The Internet as a Tool for Marketing Communication and Distribution

by

Ms. Achima Apibalsree

A Final Report of the Three-Credit Course
CE 6998 Project

Submitted in Partial Fulfillment
of the Requirements for the Degree of
Master of Science
in Computer and Engineering Management
Assumption University

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ABSTRACT

The Internet breaks down the barriers of time zone, geographic location, physical boundaries, national laws and political division, in fact, it is reshaping contemporary marketing. However, it might form some competitive advantages to the firms who are in steps with the technology development; but at the same time, it also might form some threats to the businesses who ignore these changes.

In this project, we are focusing on 'The Internet', its development and its potential as a marketing communication and distribution tool. In-depth study is developed to explore whether the Internet is capable for mass communication, generate awareness, and action. Whether it can support the channel management and logistic management also will be proved.

In reviewing the related literature, it is found that the Internet can be utilized for the marketing mix, marketing research and internal communication. Furthermore, the potentials of the Internet as for channel management and logistic management are also identified. However, there are still some benefits and limitations that are associated with the Internet that we need to be aware of. After analysis the questionnaires, it is proved that the Internet can be used as a mass media and generate awareness.

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I. INTRODUCTION

With the development of information technology, the Internet is more and more important to business. Not only for communication, but also for lifestyle and the way business is operating. It is another revolution wave after television that gets in every office and every home. There is no question that the Internet and the World Wide Web have become the most important new communication media since television, and once that are fundamentally reshaping contemporary marketing. The Internet has also become an alternative media for communication and distribution. The study of marketing practice, no doubt, will be pushed into another era, the era that Internet is an essential tool for business and marketing for a daily life.

Nevertheless, the Internet not only creates many business opportunities, but also forms some threats to the one who ignores these changes. As a marketer, the increasing role and the impact from the Internet should not be overlook. Corporate planning and marketing strategies also might need to be reviewed accordingly.

In the first part, the uses of the Internet as a marketing tool will be explored and described. As a communication media, its uses for advertising, public relations, sales promotion and sales, marketing research and internal communication will be analyzed.

It is believed before that the Internet might not be good for mass advertising since its reach is not high enough. However, the awareness and impact on the one who is reached will be great, since the customers are excited with this developing technology. Nonetheless, the number of business which is generating sales from the Net is still not covering all, which might be referred to the reach and security on the Internet.

For distribution, the impact of the Internet on physical distribution, logistic management and direct marketing will be discussed. An empirical research will be further developed from the debates raised from the literature review. From many

marketing theories, the Internet will definitely be a great tool for channel management and logistic management. However, although almost every business, it is still not all businesses are integrating their distribution system online at the present. Therefore, this research will focus on the proportion of the target population who is awareness with online distribution.

1.1 Background

After 'office automation', the Internet acts as another information technology wave that has changed the way business is operating. The term of 'e-commerce' is appearing in vary newspaper, magazine, and on television and radio. This chapter is aiming at providing a background of the Internet, which includes what the Internet is, the development of the Internet, Internet population and Internet for business.

However, the recent literature was concentrating on the Internet, its technical uses and its tactical potentials for marketing and marketing communication. Some had directly applied the marketing theories into the Internet such as advertising on the Internet; communicating with the external public as well as the internal customers through the Internet, stimulate direct sales and distribution on the Internet. Interactivity and 'one-to-one' are two main features on the Net, which will be the core for successful marketing in its era.

Research is developed to see how the theories might be applied for Internet Marketing and what the marketing practices might be challenged by information technology development. The traditional marketing models and newly developed theories will be compared and contrasted.

The potential uses of the Internet for marketing communication and distribution will be investigated, and the benefits and limitation for Internet Marketing will be discussed. In depth studies are on the debate of whether the Internet is good for mass

communication and generate awareness and whether the Internet is only of value for communication rather than action. At the same time, whether the Internet is good for supporting channel management and logistics management will be investigated.

1.2 Objectives

The research focuses mainly on

An investigation of Internet potential as a marketing tool for communication and distribution.

The objectives will be broken down as the following:

(1) To investigate that the Internet can be used as marketing tool, which may include these three aspects.

(a) To prove that the Internet can be used for mass communication (mass).

(b) To prove that the Internet can generate awareness (awareness).

(c) To prove that the Internet can stimulate action (action).

(2) To investigate that the Internet can be used as a marketing distribution tool, which may include these two aspects.

(a) To prove that the Internet can be used to support channel management (channel).

(b) To prove that the Internet can be used to support logistics management (logistics).

1.3 Scope

In order to describe the objective, the subject of study will be the company with a Web present on the Internet. From actually using the Internet as a marketing tool, these companies might have more experiences and more knowledgeable in accessing the Internet. The desired sample size is 100. However, there is a possibility of the not

respond error, therefore, 450 questionnaires will be sent on-line in order to target the sample size of 100.

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H. LITERATURE REVIEW

This chapter aims at reviewing the marketing theories in communication and distribution. How the Internet can be fitted in the existing marketing strategies and activities will be analyzed and how it will evolve the traditional marketing practice will be investigated.

2.1 The Internet

The Internet is the 'network of the networks', which are connected by many different methods. Including cables, telephone lines, fiber-optic cables, and satellite communication. According to Fill, " The Internet is a world-wide network of computer networks. They are linked together in such way that users can research for, utilize and access information provided by others (Fill, 1995)."

Some common Internet tools and resources are as follow.

(a) E-mail - which is a method of writing message on a computer, can then be sent to another computer on a commented network.

(b) Mailing list - which exploit email's broadcast capabilities to send copies of messages to all the Internet users who want it.

(c) Newsgroups - which are a forum provided for exchange of information among other interest users.

(d) Usernet - where compose of a huge amount of discussion group converting the similar subjects.

(e) FTP (File Transfer Protocol) - is the standard Internet protocol for copying files from one computer to another across the Internet.

(f) Gopher - is an organized database of the information contained on a given machine.

(g) Telnet — which can be used to dial into a remote computer system and run programs and access information stored on that system.

(h) The World Wide Web (WWW) - it is a growing group of Internet sites that have created their own Web documents, or pages, to be presented to Internet users.

As what we know that the Internet is a technology, a culture, and a tool. It is distributed and open system technology. Meanwhile, it does not have any central location, ownership or control. Its operating codes are not proprietary or secret. Everyone who has the proper equipment can get access and contribute to it (Snell, 1995).

2.1.2 Development of the Internet

The Internet was first developed as a secret communication network in USSR (Union of Soviet Socialist Republics) and US (United State) for military purpose in the late 1950s. US formed the Advance research Project Agency (ARPA) within the Department of Defense (DoD) to establish US lead in science and technology applicable to the military. In 1969, an experimental hookup was formed among Stanford University, University of California and Santa Barbara, University of California Los Angeles and University of Utah in conjunction with the Department of Defense. It was also known as the ARPANET, which served as the early Internet backbone in the late 1960s. (Clemente, 1998)

The World Wide Web was invented in 1990 at the CERN, the European Practice Physics Laboratory in Switzerland to give researchers a tool to publish their findings electronically. It is one of the subsets of the Internet, but unlike the other Internet tools (e.g. email), it provides sophisticated graphics digitized pictures and audio and visual files, which with the ease of point and click access. It is also referred as a collection of files or documents that sits on computers around the world.

At the present, the World Wide Web becomes a vast network of documents that linked together; a set of protocols defining how the system works and transfers data; a set of conversions; and a body of software that makes it work smoothly.

Until the late 1980s, the business potential of the Internet was recognized. Host computers connected had reached 1,000 in 1984 and had surpassed 100,000 in 1989. The Internet successfully becomes an essential tool for communications (Clemente, 1998).

The Internet and the World Wide Web are still growing, and some technical developments is still needed. However, the use of the Internet grew significantly and this curve will continue for a few years. The driving forces are the increasing of case-of-use, lower access and telecommunication costs, cheaper and faster computers and the increasing amount of entertainment and information.

2.1.3 Internet Population

Marketing on the Internet will be limited to the one who has access to the Internet. Therefore, the studies of the Internet population will be essential for the marketers to be successful in using Internet as an intermedium for mainstream business applications (Markham, 1998). The number of world wide Internet Population, which was estimated from the survey on September 2002, was round about 605.60 million.

2.1.4 Internet for Business

From the understanding that there is a huge number of users all over the world are logging on, and presumably, surfing the Internet everyday is impressive, and even inspiring. It is not surprising that many businesspeople regard the Internet as an advertising and marketing bonanza, a low-cost way to do research and an intermedia to sell to millions of prospects (Holtz, 1998).

The Internet itself can be developed as a product and sells its contents through subscription or special one-time charges (e.g. http://www.thesis.com and

http://www.ft.com); generate advertising revenues for the host (e.g. http://www.yahoo.com) and sell goods and services on line (e.g. http;//www. amazon. corn and http://wvvw. grantsflorist. com).

The Internet breaks down the barriers of time zone, geographic location, physical boundaries, national laws and political division. With the increasing digicash, cybercash, virtual holdings, NetBanks, virtual shopping mall, and Internet based credit and transaction support the Internet is eventually changing the way business operation, the nature of competition and customers' life style and expectations. Therefore, whether people like it or not, they have to admit that the Internet is changing the way they do business.

Therefore, we can conclude that the opportunities for the marketers to present, to persuade and to sell their goods and services online are large. The Internet will continue to grow and evolve the business and marketing world. The traditional theories might still be useful but some of them might need to be rewritten. Nowadays, the Internet has become more user friendliness, and has penetrated into other business and marketing areas. Anyhow, the Internet is still in the growing stage but how fast it is going to grow and until when is still unpredictable.

2.2 Marketing Communication

As a key element in the marketing mix, marketing communication and promotion is important to a firm to be successful in the market. Some might argue that, ineffective communication not only costs the firm's market share and its survival, but also the jobs opportunities in the society. While good marketing communications help an organization to thrive by getting its messages across in a focused and cost effective way. However, what are the effects of the Internet to the marketing communication? In this section, the

communication models will be reviewed and the effect of the Internet on marketing communication and the communication mix will be discussed (Smith, 1993).

2.2.1 Communication Models

The traditional marketing communication model (Figure 2.1) consists of sender (or the source), encoding, message, decoding and receiver (or the target audience). Noises might be anywhere during the communication and the realms of understanding is essential for a mutual understanding, while the feedback enables the sender to ensure whether the message is received as intended (Fill, 1995).

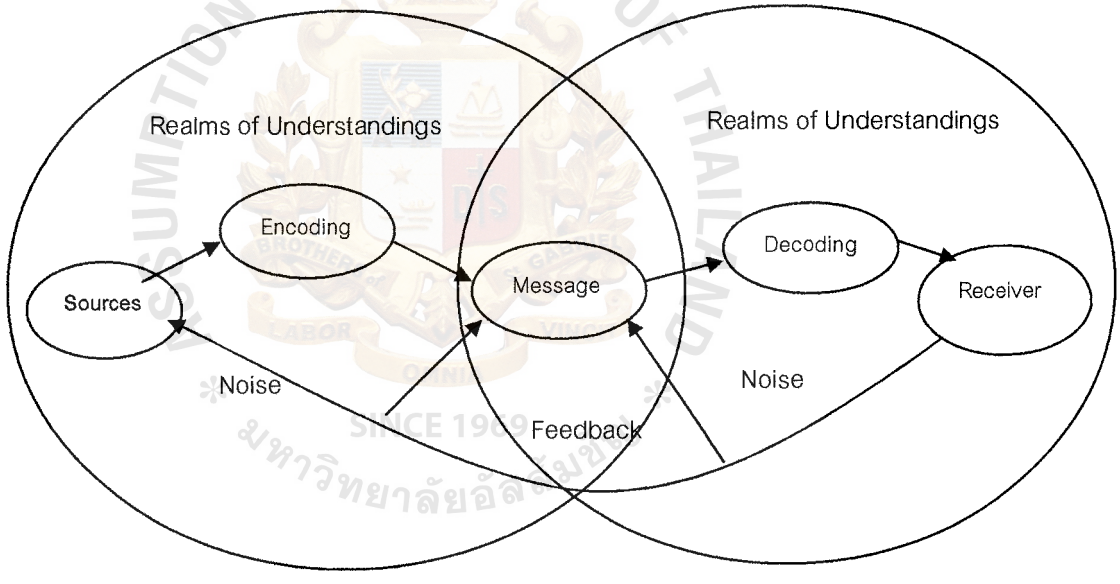

Figure 2.1. A Linear Model of Communication (Fill, 1995).

With the helps of the new media, the traditional sender-message-receiver communication process might be evolved. On the Internet, the message cannot be proactively put on the bus stop, cinema or on television. It acts as an intermediate, and the firms have to put its message online and wait until the audiences click on it (as showed in Figure 2.2), the whole process is interactive and 'one to one'. The audiences will no longer receive information passively, but they will only receive the message

when they choose to. Therefore, the power is shifted from the advertisers to the audiences (Williams, 1997).

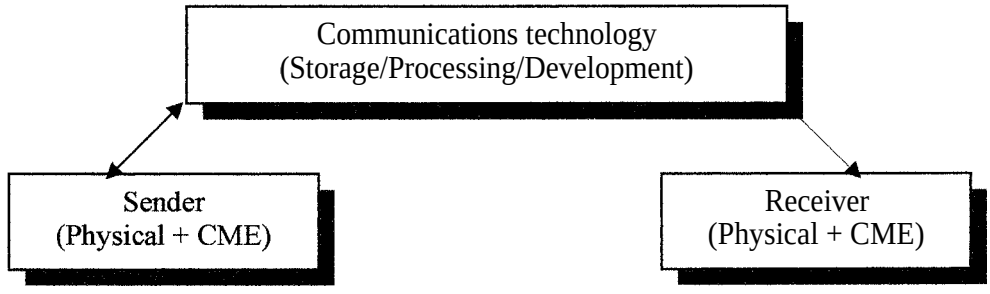

Figure 2.2. Marketing Communication on the Internet (Smith, 1997).

While the traditional media focus on 'how can we reach our customers', communication on the Net is emphasizing on 'how can we find ways to let our customers reach us'. This 'interactivity' involves audiences in communication and eliminates the traditional information errors of selective attention, distortion, and recall. It allows the firms to target customers in a way that other media cannot. In addition, it provides the advertisers with immediate feedback and even the capability of changing ad messages in response to user profiles or online behavior (Clemente, 1998).

The communication process is aimed at moving the audience through the AIDA (Awareness, Interest, Desire and Action) stages. The traditional communication media of advertising, public relations, sales promotion and personal selling would be effective for different stages of AIDA. An IMC (integrated Marketing Communication) is recommended for a greater impact.

Unlike the traditional media, the Internet can provide broadcast message to a mass audience as well as to provide narrowcast message to a highly target market. Therefore, it will be both an ubiquitous strategic and a tactical communications medium for

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marketing, advertising, public relations, sales promotion, personal selling, marketing research and internal marketing communication — on a global scale (Janal, 1995).

In the later section, how the Internet can support advertising, public relations, sales promotion, personal selling, marketing research and internal marketing will be discussed throughout.

2.2.2 Internet for Advertising

Advertising is to use the mass media to transmit a message to a large group of individuals at the same time. The advertiser will remain highly control over the content and time of transmitting, therefore, the affect from advertising is likely to be controlled. According to these characteristics, advertising is usually used for generating awareness. However, it is short-term oriented and costly (Burnett, 1998).

On the Internet, the advertising functions can be carried out through many tiers. It can be cost effectively in generating consumer awareness. More than an electronic version of a print or radio or television advertisement, the Internet can target and interact with the potential audience. While the audiences are involved, the advertised messages tend to be more influential.

In order to describe about 'Internet Advertising', the following topics will be mainly focused on.

(1) The Vehicles, of which there are several advertising tiers on the Internet:

(a) Online services (E.g. America Online), which have lots of subscribers, can have the ability to track everything its subscriber does while they are connecting. It can provide a perfect mailing list for target advertising.

(b) Browser vendors; all browsers link to a 'home' site on the World Wide Web when they start up. Unless the user takes other action, the

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browser first links to its manufacturer's own Web site (e.g. Netscape and Microsoft). These Web sites have great opportunities of being seen, and provide the facilities for mass advertising

(c) Search engines (E.g. Infoseek and Yahoo), also generate intense traffic online. It serves as the 'yellow pages', the firms that put their profiles in these search directories can be found by certain 'key words'.

(d) General interest content sites; which appeal to the entire Internet audience and may require audience registration (e.g. pathfinder, HotWired and Lastminute), also will be a good link for mass advertising.

(e) Niche-oriented content sites (E.g. Conde Nast Traveller); like special-interest magazines in their appeal to specific audiences, this might be a natural place to offer services to specific audiences. Target advertising will be very effective through strategic planning e.g. vertical advertising.

On these tires, animate interactive banners might be placed and linked to the advertiser's site. Other methods include advertising on the home page on the chat lines and the mailing list. The non-Web platforms such as email, presenting on the bulletin board, newsgroups are also very popular.

(2) As a Mass Communication Tool

Clemente suggested that the popular Web sites definitely could build mass traffic through strategically placed banners, icons, contextual hotlinks, or full-screen interstitial (Clemente, 1998). The banners are often the only animation on the static pages, and it is often the first elements to load. A viewer has little choice but to watch the banner ad while he / she is

downloading. Together with the interactivity and high involvement of the Internet, viewers might be involved into the Internet ads. Therefore, it can help to increase brand awareness, and it is more effective than television commercials (Marlow, 1997).

Nevertheless, some also claimed that the Internet is less effective in generating awareness of brands, products, and the corporation in comparison to traditional mass communication tool (Clemente, 1998). However, the Internet might not be effective as traditional broadcast media in generating thousands of impressions, but it is good at establishing more targeted in depth page views and individual communication.

(3) Target Advertising

While the Internet is about global access to products and services, Web sites are becoming increasingly localized by language, presentation and offers (Marlow, 1997). The messages advertised on the Net can be tailored for fragmented audiences, so it can be more targeted and cost effective. The Internet facilitates the surfers in reaching the selected information by using certain key words. Therefore, target audiences are pre-selected and contents on the Internet can be more influential. The Internet and the World Wide Web are emerging as the medium ideally suited for advertisers shopping to reach targeted consumers directly (Clemente, 1998).

(4) Individual Communication

On the Internet, the Users are allowed to choose what they want to see. This high level of user control becomes the centerpiece of Internet marketing. The individual Internet sites tend not to attract millions of users, but they offer tremendous opportunities for generating direct interaction with

both sales prospects and existing customer. The 'one to one' communications can be obtained and customer relationships can be enhanced (Clemente, 1998).

According to Clemente, he said that "Interactive advertising clearly has the potential to provide advertisers with immediate feedback and even the capability of changing ad messages in response to user profiles or online behaviors (Clemente, 1998)." Extension of direct-response marketing can be achieved (Marlow, 1997). There is a significant different between traditional mass media and the Internet. The Internet is more individualized, 'one to one' and provides a two-way dialogue. Therefore, products and services offered can be more customized and consumers' reaction might be greater.

