that should be taken into account when deciding which



methodological approach to take. Before describing the process used for this research, the following is a brief examination of the two main approaches to management research.

#### **4.3.1 Positivism (Quantitative)**

Quantitative research is underpinned by the philosophy of positivism. Easterby-Smith, Thorpe and Lowe (2002) suggest that the principle underlying positivism is that the social world exists externally and that its properties should be measured through objective methods, rather than being inferred subjectively through sensation, reflection or intuition. The philosophy prescribes that the researcher should focus on facts and reduce phenomena to their most basic elements. It also advocates the formulation and testing of hypothesis.

The main methods used to collect quantitative data include:

- Structured interviews
- Tests/measures
- Observation
- Questionnaires

Electronic databases, annual reports, library archives and other secondary data are also sources of quantitative data.

Positivist research imposes logic on what is being measured and relies on the theory to 'test' the subject of the research, usually through quantitative methods.

### 4.3.2 Phenomenology (Qualitative)

Qualitative research is underpinned by the philosophy of phenomenology. This approach views the world and ‘reality’ as being socially constructed rather than objectively determined. Hence, the task of the social scientist should be to appreciate the different constructions and meanings that people place upon their experience. One should therefore try to understand and explain why people have different experiences, rather than search for external causes and fundamental laws to explain their behaviour. Human action arises from the sense that people make of different situations, rather than as a direct response to external stimuli. The qualitative approach is often used to address research issues of a subjective nature. Phenomenology prescribes that the researcher should focus on meanings, try to understand what is happening and develop ideas from the data using an inductive approach.

Qualitative methods are defined as:

*‘... an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world.’*

(Maanen, 1983 in Easterby-Smith *et al.*, 2002, 85)

Techniques used by researchers taking a qualitative approach include:

- Case Studies (the chosen method for this research)
- In-depth interviewing
- Participant observation

- Diary methods

These methods are normally used where the researcher needs to gain detailed insights into a particular subject or practice in order to address the research question.

Table 4.1 below compares the positivist and phenomenological paradigms.

**Table 4.1 Comparison of Positivist and Phenomenological Paradigm**

	<i><b>Positivist Paradigm</b></i>	<i><b>Phenomenological Paradigm</b></i>
<i><b>Basic beliefs:</b></i>	<p>The world is external and objective</p> <p>Observer is independent</p> <p>Science is value-free</p>	<p>The world is socially constructed and subjective</p> <p>Observer is part of what is observed</p> <p>Science is driven by human interests</p>
<i><b>Researcher should:</b></i>	<p>Focus on facts</p> <p>Look for causality and fundamental laws</p> <p>Reduce phenomena to simplest elements</p> <p>Formulate hypotheses and then test them</p>	<p>Focus on meanings</p> <p>Try to understand what is happening</p> <p>Look at the totality of each situation</p> <p>Develop ideas through induction from data</p>
<i><b>Preferred methods include:</b></i>	<p>Operationalising concepts so that they can be measured</p> <p>Taking large samples</p>	<p>Using multiples methods to establish different views of phenomena</p> <p>Small samples investigated in-depth or over time</p>

Source: Easterby-Smith et al. (1991, 27) *Management Research: An Introduction*.

To summarise, Table 4.2 below represents the main strengths and weaknesses that exist between the positivist and phenomenology methodologies or ‘schools’ of social science.

**Table 4.2 Strengths and Weaknesses of Positivism and Phenomenology**

	<b><i>Positivism (Quantitative)</i></b>	<b><i>Phenomenology (Qualitative)</i></b>
<b><i>Strengths</i></b>	<p>Provides wide coverage of a range of situations</p> <p>Can be fast and economical</p> <p>May have considerable relevance to policy decisions</p>	<p>Ability to look at change processes over time</p> <p>Ability to understand meanings</p> <p>Ability to adjust to new issues and new ideas as they emerge and to contribute to the evolution of new theories</p> <p>Provide ways of gathering data that is seen as natural rather than artificial</p>
<b><i>Weaknesses</i></b>	<p>Methods tend to be inflexible and artificial</p> <p>Not very effective on understanding processes or the significance people attach to situations</p> <p>Not very helpful in generating theories</p> <p>Because they focus on what is, makes it difficult for policy makers to infer what changes and actions should take place in the future</p>	<p>Data collection is time consuming and needs many resources</p> <p>Analysis and interpretation of data may be difficult</p> <p>Difficult to control pace, progress and end points of study, hence often criticised as ‘untidy’</p> <p>Often assigned low credibility by policy makers</p>

*Source: Easterby-Smith et al. (1991, 32) Management Research: An Introduction.*

As the above table highlights, both methods have their respective strengths and weaknesses. The main strengths of the positivist paradigm are the fast and economical nature of the research and its ability to cover a wide range of topics. Nevertheless, this

approach is weak with regard to generating theories and analysing human behaviour.

Phenomenology is a more holistic approach and it is felt that it can contribute to the evolution of new ideas. However, the analysis and interpretation of data is quite difficult due to its subjective nature.

A combination of positivist and phenomenology approaches may also be used if the researcher wishes to gather both quantitative and qualitative information.

The nature of the research determines the choice of research method (Yin, 2003).

In order to fulfil the objectives mentioned previously, the collection of qualitative data was deemed more appropriate. This research uses *case studies* to collect data based on the above strengths.

#### **4.4 Stage 3: Research Design**

Remenyi *et al.* (1998) maintain that one of the preliminary aspects of research in business and management studies is to decide whether the evidence to be collected in support of the conceptual framework will be of an essentially qualitative or quantitative nature.

Factors that influence this decision include:

- The resources available to the researcher
- The research objective of the study
- The strengths and weaknesses of different methodologies in light of the nature and objectives of the research.

The case study is a form of social science research. It is very useful in organisational and management studies, particularly in the demonstration of the application of theories. It is the preferred research strategy when 'how' and 'why' types of questions are being posed. According to Yin (2003) case studies can be exploratory, descriptive or explanatory, depending on the following conditions:

- (a) the type of research question posed
- (b) the extent of control the researcher has over actual behavioural events
- (c) the degree of focus on contemporary as opposed to historical events.

As a consequence, research strategies are not mutually exclusive. 'How' and 'why' questions that are regarded as explanatory lead the researcher to favour case studies, since the individual is not required to have control over behavioural events. The case study as a research strategy offers a distinct advantage when the researcher must ask the 'how' and 'why' question about a contemporary set of events over which he or she has very little, or no control. According to Yin (2003, 13)

*'A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident'.*

#### **4.5 Stage 4: Fieldwork**

Having decided on the research design, the next step in the research process was the collection of data.

Following the identification of a list of suitable candidates, letters were issued inviting them to participate in the case studies, as shown in Appendix A. These letters were addressed to the marketing manager of each company. The letter included information as to the purpose of the study and a guarantee of required confidentiality of the participants.

Two companies from the financial sector (IIB Bank and Bank of Ireland) and two organisations from the retailing area (SuperValu and Superquinn) were selected to take part in this study. These four major companies were deemed sufficient to address the research questions, as case studies are an in-depth method of analysis. Three marketing managers and one senior brand (marketing) manager were interviewed. These people are qualified to answer the research questions, as they are responsible for the marketing activities within their company. No generalisations will be made on the basis of the findings. The following section explains the rationale for choosing the financial and retailing sectors and gives a brief description of each company.

### **Financial Sector**

The following is a list of reasons for selecting the banking sector:

- Many banks are encouraging people to use technology, such as the Internet and Automated Teller Machines (ATMs). As a result of consumers using these electronic services, the banks' administration and personnel costs are reduced.
- As the majority of transactions can be conducted online at any time, banks can focus more of their efforts on commercial banking, i.e. dealing with high volumes

of cash and offering better service to its customers by providing them with personal advisers.

A brief description of IIB Bank and Bank of Ireland will now be given.

IIB Bank was established in 1973 and its focuses on providing lending and treasury services to large Irish businesses. The bank offers a full range of financial services including back-office administration, treasury support, financial reporting, taxation and legal services, amongst others. In 1783, Bank of Ireland was established. The bank provides a broad range of financial services in Ireland to the personal, commercial, industrial and agricultural sectors. These include checking and deposit services, overdrafts, mortgages, international asset financing, and life assurance, etc.

### **Retailing Sector**

The rationale for choosing the supermarket industry is as follows:

- Distribution channels are changing. Goods can be delivered to a wider range of destinations and across further distances.
- Online shopping is beneficial to customers as they can shop anytime they wish and it saves time, as the customers do not have to find car parking spaces or queue at checkouts. In addition, the items are delivered to the customers' house.

The following is a brief description of SuperValu and Superquinn:

SuperValu is part of Musgrave SuperValu-Centra, which is the retail franchise division of the Musgrave Group. The company has operated a central distribution of dry groceries



since 1876. Superquinn was established by Feargal Quinn in 1960. Over the years a variety of specialist fresh food departments have evolved, such as delicatessens, salad kitchens etc. The supermarket also provides a wide range of fresh fruit, vegetables, meat, and seafood.

The interviews involved standardised questions regarding the main issues being addressed and interviewees were fully briefed regarding the research agenda. A number of the questions were open-ended to enable interviewees to expand on certain topics and to enable the managers' personal experiences within the company to emerge. The standardised questions enabled the author to complete comparative analysis across all interviews to investigate trends or patterns that emerged. Question 1 to 4 (IT department, outsourcing, number of employees, first implementation of website) and question 11 (security) (Appendices B and C) are more general questions in order to put the research findings into context and do not relate to any research findings in specific. The other questions relate to the traditional and Internet marketing techniques and the company's website.

## **4.6 Summary**

After identifying the aims of this study, a research methodology had to be decided upon. In order to choose an appropriate method, a comparison was made between the two different research philosophies, i.e. positivism and phenomenology. Positivism is based on quantitative research, while phenomenology is based on qualitative research. Case studies are the preferred method for this thesis as they are a form of social science

research and the required information could be extracted from this method. These studies are very useful in organisational and management studies, particularly in the demonstration of the application of theories. This form of research addresses the ‘how’ and ‘why’ types of questions. The fieldwork section describes the selected companies and the basis for prioritising these industries over others.

#### **4.7 Conclusions**

After a comprehensive evaluation of the different research philosophy approaches, i.e. positivism and phenomenology, the phenomenology method is the preferred technique. The primary reason for selecting this method was the fact that it permitted the researcher to look at change processes over time, to adjust to new issues and new ideas as they emerge and finally to contribute to the evolution of new theories.

Case studies are the chosen research strategy as this method answers the ‘how’ and ‘why’ types of questions that are being posed. Based on the analysis of each company, recommendations are made.

The next chapter comprises the research findings of IIB Bank, Bank of Ireland, SuperValu and Superquinn.

# **Chapter 5**

## **Research Findings, Conclusions and Recommendations**

## **5.1 Introduction**

Chapter 5 provides an analysis of the banking and retailing sectors using two examples of each. Firstly, the banking industry is examined, starting with IIB Bank (referred to hereafter as IIB). The bank's website (as shown in Appendix E) is an interactive site, i.e. customers are able to search the site and send e-mails in relation to queries or comments; this site does not facilitate transactions. IIB was chosen for this research because while many banks provide Internet banking facilities, IIB does not. Next, the Bank of Ireland (referred to hereafter as BoI) is analysed. BoI's website (as shown in Appendix E) does offer Internet banking services; it also facilitates online transactions. This bank is analysed because of its position as a major player in the retail banking marketplace.

Following the examination of the banks, the supermarkets are assessed. Firstly, SuperValu is evaluated. The reason for selecting this supermarket is because it is a fast-growing business and it does not have a transaction site, meaning SuperValu's website (as shown in Appendix E) does not provide online shopping. Superquinn's website (as shown in Appendix E) on the other hand does offer Internet shopping and was selected because the supermarket is one of the prominent players in the retailing market in providing online services.

The banking and retailing sections are discussed under the following headings:

- The progression of website development,
- Perceived factors encouraging and discouraging a website presence, and
- Actual advantages of a web presence.

Traditional and Internet marketing techniques are explored and the key differences between traditional and Internet marketing are also analysed.

## **5.2 Bank Company Profile**

This section examines the two banking organisations, IIB and BoI.

### **IIB**

IIB was established in 1973 and is part of the leading European Financial Services Group, the KBC bank and Insurance Group, which has its headquarters in Brussels. The bank is one of the leading providers of financial services in Ireland with offices in Dublin, Cork, Galway and Northern Ireland.

IIB's focus is on providing lending and treasury services to large Irish businesses. Amongst the full range of financial services offered by the bank are back-office administration, treasury support, financial reporting, taxation and legal services. These services are offered to small and medium-sized enterprises, professionals and their clients.

One of IIB's main offerings to its customer is home loans. IIB Homeloans is one of the leading providers of Homeloans Finance in the Irish market place. According to research conducted by the bank, one in ten mortgages in Ireland are IIB Homeloans mortgages. In order to process the loans, IIB needs an Information Technology (referred to hereafter as IT) function. IT refers to the broad subject concerned with all aspects of managing and processing information, especially within a large organisation or company. As

computers are central to information management, computer departments within companies are often called IT departments. IIB has implemented a system whereby new loan applications are scanned and each one is designated a number. Different departments can work on active files and can determine the stage of each loan application.

IIB outsources certain IT functions. Some companies outsource their IT function in order to save money and/or exploit the skills of another entity. Typically used in the business world, outsourcing often entails an enterprise using another company to provide a service that the enterprise can provide for itself, yet it is less expensive to utilise a third-party's resources. For example, an enterprise may outsource its IT management because it is less expensive to contract a third-party to do so than it would be to build its own in-house IT management team. IIB does not have the internal expertise to implement a website, hence the development and maintenance of the website are outsourced. The bank chooses to spend its money on other areas of the company, for example, various forms of advertising.

Currently, IIB employs four people in the homeloan department and two people in the traditional marketing section of the bank. There are twenty people employed in the IT area. They are responsible for the development and maintenance of databases. The software must be validated for all transactions. They are also responsible for security, preventing viruses and for backing up and storing file information.

