Chapter 2

Leveraging Online Information to Build Customer Relationships

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Collecting and analyzing the available information about customers is at the core of building customer relationships. This chapter categorizes potential sources of online customer information and presents examples for their utilization in an Internet business context. Methods to gather and analyze customer preferences and expectations as well as to visualize the actual behavior of Web Information Systems users are identified and categorized according to information source. In analogy to customer tracking in traditional retailing outlets, the chapter demonstrates the need to capture and visualize how users approach and navigate through Web Information Systems in order to maximize the customer delivered value in global electronic commerce.

INTRODUCTION

Since the commercialization of the Internet, marketing in general and advertising in particular were at the forefront of utilizing the new media for establishing a relationship with potential customers. The starting point for any relationship building, automated or manual, is the identification, collection and analysis of information about virtual business partners as the basis for individualized communication. The Internet offers numerous opportunities for implicit and explicit data

capturing, which enables organizations to build better relationships with consumers and maximize the value of electronic transactions. This paper presents an inclusive framework of all information sources available to commercial Web Information Systems operators and provides examples of how these information sources can be capitalized upon.

In contrast to systems supporting Electronic Data Interchange (EDI) and wholesale trading, Web Information Systems for online markets exclusively target individual customers. Web Information Systems as a sub-category of mass information systems rely on the hypertext functionality and transfer mechanisms of the World Wide Web ((Scharl & Brandtweiner, 1998); see Figure 1). Mass information systems in general are global systems that support online information retrieval and routine tasks by way of self-service for a large number (thousands or millions) of occasional users who are spread over various locations (Hansen, 1995).

Being characterized by interactivity, dynamic updating, hypertextuality, and global presence they incorporate the concept of electronic catalogs (Palmer, 1997) which represent any collection of documents "that contains information about the products and services a commercial entity offers" (Segev, Wan & Beam, 1995). While the role of Web Information Systems as disseminators of information has been generally acknowledged, the notion of Web Information Systems for personalized consumer communication is frequently considered more of academic interest than of practical commercial relevance. The traditional mass media advertising model still dominates corporate strategies but needs to be replaced by new models of marketing communication making use of the full potential of the World Wide Web (Hoffman & Novak, 1997). As formulated by Hoffmann, Novak and Chatterjee (Hoffman, Novak & Chatterjee, 1995): "The interactive nature of the medium can be used by marketers to hold the attention of the consumer by engaging the consumer in an asynchronous 'dialogue' that occurs at both parties' convenience. This capability of the medium offers unprecedented opportunities to tailor communications precisely to individual customers, allowing individual consumers to request as much information as each desires. Further, it allows the marketer to obtain relevant information from customers for the purposes of serving them more effectively in the future."

Figure 1. The Web information systems environment
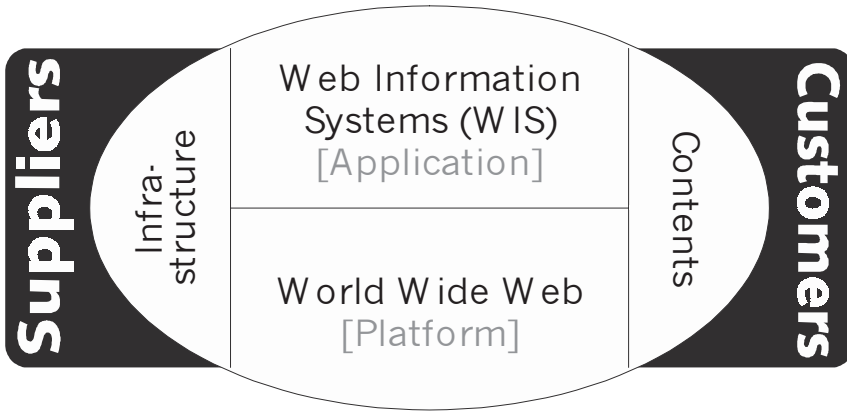
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