(5) Growth of Internet Advertising

Many researches have already showed the high growth of Internet advertising in recent years. According to the survey by yahoo , spending of the Internet advertising was round about $18.5 billion a year worldwide by year 2002. With the expanded uses of the Internet, more and more people can be reach online. Budgets for Internet will be a unique factor in media planning (Lewis & Lewis, 1996). There are already numerous firms that are committing large budgets to advertising on the Web.

(6) Web Advertiser

However, computer and high-tech oriented business are still dominating the market. Nonetheless, non-Technology-Based advertisers have increased significantly during 1996 and 1997. Clemente found that the mix of advertisers has gone from 85% technology firms in 1995 to almost

80% consumer brands in 1998 (Clemente, 1998), and this trend is expected to continue.

Therefore, we can conclude that the potential of the Internet and the World Wide Web in being a new media for advertising is already formed. Through its varied tiers, the Internet can take the role of mass communication, target communication and individual communication in different degree. At the same time, the web site is excellent for conveying information and details being cost-effective; rational; and effective for both short and long term promotional objectives.

However, advertising on the television can reach a broad undifferentiated audience and is hard to avoid. The reach of the Internet advertising depends on how the web generates traffic. There are still some doubts in whether the Internet can be good mass media, and whether it is cost-effective in generating awareness.

2.2.3 Internet for Public Relation

The Internet not only evolves the role of advertising but also impacts the changes of public relations. Smith suggested that it is "the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its public (Smith, 1993)".

It is the art of developing well-crafted messages, packaging messages and conveying information to a variety of audiences, including consumers, media and opinion leaders. The organization need to in touch with several publics. Contact the right person and convince them are the core of public relations.

The Internet and the Public Relations are associating accompanying one another. The Internet is a good tool in contacting people and exchanging information. The interactivity that is provided by the Internet can help the firm in establishing and maintaining a good relationship with the public.

By the way, Brandy claimed "Public relations communication is two-way communication. Effective public relations communication tends to be that which is highly selective, the tailoring of messages to the specific needs and interests of carefully defined audiences. Ideally, each recipient of a public relations message would receive an individually-tailored communication (Brady et al, 1997)."

This is used to be impossible during the mass marketing era. However, with the developing information technology, the Internet enables the tailored communication to be delivered to each individual in a cost-effective and timeliness manner. There are numerous public relations activities that are possible on the Internet and the Web. The objectives might be to build an image for the firm or its products; to expose the firm or product to new audiences; to reinforce images and messages within the existing audiences; and to build relationships with vary publics. In this section, what is the public, how the Internet can assist corporate advertising, publicity, sponsorship, word of mouth and public relation will be analyzed.

In order to understand about the Internet for public relations, the following topics will be focused on.

(1) The Publics

The publics are those groups of people, internally and externally, with whom an organization communicates. A good relationship with the public can support the firm for a long-term survival and success. The publics might include a firm's shareholders, employees, government, financial groups, suppliers, distributors, and media, consumers and other interest bodies. However, the Internet plays the role in identifying these people and provides a communication channel to be in touch with them. A long-term relationship hence can be established and maintained.

(2) Corporate Advertising

Corporate image is to establish, maintain and improve a corporate image, institutional advertising can be utilized (Lancaster, 1994). It is important for a firm's long-term survival and success. At the present, many of the firms are presented on the Internet. They are perceived as having a competitive advantage of the image as a leading-edge firm, care about the customers, and are financially strong.

However, no matter of the size and the years of operation, the viewer will only interest on how the web pages looks like, and evaluate the firm and its offering by their first impression. Hence, having a nice presentation on the web is very important. It enables the firm to increase its profile and imply for a well-connected, technologically advanced image (Ellsworth, 1995).

(3) Publicity

Publicity, which results from information being made known, is one of the main functions for Public Relations. It concerns with getting coverage in the print media e.g. newspaper and magazine, on television and radio. However, it will be a gatekeeper, which might be the creditor, the reporter, the producer or the host, who will decide whether the message will be seen in what way (Janal, 1995). The firm does not have any direct control over these messages.

On the Internet, the firms can broadcast their message directly to the audiences through forums, bulletin board, newsgroups, email and other methods, the intervention from the media can be reduced and eliminated. An automail server also can be set up to send annual reports and other public

information about the firm. It is convenient, less time consuming and cost saving.

Still, the firm might want to get more coverage in the published materials, the Internet also can be used to get in touch with the journalists. By the way, Maslow also found that, "More and more journalists are gravitating to the online world, as are organizational public relations and corporate communications managers (Marlow, 1997)."

Once, editors and reporters go online, they are interested in gathering reference materials, finding raw data (e.g. government data and corporate biographies) using email, and seeking out new sources for interviews. While more and more journalists are getting online, the firms have no way but to follow. Distributing news releases online will be more effective in reaching the publishers and the chance of being published is high. At the same time, it is cost-effective since it is inexpensively and quickly than surface mail.

The journalists are welcoming the Internet as a communicational channel, because the data they received are editable, timeliness and less operational costs. Furthermore, the traditional print materials also can be published and distributed online (e.g. on the Web page, post in the bulletin board and newsgroup). Information given online can include more details than call, and message when they choose to. Moreover, an email can be sent to a multiple recipients. Time in contacting people and giving information can be saved. Besides, the Internet can help to deliver a tailor massage to each individual according to their needs, the information given can be more effective. Paper works and postal cost can be saved at the same time.

(4) Sponsorship

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Other than to support advertising and public relations, the Internet also can be a good tool for sponsorship. Smith had argued that, "Sponsorship is more than patronage, altruism or benefaction. It can indeed help others while simultaneously achieving specifically defined communications objective (Smith, 1993)."

On the Internet, half of all ad spending will be applied to sponsorship. It becomes another fast growing area in the firm's Internet marketing activities. Most forms of sponsorship are encouraging the web surfers to click through to the sponsor's site, and the goal is principally brand building.

The firms might sponsor a home page for a large event or conference, considerable visibility will be gained. Evidences showed that, during the World Cup 1994, the main server in California was accessed over 3 million times (Smith et al, 1997). This provided a huge opportunity of being seen for the sponsors. It helps increase awareness, enhance image, improves relationships with many different publics, and enables database building.

Word of Mouth

People talk about organizations, their products, their services and their staff. Whether it is a complaint, admiration or an endorsement (Smith, 1993). Word of mouth is generally from a friend, or someone known, therefore, it is perceived as more creditable and has a greater effect on the audiences.

On the Internet, general fan mail and testimonials offer customers a chance for fame by giving them a chance to tell what they like about the firm and its products. This action will generate positive feelings and word-of-mouth recommendations. Word of mouth communication also can be found in forums, newsgroups, bulletin boards and chart lines.

By the way, Janal also argued that "Online public relations also offer advantages in terms of posting content and in gathering information and public opinion (Janal, 1995)". Furthermore, the firm can make use of those tools to trigger conversations, collect feedback and develop a 'one-to-one' relationship through this two-way-communication dialog. Advertising on the Web pointed out that, the audience from a chat is generally loyal to certain communities and staying logged into the services than any other typical web sites. Therefore, the opportunity for strong brand association is presented.

Nevertheless, there are some 'hate sites' that might contain negative information about the firm and its products / services. The contents on these sites might be sophomoric and sometime fictional. If the firm do not handle it properly, it might spread negative word of mouth and damage the firm's image. By the way, the information on many hate sites is sometimes most valuable to the companies being attacked. They might be of value if the firm can make use of the comments for further development.

(6) Public Relations Review

Public relations is concerning with communication threats and opportunities. Therefore, the firm needs to beware of internal and external communications that are likely to affect the reputation of the firm. Moreover, Smith also suggested that "Marketing managers obviously want to ensure that first, people always say nice things about their products and second, that people never say bad things about their products (Smith, 1993)".

Not merely giving information to the public, the firm also needs to collect public opinions from its audiences. Frequently checks on the forums, newsgroups, chat line, and bulletin board are needed. At the same time, the

marketing manager also needs to keep an eye on the other sites that have relevant contents about the firm. For example, the hate sites, these negative comments and complaints offered a chance for the firm to sort out the previously unknown problem and will still be good for the firm's future development (Smith, 1993).

Therefore, we can conclude that the Internet is a cost-effective way in contacting people as well as in exchanging information. Tailored messages can be designed and sent to vary publics according to their purpose and preference. While more and more journalists are getting online, the firms have no way but to follow. Publishing online are less cost that print materials and they will be of more value since they are convenience and editable. Sponsorship online is another good way in increasing the opportunity of being seen and generating traffic for the firm. World of mouth is important in the Internet community, and the firm has to conduct public relations review periodically in order to protect any unflavored contents on the Internet.

However, it is claimed that most firms only have a nice presentation on the Web instead of aggressive selling. The following sections will focus on whether the Internet is only of value for advertising and public relations rather than selling or it is actually works for selling as well.

2.2.4 Internet for Sales Promotion.

Sales Promotion is a direct inducement that offers an extra value or incentive for the product to the sales force, distributors or the ultimate consumers with the primary objective of creating an immediate sale (Burnett & Moriarty, 1998). However, some may think that the sales promotional tactics are not effective in building long run brand preference (Kotler, 1997).

Similar with the traditional sales promotion tools, the objectives for Internet sales promotion are to gain attention and provide information that may lead for sales; incorporate incentives to induce sales; and to give distinct invitation to engage for the transaction at a given period of time. It can be designed encourage the sales forces as well as push the retailers, and to pull the consumers.

The other sales promotion tools also can be directly applied online e.g. Special offers, discounts, trading stamps and competitions (Janal, 1995). Free samples and product demo can be offered on the Net. For the online coupons, like their paper cousins, is a way of temporally lowering prices to increase store traffic and encourage purchases. Moreover, promotional uses of the Internet help to deliver the information which are delivered by the traditional media ranging from the sales representative to broadcast media. The advantage of the Internet is that complete expectations can be delivered and downloaded by the customers and prospects (Ellsworth & Ellsworth, 1995).

Therefore, it will be more effective than the traditional sales promotion tools in increasing sales, rewarding loyal customers, increasing repurchase rates of occasional users, generating 'trial' among new customers, demonstrating new products, developing new users and building database. All the sales force, retailers, and consumers can be benefited from sales promotion online However, only people online can be targeted and it is still perceived as a short-term tactic rather than a strategic tool.

2.2.5 Internet for Selling

According to Burnett & Moriarty, they suggested that "Personal selling is the face-to-face presentation of a product or an idea to a potential customer by a representative of the company or organization (Burnett & Moriarty, 1998)".

It is a cost-effective way in building up buyers' preference, conviction, and action. Through personal contact, an alive, immediate, and interactive long-term relationship

between two or more persons can be created. The objectives are educating customers, providing product usage and marketing assistance, generating sales, and providing support to buyers (Kotler, 1997).

On the Internet, the viewers can directly place an order online. The advantages of the traditional personal selling are sustained, and at the same time, some limitations (such as distance, time and etc) can be resolved. From the lace-to-face presentation', the salesperson can directly in touch with the customers through the Net. At the mean time, the other sales functions also can be assisted. A large sum of cost and time can be saved (Janal, 1995).

Online marketing can take advantage of presenting interactive sale materials that meet the needs of every type of buyer. It assists the individual communication, enables customize offering, yields immediate feedback, allows communication of a larger amount of technical and complex information, allows demonstration of a product's functioning and performance characteristics and assists a long term relationship with the customers. In this section, how can the Internet support the functions of the sales forces, the selling process and sales management will be discussed. In order to understand more about the Internet for selling, the following topics will be mainly focused on.

(1) The Functions of the Sale Forces

"The purpose of selling is to sell." However, Smith's research suggested that only 5% of a salesman's time were in fact spending in `selling' (Smith, 1993). The remaining 95% are spreading for the other functions such as prospecting, appointment setting, letter writing, travelling, training and administration, post-sales service, entertaining, intelligence gathering, and developing customized solution team selling and etc.

As discussed earlier, the surfers on the Internet will choose what they want to see. Meanwhile, the interested people or the prospects are pre-selected on the Internet. Internet takes the role of prospecting. As a communication tool, the Internet provides the facility for interact response. The non-necessary coats from appointment setting letter writing and travelling can be eliminated. Furthermore, the Internet also allows an effective internal communication, therefore, time in training and administrating can be reduced. Moreover, the Internet can be very helpful in gathering competitive information and customer information. It is, indeed, very helpful for every stage of the selling process.

(2) The Selling Process

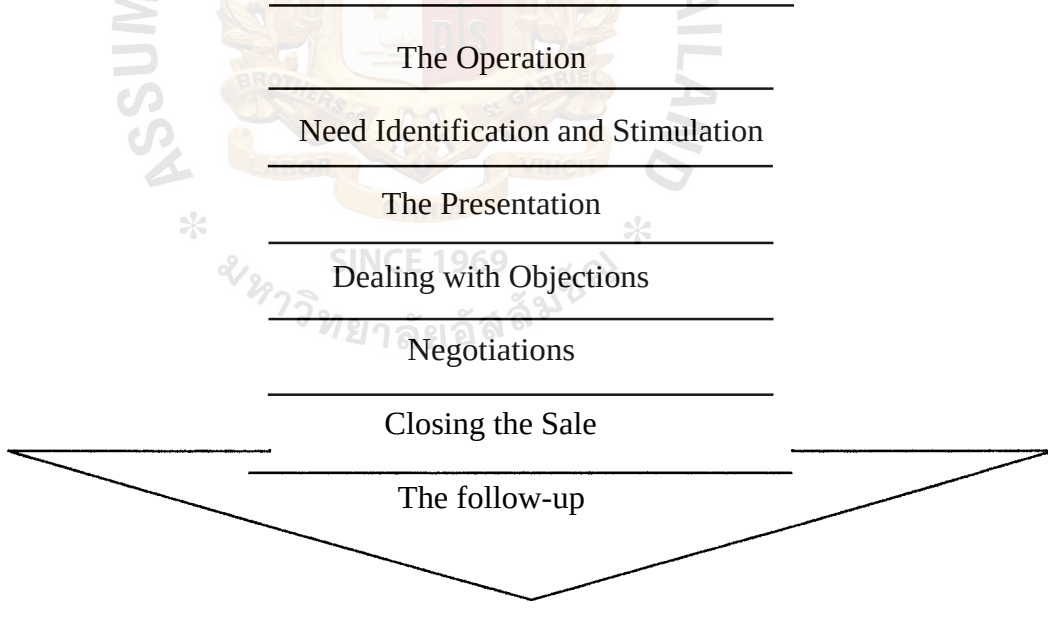

Figure 2.3. The Selling Process (Fill, 1995).

The selling process model suggested how a successful sale might be developed (Figure 2.3). The Internet can be very useful for every stage. It

helps in prospecting for new customers and assisting in identifying prospect's needs; enables product demonstration and sales presentation; and enhances communication during questions handling and negotiation and orders taking. The whole process can be enhanced by the Internet. Rather than serving as the opener for a sale, the human salesperson will close sales or at least, move the sales process toward to a close.

For inexpensive products as CDs, books and flowers, orders might be taken directly from the Internet. For expensive products as automobile and real estate, the Internet can at least, help to sell the image, the information and interaction with the consumers and purchasing decision. It will be very helpful for the salesman in closing the sale. With the help of the Internet, the salesperson can have more time for selling rather than other administrative functional works.

Sales Management

More than assisting in personal selling, the Internet also can be a useful tool in sales management. Figure 2.4 (overleaf) showed the functions in sales management. Strategically, the Internet might contain vary business information, and hence, provide the facilities for the salesperson to learn the overall corporate objectives and marketing strategies. Tactically, the Internet can be used in recruiting salespeople and internal communication. Therefore, staff motivation can be increased; co-ordination between individuals and departments can be improved; and in-house training can be facilitated (Lancaster, 1994).

Sales Management

- Setting of sales objectives and strategies
- Recruitment and selection of salespeople
- Motivation
- Organization — organizational structure
- Training
- Control

Figure 2.4. Sales Management Functions (Lancaster, 1994).

(4) Limitations of Personal Selling

Different sales division or salespeople might give an inconsistent message. Management conflict might occur through lack of communication, co-ordination and team working. Furthermore, the cost in concerning with the sales forces is very high. Because of the limitation of time and personnel, communication through the sales forces are normally poor reach and with low frequency (Shimp, 1997).

The Internet can be the tool in solving, or at least, reducing these problems. By visiting a firm's Web Page, or get access to the Internet, corporate information can be obtained. Productivity of the sales department can be increased with the help of information technology. Therefore, the Internet is very cost effective in enhancing personal selling.

Therefore, it can conclude that the Internet releases the salesperson from the functional works e.g. administration, communication and travelling. Therefore, they can

have more time for actually 'selling' and perform their works more effective and efficiency. The selling process can be enhanced since the Internet facilitates the selling processes in prospecting and negotiating. Moreover, it enhances the management of the sales force by improving internal communication and coordination.

However, the Internet still cannot eliminate the need for marketing and sales force, but the role of the salesperson might be changed. Rather than serving as the opener for a sales call, the human salesperson will close sales or, at least, move the sales process toward a close (Marlow, 1997).

2.2.6 Internet for Marketing Research

More than to support the communication mix, the Internet is also very powerful for marketing research and internal communication. According to burns & Bush, marketing research is defined "as the process of designing, gathering, analyzing and reporting of information which may be used to solve a specific problem (Burns & Bush, 1995).

It is used to identify marketing opportunity and problems; to generate refine and evaluate marketing actions; to monitor marketing performance; and to improve understanding of marketing as a process. An accurate, up-to-date information about the consumer and the marketplace is the foundation for a good marketing plan. Therefore, marketing research is very important for marketing decision making and planning (Janal, 1995).

According to Lancaster, all the external elements (e.g. political, economical, social and technological) and internal conditions (distributors, suppliers, and customers and prospects) will have a great affect upon the organization's performance and marketing planning (Lancaster, 1994). However, some of these information might be produced and published, but some of them might need further efforts to research.

The Internet which presents a large potential for marketing research can be found as part of the marketing information system. It will be effective in collecting secondary information and producing primary research.

