E-Marketing Development in Virtual Market-Space: A Strategic Perspective

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Abstract: The Internet gives a much wider choice of products, services and prices from different suppliers and means to select and purchase items more readily. This article involves a literature reviewed and considers the evolution of the electronic marketing fields to identify a number of fundamental problems. In this article, we identify the relationship between electronic marketing (E-marketing) and virtual market-space and provide a three-stage model for E-marketing development. After discussion, we make a conclusion and suggestion for the future study.

Keywords: Electronic marketing, online retail, virtual communication, virtual distribution, virtual transaction

INTRODUCTION

The Internet represents a tremendous opportunity. That is, it gives a much wider choice of products, services and prices from different suppliers and means to select and purchase items more readily and easily. For traditional marketing, these products and services give the opportunities to expand into new markets, offer new services and compete with large businesses. At the same time, the Internet gives rise to many threats to traditional market space. For example, Amazon (www.amazon.com), have captured a significant part of their market and struck fear into the existing players. Indeed, the phrase “Amazoning a market sector” has become an often-used expression among marketers in USA. As the success stories of companies capturing market share together with the rapidly increasing adoption of Internet by consumers and businesses has become a fast growing realization, all companies must have an effective Internet presence to prosper, or possibly even survive, consequently, there are two things to note: the electronic marketing (E-marketing) and the virtual market-space by using the Information and Communication Technology (ICT), especially Internet and World Wide Web.

The benefits of using ICT are that if marketers can create realistic systems that measure consumer demand of products and services they can replace expensive prototypes and dramatically reduce design time (Floridi, 2007). A larger number of possible products can be tried and valuable new features can be identified and designed into next generation of products. The use and benefits of ICT are likely to increase as virtual reality technology improves. The new virtual business opportunities created by E-marketing. The role of e-marketing in supporting marketing is suggested by applying the definition of marketing by the Chartered Institute of Marketing (www.cim.co.uk): Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably. This definition emphasizes the focus of marketing on the customer, while at the same time implying a need to link to other business operations to achieve this profitability. An alternative term is e-marketing (McDonald and Wilson, 1999; Smith and Chaffey, 2005) which can be considered to have a broader scope since it refers to all kinds of ICT.

This study, therefore, focuses on virtual market-space that first emerged during the e-marketing wars. The purpose of this study is to provide a framework to organizing the Internet-based activities of a marketing manager by literature reviewed. In the next, we review the e-marketing and virtual market-space literature, identify the techniques involved in e-marketing and the related topics and summarize the frameworks proposed and their limitations. We then discuss some perspectives on how a marketing taxonomy in virtual market-space which should be developed. These perspectives provide a conceptual framework based on which we develop the e-marketing and virtual Market-space taxonomy. The virtual market-space taxonomy is used to categorize the e-marketing tools. This study closes with a discussion of how the e-marketing and virtual market-space compares to the traditional marketing and the implications of our findings.

There are two perspectives which we reviewed: e-marketing and virtual market-space. The e-marketing brings us to the aim of this paper, virtual market-space. This point would be developed to a conceptual framework to be discussed.

LITERATURE REVIEW

E-marketing: Smith and Chaffey (2005) note that e-marketing can be used to support three aims: identifying, anticipating and satisfying. As a traditional definition, marketing consists of individual and organizational activities that facilitate and expedite
satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas (Dibb et al., 2001). This definition is useful since it highlights different marketing activities necessary to achieve the exchange relationship, namely product development, pricing, promotion and distribution.

Hagel and Armstrong (1997) provide one of the earliest perspectives when they identified the power of virtual communities. Alba et al. (1997) then discusses the benefits of interactive home shopping and consumer, retailer and manufacturer incentives to participate in electronic marketplaces. Some scholars introduce the notions of permission marketing and viral marketing, also focus on building Web sites that are robust and scale with traffic and cyber-branding (Godin, 1999; Strauss, et al., 2001; Breakenridge, 2001). Consistent with their focus on a particular aspect of e-marketing, these scholars do not provide a survey of e-marketing tools or offer a framework for integrating them.