*'The Internet has had a positive impact on our business. It benefits the organisation'*, according to a representative of IIB. As noted previously, IIB does not currently have a transaction site. The website informs people about the bank and the products being offered. In order to apply for a mortgage or loan, the onus is on the user to contact the bank in person or by telephone.

### **BoI**

BoI was established on 25<sup>th</sup> June 1783. The group's head office is in Dublin, and its operations have expanded geographically throughout Ireland and the United Kingdom.

BoI provides a broad range of financial services in Ireland to the personal, commercial, industrial and agricultural sectors. These include checking and deposit services, overdrafts, term loans, mortgages, international asset financing, foreign exchange facilities, and life assurance, amongst others.

According to BoI's website, the bank markets and sells its products on a domestic basis through the most extensive nationwide distribution network in Ireland and its direct telephone and online banking services.

BoI has an IT function because it is necessary to provide a support facility for all those using computer technology. The business is sufficiently large to warrant an IT department. The IT function is also essential in terms of using technology as a device to ensure that it is competitive and in support of its efforts in terms of electronic forms of distribution (e.g. ATM's, the Internet).

Outsourcing various IT elements is essential, from the bank's perspective. Around the time of the interview, the bank was in discussions with Hewlett-Packard about outsourcing the IT function. Subsequently, on 8<sup>th</sup> September 2003 Bank of Ireland concluded a €600 million agreement with Hewlett Packard. Under this agreement the bank's information technology infrastructure services are outsourced to the US-based multinational. BoI prefers to invest its financial resources in other areas of the company, e.g. promotion/advertising, assessing branch progression, identifying customer profiles and measuring customer satisfaction.

There are currently 110 people supporting the traditional marketing effort. Presently there are three separate divisions in the Internet area. These consist of the group website used for information purpose, the Banking 365 website used for transaction purposes, and the business website used by business customers for transaction purposes.

The Internet has fundamentally changed the way BoI undertakes its business. It has granted the bank more opportunities. In contrast, the Internet has not had a substantial impact on IIB, as the company does not offer Internet banking facilities. When IIB decides to move to Internet banking, it will be able to identify the many advantages that the Internet may bring to the company. Online banking will co-exist in conjunction with branches.

There are business risks associated with the maintenance and delivery of a service online. BoI's reputation is based on how it delivers its services. According to the spokesperson



for the bank, *'Once a company exposes itself in another area, and in a way having an Internet offering is doing so, the company has the potential to gain but also the potential to loose if it does not deliver'*.

The Internet is a more cost effective way of delivering services, as there are less personnel and administration expenses involved with online banking. For this reason, BoI is encouraging its customers to use automated channels.

*'BoI has some ideas in mind with regard to how we might use the Internet more and how we might offer our existing services in a different way and not necessarily to all customers'*, according to a representative of BoI. Hence, the bank will continue to target more specialised services to certain target markets. Based on its customer profiles, BoI knows which products are best suited for each customer. The bank will be targeting these customers and explaining the product benefits to its target audience.

*'In the future, BoI can see an increasing quantity of products being fully purchased online. For example, a customer may be able to purchase a car loan online without having to speak to any staff member'*, according to a spokesperson for the bank.

The Internet plays a pivotal role in developing marketing communications, building customer relationships, and using consumer data to build a community (Dwyer, 2001).

The bank plans to use the Internet as more of a marketing tool and not just as a

distribution tool. BoI offers its services through the website; this distribution channel has fundamentally changed how the bank operates.

The following is the analysis of IIB and BoI based on responses received to the questionnaires (as shown in Appendices B and C).

### **5.2.1 Progression of Website Development**

#### **IIB**

In the year 2000, IIB developed a simple static website. In 1996, ICS became the first mortgage provider to offer its customers the choice of applying for a mortgage online. As a result, the other lenders, including IIB followed suit. The site was launched for information purposes only.

The bank modified its website in 2001. Additional information was added, including the structure of the bank. The reason, according to the bank, that it changed the site was because the company was hiring staff. This allowed interested parties to find out more information about the bank. In 2002, the bank added an e-mail function. E-mail is defined as the transmission of a message over a communication network. In a business organisation, e-mail can be used to support both internal and external communications.

In 2004, the bank plans to move to banking online. If this does not happen, IIB will lag even further behind the competition. By moving to online banking, profits and brand awareness may increase. The bank needs to implement this strategy as soon as possible in order to compete within the financial services marketplace.

## **BoI**

In 1997 BoI's website was initially developed as another channel of communication. Previously, BoI's website was a simple static one. The bank developed a transaction site in order to deliver a more cost effective service from both the bank and customers' perspectives.

The bank realised the Internet was another means to increase business and improve customer care. BoI perceived the Internet as giving customers more options in dealing with the bank and making specific product enquiries. From the beginning, according to a spokesperson, BoI believed the Internet would fit within its strategic vision.

The group website (as shown in Appendix E) is just the starting point for Internet-minded customers. It allows users to search for information. Customers can link from the group website to the Banking 365 website. These users can gain access to electronic services by logging on with a user identification number and a Personal Identification Number (PIN). The Banking 365 site offers more functionality than the group website. Customers can look at their accounts twenty-four hours a day, transfer money, request statements, etc. This website is becoming increasingly more interactive.

### **5.2.2 Perceived Factors Encouraging and Discouraging a Website Presence**

The following section discusses the perceived factors encouraging and discouraging a website presence resulting from discussions with IIB and BoI.

### 5.2.2.1 Perceived Factors Encouraging a Website Presence

#### IIB

The perceived factors that would have encouraged IIB to develop its website are as follows:

- **New business channel** – the objective is to increase the volume of new business through the website.
- **Improving quality of business information** – some people shopping for a mortgage or a car loan may search online for information purposes (to receive a quote). It is important that the information on the website is up-to-date and concise.
- **More resourceful business administrative efficiency and effectiveness** – information is readily available online; this information is inputted once and can be altered at any time.

#### BoI

The following perceived factors encouraged BoI to develop its website:

- **Improving customer service** – if a service can be improved upon, there is a greater chance of retaining existing customers, and selling more to them.
- **Reducing business administration costs and increasing revenue** - it is less costly for BoI to deliver a service online, e.g. transferring money from one account to another, than in a branch. This has a positive impact on its cost:income ratio. *‘There is also the bottom-line impact, which is derived both from that, and the potential to both sell more products/services to existing*

customers and to retain them for longer and also to attract new ones', according to a spokesperson for BoI.

Table 5.1 below highlights the cost versus benefit analysis of IIB and BoI in relation to their website.

**Table 5.1 Cost versus Perceived Benefit Analysis**

<b>Bank</b>	<b>Cost</b>	<b>Perceived Benefits</b>
IIB	<ol style="list-style-type: none"> <li>1. Start-up costs</li> <li>2. Implementation and maintenance</li> <li>3. Effort</li> <li>4. Expertise (Consultancy)</li> <li>5. Security</li> <li>6. Time</li> <li>7. People</li> </ol>	<ol style="list-style-type: none"> <li>1. New business channel</li> <li>2. Improving quality of business information</li> <li>3. More resourceful business administrative efficiency and effectiveness</li> </ol>
BoI	<ol style="list-style-type: none"> <li>1. Start-up costs</li> <li>2. Implementation and maintenance</li> <li>3. Effort</li> <li>4. Expertise (Consultancy)</li> <li>5. Security</li> <li>6. Time</li> <li>7. People</li> </ol>	<ol style="list-style-type: none"> <li>1. Improving customer service</li> <li>2. Reducing business administration costs and increasing revenue</li> </ol>

### 5.2.2.2 Perceived Factors Discouraging a Web Presence

#### IIB

The perceived factors that discouraged IIB from developing its website are as follows:

- **Incorrect information** – for example, if IIB did not keep the interest rates updated on the website, and if the rates increased, the bank would have to honour the lower rate on the website. This would have a negative impact on profit.
- **Necessity for Portable Document Format (PDF) files** – PDF captures formatting information from a variety of desktop publishing applications. Thus,

making it possible to send formatted documents and have these appear on the recipient's monitor or printer as these were intended. According to a spokesperson for the bank, *'IIB must make sure that all of its terms and conditions are in PDF files, so people cannot manipulate and change the data'*.

## **BoI**

The following are the factors perceived by BoI that would have discouraged it from developing its website:

- **Decrease in revenue** – if an investment equates to a loss, this will affect the bottom-line, through a reduction in revenue.
- **Increased business administration costs** – the website requires constant maintenance from both personnel and technology perspectives; this leads to an increase in costs.
- **Lack of face-to-face interaction with customers** – the banking industry has arrived at a point whereby some transactions are best handled electronically. For example, automated methods for lodging, withdrawing, transferring money, paying bills, etc. While others require face-to-face interaction, e.g. mortgage enquiries, life assurance and pensions (important decisions which in the future have a substantial impact on people's lives). The latter are services that involve high risk and capital both from the bank's and customers' perspectives, hence the need for face-to-face interaction.

Table 5.2 below highlights the main factors encouraging and discouraging a website presence from the perspective of IIB and BoI.

**Table 5.2 Factors Encouraging and Discouraging a Website Presence**

<b>Bank</b>	<b>Encouraging Factors</b>	<b>Discouraging Factors</b>
<b>IIB</b>	<ol style="list-style-type: none"> <li>1. New business channel</li> <li>2. Improving quality of business information</li> <li>3. More resourceful business administrative efficiency and effectiveness</li> </ol>	<ol style="list-style-type: none"> <li>1. Incorrect information</li> <li>2. Necessity for Portable Document Format (PDF) files</li> </ol>
<b>BoI</b>	<ol style="list-style-type: none"> <li>1. Improving customer service</li> <li>2. Reducing business administration costs and increasing revenue</li> </ol>	<ol style="list-style-type: none"> <li>1. Decrease in revenue</li> <li>2. Increased business administration costs</li> <li>3. Lack of face-to-face interaction with customers</li> </ol>

*Source: Discussions with IIB and BoI*

### 5.2.3 Actual Advantages for the Banks of a Web Presence

#### **IIB**

IIB deems the following to be the actual advantages its website has brought to the company:

- **Increased business** – people are more aware of IIB as a result of the Internet; this has led to an increasing number of people contacting IIB directly, by e-mail, telephone or by visiting the bank in person and making product enquires.
- **Lead generation** – it can capture customer’s information on the web. Customers have the option of whether or not they want the bank to contact them.
- **Ease of communication for customers** – customers can communicate with IIB easily via the website. They can do so by e-mailing or phoning IIB directly (both the e-mail address and telephone number are given on the website).

- **Brand awareness** – customers now have a better understanding of the products on offer and their benefits. For example, IIB provides flexible asset finance facilities on all types of business assets and the website specifies exactly what assets are covered, e.g. office furniture and computer equipment.

### **BoI**

The actual advantages BoI believes that its website has brought to the company are as follows:

- **Improved customer service** – the bank can identify the customers who have registered for its services and who have used these on a regular basis.
- **Reduced business administration costs** – business administration costs have decreased as a result of the website. For example, when a customer transfers money from one account to another over the Internet, there is no paper work involved. However, if he/she went into a branch, a bank teller would have to process the transaction, which involves time and resources. Therefore, the Internet is a more cost effective way of conducting transactions.
- **Increase in profits** – profits increase, as there is a reduction in expenses/costs.



Table 5.3 below identifies the actual advantages and disadvantages of a website presence from the perspectives' of the banks.

**Table 5.3 Actual Advantages and Disadvantages of a Website Presence**

<b>Bank</b>	<b>Actual Advantages</b>	<b>Actual Disadvantages</b>
<b>IIB</b>	1. Increased business 2. Lead generation 3. Ease of communication for customers 4. Brand awareness	No disadvantages
<b>BoI</b>	1. Improving customer service 2. Reducing business administration costs 3. Increase in profits	No disadvantages

*Source: Discussions with IIB and BoI*

## **5.2.4 Marketing Techniques**

The next section describes both the traditional and Internet marketing techniques used by both banks.

### **5.2.4.1 Traditional Marketing Techniques**

There are a variety of traditional marketing methods that have been employed and still continue to be used by companies in order to attract customers.

#### **IIB**

The following are the traditional marketing methods used by IIB:

- **TV advertising** – IIB sponsors the programme 'About the House'. This has enhanced the company's brand awareness. As a result, an increasing number of people know exactly what products the bank offers.

- **Magazine advertising** – the vast majority of advertising is placed in broker magazines, e.g. Irish Broker Magazine and the Mortgage Advisor Magazine with the remaining portion allocated to other publications.
- **Press advertising** – IIB was the first bank to reduce the interest rates in 2003. As a marketing response to this, the organisation placed an advert in the Irish Times and Irish Independent which generated public awareness.

The aforementioned advertising methods (i.e. TV, magazine, and press) are frequently extremely expensive, especially when using the national press. IIB invests in these advertising methods because it believes that marketing is important for the advancement of the company by making people aware of its existence and the products and services available.

### **BoI**

The following are the traditional marketing techniques used by BoI:

- **Radio and press advertising** – BoI promotes a variety of products via the radio and press. For example at the start of a New Year, motor loan campaigns are advertised; in summer, holiday and personal loans are promoted; and in the spring/autumn, mortgages are marketed through the aforementioned channels, i.e. radio and press. These types of advertising are very beneficial to the bank.
- **Brochures** – the bank advertises the Banking 365 website through brochures and other forms of merchandise but does not advertise the group website.

- **In-branch promotion** – staff in branches try to entice customers to sign up to Banking 365 services.

#### 5.2.4.2 Internet Marketing Techniques

Internet marketing techniques are the various methods companies use to promote and/or advertise their organisation via the Internet.

#### **IIB**

The Internet marketing techniques used by IIB are as follows:

- **Banner advertising on other websites** – the bank conducted a campaign on [www.myhome.ie](http://www.myhome.ie) with an expandable banner. The link to IIB's website was extensively used by customers to find out about its products and services.
- **Search engines** – IIB is registered with the following search engines: Google, Altavista, and Yahoo. The ranking on the search engine page is very important as people usually only look at the results displayed on the first page.
- **E-mail** – people can e-mail the bank with any problems or queries. IIB has a policy of responding quickly to e-mails.

