THE MODEL OF INTERNET-BASED MARKETING COMMUNICATION

Katrin Kull
Tallinn Technical University

Introduction

In today’s global marketing environment, the Internet is the one true and really global medium or tool for global marketing communications. As the marketing concept itself lacks theoretical framework, which is under discussion by academicians, the same is valid for marketing communication as well as the Internet – they lack theoretical basis. The goal of current paper is to provide a model for deeper understanding of Internet’s role in marketing communication framework, and to do it in a simple and easily understandable format. Clearer understanding of Internet’s role would help academicians and practitioners to use the Internet in everyday’s global marketing communication.

1. Meaning shifts in marketing theory

1.1 Marketing theory and the Internet

The word „marketing“ has two distinct meanings in terms of modern management practice. It describes:

- The range of specialist marketing functions carried out within organizations. Such functions include market research, brand/product management, public relations, customer service etc.
- An approach or concept that can be used as a guiding philosophy for all functions and activities of an organization. Such a philosophy encompasses all aspects of a business. Business strategy is guided by an organization’s market and competitor focus and everyone in an organization should be required to have a customer focus in their job.

The modern marketing concept (Houston 1986) unites these two meanings and stresses that marketing encompasses the range of organizational functions and processes that seek to determine the needs of target markets and deliver products and services to customers and other stakeholders such as employees and financial institutions. Increasingly the importance of marketing is being recognized both as a vital function and as a guiding management philosophy within organizations (Valentin 1996).

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

- It can be used to support the full range of organizational functions and processes that deliver products and services to customers and other stakeholders.
It is a powerful communication medium that can act as a “corporate glue” that integrates the different functional parts of the organization. It facilitates information management, which is now increasingly recognized as a critical marketing support tool to strategy formulation and implementation. (Chaffey et al. 2001)

During the last decade there has been a significant shift in marketing theory. The emphasis that was on production and persuading customers to buy, is shifting towards creating relationships with the consumers and communicating with them. Central terms of this meaning shift are interactivity, communication and relationships.

1.2 Relationship marketing

During last two decades of the 20th century both academicians and practitioners have realized that company’s most valuable assets are relationships with customers and other stakeholder groups. As it costs up to nine times more to acquire a new customer than to retain the current one (Peppers and Rogers 1993), it is clear that it pays to value relationships. Also profits per customer increase by the time of relationship – the more the customers stay with the company, the more willing they are to pay premium prices, make referrals, demand less and spend more. So retaining customers by building relationships makes marketing efforts more cost-effective. The concept of relationship marketing has been proposed as a new marketing paradigm (Grönroos 1990), but it has remained rather a concept because of lacking characteristics of a paradigm.

The interactive, multimedia interface of the Internet provides an ideal environment in which to conduct the abovementioned relationship, and databases provide a foundation for storing information about the relationship and providing information to strengthen it by leading to improved, often personalised service.

Relationship marketing theory provides the conceptual underpinning of one-to-one marketing since it emphasizes enhanced customer service through knowing the customer, and deals with markets segmented to the level of the individual. Direct marketing provides the tactics that deliver the marketing communication and sometimes the product itself to the individual customer. Database marketing provides the technological enabler, allowing vast quantities of customer-related data to be stored and accessed in ways that create strategic and tactical marketing opportunities.

To use the Internet for one-to-one marketing, companies need to be able to apply all these related areas of theory.

Achieving one-to-one marketing on the Internet has the well-known advantages of relationship marketing – that is, it is targeted and personalised, but these benefits are built on in the Internet medium since it can:

- Target more effectively
Increase depth, breadth and nature of relationship
• Lower cost
(Chaffey et al. 2001)

Following the evolution of marketing theory, we can see how it moved from a transaction-based approach of 4Ps model (Borden 1964; McCarthy 1964) to a relation-based approach (Grönroos 1990). Inbetween there have been suggestions and attempts to broaden the 4Ps concept (Christopher, Payne and Ballantyne 1991), but those have all been confronted with the burdens of the concept. Waterschoot and Van den Bulte (1992) concluded that there is a need to emphasize the relationships in the marketing model. Although they referred to relationships as "persuasion", they identified Promotion from the 4Ps as a common denominator for all Ps, identifying thus, that communication is the base for all marketing mix elements.