Previous research has demonstrated the multidimensional and context-dependent nature of perceived customer value (Zeithaml, 1988; Bolton and Drew, 1991; Parasuraman, 1997). From the point of view of customer value and strategy, it regarding that Internet has also been a popular topic of enquiry. Besides, some scholars provide a perspective on making business sense of Internet and disruptive technologies (Bower and Cristensen, 1995; Ghosh, 1998; Molla and Heeks, 2007). From the point of economies, the new economics of information have been transformed into business strategy and provides new opinions of specific e-marketing tools (Evans and Wurster, 2000; Porter, 2001; Fiore, 2001). Thus, Internet has produced a hybrid consumer who sits at the convergence of traditional and digital media and they also introduce the notion of convergence marketing (Wind et al., 2002; Mah, 2005).

There are lots of e-marketing tools and terms currently in use from the past researches of the marketing literature (Kalyanam and McIntyre, 2002). Those applications can be grouped into five categories which is shown in Table 1, according to the type of customer benefits that e-business technologies make possible. The information technologies, by integrating and accelerating business process, speed up response and delivery times. The network and Internet create new business opportunities for exploiting computer-based or information-based products and services which referred to as the virtual market-space. As we discussed the e-marketing, this opinion emerging an important topic, virtual market-space, will be discussed at next.

It is obviously that e-marketing tools have been launched and the competition is becoming more and more sophisticated in those marketing approaches. The e-marketing ad spend is on its way up, so exploring about all the different e-marketing channels that can support the marketing efforts which is a good strategic move. And this article will focus on virtual market-space which emerging at the e-marketing fields.

Virtual market-space: The new virtual business opportunities are created by e-commerce. World-wide economy is increasingly based on information and intangible value. This evolution causes virtual forms of market-space. Virtual market-place is the platform to bring together supply and demand as well as technology and economic requirements to optimize the employment of resources and administration as well as the selling process (Bönke, 1998).

In order to coordinate various commercial contacts different topic-oriented Electronic Market Places (EM) increasingly emerge, EM is considered to be a trade system initiated for specific business transactions (Kollmann, 1998; Awamleh, 2011). In other words, it coordinates needs of market participants within the virtual market according to certain competition processes and a virtual market space is created due to the initiative of a market place coordinator who has no ownership of the traded goods.

The core function of the EM facilitating trading transactions for buyers and/or sellers-has remained (Grieger, 2003). Virtual market tries to minimize transportation costs, that is, customers can navigate the markets to find goods they want to buy (Wang, 1997). Thus, there are several kinds of marketing channels which only exists in virtual space, for example, Internet. The key feature of virtual market is the separation of physical goods and information (Wang, 1997). Therefore, in a typical virtual market transaction, the information will be transferred from physical suppliers, information mediators (information producers and virtual markets) and customers.

Virtual market-spaces can be categorized into four virtual spaces: a virtual information space, a virtual communications space, a virtual distribution space and a virtual transaction space (Angelm, 1997). There is an important issue for customers, e-business becomes clear that the race was on to acquire customers, namely, all kinds of virtual market-space should be focused on “customers” (Reibstein, 2002). A marketplace as a historically evolved institution allows customers and suppliers to meet at a certain place and a certain time in order to communicate and to announce buying or selling intentions, which eventually match and may be settled (Grieger, 2003). And previous work on Web shopping, though, has raised e-retailers’ concerned about the low purchasing rate and moderate overall satisfaction of on-line shoppers (Jarvenpaa and Pike, 1996-1997; Moon and Frei, 2002). Thus, recent work shows that consumers have increasingly favorable attitudes toward on-line shopping (Lohse et al., 2000).
Table 1: Applications of e-marketing tools

<table>
<thead>
<tr>
<th>Build to order</th>
<th>Distribution to order</th>
<th>Billing</th>
<th>New product expansion</th>
</tr>
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<tbody>
<tr>
<td>Accelerated marketing</td>
<td>Virtual market</td>
<td>Personalization</td>
<td>Community marketing</td>
</tr>
<tr>
<td>Information</td>
<td>Communication</td>
<td>Customization</td>
<td>Email list</td>
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<tr>
<td>Build to order</td>
<td>Distribution</td>
<td>Individualization</td>
<td>Net paper</td>
</tr>
<tr>
<td>New product expansion</td>
<td>Transaction</td>
<td>Rules-based system</td>
<td>Groupware</td>
</tr>
</tbody>
</table>

Kalyanam and McIntyre (2002)