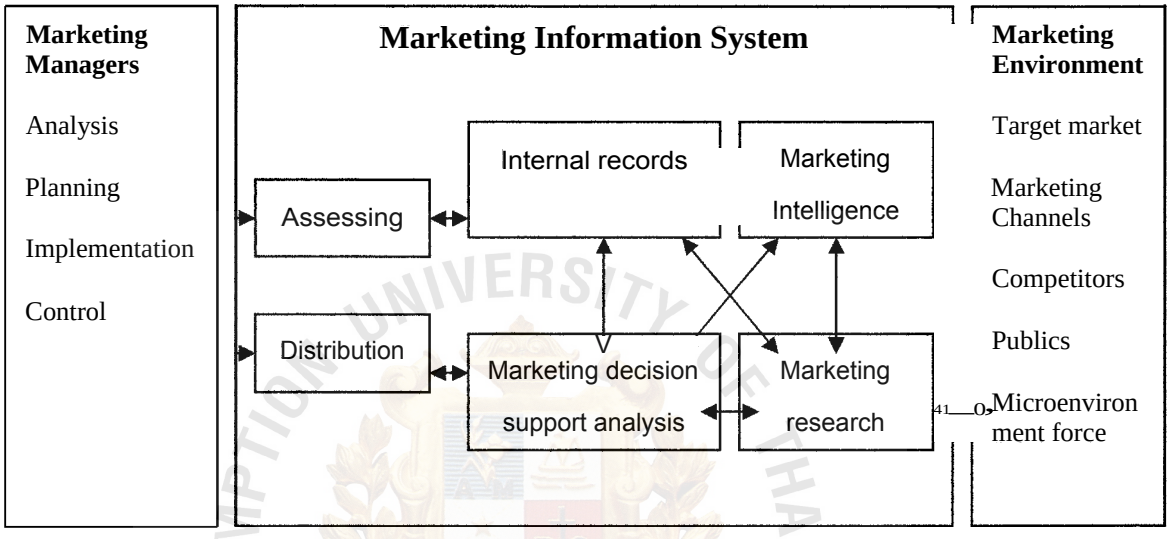

Figure 2.5. The Marketing Information System (Kotler, 1997).

From Figure 2.5, the Internet can be used to monitor competitor's activities, keep in touch with the changing legal issues; at the same time, it can be used in customer survey and experiment marketing variables e.g. price, and product features. Furthermore, the local network (WAN) can be integrated in storing, analyzing and retrieving information both from external and internal for marketing decision making (Kotler, 1997).

For marketing research, it can be separated into three categories, secondary research, and primary research, database research, which will be explained as followed.

(1) Secondary Research

As pointed out by Zikmund, who said that "Secondary data are data that have previously been gathered by someone other than the research and / or for some other purpose than the research project at hand (Zikmund, 1997)". For secondary research, it can be from external (e.g. government statistics, books, periodic, trade associates, private studies and other published materials) and internal sources (e.g. sales records, purchase requisitions, invoices and etc.). Aaker et al also pointed out that "The main forte of the Internet is probably its advantages in researching secondary information (Aaker et al, 1998)."

Information is the forte of the Internet, and the Web browser make hunting down information much easier. The browsers facilitate navigation, searches, file retrieval, and Archie searches. Locating and retrieval of information is convenience. In addition, because of the hypertext linking abilities of the HTML (Hypertext Markup Language) and HTTP (Hypertext Transfer Protocol), information supplied by other databases and directories can be accessed easily.

By the way, online databases are also available to researchers and analysts working on almost every area of business, science, law, education and the social sciences (Aaker et al, 1998). These include the virtual magazine, virtual newspaper, government reports, economic statistics, industry associate reports, census abstract and corporate information. Moreover, many universities are putting their research paper and unpublished dissertations on line.

A web site can take advantage of the true flexibility of electronic data by incorporating a database into its programming infrastructure. By using

database functionality, a site can break entirely free from the linear beginning-middle-end format by letting visitors search out exactly the information they are seeking (Brady et al, 1997). The database on the Net is flexible and the information is not static. A quick access to a much greater variety of up-to-date information is provided. It is easy to search by the using of key words, subjects, titles, authors and etc.; and it is economically and less time consuming than go out and search for the same information.

For the 'Organization Information', a firm's Web site normally contains a rich content with its mission, history, published financial information and other marketing information. Therefore, visiting a competitor's Web site will be an effective way in gathering competitor's information. Similarly, a supplier or a customer's information also be investigated before an order is placed or a credit is given.

Press releases also can be obtained through hooking up with bulletin board, forum, and mailing list. More than this, the Internet helps the firm to keep with government regulations, in touch with changes in politics, locally, nationally and internationally. Stock prices and volumes also can be tracked.

The Internet offers less cost, broad scope information, which can be accessed through a remote location at any time. Environmental scanning can be done by monitoring the fast changing technologies and cultural changes. The advantages include its ability to be obtained quickly, its affordability, its availability, and its ability to enhance primary data. However, the information structure is still not very good; the speed might be low some times; search tools and user support are limited and the overall information quality might not be standard (Aaker et al, 1998; Janal, 1997).

(2) Primary Research

Primary data is the "data gathered and assembled specifically for the research project at hand (Zikmund, 1997)". For primary research,ift enables the firm to create effective product, admissible positioning, sensible marketing message and reasonable pricing according to its customers' needs and wants in order to satisfy them.

Increasingly, companies are recognizing the Net's awesome potential for market research (Dahl & Lescrick, 1996). The virtual communication actually improves the quality of information about individual customers and gives customers a reason for releasing their information to vendor, hence, it allows innovation markets to move closer to its target audiences. The Internet provides the facilities for marketing researches such as customer surveys, product interest and reaction survey, and some experimental focus group activities. The same information gathered by other media such as mail, phone, personal visit can be gathered over the Internet with less cost and faster response (Ellsworth & Elleworth, 1995; and Brady et al, 1997).

Primary research can be done online through email, web sites and other resources. At the same time, experiment can be obtained and database marketing also can be assisted. By the way, e-mail also might be used for the entire process of receiving, completing, and returning questionnaires. It is fast and less cost in comparison to the postal mail. However, the non-respond error is high.

Moreover, web sites also can be used to conduct their own research simply by surveying visitors. Commerce sites can easily collect some demographic data as users enter their names and address for product

delivery. A well-constructed Web sites track the number of visitors and the number of times their page has been accessed. Logging of page activity can include the email address of the people visiting, their domain type, how frequently they have visited, and which pages were hit the most often. This offers the marketers an idea of the popularity of a site, and can be used to track visits after a public relation event or advertising campaign (Ellsworth & Ellsworth, 1995; and Dahl & Lescrick, 1996).

There are other alternatives to collect user information. Sites that personalize their services can harvest loads of data as users reveal their likes and dislikes in exchange for a customized Web experience. A few sites, such as The New York Times (http://www.nytimes.com), offer such high quality content that they can force all users to register for accessing to the site. The Internet enables the firms to learn more about their customers than through traditional marketing research surveys and telephone service calls (McDaniel & Gates, 1996).

Furthermore, customer discussion and opinions also can be found easily in bulletin boards, forums and chat. As discussed before that the word of mouth from the public used to be impossible to monitor and influence. These restrictions are now overcome by the interactive technology such as the Internet.

Using Web technology, the firm brings together prescreened participants from different parts of the country for small, moderated real-time chat sessions. The focus group, or the participants, can interact with one another, and the chat and the whole process can be observed which means

that conducting carefully controlled online focus groups for its clients in addition to its face-to-face and phone survey can save a lot of time and cost.

For more alternatives, on the Internet, the experiment opportunity to try out new ideas without racking up huge expenses is presented (Dahl & Lescrick, 1996). The firm can simply change certain marketing variables (e.g. product feature, price, promotion and etc.) to experiment in the focus group.

Conducting primary research on the Net can reach target audiences around the world. It is less cost and less time consuming than the traditional research methods. However, Aaker pointed out that, " Collection of primary information over the Internet is still in its incubation stage." (Aaker et al, 1998). Many problems are unrecognized and remain unsolved. For example, the security of the email is doubtful.

For Web based questionnaires, some sites slap up user surveys or registration forms with little strategy for what data they need or what motivation users will have to comply. As a result, many users lie on these forms or just ignore them, and these surveys might remain unreliable. Net result further pointed out that, 100% registration might turn away too many users. Probability sampling cannot be carried out on the Internet, since the viewers might respond the survey only when they want. Therefore, the research might be bias an unreliable.

Another limitation of online research is that the results cannot be projected to the general population because not everyone accesses to a computer, modem, and online service (Aaker et al, 1998). However, the cyberspace is populated by trend leaders, who are the early adopters who try

out new ideas, products, services, and technologies. These innovations will create a big help to reach popularity in the mass market, therefore, survey on the Internet is still very useful and helpful for marketing planning and decision making. Nevertheless, the marketing managers still need to beware of its drawbacks and interpret the finding with great cautions.

(3) Database Marketing

The Internet has the ability in tracking the visitors and collecting their demographic data. A database is more than a list of names. A database is distinguished by the amount and quality of relevant marketing data held on each customer / prospect file, it is a medium to long-term commitment which facilitates the development of a dialogue and a relationship with each customer and prospect (Brady et al, 1997). The Web is an ideal medium for database development, and the firms can get their customers to directly update their database.

Therefore, it can conclude that by now, both secondary and primary researches can be found online. It is fast, less cost than the traditional vendor. From online library, online database, company Web sites and other resource base, the Internet can truly become part of the market intelligent system. However, the marketers also need to beware the limitations that associate with these data e.g. reliability.

For primary research, online survey can be completed through email and conducting the Web site based survey. By tracking the visitors, a database can be created and maintained by the viewers, or the prospects. However, since a non-probability sample is obtained, it might not represent the whole population and the result might be bias and unreliable.

Nonetheless, primary data also can be found in bulletin board, forum and chat sites; and experimentation can be carried online by using the virtual conference facilities. This information will be valuable for marketing planning and strategic development.

2.2.7 Internet for Internal Communication.

Communication with the internal audience will be as important as to communicate with the external audiences. According to Gascoyne, he pointed out that "the ability to communicate with business partners, customers, and employees in an integrated way is where business may achieve the highest business benefit (Gascoyne, 1997)".

Internal audiences may include the employees, stockholders and investors, members of the local community, suppliers, and current customers. The Internet and the Intranet enable the firm to work with its internal audiences closely.

The employee as the internal customer of any business will be essential for the firm to be successful. A good internal communication can help the employees to better understand the mission of the organization, to enhance co-ordination among individuals and departments, to encourage team work, and to increase employee morale. A number of studies have proved the correlation between communication and employee satisfaction and corporate performance (White & Mazur, 1995).

The Internet can be used in communicating with the external public as well as to an organization's internal audiences (Marlow, 1997). On the other hand, an Intranet will also be very helpful for effective internal communication. Employees can access internal job postings, corporate policies and handbook, and daily news feed on the certain industry. Information which can be transmitted to associate world wide, money in duplicating and mailing documents can be saved. An executive tracking system is provided for senior management.

For the Internet and the Intranet, a key difference between the Internet and an Intranet is the lirewalls' or the security software programs that installed to limit access to only those employees authorized to enter the system.

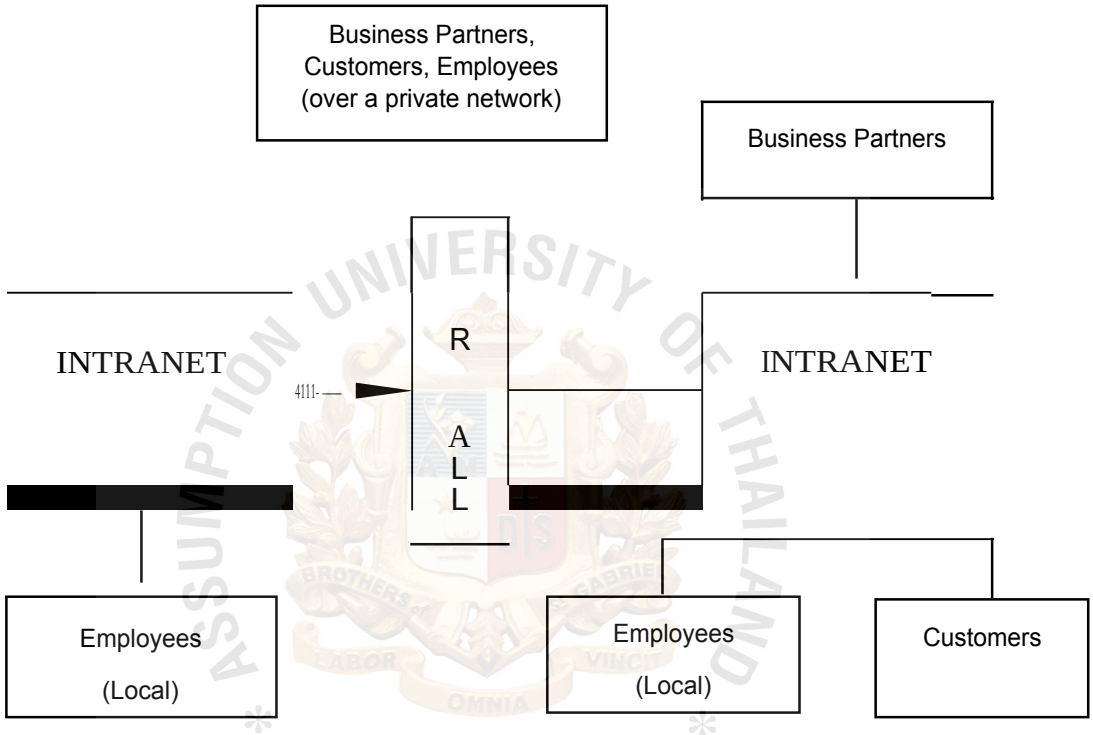

Figure 2.6. The Intranet (Gascoyne, 1997).

As showed in Figure 2.6, the way information flows throughout a business environment is exanimate. The remote employees can communicate over a secured private network, the public telephone network, or the Internet to access information stored on the internal corporate system or the Intranet. A 'firewall' is set up restrict the high confidential information within the firm, or the Intranet only. However, remote employees might not get as much information as the local employees. Another problem

associate with this system is that, the firewall' is hackable. Meanwhile, the information in the Intranet is not secure (Gascoyne, 1997).

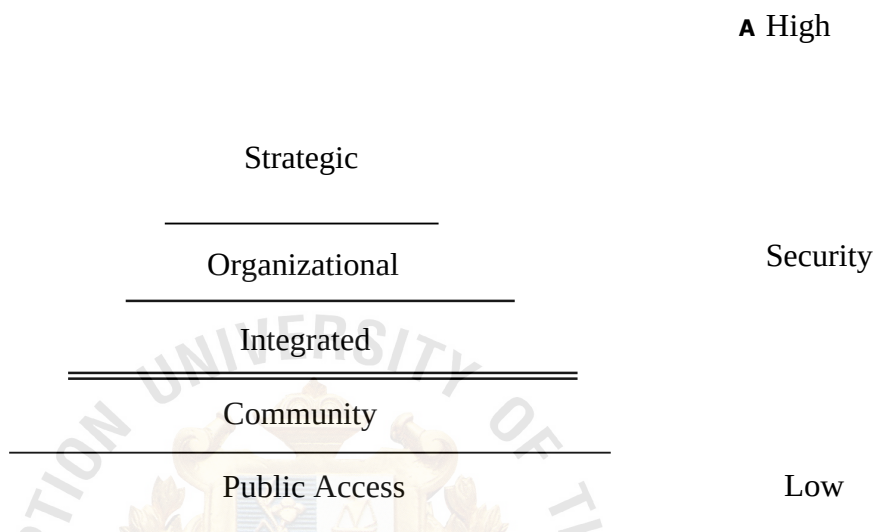

Figure 2.7. Internet Pyramid (Gascoyne, 1997).

Gascoyne suggested the Internet Pyramid (Figure 2.7) as a better way for the integration of Internet and Intranet. In the Internet Pyramid, it outlined types of interaction and levels of access. Communications between the business and customer can occur within several of the access layers, from public layer through strategic layer. For high security information such as bank account will be built into the Strategic Access Layer. In contrast, general customer service information may be provided via the Public Access Layer, and customer product planning application might be offered through Integrated Access Layer. For customers who need specific data through subscription might be designed in the Community Access Layer.

With the help of the Intranet, the employees can have the corporate 'big picture', receive training in the shortest period of time for the least amount of money, and

enhance a more productive and profitable performance. Furthermore, the employees in a remote location (e.g. sales forces) can access to corporate information.

To explain a word of 'A Big Picture', Marlow pointed out that "for many years, organization have used a variety of face-to-face, group, print, and electronic means to convey organizational goals to employees in the hopes that employees would appreciate the so-called 'corporate context' and, therefore, fit with the organization's objectives (Marlow, 1997)" The Intranet can make it simplier. By accessing an internal Web site, employees can begin to form a mosaic picture of the organization, leading to a concept of the organization that is a whole rather than piecemeal. Communication among the various parts of the organization is also enhanced, employees can communicate with each other at will. An employee can find out what is going on in the organization, and /or in another department, and/or in another division on timeliness basic. A competitive advantage hence can be achieved through effective employee communication.

For the information Integration, the Intranet pulls all the computers, software and database that dot the corporate landscape into a single system or an internal database, so the internal audiences can access them from any location in the world (Williams, 1997). The physical location of communication is removed. Aaker et al also suggested that "The utilized of intranets will aid in the communication and distribution of information inside large corporations (Aaker et al, 1998)".

At the first stage, the remote employee e.g. salespeople can call in and run inventory programs to assist clients with purchasing decisions. More than this, the territory operation can be supported. The latest information can be accessed in a cost-effective way.

At the later stage, Brady et al suggested that "Logistics of employee management for supporting an Internet site are similar to the logistics of managing a telemarketing or

telesales site with one exception, the communicators do not need to be in any particular physical location (Brady et al, 1997)".

At the present, the cyberspace strikes at the heart of commercial real estate by tactically diminishing the value of location. Workers can work externally from the office. Fewer people and more work in less space can reduce cost of real estate, administration streamlining can be achieved.

For training and productivity, the traditionally On-the-job training, off-site training, distance learning and manuals, which can help to increase employee productivity, is also a potentially more content item on an Intranet. With audio and video capability on the horizon, an Intranet can provide employee training on demand with lower cost.

Brady et al pointed out that "If you provide training and application which make working with you more convenient and cost effective, you can leverage this in terms of profits through longer lifetime value of customers (Brady et al, 1997)". Then, online training not only retain the value in increasing productivity and better satisfy the customers, but it also can be carried in a more cost-effective and convenience way.

Therefore, we can conclude that the Internet communication is very important for a firm's survival and success. The Internet and the Intranet provide the facilities for an effective internal communication externally and internally. However, Gascoyne's Internet Pyramid aims to integrate the two ways for synergy in communication.

On the other hand, the Intranet is also effective for internal communication. A big picture of the corporate can be provided to individual employees; and the integrated information create4s the competitive advantage for the firm. At last, training and productivity can be enhanced and improved.

2.3 The Internet as a Distribution Channel for Marketing

Place or distribution, is another key element in marketing, which also will be affected by the fast changing information technology such as the Internet. In this section, related literature in distribution will be reviewed and how helpful of the Internet will be discussed. By the way, Doyle had argued that "Distribution management is the set of decisions and process concerned with the flow of products or services from producers to consumers (Doyle, 1998) ".

A firm's channel decision directly affects every other marketing decisions (Kotler et al, 1996). It determines how well target customers can gain access to the firm's products and services; enhances the firm to add value to its customers, and increases the firm's competitiveness. It not only affects the cost structure of the organization, moreover, it is difficult to change once it is established. Therefore, the design of distribution channel is very important for a firm's success.