1.3 Communication

Communication is the unique activity that creates relationships (Duncan and Moriarty 1998). Everything company does and does not do, sends a message. The communication is also a central integrative process in marketing. It is demonstrated in evolving theories of relationship marketing and integrated marketing communication. Duncan and Moriarty (Ibid.) show the elements of intersection between communication and marketing theory and come to a communication-based marketing model for managing relationships. They bring out the similarity of the basic marketing model and the basic communication model (figure 1). They discuss common theoretical roots of the theories, and even suggest (referring to Zinkham 1996) that the two could be complementary metaphors.

Figure 1. The similarity of basic marketing model and basic communication model (Duncan and Moriarty 1998)

They develop a model that shows how communication (rather than persuasion) is the foundation of marketing efforts (figure 2). The increase in interactivity makes
communication the most valuable element of marketing that leads to the brand relationships that drive brand value.

One of the main elements of the model is interactivity, that is considered to be one of the basic foundations of the communication platform together with messages and stakeholders. They move forward to a more sophisticated model (simplified version: figure 3) where they include an organizational perspective and show how the interactivity between marketing organizations and customers and other stakeholders leads to the brand value.

1.4 Interactivity

The keyword for meaning shifts in today’s and tomorrow’s marketing theory is interactivity. It was already in 1997, at the AMA Summer Education Conference, when it was called for a new marketing model to guide marketing in the interactive future (Ibid.).
Most of the textbooks and articles, dealing with different marketing areas, discuss different meanings and applications of the term. The word “interactivity” is usually used without specific definition, using its normal meaning in English language: “to interact - to act on each other” (Webster’s Dictionary). In marketing texts, “interactive” is an adjective for showing the two-way character of the process, usually a marketing communication process. The objective of an one-way communication process is to effectively deliver the message. In two-way communication process there is an additional goal - to get feedback.

According to Schramm’s (1955) definition, the feedback can be described as “the reversal of the flow, an opportunity for communicators to react quickly to signs, resulting from the signs they have put out.” Without feedback there is no dialogue.

Feedback is the essence of interactivity. In marketing theory of the sixties, the amount of goods bought was considered to be the main feedback of marketing efforts, because there was no possibility to measure the feedback any other way. In today’s highly competitive environment, the only method for being profitable in long term is to create long-term relationships with the customers. The basis for developing the relationships is communication. If relationships are the objective, the communication must be personal and customized. Today’s media and computer technologies enable us to measure the feedback in greater perspective and more quickly. Thus the interaction between the organization and its customer can be reached more quickly and with more effective results.

At the corporate level, interaction has to work between all corporate functions. At the marketing level, the interaction takes place while forming the partnerships between distributors and suppliers. At the marketing communication level, the interaction is generated, combining one- and two-way communication (combining public relations and advertising with personal selling and direct marketing). (Duncan and Moriarty 1998)

2. The Internet – a new marketing medium

*Internet marketing* is the application of the Internet and related digital technologies to achieve marketing objectives.

Chaffey et al. (2001) bring out that there is an opportunity for Internet marketing myopia. Internet marketing is often approached as a communication and selling tool. If Internet marketing is to become integrated and fully established as a strategic marketing management tool, the focus needs to move towards understanding its broader applications within the total marketing process rather than just using it for communication and selling. The use of Internet has significant implications for the way in which relationships with channel partners such as wholesalers, distributors and retailers are managed. Extranets are often used to manage these linkages electronically. Internet can cause disintermediation and reintermediation.
Internet marketing differs from conventional marketing communications because of the two-way nature of the Internet communication. The Internet and other digital media such as digital television, satellite and mobile phones enable interactivity that has not been previously possible. But it is important to remember that in marketing communication framework, Internet can be described as a medium rather than a separate marketing communication tool or a completely new field of marketing. Figure 5 shows the Internet in traditional marketing communication framework.