#### **BoI**

BoI does not invest in Internet marketing. *'The bank must be very careful; we do not allow our name to sit anywhere. We are not doing this type of activity because we are a well-known organisation'*, according to a spokesperson for BoI. As a result, the bank is progressing very slowly in order to avoid reputation risks and it does not want its perceived brand and image to change in the mind of its customers.

The fact that the bank does not implement any Internet marketing techniques is quite surprising. The use of the Internet as a marketing application would probably be beneficial to BOI, and may lead to more Internet users becoming more aware of what BoI offers.

Table 5.4 below identifies the traditional and Internet marketing techniques used by the banks.

**Table 5.4 Traditional and Internet Marketing Techniques**

IIB	<ol style="list-style-type: none"> <li>1. T.V. advertising</li> <li>2. Magazine advertising</li> <li>3. Press advertising</li> </ol>	<ol style="list-style-type: none"> <li>1. Banner advertising on other websites</li> <li>2. Search engines</li> <li>3. E-mail</li> </ol>
BoI	<ol style="list-style-type: none"> <li>1. Radio advertising</li> <li>2. Press advertising</li> <li>3. Brochures</li> <li>4. In-branch promotion</li> </ol>	No Internet marketing techniques

*Source: Discussions with IIB and BoI*

### 5.2.5 Key Differences between Traditional and Internet Marketing

#### IIB

Target markets are segmented as a result of traditional marketing. In comparison, the Internet allows companies to identify and respond to specific customer behaviours and preferences.

With respect to advertising, each customer receives the same message in traditional marketing, however, the Internet provides companies with the opportunity to create a customised message for each customer according to their profiles and buying behaviour.

## **BoI**

The Internet is seen as another channel of distribution. However, the bank has not utilised the Internet to its fullest capabilities for promoting the organisation and its products/services. BoI has some suspicions about the Internet. It understands that there will always be a percentage of the population who are ‘technophobes’. These individuals consist of people who have never used the Internet, primarily due to the fact that it is unfamiliar to them. The bank has established that Internet users are slightly younger than the banking customer national average, and more affluent.

The bank believes that traditional marketing is more effective than Internet marketing as it attracts a wider audience and is an easier method of communicating messages.

### **5.2.6 Banking Summary**

Both banks perform their own IT functions but also outsource certain elements, as they prefer to spend their financial resources on other activities, e.g. promotion/advertising, assessing branch progression, identifying customer profiles and measuring customer satisfaction. IIB developed its website in the year 2000 as many other financial institutions were implementing websites. BoI decided to implement its website in 1997 as it recognised the Internet was a means to increase business and improve customer care.

The following are the actual advantages IIB’s website has brought to its company: increased business, lead generation, ease of communication for customers, and brand awareness. The actual advantages BoI’s website has brought to it are as follows:

improved customer service, reduced business administration costs, and increase in profits. Neither bank have experienced any disadvantages.

Both banks use traditional promotional methods. IIB uses the following: TV advertising, magazine advertising, and press advertising. Whilst, BoI applies the following practices: radio advertising, press advertising, brochures and in-branch promotion.

In relation to Internet marketing techniques, IIB is extensively involved in this type of activity through various methods such as banner advertising on other websites; search engines; and e-mail. BoI does not engage in this type of activity. It is progressing very slowly as it does not want to tarnish its reputation or brand in the mind of its customers, by making hasty decisions.

Currently, IIB's website is used for information purposes and e-mail. The bank plans to extend its services to Internet banking this year, as it understands the various advantages the Internet has to offer. IIB invests in Internet marketing, whereas BoI uses the Internet as a channel of distribution and not as a marketing tool. However, in the future BoI plans to enhance its traditional marketing methods through the Internet for advertising/promoting its products and services.

Two supermarkets were also assessed to determine the impact of the Internet on its traditional marketing principles, strategies and practices.

### **5.3 Supermarket Company Profile**

#### **SuperValu**

SuperValu is part of the Musgrave SuperValu-Centra, which is the retail franchise division of the Musgrave Group. The Musgrave Group was founded in 1876 and is now one of the two largest private companies in Ireland.

There are currently 211 SuperValu supermarkets throughout the whole of Ireland, including 33 outlets in Northern Ireland. The company has operated a central distribution of dry groceries since its foundation. A fleet of 128 trucks, 103 chill trailers and 154 ambient trailers are used to service the growing SuperValu business. The supermarket has warehouses located in Cork, Dublin, Galway and Belfast.

Currently, there are 15 people employed in the traditional marketing area for SuperValu. They track and measure the advertising campaigns on television, radio ads and in the press, etc. There is also a local marketing division and it concentrates on how to market SuperValu in designated areas through a variety of methods, e.g. advertising, public relations, and sponsorship, etc. There are 20 people employed in the IT division. Their functions range from supply chain support to IT installation, to system analysis.

Information is key in terms of making decisions and the IT function assists in making prompt evaluations. This section of the organisation is also necessary to manage the supermarkets' internal systems and its external retailer systems.

SuperValu outsources specialist projects. For example, two years ago it outsourced a system, which allowed SuperValu to plot its 500 stores on a map and identify its competition in each area of the country. Census information is entered into the system and the supermarket calculates its market share in each region. It now manages this system internally. The website development and maintenance were also outsourced as the supermarket preferred to invest its financial resources in other areas of the business, such as promotion and/or conducting research.

The supermarket outsources jobs that can be completed over a short period of time and once these tasks are completed, SuperValu can manage them in-house. This outsourcing means that the business does not have to employ someone on a full-time basis.

The Internet has helped SuperValu to communicate with its suppliers and agencies via e-mail, and has enhanced the speed of communications. E-mail and the speed of communications are two areas that greatly assist the marketing department. For example, if a television advertisement was created in Dublin and the marketing manager wanted to view it in Cork, he/she could do so by e-mail. This would save time and money, as the individual would not have to travel to Dublin. Decisions can also be made and communicated quickly through the use of e-mail.

The supermarket does not invest in any Internet marketing techniques, as the business prefers to spend its financial resources on other forms of marketing activities such as press advertising, which it believes targets more of the organisation's customers.



SuperValu uses the Internet as a communication channel rather than as a marketing tool. If the organisation invested more resources and used the Internet as a marketing device, it might attract a wider audience, which in turn may lead to increased sales.

Currently, the main objectives of the website are to provide information to its customers and to build brand loyalty. The aim of SuperValu is to entice customers into its traditional stores.

### **Superquinn**

Superquinn was established by Feargal Quinn in 1960. The first shop was opened in Finglas in 1965. This began a progression that has led to Superquinn owning 19 stores and nine shopping centres throughout the Republic of Ireland. In 1973, the supermarket pioneered the idea of in-store bakeries.

Over the years a whole range of specialist fresh food departments have evolved. These include delicatessens, pizza, pasta and salad kitchens. In addition, staffed departments provide a very wide range of fresh fruit, vegetables, meat, and seafood.

Superquinn needs an IT function in order to contact its suppliers and to run its Electronic Point of Sales (EPOS) systems. An IT support function is also available if there are any problems with its cash registers or computers. Superquinn has technologies both in-store and in the support office that require constant monitoring.

Superquinn outsources the functionality of its website to Buy4Now. Buy4Now is Ireland's online shopping centre, with 17 stores nationwide aiming to make online shopping easy and convenient for the customer. There are over 2 million products to choose from, all available to buy online and delivered straight to the customer's door. The supermarket decided to outsource because it wanted to invest its financial resources in other areas of the company. Buy4Now approached Superquinn and convinced the supermarket to liaise with them in establishing an online shopping centre. The supermarket had the opportunity to be the key tenant for grocery along with other major brands such as Atlantic Homecare and Easons. Superquinn accepted the offer, as the company viewed it as an easier way to enter the market, without the financial risk of having to raise the capital itself. Buy4Now hosts, maintains and makes any necessary alterations to the website.

Presently, there are eight people employed in the traditional marketing area. Their main roles are loyalty management, brand management, marketing management and data analysis. In the Internet/IT sector there are four people employed: a brand manager, a content manager, a price-monitoring manager, and a liaison officer.

The Internet has allowed Superquinn to provide a service to the sector of the population that, for one reason or another find it more convenient to shop from home. According to Superquinn, these people tend to be 'cash rich and time poor'. This has a dual effect on its business; it increases sales potential and enhances Superquinn's reputation as a provider of excellence in customer service at the cutting edge of technology.

As a result of the supermarkets' various electronic offerings, customers view the supermarket as being proactive. People avail of these services, as they are convenient because they can save time and money.

Superquinn has recently launched a 'new look' website. This innovative website has enhanced functionality and special offers are more prominently advertised. Navigating the website is less complicated, which is important from the customer's perspective and is a time saving factor.

The following is the analysis of SuperValu and Superquinn based on responses to the questionnaires (as shown in Appendices B and C).

### **5.3.1 Progression of Website Development**

#### **SuperValu**

SuperValu implemented its website in 1998. It decided to do so *'because everybody else was developing a website'*, according to a spokesperson for the supermarket. The website provides information about products and services to potential consumers.

SuperValu believes that the prevailing view is that only old-fashioned companies do not have a website.

At present SuperValu does not offer online shopping, however the company maintains that when its customers demand it, online shopping will be introduced. A spokesperson for the supermarket claims that at the moment the Internet is not a priority, as the

organisation has an older customer base. Based on research compiled by SuperValu, 95% of its stores offer home delivery.

The main reason why SuperValu has not moved to Internet shopping is because there are numerous costs associated with implementing an online store. It prefers to invest in other forms of traditional marketing such as press and radio advertising similar to BoI. It may develop a transaction website in the future when it is right for the company and its customers.

SuperValu is however lagging behind the competition. It does not believe there is a necessity to provide an online store to its customers. The organisation is not a follower, it prefers to implement its own strategies.

### **Superquinn**

In 1997, Superquinn implemented its website. It did so because customers were contacting the organisation to find out why it did not have a website. As the Internet was and still is another outlet through which to provide information, the supermarket decided to set up a website solely for informational purposes.

In 2000, Superquinn received feedback from its focus groups and customer panels regarding the necessity for an online shopping website. Developing a website was also an opportunity to interact with Buy4Now.

The supermarket recognises that in order to attract and retain customers, it can no longer rely on the convenience of traditional communication channels. The business found out what its customers wanted and provided them with the services they required.

The supermarket is renowned for being innovative in relation to its technical inventions, e.g. SuperScan and I-Channel. SuperScan allows customers to scan their products as they shop, with a special hand-held scanner that they operate themselves. Customers know exactly how much they are spending at any given time, because the scanner gives them the running total of their bill. This save both the shopper and Superquinn time, as the customers do not have to wait for the sales assistant to scan in each product when they have completed their purchases. I-Channel is a television located in every Superquinn shop nationwide. It broadcasts news features, sport, weather and advertising material via satellite to 42" high-resolution plasma screens located at checkouts.

Based on the supermarkets' offering of electronic services, the development of a website was the next step in its business strategy. As the retail business is a very competitive industry, Superquinn realised it had to develop an online website in order to keep pace with the marketplace. By introducing new features/products, the organisation has demonstrated that it is proactive and is a leader not a follower.

### **5.3.2 Perceived Factors Encouraging and Discouraging a Website Presence**

The following section discusses the perceived factors encouraging and discouraging a website presence from the supermarkets' perspectives.

### 5.3.2.1 Perceived Factors Encouraging a Website Presence

#### SuperValu

SuperValu believes its website was developed to provide information and build brand loyalty. According to a representative from SuperValu, the supermarket has a base if it wants to start selling goods online but the site needs to be developed.

#### Superquinn

Superquinn perceives the following factors that would have encouraged it developing its website:

- **Increased revenue** – the Internet is another source of income. As more consumers are purchasing online, the supermarket's revenue has increased.
- **Improving customer service and enhancing customer loyalty** – as long as customers have access to the Internet they do not have to leave their immediate surroundings, making shopping more convenient for them. This offers the customers more convenience. Loyalty and customer service are inter-linked. *'We can retain our loyal customers by offering this service'*, according to a spokesperson for the supermarket. Superquinn sends e-mails to its customers with special offers, which encourages them to return to its website in order to receive the promotions.

The supermarket is not a follower; strategies are implemented which are solely beneficial to the organisation.

### Superquinn

The following are factors perceived by Superquinn that would have discouraged it from developing its website:

- **Start-up costs** – financial costs of setting up a transaction website are extremely high.
- **Employing extra staff and increased business administration cost** – the supermarket would have to employ extra staff. This equates to extra costs including administration. *'It is a fine balance between how many people a company needs and how many people it can afford to employ'*, according to a Superquinn representative.

Table 5.6 below highlights the main factors encouraging and discouraging a website presence in relation to the supermarkets.

**Table 5.6 Factors Encouraging and Discouraging a Website Presence**

Supermarket	Encouraging Factors	Discouraging Factors
SuperValu	1. Provide information 2. Build brand loyalty	1. Increased business administration costs
Superquinn	1. Increased revenue 2. Improving customer service and enhancing customer loyalty	1. Start-up costs 2. Employing extra staff and increased business administration cost

Source: Discussions with SuperValu and Superquinn

### 5.3.3 Actual advantages for the supermarkets of a web presence

#### SuperValu

The actual advantages SuperValu's website has brought to the company are as follows:

- **Enhanced customer loyalty** – SuperValu believes its website enhances customer loyalty - *'our business with consumers is on the shop floor, the small number of consumers who view the website will build loyalty'*, according to a spokesperson for SuperValu. Loyalty is extremely important in the retail sector, due to the extensive level of competition that exists within. SuperValu's business is based primarily on existing customers returning to the supermarket and attracting new ones. The supermarket invests in promotions and special offers in order to enhance customer loyalty.
- **Access to information** – customers can gain access to information from the supermarket's website twenty-four hours a day, seven days a week. They may obtain information on the company, nutritional facts, and special offers.