With the development of technology, the entire industry supply chains can be linked by the electronic business communities. The Internet is a viable complement to the existing distribution system (Marlow, 1997). In this section, the potential of the Internet for channel of distribution such as sales forces, direct marketing and intermediate channels will be focused. Logistic as another important area in distribution also will be discussed.

2.3.1 Distribution Model

Distribution management involves the whole process from taking order from a customer to ensure that the product / service are reach him / her. It consists of "a set of decisions relating to the processes which are concerned with the flow of supplies, components, products and services between sources of supply, the producer, intermediaries, and end users." (Wilson & Giligon, 1995)

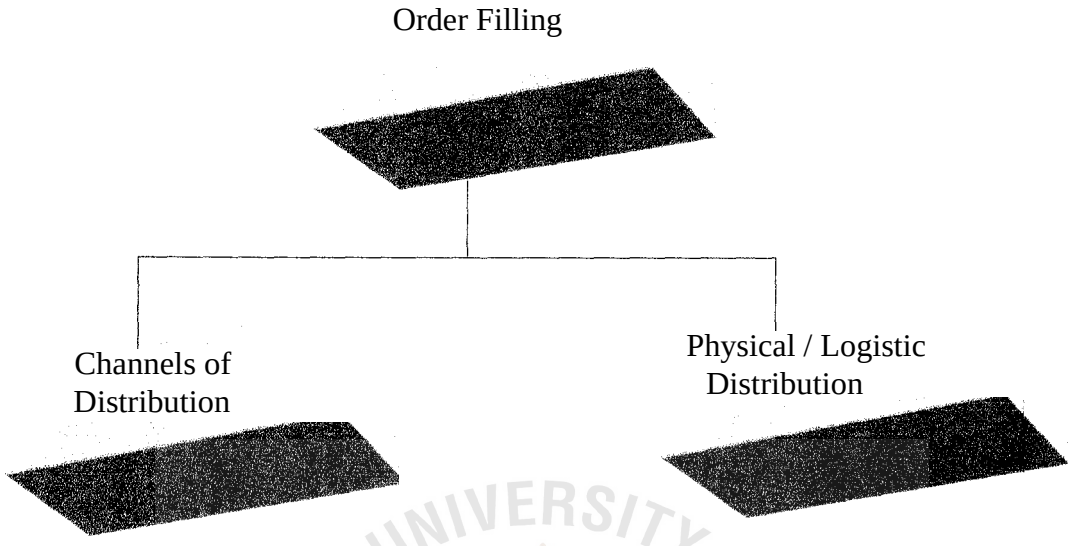

Figure 2.8. Two Major Aspects of Order Filling (Wilson & Gilligon, 1995).

According to Figure 2.8, there are two major areas to be considered, they are the Channel of Distribution and Logistic distribution. The former relates to channel management such as the sales forces, direct marketing and the intermediary (e.g. wholesalers and retailers).

2.3.2 Channel Management

There were three generic channel options for channel management. As shown in Figure 2.9, the firm might choose to use the sales forces to get in touch with the customers directly. Direct marketing, the newly developed alternative, makes use of the direct response advertising, telephone, direct mail, catalogue and the Internet. Finally, the intermediate also might be used in breaking bulks and providing services to the customers (Doyle, 1998). These three generic channel options will be described as followed.

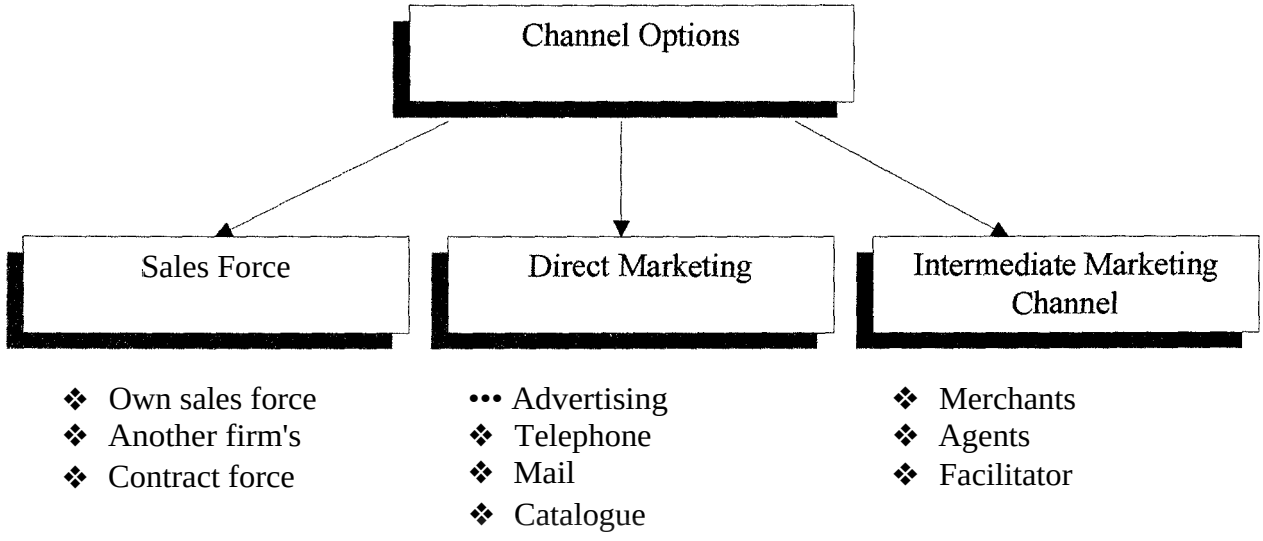

Figure 2.9. Three Generic Marketing Channels (Wilson & Gilligon, 1995).

(1) Sales Force

As discussed earlier (Section 2.2.5 Internet for Selling), the Internet can be used in assisting sales force for functional works e.g. communication, administration, and increasing their productivity in selling. At the same time, it also enhances the selling process and assists sales management. It helps to increase the productivity of the sales forces and the performance of the firm.

(2) Direct Marketing

From Figure 2.9 previously, direct marketing includes direct-response advertising, telephone, mail and catalog. Now, the Internet becomes another effective tool in accessing consumers and customers. According to Kotler, he said that "Direct Marketing is an interactive marketing system that uses one or more advertising media to effect a measurable response and / or transaction at any location (Kotler, 1997)".

It does not require any retail store or a salesperson, so the barriers of time and location can be overcome. "The extraordinary growth of direct marketing in consumer market is a response to the marketing reality of the 1990s. Market `demassification' has resulted in an ever-increasing number of market niches with distinct preference." (Kotler, 1997)

A database for customer's information might be needed. Hence, tailor communications can be designed, and to target each individual or business customer's needs more specifically. Therefore, it is more effective, flexible, convenience, efficiency, and less time consuming

Other than the traditional direct mail and telemarketing, direct marketing also can be carried out via email, newsletters, mailing lists and other approaches that send literature directly to a list of people. Web result suggested that the Internet might be superior than the traditional tools, since less cost of paper, postage, and other associated expenses will be involved.

On the Internet, customized message can be delivered to a specific person according to their changing needs on timeliness basis. The marketer and the prospects are, indeed, dealing on a person-to-person basis. This interaction is very powerful in collecting feedback and resolving problems. It is perfect for fragment needs and 'mass communication'.

The traditional direct marketing is poor in coordinating with operations, distribution, or corporate strategy, and the messages might conflict with other marketing communication messages (Burnett, 1998). On the Internet, corporate strategies, marketing strategies, operational system and distribution system can be frequently referred through the firm's Web pages. An improved internal communication can increase coordination

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inside the firm. Through the integration of the Internet and the Intranet, information of sales can be downloading and sent to the operation and distribution system. The order-lead-time can be reduced. The Internet is, indeed, an excellent tool for direct marketing.

According to Lovelock, he claimed that "The growth of electronic channels is creating a fundamental change in the nature of marketing. Customers are moving from face-to-face contacts with suppliers in fixed locations that only operate during fixed hours to remote contacts 'anywhere, anytime (Lovelock, 1996)". Furthermore, direct marketing can also be obtained on the Net through Online Storefront, and Online Cybermall.

Moreover, for the 'Online Store Front', with the development of technology, online ordering is becoming increasingly common." (Ellsworth & Ellsworth, 1995) The Web page can accept data entry, and allow direct sales, either through the firm's Web site or in a cybermall or virtual storefront.

The electronic market describes the products and services offered by seller and allows buyers to search for information, identifies what they need and want. Then, the customers can progress through an order processing mechanism and arrange to pay for and receive the goods / services physically or electronically. Payment can be made through traditional billing, credit card processing, or some form of electronic or digital cash.

With the ordering system, an online storefront can be created. These digital storefronts are Web sites that actually sell their wares online (Dahl & Lescrick, 1996). By opening the online storefront, capital expenditure of building a real storefront can be saved. For customers, the limitations of

geographically. Seasonally, time and place are eliminated. The store is always available.

For another alternative, Cybermalls, which is a collection of online digital storefronts grouped together much, like the traditional retail malls but it is a very fast way for a business to present a page. It homes the shops in one easy-to-reach location and provides entertainment, information and interesting activities in order to draw a crowd. Services such as online order taking, statistics about visitors to the page, and other technical services are provided (Brady et al, 1997).

Participating in a mall can be a great way to promote and to sell. It is easier and cheaper than setting up a site. Since the mall owner is responsible for bringing traffic to the mall and mall promotion. This reduces the promotional effort necessary by the merchant. However, it is less flexible in how the products and services are presented. Furthermore, if a mall does not do a good job of promotion, the opportunity of being seen and selling is less (Brady et al, 1997).

International Marketing Channel

The last option for channel is to use the intermediate marketing channel. As showed in Figure 2.10, it might involve wholesalers and retailers.

According to Lancaster, the primary functions for wholesalers are breaking down of bulk and holding inventory; while the retailer might further develop a personal relationship with the customer. (Lancaster, 1994)

1. Producer > Consumer
2. Producer > Wholesaler > Customer
3. Producer > Wholesaler > Retailer > Customer

Figure 2.10. Channel Length (Lancaster, 1994).

These middlemen perform an important part of the marketing system. Physical goods and promotional material flows from the firm, through the middlemen to the ultimate customers, while payment flows from the customers through the middlemen back into the firm. The information flows both ways. This traditional distribution system encourages economies of scale in production for the manufacturers and reduces the flows in distribution. Hence, lots of works in dealing with customers are reduced. Therefore, the Internet not only assists the traditional channels, at the same time, it also might take place of the traditional channels through its interactivity (Dahl & Lescrick, 1996)

Meanwhile, Brady et al claimed that "The Internet is a low cost, immediate way to communicate with channels (Brady et al, 1997)". The Internet enables the channel members to access the update information relating to the products and services from the producer, and at the same time,

it also takes the role in assisting consumers to get in touch with certain wholesalers and retailer.

The Ace Shoe (http://www.aceshoe.com) is a very good example in providing product information both to its channel members and the ultimate customers. It develops a series of pages showing its current shoe styles and general pricing. Each shoe style is given a complete work-up from construction through tips on when to wear the style. Therefore, the distributor can review style and place orders for stock. The dealer or the retailer can place orders with the distributor or with manufacturer. Sales people at all level can access the Internet presentation for personal education and for presentation to customers. The latest styles and codes are always current so the sales people are not selling old inventory. For the consumers, they also can review the manufacturer's styles, general pricing and other related information. The site also provides a listing of dealers and retailers so the end user or customer can purchase the style they desire online or offline.

The Internet, in fact, creates the dialogue for real-time discussion with all levels for the channels through secured or non-secured channel e.g. newsgroup and end user newsgroup. Sales lead acquisition is provided for generating new business opportunities from channels and end users. Furthermore, the Internet also enables ordering from channel and end users.

By the way, there is some problems associated with the traditional channel. First of all, vertical channel conflict might occur between different levels of the same channel e.g. between producer, wholesaler and retailer. Multi channel conflict might occur when the manufacturer has established two or more channels that compete with each other in selling to the same

market (Kotler, 1997; and Lancaster, 1994). Thirdly, over-remuneration of middlemen might lead to reduce profitability, while under-remuneration, still, might lead to a loss of middlemen interest in the firm's products. Moreover, both the manufacturer and the retailer might fight for the relationship with the end users. Finally, the longer the distribution the more time and more cost will be consumed in delivering the products and services to the end users. Since using the Internet as a direct route to sell to the customers makes it possible to cut the middleman. The problems concerning the channel can be eliminated (Brady et al, 1997).

For the Internet distribution, from Figure 2.11. overleaf, is demonstrating how the products / services can be delivered online. First at all, the firms need to put their services into the online network, it can either become a node or rent some spaces from other network providers. Then the customers can interface the firm through online networks by visiting the firm's web sites and sending emails. The customers act as active players, while the firms are relatively passive. For the customers, it will be more convenient since they can access the firm wherever they are and whenever they want. While for the firms, the Internet helps them to increase customer satisfaction and sales.

Kotler pointed out that, "Electronic shopping will change the role of `place' in marketing." (Kotler, 1997) The consumers can order goods / services from anywhere and at any time. Electronic markets will result in the need for fewer intermediaries between manufacturers and consumers, which is also known as retail disinte rinediation.

Product Creation	Service Gateway	Network	Customer Interface	End Customer
	Information services providers; Online services provider	Network operators Network service supply	Software suppliers Hardware suppliers	

Figure 2.11. New Channel Strategy

With the help of the Internet, the traditional channel might be replaced and the middlemen will be bypassed. As buyers can purchase directly from the producers on the Internet, the wholesalers and retailers in the distribution channel might be no longer needed. In fact, the shortening distribution channel could lower transaction costs for the buyers and enable producers to achieve higher profits by retaining some of the markup previously retained by the intermediaries (Marlow, 1997).

However, the role of one or two leading intermediaries could be enhanced if they offer added values e.g. an intelligent agent service that aggregates price and other production information on standard comparison goods, which enables purchasers to quickly find the cheapest suppliers of what they seek.

2.3.3 Physical / Logistics Management

Logistics, or physical distribution management (PDM), consists of a number of activities, which are essential to linking marketing, manufacturing and administration (Wilson & Giligon, 1995). It is another order component including order processing, inventory management, warehousing, traffic management, transport facilities, and customer services. With the technology today, the Internet will be very helpful for logistics planning, operations, and organization. It can be integrated with the logistics system by providing sales information and customer database.

FedEx is one of the technology pioneers that integrate its web sites with its distribution system. It allows its customers to check the firm's logistic system. By reference to the bill number, the customers check when and where their packages are received, and when the packages are expected to be delivered. Both the customers and the firm can benefit in saving telephoning time and cost.

Meanwhile, Dahl & Lescrick cliamed that "Product distribution costs can be cut by using the Web in conjunction with seamless technology. This enables orders placed on the Web for hard goods to travel directly to the warehouse for filling and shipping, completely bypassing any intermediary processing. Information of sales can be sent electronically (Dahl & Lescrick, 1996)".

For physical products, the Internet performs the role in taking orders and sending customer information to the logistics system. A specific product then can be delivered to the customers when they need it.

While the physical products can be abstract into certain customer benefit, they can be delivered through the Internet. For example, many virtual bookstores (e.g. amazon) allow payment online and provide the download facilities for the customers to receive the products virtually. The online newspapers and magazines (e.g. The New York Times) also deliver their publishing to the subscribers electronically such as file transfer

and email. Some virtual gifts (e.g. www.cardmasters.com and www.bluemountain.com) are created and produced virtually, and delivered virtually.

For people processing and procession process services, which the customers or their customers' assets need to be physically present throughout service delivery in order to receive the desired benefits of such services (Lovelock, 1996). However, the product image can be created and the prospects will be induced to reserve for such service online.

Education and constancy services which are metal stimulus processing service that the customers are not necessary to be physically presented in a service factory (Lovelock, 1996). Through email, file transfer and virtual conference, the customers can mentally and virtually receive these services. There are already some universities that provide distance learning on the Net.

Furthermore, information processing services (e.g. online banking and recruitment services) which do not have direct involvement with the customer also can be delivered by the Internet. Electronic distribution channels allow instantaneous delivery of information-based services to a wide array of alternative locations. Advances in telecommunications technology play an important role in enhancing development of such channel.

2.3.4 Growth of Selling on the Internet

As other direct sales channels, the growth of the Internet shopping is affected by the development of information technology, and the change of shopping behavior of the consumers. However, the demand for high level of service and personalized contact make the Internet outstanding from the other direct marketing tools. Analysts argued that the deal allows Home Shopping, with its state-of-the —art backroom and order-fulfillment operations, to greatly expand Internet sales opportunities. Moreover, the

increasing of Internet selling also results from market demassification and other social changes e.g. lack of time of consumers, traffic congestion and etc. (Kotler, 1997; and Janal, 1995)

The growth of electronic channels is creating a fundamental change in the nature of marketing and distribution. Customers are moving from face-to-face contacts with suppliers in fixed locations that only operate during fixed hours to remote contacts anywhere, anytime. Therefore, who are to remain competitive over the long run will need to develop exciting, interactive Web sites to tap into this market.

There are already a lot of firms selling goods on the Net. It ranges from customer durable goods (e.g. automobile) to gifts (e.g. flowers). Some business claimed that their online business already made half of their turnover through the Net. However, computer-based businesses are still dominating the online shopping revenue. The objectives of most firms in launching a Web page are to encourage customers to do business at the Web site, to make higher order buying decision, to promote themselves, to get closer to customers to building customer database, and to distribution. Again, the debate is back to whether the Internet is only of value for information providing rather than distribution.

Therefore, we can conclude that the channel decisions constitute the 'place' element of the marketing mix in ensuring that the products / services are available at the right time, in the right place and for the right quantities. The Internet can be integrated into the existing distribution system to assist the sales forces, direct marketing; and intermediate channel. Shortening the order-lead-time also can enhance logistics.

However, the Internet will also bring about the end of distribution as it is structured today (Brady et al, 1995; Dahl & Lescrick, 1996; Kotler, 1997). Combined with rapid delivery systems for goods, the Internet will negate the need for stocking

distributors, globally. The roles of distributors and resellers will be replaced with online demonstrations, service and support provided directly by the manufacturer's Web site. Only the distributors who provide value added services might survive (Brady et al, 1997).

2.4 Benefits and Limitations

As discussed earlier, all the marketing functions in communication and distribution can be assisted and carried by the Internet. The Net might eventually become a significant marketing tool in the near future.

Doing marketing on the Net offers several benefits such as less cost concern; better measurement for effectiveness and customer service; interaction with customers; development of a better relationship and increase sales. However, there are also some drawbacks and limitations that the firm needs to be aware.

2.4.1 Benefits of the Internet Marketing

For the benefits of the Internet marketing, as the fastest growth of Internet is driven by its low costs of making information viable, the possibilities of reaching a global audience, and the opportunity to use the medium's interactivity to create a dialogue with the audience. In order to explain about the benefit of the Internet marketing, the following important information will be focused on.

(1) Cost Containment

Internet marketing costs include costs for equipment; costs for connection; costs for development; costs for employee management; and costs for communication. For the costs in setting up, it is inexpensive in comparison to the numerous activities that it can support (Brady et al, 1997).

