Chapter 3

The Evolution of Web Marketing Practice

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This chapter reviews the current state of Web marketing practice and presents a framework on the relationships among Web technology capabilities, marketing approach and customer orientation. We present a discussion of how Web technology capabilities — such as data, network reach, traceable traffic, portability, interactivity, and high-bandwidth transmission — enable different marketing approaches – specifically, matching, branding, customer experience, and viral marketing. The viability of these approaches is determined by how well they match the orientations of target customers – be it recreational, experiential, convenience, or economic. Propositions regarding the interaction between current practices and shopper orientations are presented as a basis for determining effective Web marketing practices.

This chapter discusses the second generation of Web marketing practice. As the Web platform enters its adolescence (in Internet years), we are in a promising juncture in the evolution of these practices. Browser-accessible applications, networks, and Web marketing are growing in sophistication. The Web-reachable user population has mushroomed as well, thanks to the proliferation of cheap to free Web access and personal computers. In the U.S. alone, the growth of the online population has reached 64% saturation (ACNielsen Homescan, 2000) and there is a strong push for growing wired populations globally (Lynch, 2000; Baker, Gross, Kunii and Crockett, 2000). Nevertheless, companies are still struggling to come up with means of harnessing this technology to effectively reach and maintain their target markets. It is, thus, an interesting time in which to capture the state of

marketing practice – in effect to take a reading of a range of forms vying for survival in the current ecosystem of marketing practice. Among these forms are clues to the form of future Web marketing practice – as future practices will likely be formed of combinations or elaboration of the forms we see today. In addition to describing these approaches, we will discuss how they exploit the capabilities of Web technologies and how well suited they are for targeting customers of different orientations.

This chapter will assume two typical goals of marketing efforts – customer acquisition and monetizing markets (Rayport, 1999). Customer acquisition is a major buzzword of the current internet era. In lieu of profits, many dot-coms are seeking high growth in market size or revenues as a way of signaling the market that the company is worth the investment – by venture capital, stock market, or corporate acquirer. Thus, much of Web marketing, particularly for dot-coms, is geared towards attracting customers and getting them to initiate a recognized relationship with the company – usually by registering as a member (e.g., one-click shopping at amazon.com), signing up for services (e.g., e-mail service from hotmail.com), or setting up a custom default page (e.g., MyYahoo at yahoo.com). Once a customer is acquired, the second goal — monetizing markets — kicks in. At this point, marketing efforts are focused on developing and maintaining an economic relationship with an "acquired" customer, making sure that they continue to remain a part of the company's customer base while contributing to the company's revenue stream. Companies expect such a relationship to become monetized in the form of profit. Presumably, a company can charge loyal customers a premium for their products and services, increasing the likelihood of generating healthy profits.

We propose a three-dimensional framework for discussing the marketing approaches used to achieve these goals of customer acquisition and monetizing markets. The three dimensions are customer orientation, technology capability, and marketing approach. *Technology capabilities* cover the significant characteristics of Web technologies that enable them to provide an excellent platform for marketing. *Marketing approaches* are the strategies that companies have used to exploit the capabilities provided to them by this Web platform. Lastly, *Customer orientation* refers to a customer's general predisposition towards acts of shopping (Li, Kuo, and Russell, 1999). The next section will discuss these dimensions in detail.

THREE DIMENSIONS
OF WEB MARKETING PRACTICE

The three dimensions of Web marketing practice of concern here are technology capabilities, marketing approaches, and customer orientation. This section discusses each dimension separately and in detail, providing examples to illustrate the categories comprising each dimension. Technology capabilities enable different marketing approaches. These marketing approaches, in turn, have different applications and impacts on customers, depending on their orientations. The following

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