#### Superquinn

The following are the actual advantages Superquinn's website has brought to the company:

- **Improved industry and customer reputation** – Superquinn is renowned for being customer focused. The supermarket was the pioneer of loyalty cards and was the first retailer to offer online shopping in Ireland. It is also very innovative in the technology it is using, from plasma screens at checkouts, touch-screen customer information points to SuperScan self-shopping. The business has demonstrated itself to be very proactive.



- **Enhanced customer loyalty** – Superquinn can see from the number of repeat customers that its customer loyalty is improving. Retaining existing customers and attracting new ones are critical elements of Superquinn’s business strategy.
- **Increase in profits** – profits have increased as a result of more customers shopping online.

Table 5.7 below identifies the actual advantages and disadvantages of a website presence from the supermarkets’ perspectives.

**Table 5.7 Actual Advantages and Disadvantages of a Website Presence**

<b>Supermarket</b>	<b>Actual Advantages</b>	<b>Actual Disadvantages</b>
SuperValu	1. Enhanced customer loyalty 2. Access to information	No disadvantages
Superquinn	1. Improved industry and customer reputation 2. Enhanced customer loyalty 3. Increase in profits	No disadvantages

*Source: Discussions with SuperValu and Superquinn*

### 5.3.4 Marketing Techniques

The next section describes both the traditional and Internet marketing techniques used by both supermarkets.

#### 5.3.4.1 Traditional Marketing Techniques

##### SuperValu

The following are the traditional marketing techniques SuperValu uses:

- **T.V. advertising** – SuperValu conducted research and identified that this type of advertising creates high awareness of special offers with its target audience.

- **Press advertising** – press advertising builds a strong message because customers can read a large amount of information on the page.
- **Brochures** – the supermarket issues brochures to households every three weeks in Ireland. This creates awareness of special offers and drives a certain price perception, as customers understand they are getting value for money.
- **In-store Point of Sale** – some purchase decisions are made in-store. When people have a shopping list, they usually do not have the brand name beside the product. The impulse purchase decision is largely based on how the supermarket communicates special offers (e.g. leaflets). The various stamp-based promotions that SuperValu implements build brand loyalty. The supermarket is trying to persuade its existing and new customers to spend more in-store and collect a greater number of stamps in order to receive a product at reduced cost.

### **Superquinn**

Superquinn uses the following traditional marketing techniques:

- **Leaflets** – leaflets are either dropped into people's houses or available in the traditional outlets. Customers can pick up leaflets when they arrive in the shopping centre and are made aware of the special offers as they are shopping.
- **Radio advertising** – this form of advertising has been very successful for the supermarket. It advertises special offers and their duration. This entices customers to avail of the offers before they expire.
- **Magazine advertising** – Superquinn targets specific magazines such as Irish Wheelchair Association and Mother and Baby magazines.

The following section discusses the various Internet marketing techniques used by SuperValu and Superquinn.

#### **5.3.4.2 Internet Marketing Techniques**

##### **Supervalu**

SuperValu does not invest in any Internet marketing techniques. It believes it is more beneficial to invest its resources in other forms of traditional marketing such as press advertising. It assumes this form of marketing is more effective as it better reaches its target audience.

##### **Superquinn**

The following are the Internet marketing techniques used by Superquinn:

- **E-mail** – Superquinn has a database of 60,000 registered customers. E-mail is an excellent way of keeping in touch with customers, providing them with relevant information in a speedy and cost efficient manner. The e-mails contain information on special offers, announcing a new service, etc. Customers can also contact the supermarket if they have any comments or queries.
- **Web directories (list of businesses)** – these assist Superquinn in increasing the number of users who find its website when searching using keywords.
- **Search engines** – Superquinn registered with search engines (i.e. Google and Yahoo) when it first implemented its website. Users can also go to the Buy4Now site and link through to the Superquinn site.

Table 5.8 below identifies the actual advantages and disadvantages of a website presence in relation to SuperValu and Superquinn.

**Table 5.8 Traditional and Internet Marketing Techniques**

<b>Supermarket</b>	<b>Traditional Marketing Techniques</b>	<b>Internet Marketing Techniques</b>
SuperValu	<ol style="list-style-type: none"> <li>1. T.V. advertising</li> <li>2. Press advertising</li> <li>3. Brochures</li> <li>4. Instore Point of Sale</li> </ol>	No Internet marketing techniques
Superquinn	<ol style="list-style-type: none"> <li>1. Leaflets</li> <li>2. Radio advertising</li> <li>3. Magazine advertising</li> </ol>	<ol style="list-style-type: none"> <li>1. E-mail</li> <li>2. Web directories</li> <li>3. Search engines</li> </ol>

*Source: Discussions with SuperValu and Superquinn*

### 5.3.5 Key Differences between Traditional and Internet Marketing

#### SuperValu

The Internet is another means of communicating a company's brand and showing a message in electronic form.

SuperValu currently relies on in-store communication rather than the Internet. *'When the time is right we will explore this option'*, according to a spokesperson for the supermarket. Traditional marketing captures the business's target market. The in-store experience for its customers is very important, as is SuperValu's ability to influence its customers at the point of purchase.

*'The Internet will never dominate because by the very nature of food retailing, the greater portion of sales will happen in the store'*, according to a spokesperson for

SuperValu. The supermarket is assuming that change will not occur in the marketplace, which is an unrealistic assumption to make, as the retail business by its very nature, will alter. The Internet offers companies the opportunity to expand their business on a local or national basis or even globally, but currently SuperValu does not wish to expand into these markets.

### **Superquinn**

Superquinn has the advantage of being able to use Internet marketing techniques to drive direct traffic into its online store. *'This allows its customers to see and react to an offer/promotion at a click, as opposed to the more passive incentive that traditional methods offer'*, according to a representative of the supermarket. The benefits of the Internet are that it allows customers to avail of offers and react instantaneously to marketing issues.

In relation to traditional marketing, when a company decides to change its product features, it does so based on the results of its own research and development. The Internet gives customers the opportunity to offer their opinions on how to improve product features, which can then be tailored to meet the customers' requirements.

### **5.3.6 Supermarket Summary**

Both supermarkets perform their own IT functions but also outsource certain elements.

SuperValu tends to outsource specialist projects and then manage them internally.

Superquinn outsources the functionality of its online store to Buy4Now as the supermarket viewed it as an opportunity to spread its financial risk.

In 1998, SuperValu implemented its website but for information purposes only.

Superquinn developed its online store in 2000 as it received customer feedback in relation to the necessity for a transaction website.

SuperValu's website has brought the following advantages: enhanced communication and access to information. The actual advantages that Superquinn's website has brought to it are improved industry and customer reputation, enhanced customer loyalty and an increase in profits. Neither supermarket stated that its website had brought any disadvantages to the organisation.

SuperValu allocates its entire marketing budget to traditional marketing methods. The supermarket concentrates its efforts on TV advertising, press advertising, brochures and in-store point of sale. This has proved beneficial to the company. Superquinn implements the following traditional marketing techniques: leaflets, radio and magazine advertising.

In relation to Internet marketing techniques, SuperValu does not use this type of activity, as it prefers to spend its financial resources on traditional forms of marketing. The supermarket believes that traditional marketing targets its audience to a greater extent. Superquinn invests heavily in Internet marketing methods. It uses the following techniques: e-mail, web directories and search engines.

SuperValu views the Internet as a tool that provides customers with information, and this leads to brand loyalty being enhanced. Superquinn uses the Internet as another marketing mechanism and identifies the Internet as an additional source of income. For these reasons the organisation invests its resources heavily in the Internet.

## **5.4 Summary**

While IIB, SuperValu, BoI, and Superquinn have many similarities, various differences also exist between the four companies. IIB and SuperValu offer the same functionality on their websites, i.e. customers are able to search the site and make queries to retrieve information (these websites do not facilitate transactions). The main difference between the two organisations is that IIB can identify the various advantages of offering online services and plan implement an online store this year. In contrast, SuperValu has a very negative attitude towards the Internet and currently it is not fitting into the company's strategic vision. The supermarket is assuming that changes will not occur in the food retailing business, but it is obvious that food technology is advancing rapidly, for example, freezers can preserve food for longer periods of time in large refrigerated carriers.

BoI and Superquinn both have a transaction website, where customers can purchase goods and services online. BoI view the Internet as a distribution tool and not as a marketing application. In the future, BoI may use the Internet as a marketing channel but at the moment it is focused on traditional marketing methods. The bank should invest in the Internet as it may prosper to a greater extent. Superquinn devotes its financial

resources to both traditional and Internet marketing techniques. The supermarket is extremely proactive in relation to the electronic services it provides. Superquinn is also very interested in the opinions of its customers, as the business organises customer panels and focus groups. Based on these discussions, strategies are implemented to meet consumers' needs.

## **5.5 Conclusions**

Currently, IIB and SuperValu are not availing of the advantages the Internet has to offer as their website is for information purposes and email only. By developing an online store the businesses would obtain certain rewards. It is also crucial that IIB and SuperValu keep pace with the competition within their respective industries.

Companies that offer online transaction facilities, such as BoI and Superquinn realised from an early stage the benefits that the Internet would bring to them. Both organisations have experienced an increase in profits. The Internet is part of each company's strategy and hence BoI and Superquinn are reaping the benefits.

Based on the contents of Chapter 3, in order to attain and retain customers, companies can no longer rely on the convenience of traditional outlets. BoI and Superquinn have recognised this fact. The bank and supermarket understand that as a result of no human interaction between the buyer and seller online, the company must establish a close relationship with its customers by making orders, payments and deliveries easier to conduct with minimum complexity. These companies are given the opportunity to avail



of an alternative medium (the Internet/Web) for selling goods and communicating with customers, suppliers and other businesses.

The Internet is a valuable tool in terms of marketing as it targets interested parties in an effective and efficient manner. Equally, companies will always use traditional forms of marketing as not all customers have access to the Internet, while others are unaware of its benefits. It is advisable for companies to implement both traditional and Internet marketing techniques as these methods target a wider audience.

## **5.6 Recommendations**

From observations made during the case studies conducted; the banking and retailing sectors, a list of general recommendations for companies was compiled and are as follows:

- Companies should realise the benefits that can be gained from establishing an online presence from a marketing perspective.
- As there is no human contact when a consumer purchases goods online, the marketer must develop a personalised relationship with the customer from the moment he/she enters the website. Maintaining a strong relationship with the customer is crucial.
- If using the Internet to conduct online transactions, the appropriate security measures should be implemented. Consumers should be made aware of a company's security and privacy policies.
- Some companies do not incorporate Internet marketing into their marketing strategies. Companies should begin to do so, as they would have a clearer vision of

the potential of the Internet and how it will fit into the overall business strategy of the company. This may lead to the company being even more differentiated and subsequently more competitive.

Based on the analysis of IIB, BoI, SuperValu and Superquinn, the following is a list of recommendations tailored to each company.

**Financial Sector:**

**IIB Bank**

The bank should develop a transaction site immediately, as the majority of banks in Ireland offer this facility to its customers. IIB may have to spend less of its financial resources on other areas, e.g. traditional marketing, and invest more in the Internet. IIB should be in the same strategic position that its competitors are in.

**Bank of Ireland**

Currently, BoI does not invest its resources in Internet marketing techniques. The bank should invest its resources in this form of marketing as it may increase brand awareness and lead to an increase in profits.

**Retailing Sector:**

**SuperValu**

At the moment SuperValu does not offer its customers the facility to shop online. The supermarket should establish focus groups and customer panels to ascertain if there is a need for an online store. The organisation should offer its customers the option to

purchase goods over the Internet, as there are many advantages associated with having a transaction site from both the perspective of SuperValu and its customers.

The supermarket should incorporate the Internet into its marketing strategy and begin investing in Internet marketing techniques, as this is a channel that the business has not yet explored.

### **Superquinn**

Superquinn recognises the advantages and has reaped the benefits from both having an online store and investing in Internet marketing methods.

## **5.7 Further Research Questions**

During the course of this study, the Author identified some areas where further research would be most useful:

**An investigation of how American marketers approach the area of Internet marketing strategy formulation in comparison to Irish marketers.** In particular, collecting information on a company's target market such as personal demographics and customer preferences, both on and offline, and setting and measuring objectives. Also, deciding on affordable investment (cost versus perceived benefit analysis) and maintenance expenditures and how (if at all) there is integration within the organisation's overall marketing strategy.

**An analysis of different methods Irish companies use to establish online branding and enhance customer relationships.** Especially, identifying the elements of successful online branding and establishing a company's brand identity, and the various ways of providing a quality user experience and establishing integrity and trust. In addition, discussing the different methods of building customer loyalty such as establishing rapport, communicating positively and responding promptly to customers.

**An examination of security threats that Irish companies experience and the various strategies businesses use to overcome these threats.** In particular, examining Internet security issues such as security policy, intellectual property threats, and threats to the security of client computers and communication channels. In addition, analysing the various means of protecting both the company and consumers against these threats.