As a media, a great sum of advertising and promotion budget can be saved. It could help the firm to save up to nine-tenths of their advertising

budget. Based on the global reach of the Internet, the Web sites and the Internet advertising have a low cost per visitor. The marginal cost of delivering extra information depth or letter more users access the information is very low (Janal, 1995).

Furthermore, the Internet can help to carry out the marketing researches with less cost. No matter for secondary research, primary survey or even experiment, they all can be carried out efficiently online.

Markham pointed out that, "... Cyberspace strikes at the heart of commercial real estate by tactically diminishing the value of location." (Markham, 1998) Meanwhile, workers can work externally from the office, hence, real estate cost can be reduced. While fewer people are doing more works in less space, the total expenses of the firm can be reduced.

Moreover, many administrative costs can be saved by the Internet facilities. Publish press release and catalogs online will not need any printing and postage cost. Therefore, they are more economical. With the development of the Internet, in house communication can be enhanced without the cost of paper and other documentation. The Internet not only reduces the distribution cost, supporting costs but also the costs of goods sold.

For example, the cost in providing Internet Banking is cheaper than any other channels. Branch-based banking costs about twice as much as computer-based banking, with telephone banking hitting the middle ground. The less people concern in providing service, the less it will cost.

Doing business on the Net is less cost, this benefit might lead to the increase of the firm's profit, and at the same time, this benefit also can be passed to the customers by offering a lower price.

(2) Effectiveness Measurement

Effectiveness of the advertising campaign has long been a problem for the marketers to measure. For advertising on the Net, the web itself has the self-measurement ability. The web servers provide statistics that can tell advertisers how many pages were requested in forms of hits, page views, serving and ad from their own server, how much time was spent on each Web page, and what types of computer made the page requests can be easily tracked (Marlow, 1997).

Even the current measures of advertising effectiveness on the Web are not standardized and incorporate significant measurement errors (Marlow, 1997; Aaker, 1998) it is still superior than the traditional vendor because of its self-measurement ability. However, more effective measuring methods will be needed for the Internet to be ready for the 'prime time'.

(3) Customer Services

Quality customer services include speed of response, consistency and reliability of delivery, stock availability, convenience of ordering system, information system and service. On the Internet, all those functions can be carried out effectively and efficiently (Dahl & Lescrick, 1996). Besides, the information stored electronically can be updated continuously and retrieved easily. The HTTP system on the Web interlinked the related documents. The whole structure is nonlinear and hence it is more flexible and convenience in searching information.

The online storefronts can be visited and orders can be taken anywhere anytime. The barriers of time zone and distance are eliminated. Through a personal computer (PC) and a phone line, people can access the system from anywhere 24 hours a day. Availability of the services is maximized without the need for traveling.

Communication on the Internet is fast, and virtual. People around the world can be contacted easily, and they can even communicate to one another on a real time basis Immediate responses for both sites are facilitated. Hence, customer service online are less time consume and convenience. Thorough 'real time' contact, and a 'personal ouch', very consumer can be dealt as VIP (Very Important Person).

Quality customer service initially to happy customers, repeat customers, and word-of-mouth referrals. Having the right answers to customers' questions and solutions to customers' problems is the core for quality service. The Internet and the Web sites are automate this function in a timely fashion (Shimp, 1997). A customer service Web site can answer technical questions before they are asked and solve technical problems before they occur. Simply by posting known problems, solutions, and suggestion, lots of telephone time can be saved. The speed in responding is fast.

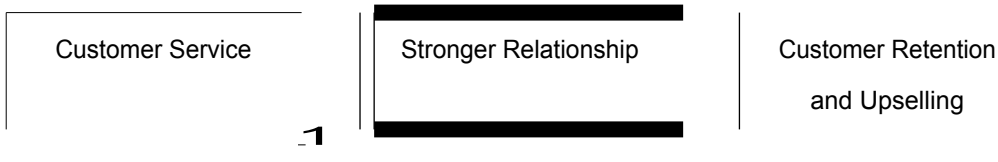

Figure 2.12. Customer Service (Lewis & Lewis,1995).

The Internet improves and enhances the customer services can help to increase customer loyalty. As demonstrated in Figure 2.12, a good customer service can encourage a stronger relationship and inspire for customer retention. (Lewis & Lewis, 1995)

(4) Interaction

As the Internet can generate viewer's participation and involvement, the impact from Internet communication can be increased. Interaction not only provides high value to customers but also helps the firm to deliver marketing messages to the target audiences effectively. The result from Internet advertising can be more powerful than on TV or in print. The user truly interacts with the brand as he / she clicks on icons, selects choices from pull-down menus, drags and drops items across the screen, and otherwise immerses itself in the ad.

(5) Customer Relationship

The Internet can be used not only as a means of communication, a marketing tool and an information resource but also as a way of making new contacts and building relationships. Therefore, by providing a dialog with the audience, the Internet is very effective in identifying customers' needs and building up relationships through interactive communication.

For examples, a florist can email reminders three weeks before holidays, birthdays, and anniversaries. Car companies can remind their customers to bring their cars in for servicing. A veterinarian can warn customers that it's time for their cats to get their annual rabies shots.

Companies can be touch with the customers through email, Web-based bulletin boards, newsgroups, forums, and live support chat. These tools

afford the opportunity for vendors to interact closely with buyers of their products and services. Not only does this create an effective channel for the vendor to get immediate feedback, but the customers also like to communicate directly with their suppliers (Climente, 1998).

It is a `win-win' situation that both the seller and buyer will be benefit. The buyer might get what they want and when they want; while the sellers holds the life-time-value' of his / her customers. As suggested by Climente, "The Internet is definitely moving toward providing more direct advertising and other features that match, 1:1, the demographic / phychographic profiles and product interests of individual users (Climente, 1998)".

Whatever, the Internet clearly offers powerful ways to deepen customer relationship, extend customer loyalty, and lengthen the customer life cycle. A long term relationship and customized service could be offered through the help of the Internet, and it will be essential in attracting and retaining customers (Lovelock, 1996; Janal, 1995).

(6) Competitive Advantage

Lower cost, providing better measurement, allow better customer service and facilitate an interact relationship with the business partners are the main sources of competitive advantage.

Advertisement on the Net can reach the target audiences on a diffuse landscape. Meanwhile, the Internet enabled small businesses to advertise internationally and foreign business to advertise at lower cost (Marlow, 1997; Dahl & Lescrick, 1996). Small companies with a well-designed home page can look every bit as professional and be credible as a large, multinational firm. Hence, they can build instant credibility with a web home

page (Climente, 1998). These companies now able to compete at the same level s much larger companies.

(7) Increase Sales

With the comparative advantages provided by the Internet, the firm can penetrate in the existing market and expand its sales into new markets and new product. The opportunities for increasing sales are demonstrated in Ansoft's matrix as shown in Figure 2.13.

	Existing Product	**New Product**
Existing Market	**Penetration** (lower price, add value)	**Product Development** (customer feedback, tailored products)
New Market	**Market Development** (global market)	**Diversify** ?

Figure 2.13. Ansoft's Matrix (Burnett & Moriarty, 1998).

First of all, sales can be increased through lower price. As the Internet can obtain a lower cost, this benefit can be passed to the consumer by offering lower price. While demand is price elastic, the sales can be increased.

The Internet not only helps in cost reduction but also add value to the services provided by the firm. The sales also can be increased by increased

by improved customer services. Furthermore, the Internet helps the firm to collect feedback from the customers and hence assist its product development. Through observations and interactive discussion, the Internet can be further used for generating creative ideas for new product development. Tailor made products / services can be designed and delivered to satisfy different needs of different customers.

As discussed earlier, the Internet is a global reach media. Therefore, it enables the companies to move into new geographic area extremely quickly. Overseas communication is enhanced.

2.4.2 Limitations

Next to the benefits of the Internet marketing, the 'Limitations' will be focused now. The major limitations and drawback that concern with the Internet Marketing include the Security, Impact on the Society, privacy and Legal Issues. For the limitations, there are several concerns that should not be ignored, those concerns are as followed.

(1) Security on the Net

Problems with security are the major constrains that restrict people from using the Internet, which include site security, secured transaction, and identify verification (Markham, 1998).

In Europe, the encryption is limited to 40 bits in standard products such as Netscape's SSL (Secure Sockets Layer) protocol, which might need a relatively large amount of time and effort to find the key. But a government or criminal group with enough money to spare could build dedicated machinery, which would crack the encryption in a matter of seconds. The graduate students at universities in France and California brake

the supposedly unbreakable encryption schemes caused consumers and information providers alike to reconsider the safety of data transmitted through public networks.

However, Ellsworth & Ellsworth pointed out that "Just as with transactions involving the mail system, the phone system, and in-person transactions, Internet transactions will never be perfectly safe (Ellsworth & Ellsworth, 1995)".

Anyway, the most common reason preventing people from using the Internet is may be a fear over security, then it is as much to do with changing attitudes than it is to do with the technical security problems.

The computers and the Internet are still new to some people, especially some old generation, who still do not fully understand how it works and fear of it. It might take time and effort in educating those people. However, for the future, the security issue will not stall the growth of the Internet, but it might temporarily stall the growth of financial transactions on the Net (Marlow, 1997).

(2) Impact on Social

The emergence of electronic commerce has not only affected the world technologically, but also socially. The Internet is about reducing the barriers between buyers and sellers. The reduction in the number of barriers between customers and organizations has major ramifications in human resources terms (Marlow, 1997). While number of people required in marketing products reduced, the national unemployment rate might increase. This might lead to other social problems e.g. claims.

At the same time, from another point of view, the direct-to-consumer electronic may not be succeed, primarily because consumers will shun its perceived convenience for the social benefits of shopping in person and interacting directly with sales personnel and other shoppers. Shopping is fun. While shopping on the Internet is dealing with a faceless shop. The consumer might have discomfort in buying from unknown suppliers or someone who is remote, where the product cannot be tested or actually seen prior to purchase, and no face-to-face assessment or opinion of the vendor can be made (Markham, 1998).

(3) Privacy

People have always had a need to maintain some level of privacy or anonymity. It might be another significant concern on the Internet. Email is fairly private, but just how private depends upon the system administrator's behavior and ethics. Messages can be trapped if someone wants to do it. The legalities are especially muddy about this where an employer is involved in providing access. The privacy of postal mail is clear under law; but the privacy of email is not.

A cookie, which is a text file, might be placed on a user's hard drive by a Web server to track the identity of the user's computer. Personal information also might be collected through some other ways. How these data are stored and used is the major concern by the Internet population.

(4) Legal Issues

Since the Internet is an open network, there is no central authority regulates these global networks (Markham, 1998; Brady et al, 1995; and Clemente, 1998). The computing and electronic commerce has been

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advancing so rapidly that the laws cannot keep up with the technology. Another concern is the global reach of the Internet, which the enforcement of local standards and laws cannot be directly applied to this global networks. The Internet is self-governing and can create problems if a marketer is too aggressive in promoting products and services online.

That many companies try to limit their responsibility by publishing one-sided contracts on their Web sites, then directing buyers to click on a button agreeing to the terms. The purchasers almost never plow through the legalese and have no opportunity to negotiate for different terms. Therefore, the legality of these 'point-and-click' contracts is doubtful.

Since anyone can contribute to the Internet, so the responsibility for accurate information is unclear online. Furthermore, regulations are different from country and the international laws are unclear on the Internet. Trade mark, international law, refund, refund, privacy, and taxation and how the products are soured are another public concerns online.

Others Concerns

As discussed before about the Internet population, only a few people are using the Internet on a regular basis. Therefore, not all the customers or prospects can be contacted online. According to Zikmund, the Internet is a `do it yourself hypermedia publishing system', it is highly controlled by the users and limited intrusiveness (Zikmund, 1997). It needs to induce people to seek out of the Web site presentation. There are many sites that have never been read by anyone. If the Web pages are not seen by the target audiences, they are useless.

Therefore, for the limitations of the Internet, it can conclude that even the Internet is still new, it has already provided many benefits for the firm. It brings down the cost in marketing, operation and administration. It has the measurement ability, which gives it a superior position over the traditional communication vendor. By providing a better customer services, and developing a relationship with the business partner, the Internet becomes a competitive advantage for the firm. Moreover, the Internet also helps to increase sales by penetration, product development and marketing development.

However, there are still some limitations that the marketers that the marketers need to be aware. These include the security in communication and transaction; social problem in losing jobs, and personal feeling. Furthermore, privacy and legal issues on the Net are still not clearly defined.

After a deep study of benefits and limitations of the Internet marketing, it can conclude that the Internet complements the existing communication methods and at the same time, an electronic commerce evolution is triggered. The traditional linear communication might not work effectively on the Internet. It is more interactive, 'one-to-one' and passive. From another point of view, it might be less reach than the traditional advertising since the audiences can choose what they are going to see, but it might be more effective since the audience is involved in 'finding out' the messages. Therefore, the Internet can be a good mass media, and also can generate awareness and interest and even transactions from the audiences.

With the growing of Internet population, advertising online is increasing and there is more non-technology based advertisers. The Internet also associate and accomplish the public relations functions in contacting and exchanging information with a firm's publics. It provides a two-way communication dialog and a tailored message can be delivered to each individual according to their needs. Corporate advertising, publicity,

sponsorship, word of mouth and public relations review are the key concern areas in public relations on the Internet.

Nevertheless, sales promotion and personal selling also can be supported by the Internet. Similar with its offline vendor, sales promotion on the Internet's objective are to gain attention, to generate traffics, and to encourage for transactions. It might aim to the sales forces, the retailers and directly to the consumers.

However, it is claimed that the Internet is of more value for the earlier stage of AIDA (Awareness and Interest) rather than aggressive selling. Nevertheless, the Internet still assists the sales forces, functional works, and enhances selling process and sales management.

Furthermore, the Internet assists both secondary and primary researches for marketing. Through the online database, vast information can be collected in an economical way. Company Web sites also provides rich contents about its operation. For primary research, survey, observation and experimentation all can be carried online through the help of email, Web sites, virtual conference facilities and chat line. An internal database hence, can be created, which will be very important for further marketing activities.

The Intranet alongside with the Internet helps the firm for an effective internal communication. ' A big picture' can be provided, and training and productivity also can be enhanced. The whole firm can be tightening together with effective communication, which might become the firm's competitive advantage.

In additions, the Internet is a viable complement to the existing distribution system revolution in the retail industry might not be avoided. It is very helpful for channel management and it also assists the logistic management. A direct channel to the consumer is created through email, Web transaction (Online Storefront) and Online

Cybermalls. By taking orders directly from the end users, the need for middlemen is reduced. Furthermore, the whole logistic system can be assisted. It is very helpful for logistic planning, operation, organizing, and reducing order-led-time.

From the previous discussion, we can see that the Internet is a good form of marketing communication and distribution by providing a cost containment for advertising, marketing research, internal communication, and public relations. By using the Internet, less people is needed for a better performance. Furthermore, the Internet offers the measurement ability, which can help the firms for further development. Through research on the Net, and better contact with the channel members, customer services can be improved. Moreover, the Internet assists the interaction between the firm and its customers, a long-term customer relationship can be established and maintained. The competitive edge created by the Internet can help the firms to increase sales through penetration, product development and market development.

However, there are still some limitations that the firms need to be aware of. First of all, the security of the Internet is the major concern even there is more to do with the social confidence rather than the technical failure. Secondly, how the Internet might impact on the social also need to be considered as it might affect the general employment level and consumer-shopping behavior. Finally, privacy and legal issues on the Net are still unclear and less protection.

HI. RESEARCH METHODOLOGY

From the objectives, a primary research was designed to obtain online responds from 100 web-companies. Quota sampling was used according to the proportion of the web-company's categories. The field work took about 3 weeks and the results complemented to the whole research. In this chapter, the subject of study, the sample size, the survey method, the questionnaire and the fieldwork will be defined and clarified.

3.1 Subject of Study and Sample Size

In order to describe the investigation, the subject of study will be the company with a Web presence on the Internet. From actually using the Internet as a marketing tool, these companies might have more experiences and are more acknowledgeable in assessing the Internet.

1000	3.1%
800	3.5%
600	4.0%
400	4.9%
200	6.9%
100	9.8%

Figure 3.1. Respective Sample Size at 95% Confidence Level (Clemente, 1998).

According to Clemente, 9.8% error interval at 95% confidence level needs 100 samples to cover (Clemente, 1998). Therefore, the desired sample size is 100 (Figure

3.1). However, in order to deal with the non-response, 450 questionnaires were sent on-line to target the sample size of 100.

3.2 Survey and Sampling Method

For the survey method, the questionnaire, which provides inexpensive, efficient, and accurate means of assessing information about the population, is preferred. To distribute the questionnaires online can cover the wide spread geographical areas and at the same time, they are flexible and convenience for the respondent to participate. Moreover, it is more cost effective and faster than interview, or mail survey.

Since the Internet itself does not have any ownership and cannot be controlled, the number of the web sites on the Net is still a myth, there is no one perfect sampling frame existing. Therefore, only non-probability sampling might be applied.

Quota sampling, which ensures that certain characteristics of a population sample will be represented to the exact extent that the investigator desires, is used in the survey. It is more convenience for data collection and more economy.

BizWeb's Complete Site Map (http://www.bizweb.com//2003), which contains a web business guide to 46,290 companies listed in 208 categories, is taken as the sampling frame for this study. Even the sampling frame is not perfect, but it provides a comprehensive data arranged in a systematic way.

3.3 The Questionnaire

In the questionnaire (Appendix A), 14 questions are designed and it might take the respondents' 10 minutes for participation. The structured questionnaire is aiming at quantitative data in proving the proposition of whether the Internet is good for marketing communication and distribution.

For a high validity, all the questions are built surrounding the objectives. Question — 3 are focusing on sub-objective 1 (mass); questions 3 — 7 are designing for sub-

objective 2 (awareness); and questions 7 — 12 are emphasizing on sub-objective 3 (action). Sub-objective 4 (channel) and 5 (logistic) are included in question 7. Question 13 is encouraging for further comments and Question 14 is for further contact information.

Likert scale (Question 1-4, and 6) and weighting scale (Question 6 and 7) are used in most of the questions. Question 5 is using ranking scale and Question 8-11 are using categories scales. In order to increase the sensibility of the data, the Likert scale of 5 (Question 1-4, 6 and 12 and a weighting scale of 5 (Question 6 and 7) are used.

For nominal and ordinary questions (8-11, 1-4, 6 and 12), frequency, mode and median are used to express the result; while for interval questions (6 and 7), a summary of the data is showed in mean, normal distribution, standard deviation, variance, median, mode and range. For question 5, where ranking scale is used, calculating of rank order is used to summary the rankings for advertising, Internet, publishing and bulletin board.

To increase the participate rate, a cover letter is used to explain the purpose of the survey, who will be the participants and how they will be important for this survey. The responses are encouraged to fill out the survey and email it back to the author.