![Figure 4. The Internet in traditional marketing communication framework](image)

Chaffey et al. (2001) have presented a number of differences between the traditional and new media, which are shown in table 1.

Table 1. Differences between new and traditional media. After Chaffey (2001)

<table>
<thead>
<tr>
<th>Traditional media</th>
<th>New media</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-to-many communication model</td>
<td>One-to-one or many-to-many communication model</td>
<td>Hoffman and Novak (1996) state that theoretically the Internet is many-to-many medium, but for company-to-customer-organizations it is best considered as one to one</td>
</tr>
<tr>
<td>Mass marketing</td>
<td>Individualized marketing or mass customization</td>
<td>Personalization possible because of technology to monitor preferences and tailor content (Deighton 1996)</td>
</tr>
<tr>
<td>Monologue</td>
<td>Dialogue</td>
<td>Indicates the interactive nature of the WWW, with the facility for feedback</td>
</tr>
<tr>
<td>Supply-side thinking</td>
<td>Demand-side thinking</td>
<td>Customer pull becomes more important</td>
</tr>
<tr>
<td>Customer as a target</td>
<td>Customer as a partner</td>
<td>Customer has more input into products and services required</td>
</tr>
</tbody>
</table>

Deighton (1996) identifies the following characteristics inherent in a digital medium:
- the customer initiates contact
- the customer is seeking information (pull)
- it is a high intensity medium – the marketer will have 100% of the individual’s attention when he or she is viewing a web site
- a company can gather and store the response of the individual
- individual needs of the customer can be addressed and taken into account in future dialogues

The interactive nature of the medium means that the Internet is ideally suited to develop relationships with customers. The Internet enables a one-to-one dialogue to be held with the customer (Chaffey 2001). When linked with the techniques from direct and database marketing such as customer profiling, the Internet can be used to build long-term relationships with customers in which a company learns their preferences and develops specific services and products to meet these needs.

An important part of Internet marketing are web sites, which are central points in organization’s Internet presence. Hoffman and Novak (1996) analyze the Web as a commercial medium, and examine commercial web sites. They give a thorough categorization of web sites, dividing them into six distinctive types including a) Online storefront, b) Internet Presence, c) Content, d) Mall, e) Incentive site, and f) Search agent. The first three comprise the Internet destination sites and the latter three represent forms of Web traffic control. Different site types represent different strategies of Internet marketing. The impact of web presence on the role of marketing communications on the business is dependent on the stage of developing a web presence. Table 2 lists the stages of e-commerce service development. The Contact stage is only a modest advance of print media, where the Internet is simply an additional channel. In the Relate stage the web site is a full two-way relationship environment with full integration of Internet capability onto the business.

Table 2. Stages of e-commerce service development (Rowley 2001)

<table>
<thead>
<tr>
<th>Stage</th>
<th>Characteristics</th>
<th>Web site functionality</th>
</tr>
</thead>
</table>
| Contact | Promote corporate image  
          Publish corporate information  
          Offer contact information | Content |
| Interact | Embed information exchange  
            Targeted marketing effort | Communication |
| Transact | Online transactions  
            Catalogue order/fulfilment  
            Interaction with trading partners | Commerce |
| Relate | Two way customer relationship  
            Full integration of Internet capability into the business  
            Service interface integrated with delivery and other business operations | Community |

The two-way nature of the communication in the Internet is considered to be the reason for the need to remodel the communication model of Internet environment.
3. Remodelling marketing communications in the Internet

3.1 The differences between traditional and Internet-based communications

Figure 6 illustrates the interaction between an organization (O), communicating a message (M) to customers (C) for a single-step flow of communication. It is apparent that for traditional mass marketing in (I) a single message (M1) is communicated to all customers (C1 to C5). With a web site with personalization facilities (II) there is a two-way interaction, with each communication potentially being unique.

