

MARKETING STRATEGIES

Marketing challenges in virtual market –spaces

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Increasingly the growth and the prominence of e-commerce is providing additional challenges for organisations and particular for the ‘function’ of marketing. In order to manage the pace of technological change, to confront the challenges and to capitalize on the opportunities, many businesses have reorganised and recruited Internet Strategy Directors with the responsibility to co-ordinate and implement the web strategy and technology in sales, marketing and customer support.

However for some organisations this strategy has had mixed success as they struggle to manage the cost of customer acquisition, information generation and the dissemination and generation of sufficient repeat business. In the face of these difficulties businesses have questioned whether their destination websites, providing online catalogues and opportunities for buying and selling are of value to them or their customers. Marketers need to be steadfast and resolute as these initiatives represent the first steps in a longer e-commerce journey towards m-commerce and u-commerce (where m is mobile and u is ubiquity)*.

m-commerce and u-commerce

Some observers are showing us that the future holds much more and the best is yet to come in the form of m-commerce and u-commerce. The technology is now available which will enable us to gain access to the Internet more easily, more conveniently and cheaper than ever before. Businesses will have the ability to be in contact with customers where ever they are and at any time of day or night.

Many forecasts envisage that within a few years customers will be surrounded by a digital world. Customers will be personally connected to the www not just through their phones, their digital assistants and inter-active TV, but also through in-car devices and systems such as Bluetooth (a wireless technology which facilitates fast and ad hoc links to a variety of computing and telecommunication gadgets) in shopping malls. This vibrant scene is perhaps best illustrated in an article written by David Kenny and John Marshall in the *Harvard Business Review* at the end of 2000. Here they portrayed a mobile, digital, interactive, accessible and wireless future – with opportunities for developing close and personalised customer relationships that are always on.

Will this represent a switch from e-commerce to m-commerce and u-commerce? It seems not because, for example, at Accenture (www.accenture.com), they do not see m-commerce and u-commerce as a substitute for e-commerce. They see it as an extension of businesses current e-commerce activities. Nevertheless they highlight its potential for unprecedented business opportunities.

Note: * Ubiquity means to be everywhere at the same time.

Existing marketing strategies

For marketers it is necessary to consider whether the strategies for managing customers in the mobile or ubiquitous markets should be the same as conventional marketing approaches and the more static e-commerce driven market. While much of the evidence suggests no, some of the underlying principles remain the same.

It is important to remain focussed on customers as their needs are fundamental. The wireless and mobile world provides new opportunities for customers too and businesses need to be able to meet their new requirements head on. The management of information is central to the marketing effort and perceptive managers need to blend customer transaction data with their understanding of the people behind the sale.

Segmentation and targeting are crucial because in the mobile wireless world there is capacity to reach smaller niche markets through micro-segmentation. Loyalty and customer service are still important in an environment where the balance is between high technology and customer intimacy. An understanding of the costs and benefits of customer acquisition and retention is required.

Marketing strategies of the future

In addition to these well-established marketing strategies, mobile businesses will need to think beyond traditional approaches and consider three additional marketing factors.

Firstly we need to understand the nature of ubiquity and consider its impact on marketing strategies. (Kenny and Marshall, 2000); secondly, to explore the role of online communities and finally examine the impact of ubiquity on more conventional but nevertheless key elements of the marketing mix.

Developing relationship and customer bonds

In the Marketing Faculty at Henley Management College new research projects are examining ubiquity. We are considering the interplay between the impact of location on marketing strategies, the notion of time because customers may always be contactable and the role of customer intelligence in facilitating the personalization and tailoring of products, services and experience.

We are keen to learn about the bonds that can be developed with customers. We have called this the ubiquitous customer bond. Our research into customer bonds and continuous relationships is examining a number of key questions. Which messages do customers want in their lives? Who will customers value as partners? With which businesses will customers want to bond? And which potential partnerships will be rejected?

Online communities

In some sectors developing direct relationships with customers has been difficult-the long established use of intermediaries created distance between the parties. The internet has provided space for developing relationships with customers and opportunities for bonding with customers.

One approach currently used to develop relationships and strengthen bonds, is the development of online communities. They represent an interesting marketing approach

because they consist of groups of people who are interested in purchasing products, services and experiences, are open to marketing messages and are prepared to exchange views on shared interest in virtual worlds.

These communities communicate and provide information and valuable feedback free from the constraints of distance, location and time. They may also be the gateway to developing continuous relationships.

The impact on the marketing mix

The impact on relationships is significant but the close contact this brings will also have a profound impact on the management of the marketing mix. The communication with the customers is direct, tailored and instant. Pricing levels may no longer be fixed but flexible. Constant contact with the customer will change distribution and service delivery while mobile intermediaries will put the customer in contact with products when customers are ready to buy.

And finally...

One thing is certain in this fast moving environment. Businesses considering m-commerce and u-commerce cannot wait until the technology settles down. They need to prepare for the future- now! They need to assess their information capability, their competencies and the skills of their workplace while maintaining pace with technological innovation and customers' ever changing requirements.

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