3.4 Reliability Test

In order to test the reliability of the questionnaire before doing the data analysis, 30 questionnaires were randomly selected to test the Alpha. By using SPSS to calculate the Alpha, it came out with 0.8022 as shown in Appendix B, which is acceptable, as it is a lot greater than 0.5 and also closer to 1. Therefore, after key in the rest of the questionnaires, the next step of analyzing was starting to be continued.

3.5 The Fieldwork

A first questionnaire was sent to the advisor to correct the questionnaire in order to get the most accurate data from the respondents. An improved questionnaire was

launched again after 2 days of correcting. The field works totally took approximately 3 weeks to obtained 100 respondents. At first, 49 respondents were obtained from 300 questionnaires, then, in order to achieve the target sample size, another 150 questionnaires were again sent out to friends who are known by the author. Therefore, the respond rate was likely to be higher and finally, reached the target number.

The response rate in the first mailing is far below the expecting numbers. The problem might be that the questionnaire might be perceived as junk mail, people afraid of virus, company policies and etc. More details will be discussed in later Section 4.8 Non-response errors.

Therefore, for the research methodology, we can conclude that, in recapitulation, the company with a web present is the subject of study. Quota sampling is used and to target 100 samples. 450 questionnaires were totally sent with a return of 101 respondents. The respond rate was 22.45%, which some problems associated with online survey was identified.

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IV. DATA ANALYSIS

After 3 weeks of online survey by email, 100 responses were obtained and reached a response rate of 22.45%. Through the help of SPSS (Statistical Package for Social Survey) and Excel, data were analyzed in form of cross-tabulation, charts, graphs and statistical means. In this chapter, a detail analysis will be gone through for each question. Please also see Appendix A for the questionnaire.

4.1 Internet for Mass Communication

From question 1 in the questionnaire, which was asking about the agreement that the Internet can be used for the mass communication. Meanwhile, it is also relating to the objective, which is to investigate and prove that the Internet can be used for mass communication. They are designed to test whether the Internet can be used as a mass communication. According to various authors, mass communication is to communicate to a board undifferentiated audiences at the same time.

Results from the survey showed that there are 38% of the respondents strongly agree and 50% agree that the Internet can be used as a mass communication vehicle (Figure 4.1 overleaf). Nevertheless, the result also showed that, for the remaining, there are 7%who is not sure, and 4% is disagree that the Internet can be used for mass communication, and along with 1% for missing data. Meanwhile, most people feel like the Internet can be used as a tool for mass communication (88%).

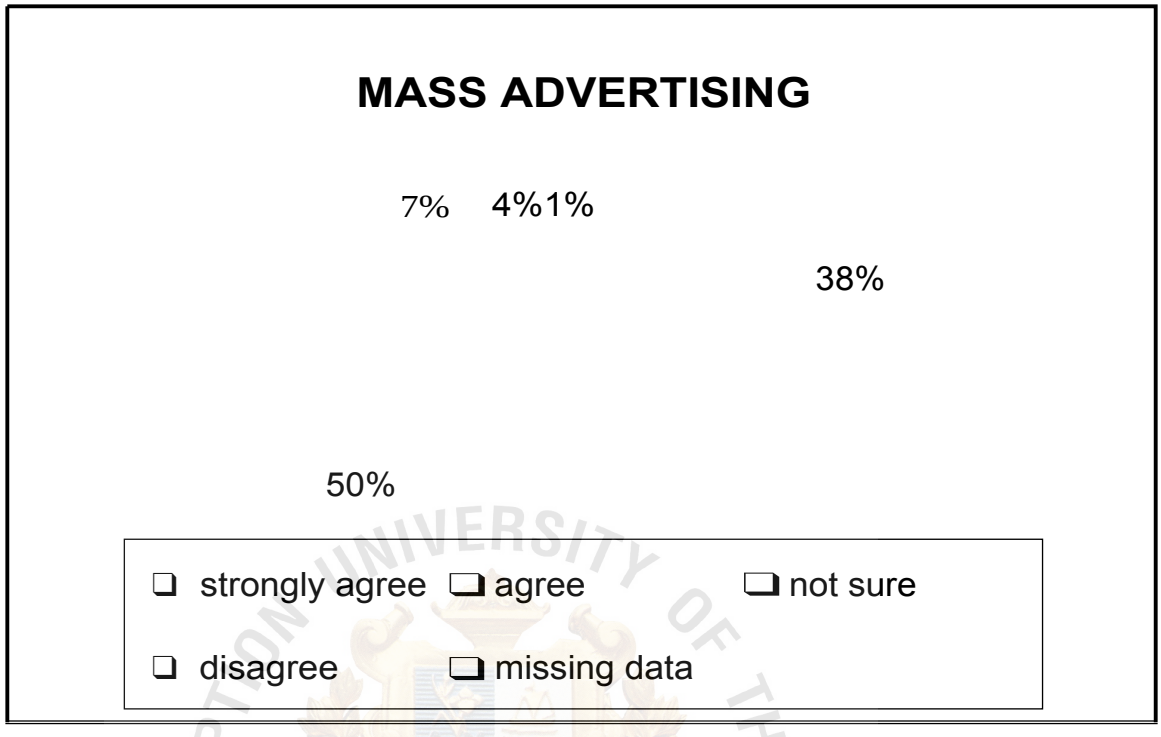

Figure 4.1. Internet for Mass Communication.

4.2 Important Roles for the Internet

From Question 2 in the Questionnaire, the communication levels (mass communication, and target communication') are compared. The potential of the Internet for mass communication, and target communication are already explored and analyzed in Section 2.2.2 (Internet for Advertising). Therefore, this question is designed to deepen the study by comparing the above communications.

From the survey (Figure 4.2. overleaf), it was found that the 'Reach of specific target audiences' is perceived as the most important role for the Internet, which is 79%, and broadcasting comes the second with 77%. That means the role of the Internet, as a mess media is perceived as less important in comparison with reaching target audience. At the same time, 16% of the respondents are still not sure and 5% insist that reaching

target audience is less important. Meanwhile, for broadcasting, 21% are not sure and 2% insist that broadcasting is less important, and no missing data for both.

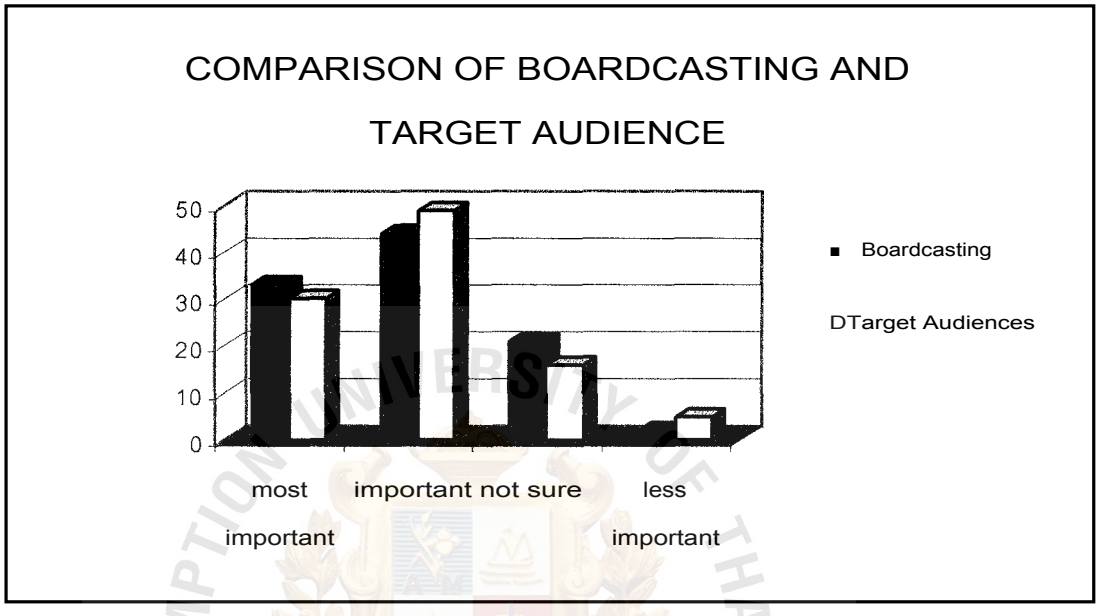

Figure 4.2. The Internet for Broadcasting and Reaching Target Communication.

Furthermore, from Question 3 in the questionnaire, it is designed to integrate the three sub-objectives (The Internet can be used for mass communication, The Internet can generate awareness and The Internet can stimulate action). Reach, Frequency and Impact, are three key components in advertising, will prove whether the Internet can be used as a mass media (Reach and Frequency), and whether it can generate awareness and action (Impact).

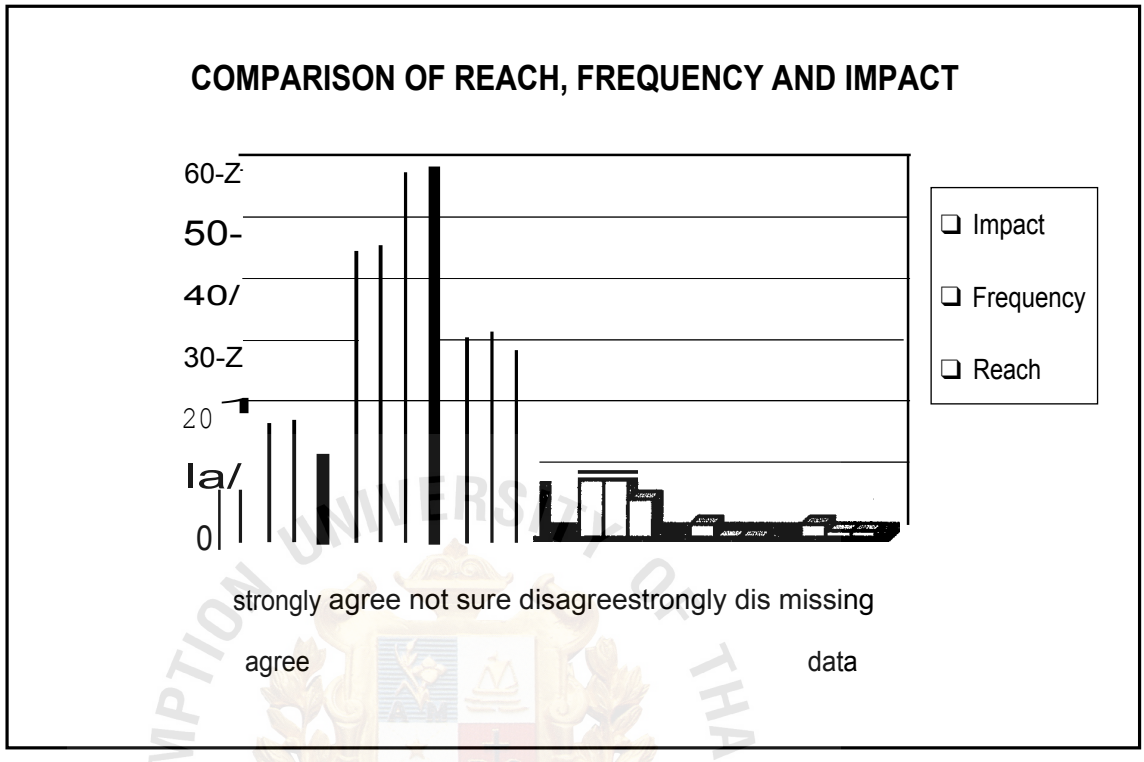

Figure 4.3. The Internet for Reach, Frequency, and Impact.

As demonstrated in Figure 4.3, it showed that 71% of the respondents from the survey agrees that the Internet can provide a high reach, while 61% agree it can provide a high frequency, and 55% agree it can provide a high impact. From these figures, we can say that is consistent with the previous findings, the Internet is reproved that it can be used as a mass media.

4.3 Internet Cost-Effectiveness

From the survey, by ranking among Television and Radio Advertising; the Internet; Newspaper and Magazine advertising and Bulletin Board, whether the Internet is as effective in generating awareness as the other traditional mass media is tested.

From calculating ranking order as shown in Table 4.1, where 1 is representing for the most cost effective and 4 is representing for the least cost effective. It is found that advertising rank first as the most cost-effective way in generating awareness. Followed by the Internet, publishing and the bulletin board remains the last. However, the amount between advertising and Internet does not show a big gap liked the others. In fact, the mode for both Advertising and the Internet are '1st'.

Table 4.1. Ranking of Advertising, Internet, Publishing, and Bulletin Board.

	1st	2nd	3rd	4th	Total
Advertising	48	36	12	4	100
Internet	36	34	26	4	100
Publishing	16	30	48	6	100
Bulletin Board	0	0	14	86	100
Total	100	100	100	100	400

There are 48% of the respondents taking Advertising as the 1st' and 36% choose the Internet. For the 2nd rank, Advertising is still slightly higher than the Internet and for the 3rd rank, the Internet is twice more higher than Advertising. Standard deviation (Table 4.2) for the Advertising, Publishing, and the Internet are slightly high (Advertising. 0.83; the Internet 0.887; and Publishing 0.833). Meanwhile, people are still uncertain for the uses and the affects of advertising, the Internet, and publishing. In terms of means Advertising also ranks first (1.72) and the Internet is the second (1.98), with the very small gap of only 0.26 between both means.

Table 4.2. Descriptive Statistics Table (Cost-Effectiveness).

Items	N	Minimum	Maximum	Mean	Std. Deviation
Rank of TV and Radio Ads	100	1	4	1.72	0.830
Rank of the Internet	100	1	4	1.98	0.887
Rank of Newspaper, Magazine Ads	100	1	4	2.44	0.833
Rank of Bulletin Board	100	3	4	3.86	0.349
Valid N (listwise)	100				

The ranking given to Bulleting board is rather to be more consistent than the rest (standard deviation for Bulletin board is 0.349). Nearly half of the respondents (48%) take Publishing as `3r^{d}' rank, by the way, for Bulletin board, more than three quarter of the respondents (86%) rank it into the '4th'. In sum, there is a slight difference between the Internet and Advertising, then, they both tend to be the best in generating awareness in a cost-effectively way.

4.4 AIDA Model

From Question 4 in the questionnaire, it is focusing on proving the sub-objective of the Internet can generate awareness. From the survey (Figure 4.4 overleaf), 83% of the respondents agree that the Internet is good for establishing and increasing brand awareness, followed by 11%, which is percentage of the respondents who chose 'not sure', 6% for disagree with no missing data. At the same time, from Figure 4.5, it showed that 68% of the respondents agree that it is good in capturing viewer's interest, and 26% of the respondents chose 'not sure', followed by 4% of disagree with 2% missing data.. From these figures, it is proved that the Internet is good in generating awareness.

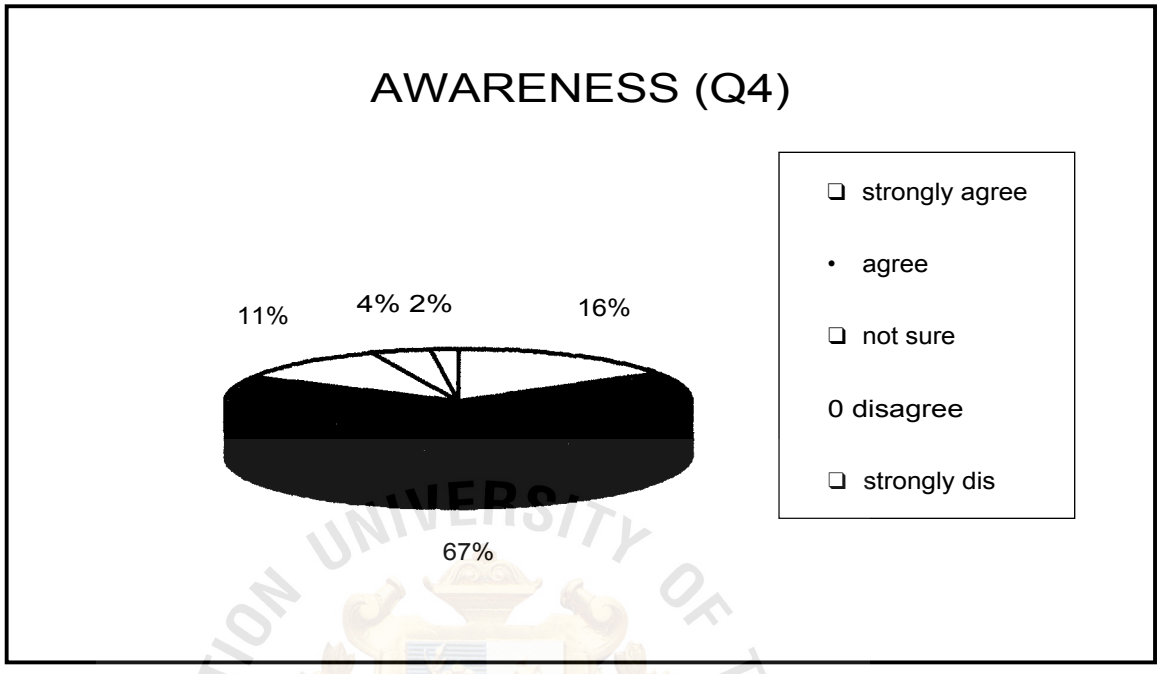

Figure 4.4. The Internet for awareness.

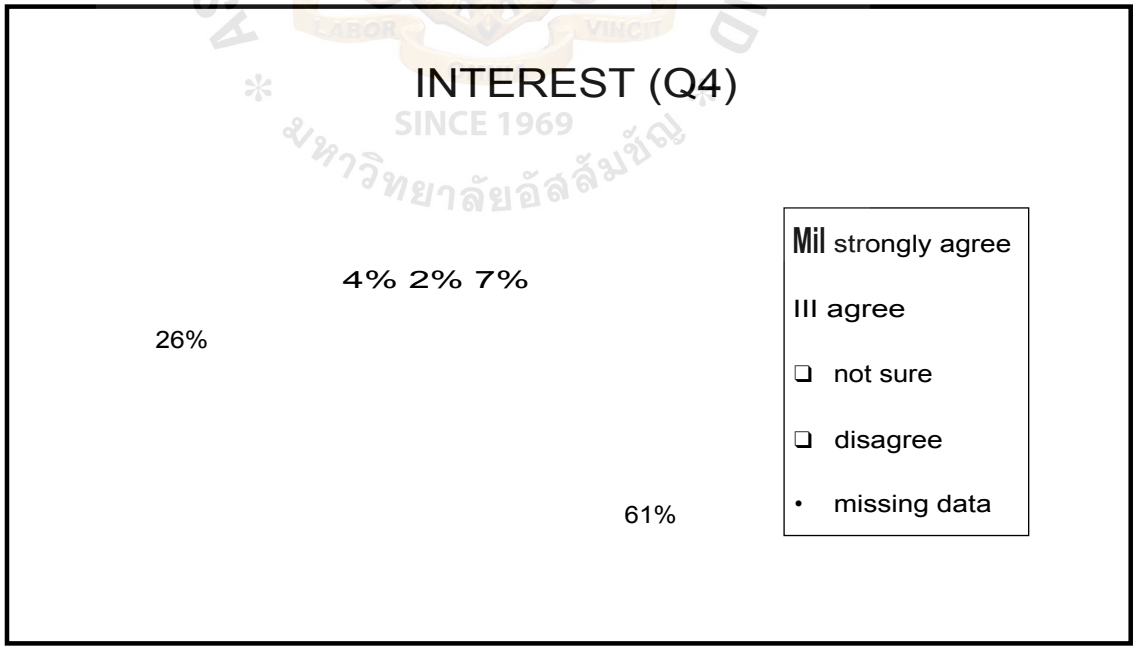

Figure 4.5. The Internet for Interest.