I Traditional one-to-many mass marketing communications
II One-to-one Internet-based communications
III Many-to-many communications via the Internet medium

Figure 5. Differences between one-to-many and one-to-one communication using the Internet (Chaffey et al. 2001)

3.2 Marketing-related approaches for modelling the communication in Internet

Hoffman and Novak (1997) believe that this change is significant enough to represent a new model for marketing. They suggest that the facilities of the Internet including the World Wide Web represent a computer-mediated environment in which the interactions are not between the sender and the receiver of information, but with the medium itself. They say: “Consumers can interact with the medium, firms can provide content to the medium, and in the most radical departure from traditional
marketing environments, consumers can provide commercially-oriented content to the media”. This situation is shown on Figure 5 (III).

Peters (1998) suggests that communication via the new medium is differentiated from communication using traditional media in four different ways.

- First, communication style is changed, with immediate, or synchronous transfer of information through online customer service being possible. Asynchronous communication, where there is a time delay between sending and receiving information as through e-mail, also occurs.
- Second, social presence or the feeling that a communications exchange is sociable, warm, personal and active may be lower if a standard web page is delivered, but can be enhanced, perhaps, by a personalized e-mail.
- Third, the consumer has more control of contact.
- Finally, the user has control of content for example through personalization facilities.

Although Hoffman and Novak (1997) point out that on the Internet the main relationships are not directly between sender and receiver of information, but with the web-based environment, the classic communication model of Schramm (1955) can still be used to help understand the effectiveness of marketing communication using the Internet. Figure 5 shows the model applied to the Internet. Three of the elements of the model that can constrain the effectiveness of Internet marketing are:

- encoding – this is the design and development of the site content or e-mail that aims to convey the message of the company, and is dependent on the understanding of the target audience;
- noise – this is the external influence that affects the quality of the message; in an Internet context this can be slow download times, the use of plug-ins that the user cannot use or confusion caused by too much information on screen;
- decoding – this is the process of interpreting the message, and is dependent on the cognitive ability of the receiver, which is partly influenced by the length of time they have used the Internet.

Figure 6. The communication model of Schramm (1955) applied to the Internet (Chaffey et al. 2001)
It is suggested by Hoffman and Novak (1996) that the key difference in Internet marketing and traditional marketing approach is the way in which interactions occur between the different parties involved in the marketing process. Chaffey et al. (2001) note that their comments refer specifically to the World Wide Web, which they refer to as a “global hypermedia computer-mediated environment”. Their claims will be discussed as follows:

- **World Wide Web as many-to-many medium.** “Many-to-many medium” is the term that refers to the potential for the Internet to provide exchange of information between customers and suppliers. A many-to-many communication involves information being sent to many participants and implies interaction between participants in a discussion forum or virtual community. Chaffey et al. (Ibid) argue that while these techniques are used quite frequently in a commercial context for customer support, they cannot be described as the predominant form of communication in the World Wide Web. This is currently one-to-many, and involves a company creating static information on a web site, which is accessed by many customers. The technique is similar to that of traditional marketing by means of mass media advertising. The current arrangement will change in the future. Many sites have already set up web pages for customers to enable one-to-one communication. However, it can be argued that one-to-one marketing is not a paradigm shift, but merely a method of achieving direct marketing using a new, effective medium. The author believes that in reality we can reach the true one-to-one marketing by m-communication and m-commerce techniques. Mobile phones are more personal and more available equipment to the consumers than PCs, being portable as well as cheaper. Thus the m-audience will consist of more people and the communication with them will be direct or even immediate.