# **Bibliography**

- Al-Mashari, M. (2002) 'Electronic Commerce – A comparative study of organisational experiences', *Benchmarking: An International Journal*, vol. 9, issue 2, pp. 182-189.
- Amárach Consulting (May 2003) 'Consumer TrendWatch Q2 2003', [www.amarach.com](http://www.amarach.com).
- Anon. (Oct 2001) 'Report: Manufacturers and distributors at odds over Internet', *National Petroleum News (www.npn-net.com)*, pp. 14-16.
- Ashcroft, L. and Hoey, C. (2001) 'PR, marketing and the Internet: implications for information professional', *Library Management*, vol. 22, no.1/2, pp. 68-74.
- Avlonitis, G. and Karayanni, D. (2000) 'The Impact of Internet Use on Business to Business Marketing: Examples from American and European Companies', *Industrial Marketing Management* 29(5), pp. 441-459.
- Bandyopadhyay, S. (2001) 'Competitive Strategies for Internet Marketers in Emerging Markets', *Competitiveness Review*, vol. 11, issue 2, pp. 16-25.
- Bartholomew, D. (1<sup>st</sup> Nov 1999) 'The Big Exception', *Industry Week/IW*, vol. 248, issue 20, pg. 38.
- Bayne, K. (2000) *The Internet Marketing Plan: The Complete Guide to Instant Web Presence*, 2<sup>nd</sup> edition, Canada: John Wiley & Sons, Inc.
- Beardi, C. (25<sup>th</sup> Sep 2000) 'Eversave e-mail effort clicks for bricks-and-mortar Kmart', *Advertising Age*, vol.71, issue 40, pg. 82.
- Belch, G. and Belch, M. (1997) *Introduction to Advertising and Promotion: An Integrated Marketing Communications Perspective*, 4<sup>th</sup> edition, Australia: Irwin Publishers.
- Bettelheim, A. (11/10/2001) 'Creating Rules for Cyberspace', *CQ Weekly*, vol. 59, issue 43, pp. 11-12.
- Bickerton, P. Bickerton, M. and Pardesi, U. (2000) *Cybermarketing: How to Use the Internet to Market Your Goods and Services*, 2<sup>nd</sup> edition, United Kingdom: Butterworth-Heinemann,
- Blankenhorn, D. (25<sup>th</sup> June 2001) 'Use Net promotions to build relationships', *B to B*, vol. 86, issue 13, pg. 16.

- Blythe, J. (1998) *Essentials of Marketing*, London:Financial Times Pitman Publishing.
- Bocij, P. Chaffey, D. Greasley, A. and Hickie, S. (1999) *Business Information Systems: Technology, Development and Management*, London:Financial Times Pitman Publishing.
- Breen, B. (16<sup>th</sup> Sep 1999) 'Building stronger Internet identities', *Marketing (UK)*, pp. 25-27.
- Breitenbach, C. and Van Doren, D. (1998) 'Value-added marketing in the digital domain: enhancing the utility of the Internet', *Journal of Consumer Marketing*, vol. 15, no. 6, pp. 558-575.
- Bulik, B. and Gilbert, J. (March 2001) 'Digital Marketing Hits the Mainstream', *Business 2.0*, vol. 6, issue 6, pp. 67-72.
- Carmichael, M. (27<sup>th</sup> Mar 2000) 'Absence makes the heart grow more frustrated', *Advertising Age*, vol. 71, issue 13, pg. 50.
- Chaffey, D. Mayer, R. Johnston, K. Ellis-Chadwick (2000) *Internet marketing: strategy, implementation and practice*, London: Prentice-Hall.
- Chan, H. Lee, R. Dillion, T. and Chang, E. (2001) *E-Commerce: Fundamentals and Applications*, West Sussex:John Wiley & Sons Ltd.
- Chaston, I. (2001) *E-marketing Strategy*, Berkshire:McGraw-Hill.
- Chaston, I. and Mangles, T. (2002) 'E-commerce in Small UK Manufacturing Firms: A Pilot Study on Internal Competencies', *Journal of Marketing Management*, vol. 18, pp. 341-360.
- Christman, E. (7<sup>th</sup> Aug 1999) 'Iggy Pop opens a 'window into the soul' on Virgin's Contemplative Avenue B', *Billboard*, vol. 111, issue 32, pp. 14-15.
- Clark, D. (30<sup>th</sup> Jun 1998) 'Marketing plans for automated Internet loan software', *American Banker*, vol. 163, issue 123, pg. 17.
- Clark, P. (11<sup>th</sup> Sept 2000) 'EMmetrics leads Grey's e-mail rush', *B to B*, vol. 85, issue 14, pg. 18.
- Collin, S. (2000) *e-marketing*, West Sussex:John Wiley & Sons Inc.
- Collins, N. (13<sup>th</sup> Dec 1999) '(W)holesome entertainment', *Automotive News*, vol. 74, issue 5852, pg. 14.

- Cooper, J. (24<sup>th</sup> Apr 2000) 'Beyond the Box', *Adweek Midwest Edition*, vol. 41, issue 17, pp. 50-53.
- Coupey, E. (2001) *Marketing and the Internet: Conceptual Foundations*, New Jersey: Prentice-Hall, Inc.
- Czinkota, M. (2000) *Marketing: Best Practices*, USA:Harcourt College Publishers.
- Dandridge, T. and Levenburg, N, (Jan-Mar 2000) 'High-tech Potential? An Exploratory Study of Very Small Firms' Usage of the Internet', *International Small Business Journal*, vol. 18, issue 2, pp. 81-91.
- Dann, S. and Dann, S. (2001) *Strategic Internet Marketing*, Milton:John Wiley & Sons.
- DeMarse, E. (4<sup>th</sup> Nov 2002) 'Getting Internet Marketing Right', *Brandweek*, pp. 24-26.
- Dibb, S. Simkin L. Pride, W. and Ferrell, O. (2001) *Marketing: concepts and strategies*, 4<sup>th</sup> European edition, Boston:Houghton Mifflin Company..
- Dibb, S. Simkin, L. Bradley, J. (1996) *The Marketing Planning Workbook*, London:Routledge.
- Doyle, D. (Nov 2000) 'Marketing to the New Customer', [www.mii.ie/asp/news\\_item.asp](http://www.mii.ie/asp/news_item.asp)
- Dwyer, M. (2001) *The Internet – The Holy Grail of Personalised Mass Marketing*, [http://www.mii.ie/asp/news\\_item.asp](http://www.mii.ie/asp/news_item.asp).
- Dysart, J. (Jan/Feb 2002) 'Bring on the Internet Traffic!', *ABA Bank Marketing*, pp. 25-33.
- Easterby-Smith, M. Thorpe, R. and Lowe, A. (1991) *Management Research: An Introduction*, London:Sage.
- Easterby-Smith, M. Thorpe, R. and Lowe, A. (2002) *Management Research: An Introduction*, 2<sup>nd</sup> ed., London:Sage.
- Eid, R. and Trueman, M. (2002) 'The Internet: New International Marketing Issues', *Management Research News*, vol. 25, no.12, pp. 54-67.
- Elkin, T. (17<sup>th</sup> Apr 2000) 'Sega ups the ante for its online gaming push', *Advertising Age*, vol. 71, issue 17, pp. 3-4.



## Bibliography

---

- Faletta, R. (7<sup>th</sup> Feb. 2000) 'The Product Sales Equation', *Computer Reseller News*, issue 880, pg. 16.
- Fargo, J. (Jan 1999) 'The Internet Specialists', *Credit Card Management*, vol. 11, issue 10, pp. 38-42.
- Federal Networking Council (1995) "Definition of Internet", [www.itrd.gov/fnc/Internet\\_res.html](http://www.itrd.gov/fnc/Internet_res.html).
- Fellenstein, C. and Wood, R. (2000) *Exploring E-Commerce, Global E-Business and E-Societies*, New Jersey:Prentice-Hall.
- Ferguson, R. (25<sup>th</sup> Sept 2000) 'Giving credit where it's due', *eWeek*, vol. 17, issue 39, pg. 42.
- Ferriolo, S. (Jul 2000) 'Geerlings & Wade forges ahead', *Catalog Age*, vol. 18 [sic], issue 8, pg. 16.
- Freeman, L. (6<sup>th</sup> July 1999) 'Marketing message to become more tailored', *Marketing News*, vol. 33, issue 25, pg. 19.
- Fridstein, S. (Jul 2000) 'Your New Marketing Plan', *Catalog Age*, vol. 18 [sic], issue 8, pp. 161-164.
- Friedman, W. (1<sup>st</sup> Nov 1999) 'Stern: All-Star marketer', *Advertising Age*, vol. 70, issue 45, pp. 1-3.
- Fromm, E. and McMains, A. (3<sup>rd</sup> Jan 2000) 'A Site on the Map', *Adweek Southeast Edition*, vol. 21, issue 1, pg. 42.
- Frook, J. (14<sup>th</sup> Jan 2002) 'IBM reaches China with Webcast', *B to B*, vol. 87 issue 1, pp. 4-5.
- Gain, B. (30<sup>th</sup> Apr 2001) 'Legerity gaining legitimacy via DSL, VoIP offerings', *EBN*, pg. 4.
- Gilbert, J. and Webster, N. (28<sup>th</sup> Feb 2000) 'Places of Color nears agency choice', *Advertising Age*, vol. 71, issue 9, pg. 74.
- Gill, J. and Johnson, P. (2002) *Research Methods for Managers*, 3<sup>rd</sup> ed., London:Sage.
- Gill, J. and Johnson, P. (1991) *Research Methods for Managers*, London:Chapman.

- Gilroy (17<sup>th</sup> Jan 2000) 'CES events sharpen mobile market distinctions', *TWICE: This Week in Consumer Electronics*, vol. 15, issue 2, pg. 26.
- Gimein, M. (10<sup>th</sup> Jul 2000) 'Meet the Dumbest Dot-Com in the World', *Fortune*, vol. 142, issue 2, pg. 46.
- Goetzl, D. (6<sup>th</sup> Mar 2000) 'Southwest flies high in cyberspace, too', *Advertising Age*, vol. 71, issue 10, pg. 4.
- Goldberg, A. (Mar 1997) 'Leading questions', *MC: Marketing Computers*, vol. 17, issue 3, pg. 14.
- Gorman, L. (Oct 2000) '2000 Coffee Curriculum', *Gourmet Retailer*, vol. 21, issue 10, pp. 49-63.
- Green, J. (3<sup>rd</sup> Jan 2000) 'Sharp Curves Ahead for Car Marketers', *Brandweek*, vol. 41, issue 1, pp. 18-20.
- Greenberg, K. (14<sup>th</sup> May 2001) 'Pontiac Casts Youthful Net For Vibe', *Brandweek*, vol. 42, issue 20, pg. 6.
- Greenberg, P. (Jun 2001) 'Quick-start Marketing Ideas to Implement NOW', *Boardwatch Magazine*, vol. 15, issue 8, pp. 36-38.
- Greenstein, M. and Vasarhelyi, M. (2002) *Electronic Commerce: Security, Risk Management and Control*, New York: McGraw-Hill/Irwin.
- Griffith, D. and Krampf, R. (1998) 'An examination of the web-based strategies of the top 100 US retailers', *Journal of Marketing Theory and Practice*, summer, pp. 12-23.
- Grönroos, C. (Jan 20<sup>th</sup> 1990) 'Relationship Approach to Marketing in Service Contexts: The Marketing and Organisational Behaviour Interface', *Journal of Business Research*, pp. 3-11.
- Gummesson, E. (2000) *Qualitative Methods in Management Research*, 2<sup>nd</sup> ed., California: Sage.
- Haar, S. (7<sup>th</sup> Feb 2000) 'Television commercials get new Web venues', *Inter@ctive Week*, vol. 7, issue 5, pg. 38.
- Haines, M. (9<sup>th</sup> July 2001) 'E-Marketing Efforts of IT Solution Providers – What Can Be Expected In the Next 12 Months?' *VARBusiness*, vol. 17, issue 14, pg. 68.

- Hallaq, J. (2000) *Marketing C301 – An Introduction*  
[www.outreach.washington.edu/dl/courses/mktg301/](http://www.outreach.washington.edu/dl/courses/mktg301/) (cited on 5 Dec. 2002).
- Hanson, W. (2002) *Principles of Internet Marketing*. United Kingdom:South-Western College.
- Hart, C. Doherty, N. and Ellis-Chadwick, F. (2000) ‘Retailer adoption of the Internet – Implications for retail marketing’, *European Journal of Marketing*, vol. 34, no. 8, pp. 954-974.
- Heim, S. (2<sup>nd</sup> Jul 2001) ‘Universal Bows E-Promos for Jurassic Park Sequel’, *Adweek Midwest Edition*, vol. 42, issue 27, pg. 7.
- Heinen, J. (1996) ‘Internet marketing practices’, *Information Management & Computer Security*, vol. 4, no. 5, pp. 7-14.
- Helton, R. (Oct/Nov 1997) ‘Reviews of recent writings’, *Database Magazine*, vol. 20, issue 5, pp. 90-93.
- Hilton, P. *Uses of TELNET* <http://edt.uow.edu.au/elec195/group-projects-2k/group10/applications.htm> (cited on 13 Nov. 2002) No date on site.
- Himelstein, L. (16<sup>th</sup> Oct 2000) ‘Zen and the Art of Net Startups’, *Business Week*, issue 3703, pp. 122-124.
- Hofacker, C. (2001) *Internet Marketing*, 3<sup>rd</sup> edition, New York:John Wiley & Sons, Inc.
- Huff, S. Wade, M. and Schneberger, S. (2002) *Cases in Electronic Commerce*, McGraw-Hill, an imprint of the McGraw-Hill Companies, Inc., New York, USA.
- Hughes, T. (2002) ‘Marketing principles in the application of e-commerce’, *Qualitative Market Research: An International Journal*, vol. 5, issue 4, pp. 252-260.
- Imber, J. and Toffler, B. (2000) *Dictionary of marketing terms*, 3<sup>rd</sup> edition, Barrons Business Dictionaries.
- Ingari, F. (Jan/Feb 2001) ‘The Dot.Com Madness Leaves a Blueprint for the Bluechips’, *Future Banker*, vol. 5, issue 1, pg. 38.
- Internet Performance Marketing (April 2002) *Leverage the Internet to Shorten the Sales Cycle: Focus the Message for Conversion*,  
<http://www.internetperformancemarketing.com/educate/marketing-whitepaperdir.html> (cited 21 Nov. 2002).

