



## **Chapter XI**

# **Application of Internet-Based Marketing Instruments by Multichannel Retailers: A Web Site Analysis in the U.S. and the UK**

Maria Madlberger, Vienna University of Economics  
and Business Administration, Austria

## **Abstract**

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*Online and off-line retailers fulfill a wide range of functions that are beneficial to manufacturers as well as to individual consumers. In doing so, they apply a mix of marketing instruments for their store-based and Internet-based distribution channels. As the Internet offers many different innovative alternatives of marketing instruments, the question arises as to what extent online retailers apply Internet-based marketing strategies in order to attract online customers. The empirical study presented in this*

*chapter aims at finding out to what extent powerful multichannel retailers utilize these different Internet-based marketing instruments. The study is conducted by Web site observation in order to represent the customer's point of view. A total of 60 online shops in the United States and in the United Kingdom are analyzed using 17 marketing-related observation criteria. The study reveals that the observed multichannel retailers still prefer "traditional" retail marketing instruments on their online shops and often do without innovative Internet-based marketing instruments such as personalization or content and information offering. Additionally, we identified fewer differences between the observed U.S. and UK retailers than expected. These findings should spur further research on the use of e-marketing by online retailers especially in an explanative manner.*

## **Introduction**

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Internet-based marketing has experienced a very dynamic development since the emergence of electronic commerce. On the one hand, the Internet can influence traditional marketing instruments. On the other hand, it offers innovative alternatives for the marketing mix of online and off-line business-to-consumer (B2C) distribution channels. Internet-based marketing instruments strongly depend on the overall Internet business model a company pursues. The most common way of using the Internet for marketing purposes is its utilization as a distribution channel, as this is the case for electronic retailing in the B2C sector. If Internet-based retailers also conduct store-based distribution channels, referred to as multichannel retailing (Balabanis & Reynolds, 2001; Madlberger, 2004; Schoenbachler & Gordon, 2002; Webb, 2002) or bricks-and-clicks, valuable synergies in marketing can be realized (Krishnamurthy, 2003). Such a strategy is used by well-established store brands to leverage customers' confidence in building an online presence (Balabanis & Reynolds, 2001). Other synergies hold for physical distribution (Webb, 2002). This makes multichannel retailers often more successful than their virtual competitors (Bertele, Balocco, Gandini, & Rangone, 2002).

In the marketing literature, a variety of innovative Internet-based marketing instruments are described. In this context we define marketing instruments as a set of different action alternatives in order to address customers, such as product, price, distribution, and communication (Kotler & Armstrong, 2001). Together they constitute the marketing mix. Internet-based marketing instruments range from adaptation of classical marketing instruments to the Internet to innovative approaches that combine online with off-line marketing measures.

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