- **In marketing via traditional media consumers cannot directly control the message or easily request further information, but they can do so with the World Wide Web, and this represents a significant difference. It should be noted, though, that traditional media integrate different forms of media to achieve a similar effect (Chaffey 2001). This is arguably less effective than the web solution.**

- **Consumers can provide commercially oriented content to the World Wide Web. This is not possible with the traditional marketing communications, and it is a significant difference. Consumers can contribute to company or product-specific discussion forums and communities.**

Chaffey et al. (Ibid.) bring out that the Web is a “pull”-medium where the customer decides which content to view. This means that companies need to use a different approach to marketing, in which they have to provide signposts and a large volume of relevant information that reflects different customer needs rather than providing smaller volumes of less targeted information.
Hoffman and Novak go further with their approach to computer-mediated environments, trying to reach the communication model for such environments. They discuss the process model of network navigation in hypermedia computer-mediated environments, defining the concept of flow to describe the interactive process with computers, and propose a process model according to the flow experience. Being a sophisticated and rather academically oriented model, it lacks the real life background. Thus it is difficult to use the model for understanding the business environment in Internet.

It is important that Hoffman and Novak bring out that the Internet is not the only term to use for describing the virtual environment. The term “computer-mediated environment” can be used to describe for example also m-commerce, and hopefully other emerging forms of communication.

3.3 Communication theory as a background for approaching the communication process remodelling

Fiske (1990) brings out that there are two main schools in the study of communication. The first sees communication as the transmission of messages. It is concerned with how senders and receivers encode and decode, with how transmitters use the channels and media of communication. It is concerned with matters like efficiency and accuracy. It sees communication as a process by which one person affects the behaviour or state of mind of another. If the effect is different or smaller than that which was intended, this school tends to talk in terms of communication failure, and to look to the stages in the process to find out where the failure occurred. Fiske (Ibid.) refers to it as the “process” school.

The second school sees communication as the production and exchange of meanings. It is concerned with how messages, or texts interact with people in order to produce meanings, so it is concerned with the role of texts in the cultural environment. It uses terms like signification, and does not consider misunderstandings to be necessarily evidence of communication failure – they may result from cultural differences between sender and receiver. For this school, the study of communication is the study of text and culture. The main method of study is semiotics, so Fiske (Ibid.) calls it the “semiotics” school.

The process school tends to draw upon the social sciences, psychology and sociology in particular. The semiotics school tends to draw upon linguistics and arts subjects. In marketing communication studies the approach to communication is usually process-oriented. The field of marketing communications is developing rapidly, new mediums emerge, and the framework is constantly under discussion. So the emphasis in work of both academicians and practitioners has been put on rather the effectiveness than signification or meaning of marketing communication. Also the author considers the process school approach more suitable for communication framework developing. It allows us to combine the aspects of marketing theory, communication theory and management theory in more focused manner, so that as a
result we will gain more understanding of how the communication strategies work in real business environment, and come closer to the currently searched “new marketing paradigm”.

The basic communication model of Shannon and Weaver from 1949 presents a simple and clear linear process (Figure 7).

They identify three levels of problems in the study of communication:

- Technical problems: How accurately can the symbols of communication be transmitted?
- Semantic problems: How precisely do the transmitted symbols convey the desired meaning?
- Effectiveness problems: How effectively does the received meaning affect conduct in the desired way?

The point of studying communication at each of the levels is to understand how we may improve the accuracy and efficiency of the process.

4. Remodelling Internet-based marketing communications

Going through previously discussed models of communication and marketing that include Internet or interactivity, the following shortages appear:

- There are no communication models for the Internet-based communication focused on marketing – they describe the pure communication process. A marketing-oriented model would additionally emphasize the goal of the communication process. General marketing models sometimes include the field of interactivity, but different authors understand the word differently. It may not refer particularly to the Internet.
- The existing models that focus on the process description, do not bring out the core characteristic of the term “feedback”. Usually the feedback is treated as an opposite-directed flow to the message. In general communication models it is a proper approach, but when the models become more sophisticated and admit that getting the feedback is a continuous process, the messages do not admit the fact that after getting feedback from the previous message, the next message should consider the feedback and be customized according to that.
Figure 8 describes the Internet-based marketing communication model that is developed, emphasizing the marketing orientation and reflecting the message-feedback process the way it should be treated – as a learning process.