As discussed earlier in Section 2.1 (The Internet), the Internet tools are defined. However, each of them might be more value for different stage in the AIDA model (AIDA stands for Awareness, Interest, Desire, and Action, the model has been discussed in Section 2.1.1 Communication Models). From Question 6 in the questionnaire, the Internet tools of e-mail, banner ads, web advertising, newsgroup and chat line will assessed cross-reference with the AIDA model (Figure 4.6). It aims to find out how well the Internet and its tools are for awareness, interest, desire and action, where weighting of 5 is the most effective and 1 is the least effective.

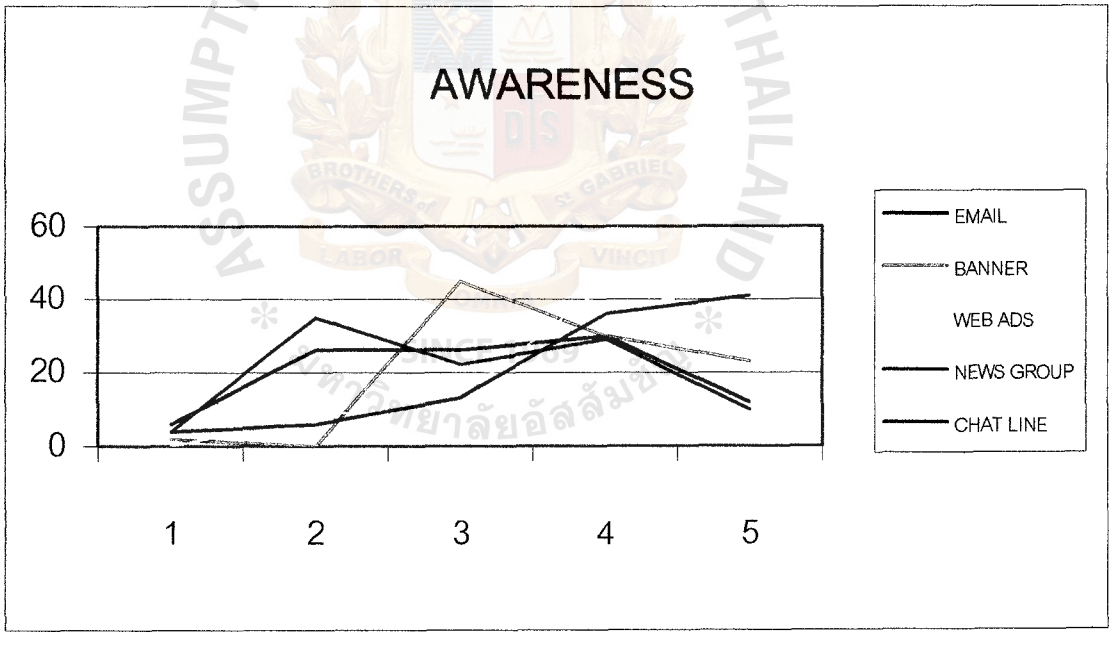

Figure 4.6. The Internet for AIDA (Awareness).

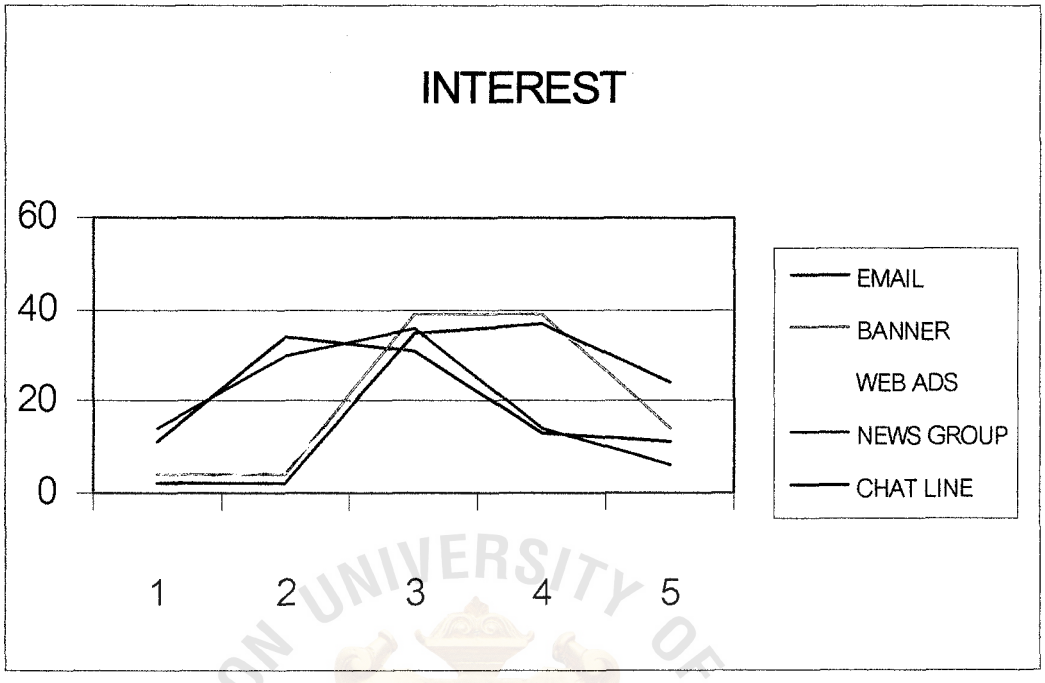

Figure 4.6. The Internet for AIDA (Interest)

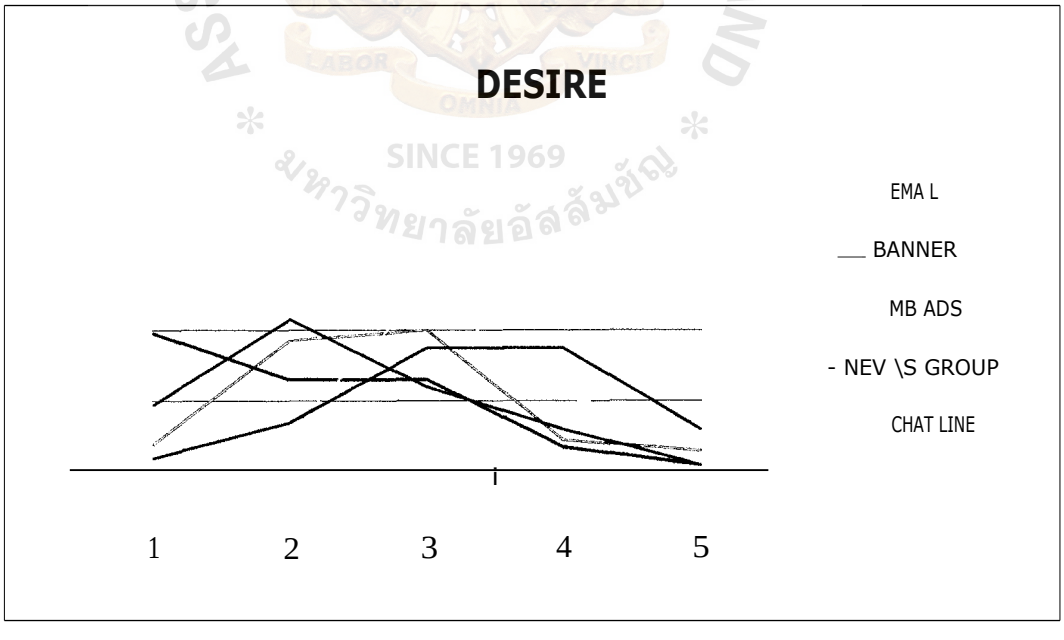

Figure 4.6. The Internet for AIDA (Desire).

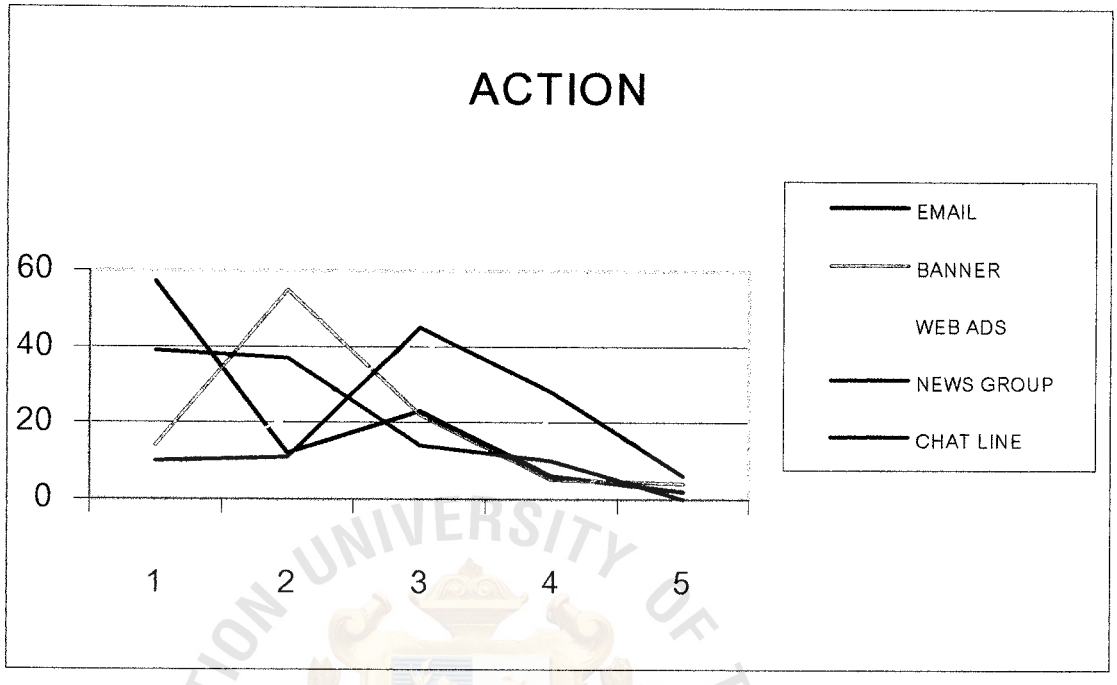

Figure 4.6. The Internet for AIDA (Action).

As shown in Figure 4.6, it is found that Chat Line and Web Ads are the best for awareness generating as well as making interest, while Email and Newsgroup are less effective for all.

Moreover, weighting in Awareness and Interest are generally high, in contrast, the weightings for Desire and Active are relative low. Meanwhile, the Internet as a whole might be of more value for the earlier stages in AIDA model (Awareness and Interest) rather than in the later stages (Desire and Action). By the way, as shown in the Diagram, it is relatively high at the middle, which stands for 'not sure', However, the standard deviations are relatively high, which reflects that the respondents might be less certain with this question and the weightings.

4.5 Importance of Internet's Activities

St. Gabriel's library, Au

From Question 7 in the questionnaire, it is another key question that links to the research objective (The Internet can be used for mass communication, The Internet can generate awareness, The Internet can stimulate action, The Internet is supporting channel management and The Internet is supporting logistic management). By weighting the important roles for the Internet activities (Figure 4.7), where ' 1 ' is the least important and '5' is the most important. This is designed to find out which is the most important function in Internet marketing among advertising, public relations, secondary research, primary research, internal communication, channel management, logistic management and direct selling. These questions are designed to overlap and integrated with the other questions for a high reliability.

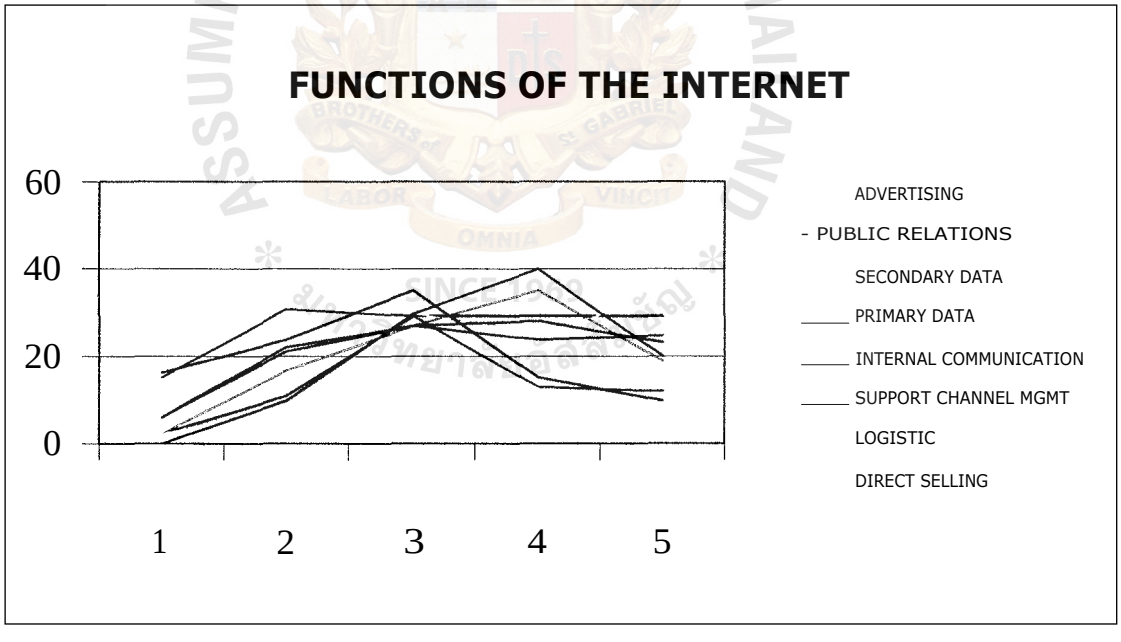

Figure 4.7. The functions of the Internet.

By focusing on the mean (Table 4.3 overleaf), it is ranging from 2.79 to 3.7, which means that all the Internet activities are relatively not low. The most weighting mean is

the secondary research (3.79), which still remaining the primary activity online, followed by Internet advertising (3.72) and Public Relations (3.52).

Table 4.3. Descriptive Statistics Table (Importance of Internet's Activities).

WEIGHTING ITEMS	N	Minimum	Maximum	Mean	Std. Deviation
Internet Advertising	100	1	5	3.72	1.06439
Public Relations	100	1	5	3.52	1.0491
Secondary Research	100	1	5	3.79	1.06643
Primary Research	100	1	5	2.76	1.21539
Internal Communication	100	2	5	3.7	0.90453
Support Channel Management	100	1	5	3.44	1.21705
Logistic Management	100	1	5	3.46	1.18424
Direct Selling	100	1	5	2.79	1.18317
Valid N (listwise)	100				

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As it is not much different for their mean, therefore, it will be more meaningful to look at their modes (Table 4.4), which is the most frequently choose value. For weighting '5', the most frequency is Secondary Research (33) and followed by Internet Advertising (29). By the way, the standard deviations are all relatively high, which means that the respondents might be less certain with the weighting scale.

Table 4.4. The Frequencies for the Importance of Internet's Activities.

	1	2	3	4	5
Advertising	2	11	29	29	29
Public Relations	2	17	27	35	19
Secondary Data	2	9	30	26	33
Primary Data	15	31	29	13	12
Internal Communication	0	10	30	40	20
Support Channel Management	6	22	27	28	23
Support Logistic management	6	21	27	24	25
Direct Selling	16	24	35	15	10

Relating to the sub objectives, "Me Internet is supporting channel management', and 'The Internet is supporting logistics management" will be discussed here as well. For Supporting Channel Management and Logistic Management, it is the third rank and forth ranks for a weight of '5', which reflects that, the roles in channel management and logistic are increasingly important. By the way, surprisingly, Internal Communication came at the fifth rank for a weight of '5', which reflects that the Internal Communication has becoming more popular comparing with before.

4.6 The Internet for Sales

From Question 8 to 12 in the questionnaires, they are relating to the sub-objective (The Internet can stimulate action). They are designed to test whether the Internet is only of value in providing information rather than stimulating action. As shown in Figure 4.8 overleaf, it indicates that the viewers could directly purchase from 51% of the web-companies online.

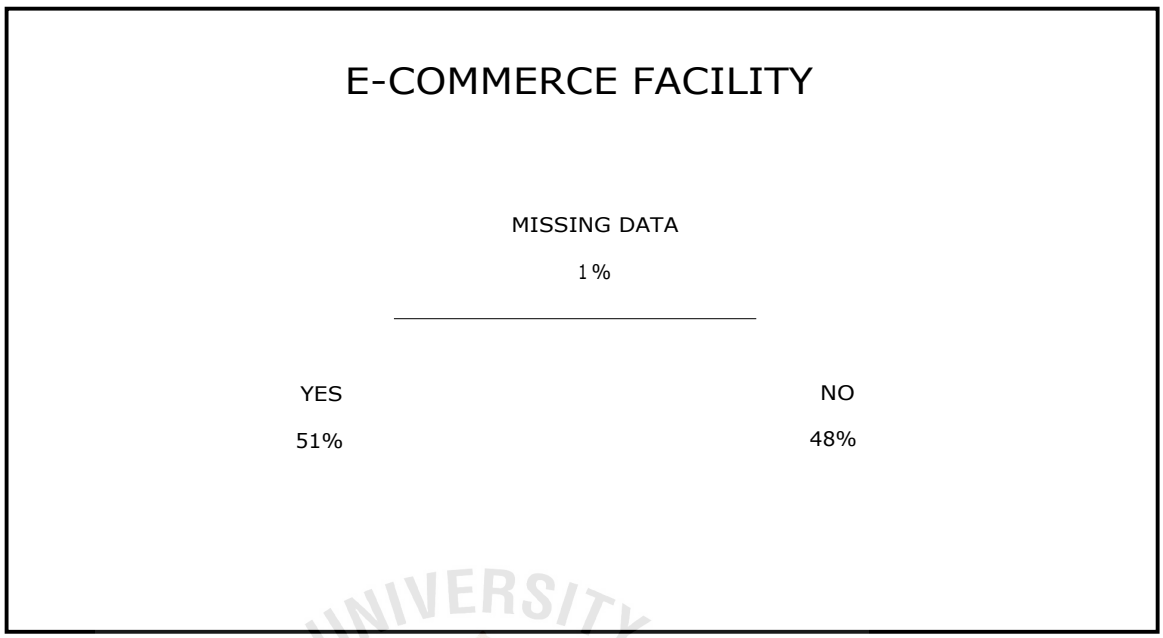

Figure 4.8. E-Commerce Facility.