Table 2: Basic activities for the framework

<table>
<thead>
<tr>
<th>Virtual market-space in four categories</th>
<th>Basic activities in new channels</th>
<th>Extended competencies</th>
</tr>
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<tbody>
<tr>
<td>Virtual information space</td>
<td>Accessing company and product information</td>
<td>Visibility, marketing mix, local regulations</td>
</tr>
<tr>
<td>Virtual communication space</td>
<td>Relationships, ideals and opinion building</td>
<td>Dynamics of internet-based communications</td>
</tr>
<tr>
<td>Virtual transaction space</td>
<td>Initiating and executing transactions</td>
<td>Security, legal implications, trade regulations</td>
</tr>
<tr>
<td>Virtual distribution space</td>
<td>Distributing products and services</td>
<td>Reliability and speed of distribution, substitution effects</td>
</tr>
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This study

Fig. 1: Conceptual framework

Relationship between E-marketing and virtual market-space: By literature reviewed, the consequence shows there are four virtual spaces for virtual marketplace in e-marketing. Based on the above overall logic, Fig. 1 provides a conceptual framework as pictorial depiction of the relationship between E-marketing and virtual market-space.

This relationship is a conceptual framework for virtual market-space with e-marketing in core position, that is, e-marketing should be surrounded by all activities of virtual market-space by new technologies.

To stretch this framework, there are some extended competencies from basic activities which are shown as Table 2:

The exploration of this framework will be discussed at next section, then the conclusion and future study will be considered.

DISCUSSION

Three-stage model for E-marketing development: Marketing planning is simply a logical sequence and a series of actives leading to the setting of marketing objectives and formulation of plans for achieving (McDonald, 2003). This definition distinguishes between strategic marketing plans and tactical marketing plans. And it is more useful to develop an approach for E-marketing development. There are three key issues emphasized in developing process:

- Identifying the changing of competitive environment.
- Developing the value for customers using online services as part of their buying process.
- Defining the technology infrastructure and ICT architecture to transfer the value as a customer experience.

As the above mention, Fig. 2 provides a developing process model with three stages.

In the first stage, environment analysis early identifies the internal/external environment. The internal environment, sometimes known as the operating environment, is the immediate marketplace of a company, such as the organization, customers, suppliers, competitors and intermediaries. The external environment, sometimes known as remote environment, includes the social, legal, economic and political factors (Mah, 2005). On the basis of analyzing, we plan the strategy of E-marketing from its objectives by evaluating the performance, assessing the product/service and virtual market-space. After that, E-marketing scheme will be designed in tactical stage. In this stage, customer, product/service and presence have to be mapped out and drawn up. In the operational stage, more detail deployment must be considered, such as ICT infrastructure, Web site and E-marketing tools. Furthermore, through the maintenance and monitor, the process backs to the first stage if needed.

Main actives in E-marketing: There are three main activities in E-marketing as we discuss the development of E-marketing. It is possible to run a completely electronic business where all the normal marketing activities are done online. Some of the marketing
activities that can now be done virtually include online retailing, online advertising and online distribution and we discuss those activities as follows.

**Online retail:** In online retailing the most common method used on websites is to mimic aspects of the real store.

Online retailer has the same characteristics as real shopping. According to the viewpoint of a traditional retail, store components can be categorized into four groups: merchandise, service, promotion and convenience with two attributes: fast checkout and the ease of navigating through the store (Lindquist, 1975; Arnold et al., 1977). Therefore, for the reason to fit the components and attributes, where there is a real store as well as a website a webcam can be used to provide live video images of the store and the staff. A webcam can also become an added value service in itself. For example, beachheads.co.uk; a surfing equipment retail in the UK and longbeachsurfcom, a surfing retail in long beach, both provide live webcams of local beaches, allowing surfers to see the conditions before setting out. ICT usage has become critical as retailers attempt to exploit the boom in E-marketing. Thus, we propose a frame of reference for designing an online retailer as shown in Fig. 3.

In strategic layer, feasibility study is important to be considered. There are four factors must be considered.

- What kind of products can be sold on Internet?
- What is the size of retail store?
- Risk assessment?
- How to implement the online store?

After that, hardware and software can be set up. In this layer, there are 6 components should be decided and set up: server, network/telecommunication, peripheral device, presentation layout, operating navigation and promotion with online advertising which will be discussed later.

