Marketing Strategy in an Internet-Enabled Environment: A Retrospective on the First Ten Years of JIM and a Prospective on the Next Ten Years

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Abstract

During the past decade, developments such as the rapid growth of the Internet, digitization of information products, and digitization of the information attributes of non-information products, has necessitated businesses to fundamentally rethink, as well as institute major changes in, their marketing strategies. Against this backdrop, we present a critical assessment of extant research on marketing strategy in an Internet-enabled environment viewed through the lens of research published in previous volumes of the *Journal of Interactive Marketing (JIM)*, and speculate on the future of interactive marketing in the contexts of marketing practice, research in marketing and marketing education. Looking back, it is evident that marketing strategy and marketing operations have been transformed by the Internet in many ways. Looking ahead, it can be expected that marketing strategy and marketing operations will be even more extensively integrated and blended in the Internet-enabled market environment in the future.
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Introduction

The evolution of the marketplace into an Internet-enabled market environment and the digitization of information products, over the past decade, have had a major impact on contemporary marketing thought and practice. For a growing number of products, the competitive landscape has evolved from a predominantly physical marketplace to one encompassing the physical marketplace and the electronic marketplace—an Internet-enabled market environment. The term digital revolution is widely used to refer to the rapid advances in technology underlying the production of information products in digital form and their marketing and distribution over the Internet. These technological advances have also significantly impacted the marketing of non-information products as a consequence of the digitization of their information attributes.

Against this backdrop, this paper provides a retrospective and a prospective on marketing strategy in an Internet-enabled interactive environment. The remainder of the paper is organized as follows. First, we briefly discuss marketing strategy in an Internet-enabled environment and propose an organizing framework. Second, we provide a review, synthesis and critique of research on marketing strategy in an Internet-enabled environment viewed through the lens of research published in previous volumes of the *Journal of Interactive Marketing (JIM)*. Given that research focusing on issues pertaining to marketing strategy and the Internet has been published in a number of other major journals as well, the scope of our review and synthesis is admittedly modest, since it is limited to relevant articles published in the first ten volumes of the JIM (1998–2007). Third, we speculate on the future of interactive marketing and avenues for future research. We conclude the paper by drawing attention to the potential impact of emerging Web 2.0 technologies on marketing.

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Marketing strategy in an Internet-enabled environment: an organizing framework

Interactive marketing

A cursory examination of the literature suggests that the terms *interactive marketing*, *Internet marketing*, *e-commerce*, *digital marketing*, and *online marketing* are often used interchangeably. Similarly, in reference to marketing strategy, the terms *interactive marketing strategy*, *Internet marketing strategy*, *e-commerce strategy*, *digital marketing strategy*, and *online marketing strategy* are used interchangeably. While the terms e-commerce and e-commerce strategy are generally used in a more restrictive sense in reference to marketing, the terms *e-business*, *e-business model* and *e-business strategy* are used in a broader context encompassing multiple functional areas in an organization. The term e-business model is used to refer to fundamentally new ways of competing by leveraging the potential of the Internet. Although terms such as e-commerce and Internet marketing are deeply entrenched in the business lexicon, the phenomenon that is actually being referred to is Internet-enabled marketing. In fact, in a growing number of organizations worldwide, much if not all of marketing seems to be evolving to Internet-enabled marketing.

For purposes of this paper, building on the American Marketing Association's definition of marketing (*Marketing News* 2007), we define interactive marketing as follows: "Interactive marketing refers to the use of an information infrastructure network and devices connected to the network for mediating interactions between an organization and its customers in the context of activities and processes employed by the organization for creating, communicating, and delivering products that offer value to customers in an exchange." (For an alternative definition of interactive marketing, see Shankar and Malthouse 2006). A few clarifications regarding the proposed definition may be useful. First, since the growth of the Internet has been instrumental in peer-to-peer marketing becoming increasingly pervasive, we use the term "organization" to also refer to individuals. Second, the definition does not limit the scope of interactive marketing to any specific technological platform that is used for mediating interactions. Third, the term "interactions" is used broadly to encompass all communication and transaction-related contacts between an organization and its customers (including both end customers and intermediate customers, and exchange partners such as "clients" in certain professional service contexts).

Marketing strategy in an Internet-enabled environment

Two issues are central to *competitive business strategy* (strategy at the business unit level encompassing and integrating strategy across multiple organizational functions such as marketing, manufacturing, and finance), and *competitive marketing strategy* (strategy at the marketing function level): (1) a business's choice of "where to compete" (i.e., product-markets in which to compete), and (2) "how to compete in the chosen product-markets." (A *firm*'s choice of *business* arenas in which to compete is an issue central to *corporate strategy*). At the business unit level, "how to compete" is generally used to refer to how a business should deploy *resources* at its disposal in order to achieve and maintain defensible competitive positional advantages (e.g., cost and/or differentiation advantage) in the marketplace. At the marketing function level, "how to compete" encompasses a business's actions and deployment of *marketing resources* at its disposal to *facilitate* the achievement and maintenance of competitive positional advantages in the marketplace. A business's marketing strategy related *actions* and *resource deployments* manifest as *competitive marketing behavior* in the marketplace. Marketing resources include *asset stocks* that reside in the marketing function (e.g., market-based relational assets such as brand equity, channel equity and customer equity) and *financial resources* invested in or expended toward various marketing activities such as advertising, consumer and trade sales promotion, distribution, personal selling, and product development.

The multiplicity of marketing strategy decisions that an *established* business is faced with when competing in an Internet-enabled environment occupy different positions along a continuum. One end of the continuum represents decisions concerning *augmentation* of a business's current marketing strategy by leveraging the potential of the Internet. The other end represents decisions that entail radical departures from the current marketing strategy (i.e., competing in fundamentally new and different ways by leveraging the potential of the Internet). Illustrative of marketing strategy decisions that entail augmentation of the current strategy, to varying degrees, by leveraging of the potential of the Internet are the following:

1. Relative emphasis on traditional channels versus the Internet for providing product-related *information* to customers, *communicating* with customers, *promoting* to customers, and *transacting* with customers.
2. Relative emphasis on marketing direct to customers via the Internet versus through intermediaries (traditional, electronic, and/or hybrid intermediaries).
3. Leveraging the potential of the Internet to *innovate*, *customize* and *personalize* in the realms of product, price, promotion, distribution and customer relationship management (e.g., product innovations, product customization, and product personalization).

An organizing framework

A business's marketing strategy decisions are influenced by a multiplicity of factors. Fig. 1 presents a conceptual framework delineating the following five broad sets of factors as principal drivers a business's marketing strategy in an Internet-enabled market environment (see Varadarajan and Yadav 2002):

- Firm characteristics (Link 2 → 1)
- Industry structure characteristics (Link 3 → 1)
- Product characteristics (Link 4 → 1)
- Buyer characteristics (Link 5 → 1)
- Macro environment characteristics (Link 6 → 1).