- Internet Performance Marketing (August 2002) *Leverage the Internet to Shorten the Sales Cycle: How businesses use their web site as an essential tool in their sales prospecting strategy*,  
<http://www.internetperformancemarketing.com/educate/marketing-whitepaperdir.html> (cited 21 Nov. 2002).
- Internet Performance Marketing (May 2002) *Leverage the Internet to Shorten the Sales Cycle: Planning an Internet Marketing Strategy*,  
<http://www.internetperformancemarketing.com/educate/marketing-whitepaperdir.html> (cited 21 Nov. 2002).
- Jan, Y-C. (2002) 'A three-step matrix method for strategic marketing management', *Marketing Intelligence and Planning*, vol. 20, no. 5, pp. 269-272.
- Jaroneczyk, J. (15<sup>th</sup> Feb 2001) 'B2C on a Local Spree', *Internet World*, vol. 7, issue 4, pg. 23.
- Jarvis, S. (15<sup>th</sup> April 2002) 'Bright spots in marketing (cover story)', *Marketing News*, vol. 36, issue 8, pp. 1-4.
- Jobber, D. (2001) *Principles and practice of marketing*, 3<sup>rd</sup> edition, London:McGraw-Hill.
- Jones, J. (26<sup>th</sup> Jun 2000) 'Radcom aims to assure enterprises of VOIP quality', *InfoWorld*, vol. 22, issue 26, pg. 20.
- Kallender, P. (15<sup>th</sup> Jan 2001) 'Crusoe tapped for Net appliances', *Electronic Engineering Times*, issue 1149, pp. 49-50.
- Kalyanam, K. and McIntyre, S. (2002) 'The E-Marketing Mix: A Contribution of the E-Tailing Wars', *Journal of the Academy of Marketing Science*, vol. 30, no. 4, pp. 487-499.
- Kiani, G. (1998) 'Marketing opportunities in the digital world', *Internet Research: Electronic networking applications and policy*, vol. 8, no. 2, pp. 185-194.
- Kienan, B. (2001) *Managing your e-commerce business*, 2<sup>nd</sup> ed., Washington:Microsoft Press.
- King, J. (10<sup>th</sup> Jul 2000) 'Christmas in July', *Computerworld*, vol. 34, issue 28, pp. 38-39.

- King, J. (24<sup>th</sup> Jan 2000) 'Web jump-starts Mangusta introduction', *Automotive News*, vol. 74, issue 58, pg. 4.
- Knight, C. (Aug 2000) 'Increase Your ISP Sales', *Boardwatch Magazine*, vol. 14, issue 8, pp. 101-103.
- Knight, C. (Mar 2000) 'How to Write an ISP Marketing Plan for Non-Marketing People', *Boardwatch Magazine*, vol. 14, issue 3, pp. 32-33.
- Koranteng, J. (May 2000) 'Emirates creates virtual agency', *Advertising Age International*, pp. 3-4.
- Kotler, P. (1997) *Marketing Management: Analysis, Planning, Implementation, and Control*, 9<sup>th</sup> edition, New Jersey:Prentice Hall.
- Kotler, P. and Armstrong, G. (2001) *Principles of Marketing*, 9<sup>th</sup> edition, New Jersey:Prentice Hall.
- Kotler, P. Armstrong G. Saunders, J. and Wong, V. (1999) *Principles of marketing*, London:Prentice Hall.
- Krishnamurthy, S. (2003) *E-Commerce Management: Text and Cases*, Ohio:South-Western, a division of Thomson Learning
- Kuykendall, L. (Jan 2000) 'Permission Requested', *Credit Card Management*, vol. 12, issue 10, pp. 20-23.
- La Ferie, C. Edwards, S. and Mizuno, Y. (Mar/Apr 2002) 'Internet diffusion in Japan', *Journal of Advertising Research*, vol. 42, issue 2, pp. 65-79.
- Lamb, C. Hair, J. and McDaniel, C. (1998) *Marketing*, 4<sup>th</sup> edition, Ohio:South-Western College Publishing.
- Lammers, D. (26<sup>th</sup> Jul 1999) 'Geode Puts Appliance Functions on One Chip', *Electronic Engineering Times*, issue 1071, pp. 46-47.
- Lancaster, G. and Reynolds, P. (1998) *Marketing*, Hampshire:Macmillian Press Ltd.
- Laudon, K. and Laudon, J. (2000) *Management Information Systems: Organisation and Technology in the Networked Enterprise*, 6<sup>th</sup> edition, New Jersey:Prentice-Hall. Inc..
- Lawrence, E. Corbitt, B. Fisher, J. Lawrence, J. and Tidwell, A. (2000) *Internet Commerce: Digital Models for Business*, 2<sup>nd</sup> edition, Australia:John Wiley and Sons Ltd.

- Leong, E. Huang, X. and Stanners, P-J. (Sept/Oct 1998) 'Comparing the Effectiveness of the Web Site with Traditional Media', *Journal of Advertising Research*, pp. 44-51.
- Lockett, A. and Blackman, I. (2001) 'Strategies for building a customer base on the Internet: symbiotic marketing', *Journal of Strategic Marketing*, pp. 47-68.
- Maanem, J. (1983) *Qualitative Methodology*, London:Sage.
- Maddox, K. (10<sup>th</sup> Dec 2001) 'IAB to boost marketing efforts, selects Stein Rogan as agency', *B to B*, vol. 86, issue 22, pg. 2.
- Maddox, K. (12<sup>th</sup> Jan 1998) 'Jupiter unveils brand action marketing plan', *Advertising Age*, vol. 69, issue 2, pg. 24.
- Marcovitz, M. (Aug 2002) 'Multichannel Shoppers Love E-mail', *Gourmet Retailer*, vol. 23, issue 8, pp. 178-180.
- Marquess, K. (Aug 2000) 'Redline May Be Going Online', *ABA Journal*, vol. 86, issue 8, pp. 80-82.
- Marshall, C. (14<sup>th</sup> Oct 2000) 'Corrosion of Conformity Returns With Sanctuary's Dealer', *Billboard*, vol. 112, issue 42, pg. 16.
- Mays, R. (8<sup>th</sup> Jul 2000) 'MC Bahamadia Bequeaths 'BB Queen' EP On Goodvibe/Atomic Pop', *Billboard*, vol. 112, issue 28, pg. 14.
- Mc Donald, M. (1999) *Marketing Plans: How to prepare them, how to use them*, 4<sup>th</sup> edition, Oxford:Butterworth-Heinemann, a division of Reed Educational & Professional Publishing Ltd.
- Meadows-Klue, D. (6<sup>th</sup> Jun 2002) 'Internet advertising is virtually bucking trends', *Marketing Week*, pg. 12.
- Mercer, D. (1998) 'Long-range marketing', *Journal of Marketing Practice: Applied Marketing Science*, vol. 4, no.6, pp. 174-184.
- Miller, K. (14<sup>th</sup> May 2001) 'Net a Natural For Parks', *Amusement Business*, vol. 113, issue 19, pp. 23-25.
- Mohammed, R. Fisher, R. Jaworski, B. and Cahill, A. (2002) *Internet marketing: building advantage in the networked economy*, Boston:McGraw-Hill/Irwin.
- Molla. (Dec 1999) 'New horizons', *Motor Age*, vol. 118, issue 12, pg. 5.

## Bibliography

---

- Monahan, J. (5<sup>th</sup> Feb 2001) 'Internet Marketing Strategies Shift to Education', vol. 166, issue 24, pg. 4.
- Mosley-Matchett, J.D. (12<sup>th</sup> Aug 1987) 'Include the Internet in marketing mix', *Marketing News*, vol. 31, issue 25, pg. 6.
- Murphy, D. (19<sup>th</sup> Dec 2002) 'E-mail adds value to DM campaigns', *Marketing*, pg. 23.
- Mutel, G. (8<sup>th</sup> Feb 2002) 'Nestlé gives boost to below-the-line budget in shift to Internet', *Precision Marketing*, pg. 47.
- Neuborne, E. (4<sup>th</sup> Nov 2002) '1-800-Flowers.com', *Adweek Eastern Edition*, vol. 43, issue 44.
- Neuborne, E. (6<sup>th</sup> Aug 2001) 'Coaxing With Catalogs', *Business Week*, issue 3744, pg. 6.
- Newberry, J. (Oct 1997) 'Playing the marketing game', *ABA Journal*, vol. 83, issue 10, pp. 76-80.
- Newell, F. (2000) *Loyalty.com*, New York:McGraw-Hill Companies.
- Newell, F. (1997) *The New Rules of Marketing*, New York:McGraw-Hill Companies.
- Nua Internet Surveys (Feb 2003) 'Nielsen NetRatings: Global Net population increases', [www.nua.com/surveys](http://www.nua.com/surveys).
- O'Connor, J. and Galvin, E. (2001) *Marketing in the Digital Age*, 2<sup>nd</sup> ed., London:Pearson Education Limited.
- Olenick, D. (9<sup>th</sup> Feb 1998) 'Mega-pixel cameras at non-mega prices', *Computer Retail Week*, vol. 8, issue 198, pg. 5.
- Oliva, R. (Jul/Aug 2001) 'Nowhere to Hide', *Marketing Management*, vol. 10, issue 2 pp. 44-46.
- Oliva, R. (May/June 2002) 'New Views on Web Strategy', *MM*, pp. 42-44.
- Ott, K. (Nov 1999) 'Tale of 2 online brands: traditional vs. new', *Advertising Age's Business Marketing*, vol. 84, issue 11, pg. 44.
- Pallab, P. (1996) 'Marketing on the Internet', *Journal of Consumer Marketing*, vol. 13, issue 4, pp. 27-39.
- Palmer, A. (2001) *Principles of Services Marketing*, London:McGraw-Hill.

- Paoletta, M. (19<sup>th</sup> Feb 2000) 'Jive's Plan: 'N Sync Elsewhere (cover story)', *Billboard*, vol. 112, issue 8, pp. 1-2.
- Penteadó, J. (March 2000) 'International e-commerce: Marketing, communication found lacking', *Advertising Age International*, pg. 8.
- Perry, D. (9<sup>th</sup> Sep 2002) 'Lorraine puts headboards on Web', *Furniture/Today*, pg. 44.
- Perry, J. and Schneider, G. (2001) *New Perspectives on E-Commerce*, Boston:Course Technology, a division of Thomson Learning.
- Picarille, L. (17<sup>th</sup> Nov 1997) 'New strategy, new language', *Computer Reseller News*, issue 764, pg. 98.
- Power, C. (9<sup>th</sup> May 2000) 'Calif. Bank Has New Name—Eos—and New Plans', *American Banker*, vol.165 issue 89, pg. 14.
- Power, C. (9<sup>th</sup> Oct 1997) 'Survey: Women to be the dominant users of Internet banking', *American Banker*, vol. 162, issue 195, pg. 21.
- Prabhaker, P. (2000) 'Who owns the online consumer?' *Journal of Consumer Marketing*, vol. 17, issue 2/3, pp. 158-171.
- Rayport, J. Jaworski, B. (2002) *Introduction to e-commerce*, Boston:McGraw-Hill/Irwin.
- Reid, A. (3 May 2002) 'BT seeks to speed up the net with the launch of broadband', *Campaign (UK)*, issue 17, pg. 14.
- Remenyi, D. Williams, B. Money, A. and Swartz, E. (1998) *Doing Research in Business and Management: an Introduction to Process and Method*, London:Sage.
- Rich, L. (15<sup>th</sup> Sept 1997) 'Softbank launches online advertising sales network', *Adweek Eastern Edition*, vol. 38, issue 37, pg. 57.
- Richardson, P. (2001) *Internet Marketing: Readings and Online Resources*, New York:McGraw-Hill/Irwin, an imprint of the McGraw-Hill Companies, Inc.
- Rider, A. (2000) *What are Extranets?* [www1.rider.edu/~sipos/professional.html](http://www1.rider.edu/~sipos/professional.html).
- Rosenbloom, B. 1999 'E-commerce around the world', *Sales and Marketing Management*, vol. 152, issue 2, pg. 94.
- Rosser, M. (4<sup>th</sup> Jan 2002) 'Online sales boom brings festive cheer for e-tailers', *Precision Marketing*, pg. 2.



- Sabatini, J. (13<sup>th</sup> Dec 1999) 'Real media helps CMG launch online campaign', *Adweek Eastern Edition*, vol. 40, issue 50, pg. 89.
- Salak, J. (2<sup>nd</sup> April 2001) 'Who Loves Ya, Baby', *tele.com*, vol. 6, issue 7, pg. 72.
- Saunders, M. Lewis, P. and Thornhill, A. (2000) *Research Methods for Business Students*, 2<sup>nd</sup> ed., London:Pearson Education Limited.
- Saxe, F. (16<sup>th</sup> Sept 2000) 'Clear Channel's Sights On Web', *Billboard*, vol. 112, issue 38, pp. 5-6.
- Schick, S. (9<sup>th</sup> March 2001) 'Big Blue talks up SCSI over IP', *Computing Canada*, vol. 27, issue 5, pg. 22.
- Schlegelmich, B. and Sinkovics, R. (1998) 'Viewpoint Marketing in the information age – can we plan for an unpredictable future?', *International Marketing Review*, vol. 15, no. 3, pp. 162-170.
- Schmelling, S. (25<sup>th</sup> May 1998) 'Group Long Distance goes local', *Telephony*, vol. 234, issue 21, pg. 16.
- Schmidt, K. (6<sup>th</sup> July 1999) '...mindset clearly has changed', *Marketing News*, vol. 33, issue 25, pg. 15.
- Schneider, G. (2003) *Electronic Commerce*, 4<sup>th</sup> ed., Boston:Course Technology, a division of Thomson Learning, Inc.
- Schneider, G. (2002) *Electronic Commerce*, 3<sup>rd</sup> ed., Boston:Course Technology, a division of Thomson Learning, Inc.
- Seybold, P. (May 2001) 'Get Inside the Lives of Your Customers', *Harvard Business Review*, vol. 79, issue 5, pp. 80-89.
- Shachtman, N. (27<sup>th</sup> Nov 2000) 'Marketing Savvy', *InternetWeek*, issue 839, pp. 57-59.
- Sheth, J. Eshghi, A. Krishnan, B. (2001) *Internet Marketing*, Fort Worth:Harcourt College Publishers.
- Shillinglaw, J. (5<sup>th</sup> Aug 2002) 'The Death of Brick-and-Click?', *Travel Agent*, pg. 26.
- Siebel, T. and House, P. (1999) *Cyber Rules: Strategies for Excelling at E-Business*, New York:Doubleday, a division of Random House, Inc.