Figure 8. The model of Internet-based marketing communications

The marketing process has a goal – to develop a profitable relationship between the customer and the organization. The basis of the business process for and organization lies on the business mission. On the other side of the organization there are the stakeholders. It is important to emphasize that the organization sends messages not just to customers but also to the other stakeholders – investors, resellers, suppliers, employees, competitors, the media, the government etc. Duncan and Moriarty (1998) discuss the importance of identifying stakeholders as the target group for marketing and marketing communication. The customers and other stakeholders have certain expectations that are the basis for them to decide whether they want to continue the dialogue with the organization once they have got a message from it.

The Internet as a channel lies in the centre of the model, leading to the development of a relationship between the organization and the stakeholders. The organization sends out different sorts of messages. It can mean building a web site, but also selling via the Internet. The stakeholders give their feedback to the organization, answering the web questionnaire, or even making a buy. Thus, on the basis of the feedback, the organization and its stakeholders develop a dialogue. The feedback must be constant, without ongoing feedback there will be no dialogue. The messages of the organization depend on the feedback to previous messages, so the message-feedback system is built as an integrated flow rather than separate attempts. The internet acts as a medium for messages and feedback, being two-way interactive one-to-one marketing and communication channel.

Summary

The reason for developing a model for Internet-based marketing communication is the fact that the existing models do not give a sufficient overview of the Internet-based communication principles in marketing context. In current study, the author reviews both marketing and communication theory and models to come to a model.
that has elements from communication theory as well as from marketing. The model is clearly marketing-focused, stating that the goal of all business processes is a profitable relationship. Important point of the model is the fact that it shows the message-feedback system as an integrated flow, current messages being dependant from the feedback of previously sent messages.

Fiske (1990) makes a metaphorical statement: “A model is like a map. It represents selected features of its territory: no map or model can be comprehensive”. This well-expressed sentence hits the mark - all models highlight different features from the framework. The objective of the current paper is not to bring out the disadvantages of existing communication models, but rather to highlight the role of the Internet in marketing and communication context.

The new, simple and easily understandable model helps to understand the marketing and communication theory intersection and see the unique role of Internet in global marketing communication framework.

References

1. **Borden, N.** (1964) The concept of marketing mix. Journal of Advertising Research, 4 (June), 2-7
11. **Houston, F.** (1986) The marketing concept: what it is and what it is not. Journal of Marketing, 50 (April), 81-87
13. **McCarthy, J.** (1964) Basic marketing. Homewood, Irwin
Kokkuvõte

TURUNDUSKOMMUNIKATSIOON INTERNETI TEEL: MUDELI LOOMINE

Katrin Kull
Tallinna Tehnikatõlkool

Tänase globaalse turunduskonnaga kõige globaalsema turundus- kommunikatsiooni vahendiks võib pidada Interneti-turundust ehk turundus-kommunikatsiooni Interneti teel. Põhinedes ajakohast turunduse, kommunikatsiooni ja Interneti-turunduse käsitlustel, on autor välja töötanud Interneti teel toimuva turundus-kommunikatsiooni mudeli:

Turunduskommunikatsioon Interneti teel erineb traditsioonilisest turundus-kommunikatsioonist, võimaldades sõnumite ja tagasiside liikumise protsessi kahesuunalist ning muutes seega kogu turundus-kommunikatsiooni õppimis(või tundmaõppimis-)protsessiks.

Turundusel on kindel eesmärk: luua kliendi ja organisatsiooni vahel kasumlik suhe. Organisatsiooni äri baseerub selle õrulisel missioonil. Teisel pool paiknevad aga organisatsiooni sisust rühmad (ei saada ju organisatsioon sõnumeid ainult klientidele,
vaid ka investoritele, edasimüüjatele jpt-le). Klientidel ja sidusrühmadel on organisatsiooni suhtes ootused, mille alusel nad otsustavad, kas nad soovivad organisatsiooniga peale sõnumi saamist dialoogi jätkata.