**Online advertising:** The most popular form of web advertising is the banner as or display advertising. This is the advertisement often found on web pages at the
top of the browser window. However, there are signs that use of banner ads is waning as the “click-through” rates (rates of customers clicking on the advertisement to access the sponsor) fall. Nevertheless, over time, as banner ads have become commonplace, web surfers have become more discriminating. The biggest problem with banner ads arises for brand advertisers. A company with a well-known brand, such as Coca-Cola, gains little from advertising on the Web which will help build the brand. A Coke banner does not allow the user to buy Coca-Cola online, at least at present. All it can do is link the users to a website that provides information on the company and the products.

There is another difference between direct-response advertisements and branding campaigns. Offline branding campaigns usually require media saturation to have a significant impact. Although this possible to achieve with a passive medium, such as television, where the user can switch off or engage in other activities, such as talk or making a coffee, it is more difficult to achieve online without irritating users. Advertisers have tried to counter the trend by making banner advertisements more active.

Another popular technique is rich media expanding banners-banners that have some functionality and product identity built into them. This provides immediate benefits for customers, rather than simply forcing them to link to another site. For example, using rich-media techniques, some banners ads now give customers information and let them order products and perform other tasks right on the banner. This model allows more targeted responses. For example, a company, such as Timberland, which wishes to market its fashion footwear for city use while continuing to reach its traditional outdoors market and he could set up different advertisements on different types of sites. The banner could play a short promotional video clip, take down consumers’ details and advertising agency Double-Click reported an increase in the use of rich media increasing.

**Online distribution:** Internet is ideally suited for distribution of digital products and services and as is discussed in previously, information and news service providers have been providing online distribution ever since the beginning of commercial consumer networks, even pre-dating the popularization of Internet. There is a lot of news and information sites available offering live news reports, stock prices and even the latest prices for fish in markets.

What has been made possible or more cost-efficient as the technology has improved is the use of Internet for other products, such as software and games and other services, such as live entertainment. Many
software companies are now using Internet for software distribution, particularly for updates. For example, Microsoft allows MS office users to download clip art from a library of several hundred on it site, while Norton allows users of its antivirus software to download updates of fixes for new viruses, the mobile phone application on IPHONE OS/Android. The online distribution of software has also led to a wealth of sites offering freeware and shareware, in addition to pay software. Well-known sites include Tucows.com, simtel.net and download.com.

Increasingly, more and more entertainment products are also being distributed this way; this has happened to a large extent in music, following the development of the MP3 format, which allows music tracks to be distributed online. As the speed and volume of data that can be carried on Internet improved similar prospects are likely for other form of entertainment. Live pop concerts are already being broadcast on Internet as well as “adult entertainment” using live webcams. As new data compression technologies are developed or broadband transmission becomes commonplace, it is conceivable for entire feature length films to be easily download.

**MAIN ACTIVES IN VIRTUAL MARKET-SPACE**

**Virtual information space:** The virtual information space consists of new Internet-Based channels through which economics agents can display information about themselves and the products and services which they offered (Angehrn, 1997); those include web sites which provide information, such as brochure sites where companies can publish catalogues of their products and services. Internet can also create new opportunities to offer related services besides creating new opportunities in virtual information space, such as Internet marketing and advertising, consulting services and information searching, gathering and filtering agents, etc. Therefore, from a consumer perspective, we propose that a good virtual information space is designed on the basis of two characteristics: convenient navigation with user-friendly interface in the cyberspace and human-oriented design with users’ experience.

**Virtual communication space:** The virtual communication space includes new opportunities in which economic agents can exchange ideas and experiences, influence opinions or negotiate. For examples, blog systems, chat rooms and videoconferencing. These opportunities deserve a special note as a number of new marketing practices have developed using Internet, which has the ability for many-to-many communication in virtual communication space. For reasons mention above, Internet is used initially by groups of researchers and hobbyist around the world to communicate with each other and virtual communities continue to be some of the most heavily visited websites. Like communities in the real world, virtual communities often form around shared interests, but allow the normal constrains of distance found in communities in the real world to be transcended.

Hanson (2000) suggests that virtual communities can be classified by technologies used, as shown in Table 3.

In Table 3, communication rings send messages directly between individuals and everyone in the ring gets all the messages. Tools for doing this include email list, web pagers, groupware and multi-user games and simulations. Unlike communication rings, content trees send message indirectly through a central point, such as bulletin board; this allow larger scale communication and more structured discussion. Tools for doing this include Usenet discussion group, bulletin board, chat rooms and websites that publish member content. According to the above discussion, we propose two perspectives of application in virtual communication space on E-marketing.