- Siegel, D. (1999) *Futurise Your Enterprise: Business Strategy in the Age of the E-Customer*, Canada:John Wiley & Sons, Inc.
- Simeon, R. (1999) 'Evaluating Domestic and International Web site strategies', *Internet Research: Electronic Networking Applications and Policy*, vol. 9, no. 4, pp. 297-308
- Smith, E. (2000) *E-Loyalty*, New York:HarperCollins Publishers Inc.
- Smith, P. and Chaffey, D. (2002) *eMarketing eXcellence: the heart of Ebusiness*, Oxford:Butterworth-Heineman.
- Spector, A. (6<sup>th</sup> Mar 2000) 'Seattle chef-owner nets bigger clientele via e-mail, Web site', *Nation's Restaurant News*, vol. 34, issue 10, pg. 22.
- Spencer, C. and Giles, N. (5<sup>th</sup> Sep 2000) 'The planning, implementation and evaluation of an online marketing campaign', *Journal of Communication Management*, vol. 5, no. 3, pp. 287-299.
- Sterne, J. (1999) *World Wide Web marketing: integrating the Web into your marketing strategy*, Canada:Wiley and Sons, Inc.
- Strauss J. and Frost, R. (1999) *Marketing on the Internet: principles of online marketing*, New Jersey:Prentice Hall.
- Strauss, J. and Frost, R. (2001) *E-marketing*, New Jersey:Prentice Hall.
- Sunborn, S. (8<sup>th</sup> Nov 1999) 'Novell reaches for Utopia in GroupWise', *InfoWorld*, vol. 21, issue 45, pg. 12.
- Sutton, N. (25<sup>th</sup> Aug 2000) 'Compaq leaves retail launches in limbo', *Computer Dealer News*, vol. 16, issue 17, pg. 10.
- Szuprowicz, B. (1998) *Extranet and Intranet: E-Commerce Business Strategies for the Future*, Charleston, South Carolina: Computer Technology Research Corporation.
- Testerman, J. Taylor, B. Kuegler, T. and Dowling, P. (1998) *Web Advertising and Marketing*, 2<sup>nd</sup> edition, California:Prima Publishing.
- Toonkel, J. (1<sup>st</sup> Sep 2000) 'Compubank Offers Web TVs, Net Access to Get Customers', *American Banker*, vol. 165, issue 169, pg. 11.
- Traiman, S. (29<sup>th</sup> July 2000) 'Six Questions', *Billboard*, vol. 112, issue 31, pg. 66.

- Trim, P. (2002) 'Corporate intelligence and transformational marketing in the age of the Internet', *Marketing Intelligence and Planning*, vol. 20, no. 5, pp. 259-268.
- Turban, E. King, D. Lee, J. Warkentin, M. and Chung, H. (2002) *Electronic Commerce 2002: A Management Perspective*, New Jersey:Prentice Hall.
- Turban, E. King, D. and Chung, H. (2000) *Electronic Commerce: A Management Perspective*, New Jersey:Prentice-Hall Inc.
- Valentine, L. (Sep 1999) 'The secret world of selling cards on the web' *ABA Banking Journal*, vol. 91, issue 9, pp. 44-46.
- Van Hook, P. (16<sup>th</sup> Jun 2003) 'The Role of Extranets in Electronic Commerce', Nova Southeastern University, pp. 1-12.
- Venetis, T. (9<sup>th</sup> Feb 1998) 'Former Delrina head gives 'cyberspace touch' to users', *Computer Dealer News*, vol. 14, issue 5, pg. 46.
- Wan, L. (4<sup>th</sup> Oct 2002) 'Time to evolve web measurement from clicks to consumers', *Media Asia*, pg. 10.
- Warner, B. and Mand, A. (9<sup>th</sup> Feb 1998) 'Hasbro takes retail battle to the cyber-shelf', *Brandweek*, vol. 39, issue 6, pg. 46.
- Weiss, A. (2002) updated 30 May 2002, cited 11/11/02  
[www.serverwatch.com/stypes/article.php/1151611](http://www.serverwatch.com/stypes/article.php/1151611).
- White, G. (1997) 'International On Line Marketing of Foods to US Consumers', *International Marketing Review*, 14(5), pp. 367-384.
- Whiteley, D. (2000) *e-Commerce Strategy, Technologies and Applications*, Berkshire:McGraw-Hill Publishing Company.
- Willett, S. and Dunlap, C. (22<sup>nd</sup> Dec 1997) 'Netscape launches new browser war', *Computer Reseller News*, issue 769, pg. 149.
- Williams, D. (2001) 'Writing a Marketing Report', *The Marketing Review*, vol. 1, pp. 363-372.
- Williams, D. (Spring 2001) 'Writing a Marketing Report', *Marketing Review*, vol. 1, issue 3, pp. 363-372.
- Wilson, C. (Jun 2000) 'Gauging Your Bank's ROM', *Community Banker*, vol. 9, issue 6, pp. 14-17.

- Wilson, R. (2002) *Planning your Internet Marketing Strategy*, New York:John Wiley & Sons, Inc.
- Wilson, S. and Abel, I. (2002) 'So you want to get involved in E-Commerce', *Industrial Marketing Management* 31(2), pp. 85-94.
- www.ipa.co.uk (17<sup>th</sup> Oct 2002) 'UK businesses drop Web from their marketing mix', *New Media Age*, pg.16.
- www.bankofireland.ie
- www.iib-bank.ie
- www.superquinn.ie
- www.supervalu.ie
- Yang, C. (19<sup>th</sup> – 26<sup>th</sup> Aug 2002) 'Can Miller Put the Oomph Back in AOL? *Business Week*, issue 3796, pg. 42.
- Yin, R. (2003) *Case Study Research: Design and Methods*, California:Sage.
- Yin, R. (1984) *Case Study Research: Design and Methods*, California:Sage.
- Zigmont, J. (Nov 1999) 'ISP business plan – Part III', *Boardwatch Magazine*, vol. 13, issue 11, pp. 168-169.

# Appendices

# **APPENDIX A**

COVER LETTER ACCOMPANYING  
THE QUESTIONNAIRE

Company X  
Address

Annmarie Birkett  
Address  
Tel  
E-mail

dd/mm/yy

Dear Marketing Manager,

As a postgraduate student in Business Studies, I am currently undertaking imperative research at the Galway-Mayo Institute of Technology (GMIT). The research focuses on the Impact of the Internet on Traditional Marketing Principles, Strategies and Practices.

I would sincerely appreciate if you would take the time to meet me and answer my questions, as your expert opinions will be significant to the study. Without your help, the study will not be complete.

You can review the results of the survey before publication. Any concerns you have in relation to confidentiality will be thoroughly respected.

I appreciate that time is scarce but if you could find time next week, I would be extremely grateful. Please contact me at the above phone number or e-mail address to arrange a suitable time for such an interview.

I will e-mail or fax you a copy of the questionnaire, whichever is most preferable, as it will give you time to examine it. Please send/give me the relevant e-mail address or fax number.

Yours truly,

---

Annmarie Birkett

# **APPENDIX B**

QUESTIONNAIRE DESIGNED FOR  
TRADITIONAL OUTLETS



1. (a) Does your company have its own IT department? Please tick as appropriate.

Yes \_\_\_\_\_ No \_\_\_\_\_

(b) If yes, why do you have your own IT department?

2. (a) Does your company outsource the IT function? Please tick as appropriate.

Yes \_\_\_\_\_ No \_\_\_\_\_

(b) If yes, why do you outsource the IT function?

3. (a) Approximately, how many people are employed in your Marketing area?

(b) Approximately, how many people are employed in your Internet area?

4. (a) In what year did you first implement your website?

(b) Why did you decide to implement it then?

5. (a) Currently you have an interactive (customers are able to search the site and make queries to retrieve information) website, was it previously a simple static (company and product information and contact details are provided on the site) one. If yes, why did you decide to change it to an interactive one?

(b) Why have you **not** moved to Internet banking?

(c) In the future do you plan to do so?

6. (a) Prior to the development of a website, please rank the top three factors that would have encouraged you developing your website (1 being the most important and 3 being the least important).

(b) How did you see these factors encouraging you to develop your website?

7. (a) Prior to the development of a website, please rank the top three factors that would have discouraged you from developing your website (1 being the most important and 3 being the least important).

(b) How did you see these factors discouraging you from developing your website?

8. (a) Please rank the top three actual advantages that your website has brought to your company, in order of priority (1 being the most important and 3 being the least important).

(b) How do you see these factors being actual advantages that your website has brought to your company?

(c) Are you disappointed with the actual benefits your website has brought to your company? Please tick as appropriate.

Yes \_\_\_\_\_ No \_\_\_\_\_

(d) If yes, how are you disappointed?

9. (a) Please rank the top three actual disadvantages that your website has brought to your company, in order of priority (1 being the most important and 3 being the least important).

(b) How do you see these factors as being actual disadvantages that your website has brought to your company?

10. (a) As a result of the Internet, do you think that lack of face-to-face interaction places a barrier between the customer and the company? Please tick as appropriate.

Yes \_\_\_\_\_ No \_\_\_\_\_

(b) If yes, in what way?

(c) Does lack of face-to-face interaction affect customers' opinion of the product/service? Please tick as appropriate.

Yes \_\_\_\_ No \_\_\_\_

(d) If yes, how?

(e) Have you implemented any strategies to overcome this? Please tick as appropriate.

Yes \_\_\_\_ No \_\_\_\_

(f) If yes, what are they?

11. (a) Are you concerned about security issues? Please tick as appropriate.

Yes \_\_\_\_ No \_\_\_\_

(b) If yes, what are they?

(c) Do you think there are any security issues that are discouraging customers from using your website?

12. (a) Please rank the top three Internet marketing techniques that have benefited your company, in order of priority (1 being the most important and 3 being the least important).

- E-mail \_\_\_\_\_
- Search engines (keyword search) \_\_\_\_\_
- Web directories (lists of businesses) \_\_\_\_\_
- Banner advertising on other websites \_\_\_\_\_
- Hyperlinks to associated websites \_\_\_\_\_
- Mailing lists \_\_\_\_\_
- Newsgroups \_\_\_\_\_
- Online reviews \_\_\_\_\_
- Other (please specify) \_\_\_\_\_

(b) How have these techniques benefited your company?

13. (a) Please rank the top three traditional marketing methods that have benefited your company, in order of priority (1 being the most important and 3 being the least important).

- |                              |       |
|------------------------------|-------|
| TV Advertising               | _____ |
| Magazine Advertising         | _____ |
| Press Advertising            | _____ |
| Radio Advertising            | _____ |
| Cinema Advertising           | _____ |
| Outdoor Advertising          | _____ |
| Brochures                    | _____ |
| Special Offers               | _____ |
| Other (please specify) _____ | _____ |

(b) How have these methods benefited your company?

14. What impact do you think did your traditional marketing strategies have on your Internet marketing strategies, i.e. has your marketing mix been affected in any way?

15. In your opinion, what are the main differences between traditional marketing and Internet marketing with respect to supermarkets/banks?

16. Please briefly describe the impact the Internet has had on your business.

# **APPENDIX C**

QUESTIONNAIRE DESIGNED FOR INTERNET  
OUTLETS

1. (a) Does your company have its own IT department? Please tick as appropriate.

Yes \_\_\_\_\_ No \_\_\_\_\_

(b) If yes, why do you have your own IT department?

2. (a) Does your company outsource the IT function? Please tick as appropriate.

Yes \_\_\_\_\_ No \_\_\_\_\_

(b) If yes, why do you outsource the IT function?

3. (a) Approximately, how many people are employed in your Marketing area?

(b) Approximately, how many people are employed in your Internet area?

4. (a) In what year did you first implement your website?

(b) Why did you decide to implement it then?

5. (a) Prior to having a transaction site did you have a simple static (company and product information and contact details are provided on the site) website and/or interactive (customers are able to search the site and make queries to retrieve information) site? Please tick as appropriate.

- Simple Static website \_\_\_\_\_
- Interactive website \_\_\_\_\_
- Neither \_\_\_\_\_

(b) Why did you decide sell goods/services online?

6. (a) Prior to the development of a website, please rank the top three factors that would have encouraged you developing your website (1 being the most important and 3 being the least important).

(b) How did you see these as being encouraging factors?

7. (a) Prior to the development of a website, please rank the top three factors that would have discouraged you from developing your website (1 being the most important and 3 being the least important).

(b) How did you see these as being discouraging factors?

8. (a) Please rank the top three actual advantages that your website has brought to your company, in order of priority (1 being the most important and 3 being the least important).

(b) How do you see these factors as being actual advantages?

(c) Are you disappointed with the actual benefits your website has brought to your company? Please tick as appropriate.

Yes \_\_\_\_\_ No \_\_\_\_\_

(d) If yes, how are you disappointed?

9. (a) Please rank the top three actual disadvantages that your website has brought to your company, in order of priority (1 being the most important and 3 being the least important).

(b) How do you see these factors as being actual disadvantages?

10. (a) As a result of the Internet, do you think that lack of face-to-face interaction places a barrier between the customer and the company? Please tick as appropriate.

Yes \_\_\_\_ No \_\_\_\_

(b) If yes, in what way?

(c) Does lack of face-to-face interaction affect customers' opinion of the product/service? Please tick as appropriate.

Yes \_\_\_\_ No \_\_\_\_

(d) If yes, how?

(e) Have you implemented any strategies to overcome this? Please tick as appropriate.

Yes \_\_\_\_ No \_\_\_\_

(f) If yes, what are they?

11. (a) Are you concerned about security issues? Please tick as appropriate.

Yes \_\_\_\_ No \_\_\_\_

(b) If yes, what are they?

(c) Do you think there are any security issues that are discouraging customers from using your website?



