



Web-based B2B portals

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Abstract

A portal development frenzy is sweeping through commerce in an attempt to capture the growing business-to-business (B2B) Internet market. However, the very tactics employed to attract users have blurred the significance and, consequently, the effective utilization of portals in B2B strategies. This research analyzes the development of portals to propose a classification based on the informational/transactional, horizontal/vertical, and public/private dimensions of portals. Clarification of portal dimensions should provide B2B marketing managers with a superior focus in the production of efficient portal strategies for achieving business objectives. Strategic implications for acquiring and maintaining users and a five-step approach for developing an effective B2B portal strategy are presented.

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1. Introduction

Web-based portals, the gateways through which business clients enter the web to connect to desired Internet locations, are no longer a novelty in the business-to-business (B2B) marketplace. Because of the increasing numbers of business clients making use of these web-based locations, there is a frenzy transpiring in the virtual world of business marketers competing to develop portals for their business and retail customers [1]. “In the 2000’s, the word could very well be portals” [2, p. 36]. Forrester recently projected that B2B e-commerce in the US would hit US\$2.7 trillion in 2004 with 53% flowing through portals [3]. Additionally, the device/platform-independent nature of a web browser further enhances the importance of portals to the business marketer as they are destined to replace Windows infrastructures as the desktop choice for some users [4]. Web users are also flocking to portals as they find them to be invaluable tools.

The concept of a portal to the Internet is here to stay . . . seven of the top 10 most heavily trafficked Web properties are portals whose number of unique monthly visitors has been growing constantly . . . they’re the best

way for new users to familiarize themselves with the Web. [5, p. 32]

As web-based portals continue to expand, their significance to B2B marketing increases. “Portals are the most valuable land on the Web. . . . About 90% of Internet traffic goes to 10% of the Web sites, and portals are the largest shareholders of that traffic” [6, p. 16]. Additionally, about 15% of all web page-view traffic goes through the top nine portals [7]. This heavy traffic flow gives the portal a unique position for reaching business customers and allows business marketers, who understand the working of the portal itself, the opportunity to integrate this valuable web-based tool into a coherent corporate B2B marketing strategy.

B2B marketing is particularly attracted to portals because the latter provide customers with access to three of the Internet C’s: content, commerce and community [8]. Portals are becoming a mainstream commercial tool as companies find them to be an effective way to improve customer service, communicate between managers, reduce training costs, streamline expenses, and serve as alternative transaction locations [9,10]. Even the developmental process of a B2B portal has benefits to the company:

. . . it can sometimes take years before a company perfects its portal marketing strategy. But, in the meantime, the company is strengthening its brand presence, acquiring customers, collecting valuable research in demographic information and, in most cases,

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blocking its competitors from enjoying the same benefits. [5, p. 32]

Portals also offer companies the opportunity for revenue generation. Business organizations investing in the development of a web-based portal may seek to generate revenues by either (1) having vendors pay to advertise, (2) sharing in revenues from transactions and/or (3) charging users directly for subscription or usage [8]. Baker [9] succinctly explain the unique economies of the portal:

Portals attract many more visitors, which in turn attracts more advertisers. This increases the advertisement revenue which the web page owners can use to improve the quality of free information available to web surfers. This in turn attracts more visitors and the cycle goes on. It is the basic mechanism that gives rise to portals. [11, p. 166]

The race to exploit these unparalleled revenue opportunities fuels the progress to formulate B2B portals. Initially, the cost of portal applications restrained many companies from embarking on these projects. However, with the increased capabilities and low cost of recently introduced portal software, more and more companies are finding it economically viable to exercise this new technology. Although developmental costs may appear high, the revenue enhancement and cost containment opportunities are attracting a growing number of organizations toward portals. Since portal undertakings can enhance the overall profitability of a company, the understanding and implementation of proper portal strategies must be employed to maximize the likelihood of success. “The bottom line is that if a company is going to invest its precious capital in a portal deal, then it had better be in it for the long haul. Contrary to the buzz on the street, portals do provide a high return on investment and numerous other benefits that can, over time, offset the initial cost” [5, p. 32]. However, only the most effective B2B portals will achieve these investment goals.

2. Purpose of the paper

Since astute business marketing managers can use portals as an effective tool in the achievement of overall corporate objectives, an enhanced understanding of portal development could acutely improve a marketer’s ability to integrate this valuable asset into the overall B2B marketing strategy. Despite tremendous interest in the proliferation of web-based B2B portals, there is little, if any, research that examines its role and integration into a company’s comprehensive marketing strategy. Current research efforts have failed to reach common ground, as accretion of the field has been restricted by the lack of agreement into the meaning, or even function, of portals. Therefore, the primary purpose of this research is to explore the factors that compose a productive web-based B2B portal strategy.

Efforts will be made to exemplify practical techniques to business marketing managers for managing and integrating B2B portals into their corporate marketing efforts. First, the meaning and nature of portals are investigated. This will provide marketing managers with superior focus in the production of efficient portal strategies for the attainment of B2B marketing objectives. A clearly defined portal strategy, which reflects the objectives of the organization, will better provide that the correct hardware, software, security, scalability, and functionality of the portal site can be maintained. Second, a process is introduced for effective B2B portal strategy development. Marketing managers play integral roles throughout the process, thereby assuring that the portal realizes the necessary functions to satisfy client needs. Since B2B portals typically have two aims: (1) accumulate as many users as possible and (2) keep visitors on a site for as long as possible. The establishment of systematic portal amelioration skills will assure marketing managers the proper utilization of resources to achieve these goals. Too often, marketing managers have delegated website issues to IT professionals with little or no marketing or industry-specific experience [12]. To fully exploit the potential of B2B portals, marketing managers must develop a depth of understanding of the issues associated with B2B portals to (1) better address the changing demands of the business customer and (2) manage this important asset within the framework of the overall B2B marketing plan.

3. What is a portal

The word portal is derived from the Latin *porta*, or gate, through which something will pass in an effort to get to another place. In the traditional sense of the word, the portal is not the desired end-state. Rather, a portal is a necessary or convenient place one must go to get to the desired location. For example, the airport is not the desired location for most people but rather a necessary portal through which they must pass to obtain transportation to another location. Similarly, web-based portals assist by directing the transport of the web user to the ultimate location of their choice. Thus, the portal is intended to be the beginning point of a consumer’s Internet experience.

When the term *Internet portal* first gained widespread use in 1997, the meaning remained resolute to the original elucidation: an entryway, the first page encountered before the user sailed into the web sea. Consequently, many of the early portals originated as search engines, the software routines that assist users in the location of Internet content. Search engines are still useful portal components today but have become a less integral part of the overall portal strategy. Around this same time, sites like Yahoo!, Excite, and Lycos—known primarily for their ability to search the web—began adding other

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