Firstly, we concern about interactive marketing. Internet is unlike traditional media, such as television or radio which are consumed passively; it can offer the opportunity to actively engage consumers in a dialogue. People can use Internet more actively, searching for particular information or for a specific purpose, pay more attention to what is presented and are not easily distracted. Finally, community marketing is a new type of marketing. As we discuss on the types of virtual community technologies shown in Table 3, the significance of virtual communities for business is that they have led to a significant shift of power from lenders of goods and services to the consumers and increases the importance of understanding the communities form. Thus, both communication rings and content trees are more important to community marketing. It follows from what has been said that virtual communication space and Internet will be most effective when it is deployed as part of marketing communication.

**Virtual transaction space:** The virtual transaction space consists of new Internet-based channels through which economics agents can exchange formal business transactions, such as orders, invoices and payments; this can range from simple email and online order forms to online ordering using a credit or debit card and online accounts. Because most features of virtual transactions can be recorded electronically for future
use by marketers, the amount of data gathered by marketers is growing at constantly accelerating rates, consumers or customers have certain rights to privacy and security of their information when conducting virtual transactions. Therefore, the protection of virtual transaction of information (whether personal or financial) is a technological and important issue.

**Virtual distribution space**: The virtual distribution space consists of new distribution channels for variety of products and services. The first category of products includes those products that can be efficiently distributed by means of Internet. These are products that can be digitized and transmitted through computer networks, such as text, pictures, digital music, digital video, software and computer games. The second category includes such services as text, voice or video-based consulting and training. The ability to serve as a physical distribution medium for certain goods is a unique feature of virtual distribution space. For example, companies involved in online ticketing and reservation, digital products, financial services, tele-medicine, etc., can best realize such advantages. This is true for companies that provide digital products. Also for companies that have established virtual distribution other than the Internet can use the established channel to provide after-sales services.

By using the Internet as a distribution channel, not only reduce the delivery cost substantially, but also ensure instant delivery of products/services. Therefore, we extend the traditional dichotomy of direct or indirect marketing to include the Internet as an alternative channel for distribution.

**CONCLUSION AND RECOMMENDATIONS**

While the previous sections have focused on the new market-space, these results lead us to the conclusion that the four types of virtual market-spaces will change the traditional business acts. Especially for the e-marketing, it is arising from the ability of e-business/e-commerce technologies to provide customers benefits in five aspects: faster processing, virtual products and services, personalization, interactivity, many-to-many communication. Though the new technology approaches used in e-business/e-commerce, this is not to say that traditional concepts cannot be applied. The conventional four Ps of marketing: product, price, promotion and place, are as relevant to online business/commerce as offline ones. Therefore, e-business/e-commerce brings new issues that must be considered and may require a rethinking of the existing marketing. From the four Ps, we have already seen that e-business/e-commerce technologies offer new products/services and placing options.

Because ICT and other technology improve, other methods will undoubtedly arise. Therefore, e-business technology has become more widespread and has been adopted by mainstream organizations, the main issue is now less about whether or how marketing can be done electronically, but more about a recurring question since computers are first invented, which marketing activities can best be done by humans and which activities are best undertaken by ICT. Thus, we have two perspectives to understand the relationship between traditional business and E-business. From a strategy point of view, the level of online activities adoption has a significant positive relationship with an organization’s competitive advantage, which implies that organizations should seriously consider how to engender positive support for online activities. From a tactical point of view, those organizations aiming to differentiate themselves by website should switch their focus to internal productivity improvement and developing external partner relationship and look for opportunities to create productivity improvement through the use of a website and to streamline business process.

There are some issues to be studied in the future, such as techniques of e-marketing and virtual market-space. In this article, we concern about the general concept of virtual marketing by reviewing the related literatures. Further research on this topic would be suggested as follow:

- An empirical study for virtual market-space
- A thorough research for E-marketing activities in depth
- Customer relationships on Internet
- A deep study for virtual community in marketing area.

Furthermore, subsequent research could be based on this foundation.

This research is a conceptual literature review. Future research either could conduct a case study longitudinally to understand the impact of this framework in depth, or could be targeted at the important knowledge-intensive industries, for example, healthcare industry, to understand their differences and similarities. In addition, this research is mainly to understand the impact of e-marketing on virtual market space; future research also could try to examine enterprise performance by using it.

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