12. (a) Please rank the top three Internet marketing techniques that have benefited your company, in order of priority (1 being the most important and 3 being the least important).

- E-mail \_\_\_\_\_
- Search engines (keyword search) \_\_\_\_\_
- Web directories (lists of businesses) \_\_\_\_\_
- Banner advertising on other websites \_\_\_\_\_
- Hyperlinks to associated websites \_\_\_\_\_
- Mailing lists \_\_\_\_\_
- Newsgroups \_\_\_\_\_
- Online reviews \_\_\_\_\_
- Other (please specify) \_\_\_\_\_

(b) How have these techniques benefited your company?

13. (a) Please rank the top three traditional marketing methods that have benefited your company, in order of priority (1 being the most important and 3 being the least important).

- TV Advertising \_\_\_\_\_
- Magazine Advertising \_\_\_\_\_
- Press Advertising \_\_\_\_\_
- Radio Advertising \_\_\_\_\_
- Cinema Advertising \_\_\_\_\_
- Outdoor Advertising \_\_\_\_\_
- Brochures \_\_\_\_\_
- Special Offers \_\_\_\_\_
- Other (please specify) \_\_\_\_\_

(b) How have these methods benefited your company?

14. What impact did your traditional marketing strategies have on your Internet marketing strategies, i.e. has your marketing mix been affected in anyway?

15. In your opinion, what are the main differences between traditional marketing and Internet marketing with respect to supermarkets/banks?

16. Please briefly describe the impact the Internet has had on your business.

# **APPENDIX D**

## **INTERNET ADVERTISING TERMINOLOGY**

## Internet Advertising Terminology

There is some confusion regarding Web advertising terminology. Hence, the following glossary may be of help:

**Ad views.** Also known as page views or impressions, ad views are the number of times users call up a page with a banner during a specific time (e.g. 'ad views per day'). The actual number of times the ad is *seen* by users may differ because of 'caching' (which increases the real number of ad views) and browsers that view documents but ignore the ads (which decreases this number).

**Banner.** A banner is a graphic display on a web page that is used for advertising. The size of the banner is usually 5 to 6.250 inches in length, .5 to 1 inch wide, and is measured in pixels. A banner ad is linked to an advertiser's web page. When a user 'clicks' on the banner, he or she will be transferred to the advertiser's site.

**Button.** A button is a small banner that is linked to a website. It may contain downloadable software.

**Click.** A click (or ad click or click-through) is counted each time a visitor clicks on an advertising banner to access the advertiser's website.

**Click ratio.** A ratio indicating the success of an advertising banner in attracting visitors to click on the ad. For example, if a page received 1,000 views and there are 100 'clicks' on a banner, the click ratio is 10 percent.

**Cookie.** A cookie is a program that is stored on the user's hard drive, frequently without disclosure or the user's consent. Sent by a web server over the Internet, the information stored will surface when the user's browser again crosses the specific web server.

**CPM.** The CPM is the cost-per-thousand impressions. This is the fee the advertiser pays when 1,000 people view the page a banner ad is on.

**Hit.** Web term for any request for data from a web page or file, often used to compare popularity/traffic of a site in the context of getting so many 'hits' during a given period. One hit represents one file retrieved from the server. Every access to a web server counts as a hit. A *qualified hit* is one that successfully retrieves content from the server. A single page view may be recorded as several hits, and depending on the browser, the page size, and other factors, the number of hits per page can vary widely.

**Impressions.** See ad views. This is also referred to as the *exposure* to an ad.

**Interactive advertisement.** An interactive advertisement is any ad that requires or allows the viewer/consumer to take some action. In the broadest sense, even clicking on a banner is an interaction. However, usually action is defined as sending a query or looking for detailed information.

**Page.** A page is a HTML document that may contain text, images, and other online elements, such as Java applets and multimedia files. It may be statically or dynamically generated.

**Reach.** This is the number of people or households exposed to an ad at least once over a specified period of time.

**Visit.** A visitor may make a sequence of request during one visit to a site. Once a visitor stops making requests from a site for a given period of time called a time-out (usually 15 or 30 minutes), the next hit by the visitor is considered a new visit. In a *unique visit*, one can identify the visitor by asking the user to register or by placing a cookie on the user's computer.

*Source: Turban et al. (2002, 175-176) Electronic Commerce 2002: A Managerial Perspective*

# **APPENDIX E**

## **COMPANY WEBSITES**

## IIB Bank's Website

The screenshot shows the IIB Bank website in a Microsoft Internet Explorer browser window. The address bar displays <http://www.iibbank.ie/>. The website features a blue header with the IIB Bank logo and a navigation menu including Home, Contact Us, Careers, About IIB Bank, Annual Report, Economic Update, Legal, Calculator & Application Forms, and Site Map. Below the header, there are four service icons: Corporate, Business & Property Banking; Treasury & Capital Markets; Private Banking; and Home loans. A 'Latest News' button is prominently displayed. The main content area is titled 'Welcome to IIB Bank' and contains three news items, each with a small image and a text box. The first item is 'Growth Advantage Bond IV from IIB Bank', the second is 'Capital Secure Products', and the third is 'New' (partially visible). The browser's taskbar at the bottom shows the Start button, the address bar, and the system tray with the time 3:51 PM.

http://www.iibbank.ie/ - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Search Favorites Media Print

Address http://www.iibbank.ie/ Go Links

**IIB Bank**

Home | Contact Us | Careers | About IIB Bank | Annual Report | Economic Update | Legal | Calculator & Application Forms | Site Map

Growth Advantage Bond IV

Corporate, Business & Property Banking Treasury & Capital Markets Private Banking Home loans

**Latest News**

### Welcome to IIB Bank

**Growth Advantage Bond IV from IIB Bank**

IIB Bank was established in 1973 and is part of the leading European Financial Services group, the ABN Bank and Insurance Group, which is headquartered in Brussels.

Based in Dublin, Cork, Galway and Northern Ireland, IIB Bank is one of the leading providers of financial services in Ireland.

**Capital Secure Products**

IIB Bank offers a full range of financial services to corporates, small & medium-sized enterprises, professionals, accountants and their clients.

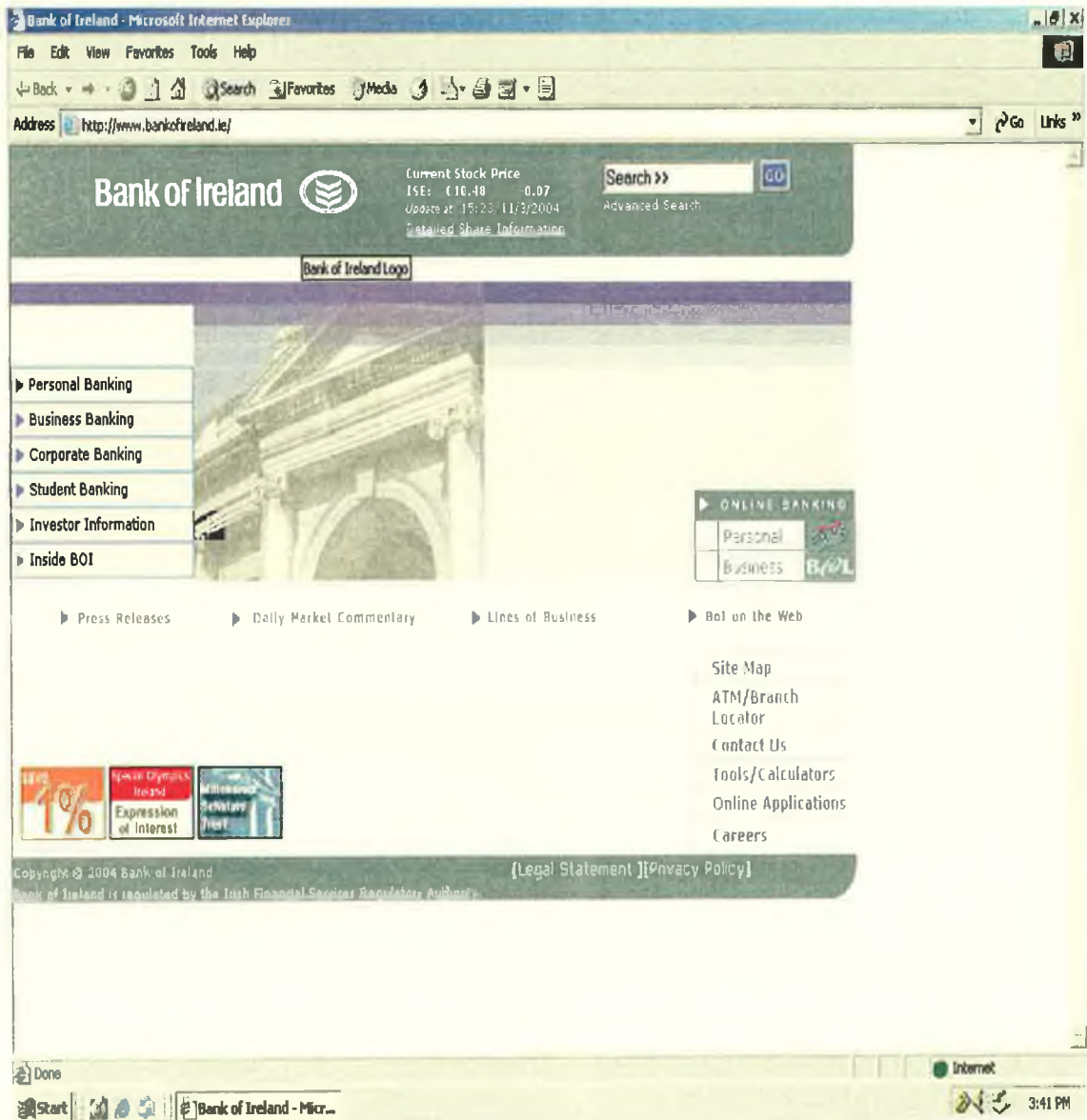
**New**

In addition, today over 1 in 8 mortgage holders in Ireland have purchased their property with the help of IIB Home loans.

IIB Bank's success is based on providing our clients an unrivalled level of customer care and excellent value for money service.

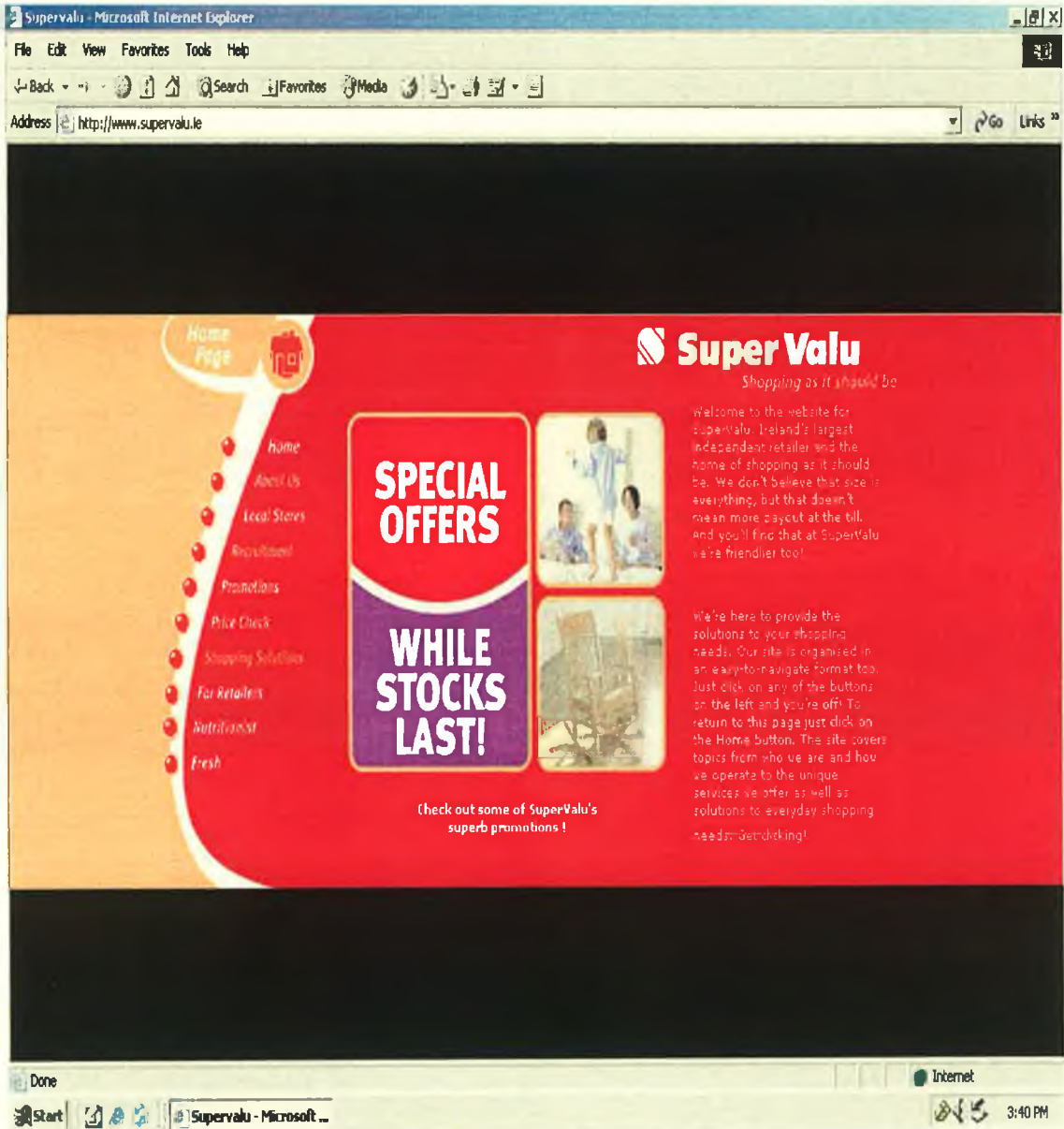
Start | http://www.iibbank.ie | Internet | 3:51 PM

## Bank of Ireland's Website





## SuperValu's Website



## Superquinn's Website