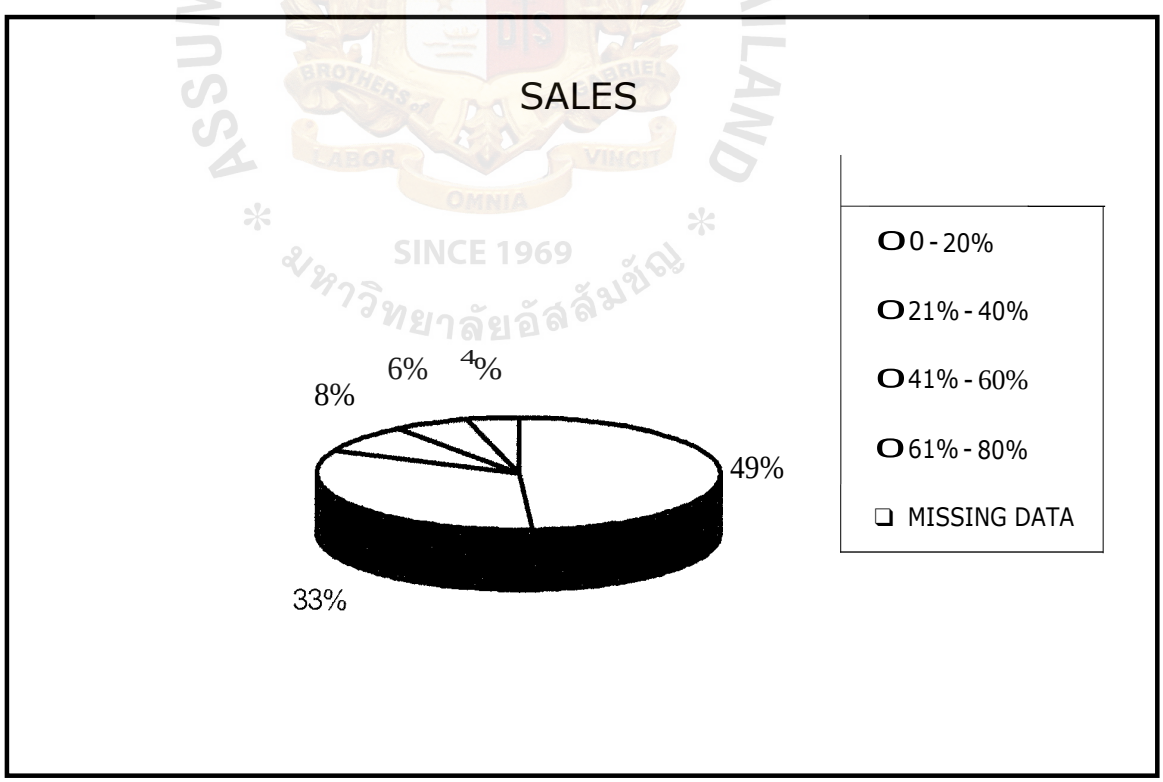

Figure 4.9. Percentages of Sale Generates from E-Commerce.

Referring to Question 9 from the questionnaire, within 51% of respondents who chose 'yes' for Question 8 (can viewers purchase from you through the Internet), from Figure 4.9, it showed that there are 49% able to generate 0-20% of their sales on the Internet, 33% is reaching 21-40%, 8% is getting 41-60%, 6% is obtaining 61-80% with a missing data of 4%.

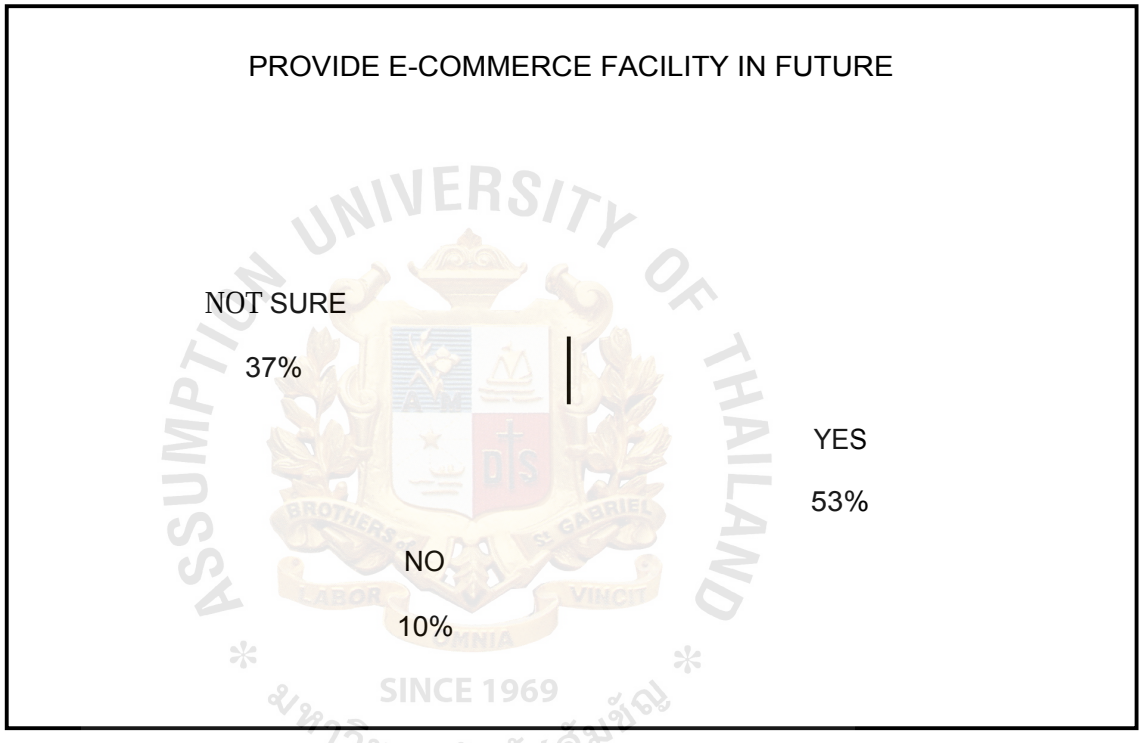

Figure 4.10. Provide E-Commerce Facility in Future.

According to Question 10 (Figure 4.10), it is found that 53% of those who are not selling online are going to provide such facilities in the future, while 10% say no and 37% are still uncertain. However, referring to Question 12 in the questionnaire (Figure 4.11overleaf), it shown that 67% of the respondents agree that the Internet is good for customer satisfaction, followed by 29% who chose 'not sure', and 4% disagree with no missing data. Meanwhile, from Question 12 in the questionnaire (Figure 4.12), it shown

that 76% of the respondents agree that the Internet helps to increase sales, while 22% chose 'not sure' with 2% of missing data. Surprisingly, there was no respondent who chose 'disagree' for this question.

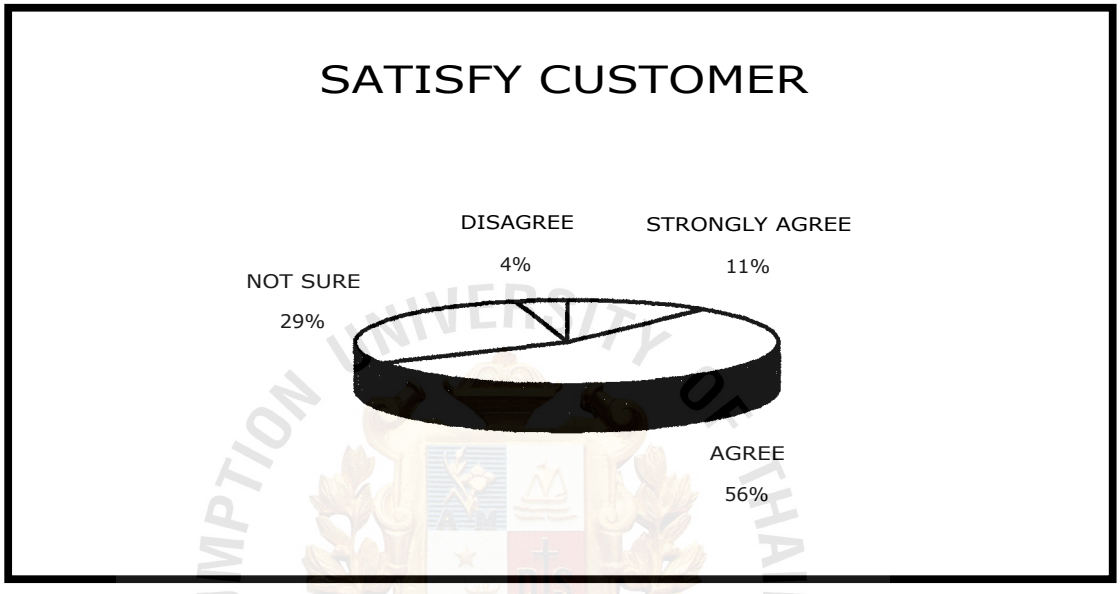

Figure 4.11. Internet can Satisfy Customer.

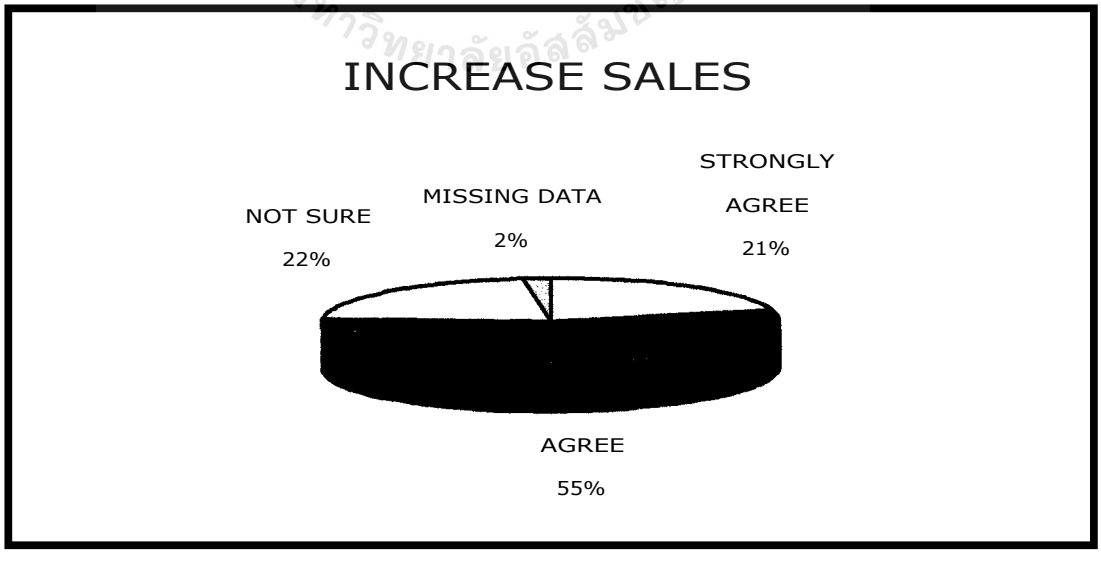

Figure 4.12. Internet Helps Increase Sales.

4.7. Factors Inhibiting Online Selling

According to Question 11 in the questionnaire, as shown in Figure 4.13, it found out that the major reasons that restrict the firms to sell online are lack of resources (36%), the lawlessness of the Internet (32%), and the lack of security (26%). Other reasons include the nature of the products, the computer literacy level in certain areas and others.

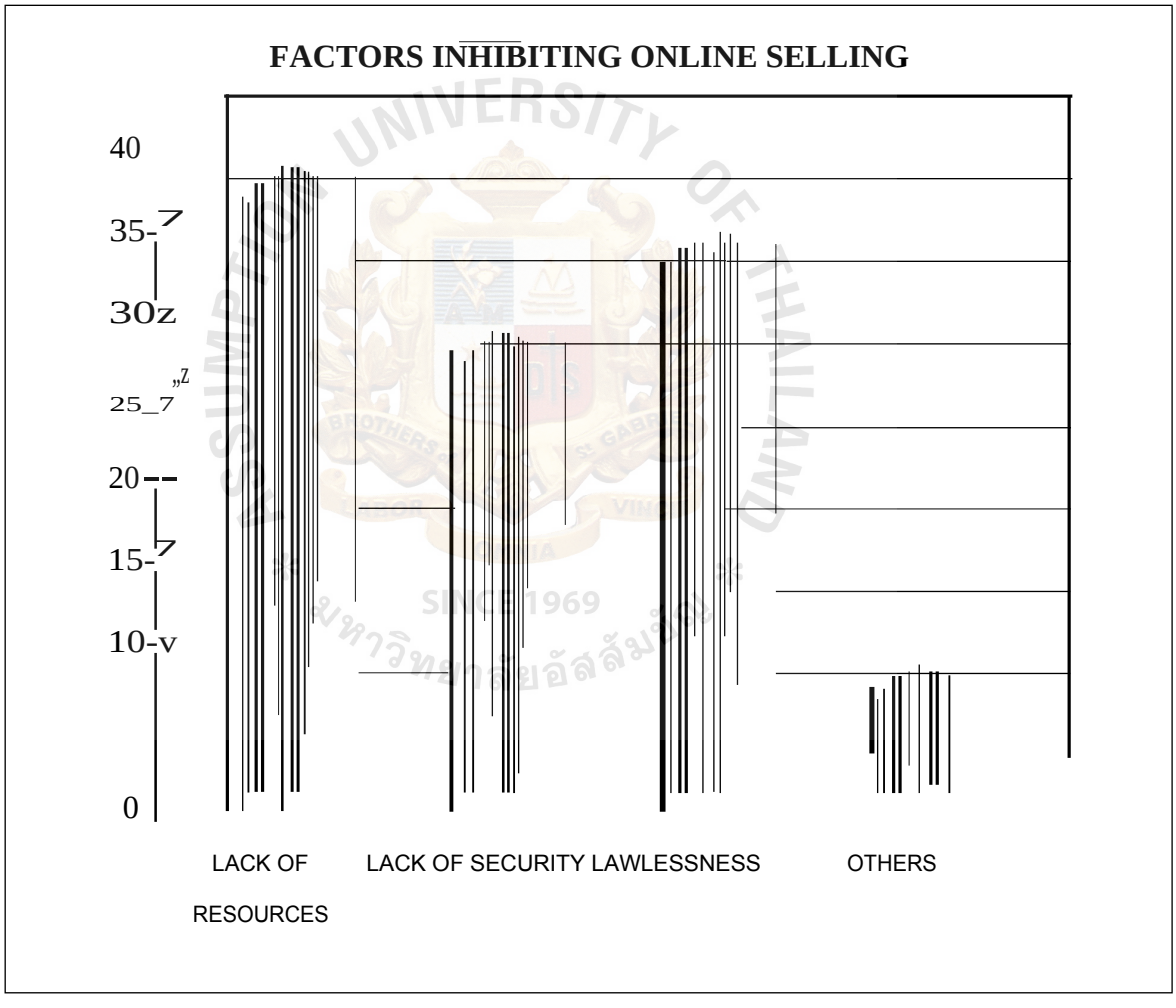

Figure 4.13. Factors Inhibiting Online Selling.

For the relationship between 'Factors Inhibiting Online Selling' and T-Commerce Facility' (Table 4.5), by using cross-tabulation to find out the percentage of relationship

between those two, it showed that within 36.4% of respondents who chose lack of resources, 34.3% of them do not have the facility for selling online. That means that most of respondents who do not have such facility are normally have lack of resources as a major reason which restricts them from online selling.

Table 4.5. Cross-Tabulation Between Factors
Inhibiting Online Selling and E- Commerce Facility.

			E-Commerce Facility		
			yes	no	Total
Factors Inhibiting Online Selling	lack of resource	Count	2	34	36
		% of Total	2.0%	34.3%	36.4%
	lack of security on the Internet	Count	20	6	26
		% of Total	20.2%	6.1%	26.3%
	lawlessness of the Internet	Count	28	4	32
		% of Total	28.3%	4.0%	32.3%
	others	Count	it	4	5
		% of Total	1.0%	4.0%	5.0%
Total		Count	51	48	99
		% of Total	51.5%	48.5%	100.0%

Moreover, surprisingly that now people concern more about the lawlessness rather than the security on the Net. The result of a survey showed that there are 32.3% of respondents chose lawlessness as a reason to restricts them from online selling, 28.3% of those people also have the facility to purchase online, for the rest (4%) still do not have such facility.

Finally, lack of the security remains the least percentage with 26.3%, 20.2% of them do not have the facility for online purchasing. The rest of them (6.1%) already provided such facility. From the overall results, it can conclude that the first major reason for people who still do not have the facility will be focused on the resources. On

the other hand, for people who have already provided such facility, they will focus more on the lawlessness rather than the security on the Net.

4.8 Non-Response Error

For the non-response error, it might due to the following problems:

(a) Do the respondents open the e-mail?

Since Hotmail was used in sending questionnaires, it might be anonymous to the receivers. To some degree, it might be perceived as junk mail and be deleted before the respondents could have a chance to read it. From some rejected emails, respondents indicted that they have certain company policy prohibiting them in opening any unknown source emails. As the junk mails and virus are bombarding the Internet society, the response rate from e-mail questionnaire should be much lower than surface mail.

(b) Do the respondents open attachment?

Secondly, the questionnaire was attached to the e-mail. Some reject-respondents explained they did not want to risk for virus from downloading files from the Internet especially from an unknown party.

Even both document version and text version of the questionnaires were attached, some respondents still not have the proper facilities in downloading the files. This might relate to the computer hardware and software penetration and the computer literature level in general.

(c) Do the respondents answer for the survey?

Furthermore, the companies might not have time to answer the questionnaire. It was some companies' policy that not to answer any surveys. Nonetheless, one respondent indicated he/she would not reply to the survey unless there were incentives.

(d) Do the respondents send back the questionnaire?

Even the respondents open the e-mail, download the files, and answer the questionnaire, there is still no guarantee that they might send it back.

Therefore, we can conclude that there are some problems and difficulties occurred during the survey, which included the non respond error, high standard deviation in some questions. Since only the one who is interested had obtained, the result might be bias to some degree. These problems also initial to representative of the sample and the reliable of the data.

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V. DISCUSSION

In order to investigate the potential of the Internet as a marketing tool for communication and distribution. We have been looking through how the Internet can be applied into advertising, public relations, sales promotion, personal selling, internal marketing, marketing research, channel management and logistic management (see also in Chapter II. Review of Literature).

From primary researches, the obtaining data were tested in order to prove the following objectives.

(1) To investigate that the Internet can be used as marketing tool, which may include these three aspects.

(0 To prove that the Internet can be used for mass communication (mass).

(g) To prove that the Internet can generate awareness (awareness).

(h) The Internet cannot stimulate action (action).

(2) To investigate that the Internet can be used as a marketing distribution tool, which may include these two aspects.

(a) To prove that the Internet can be used to support channel management (channel).

(b) To prove that the Internet can be used to support logistics management (logistics).

It is found that the Internet can be used for mass communication, generate awareness but it is still not effective in stimulating action. However, the Internet is good for supporting logistic management and channel management (please also see Chapter 4 Data Analysis). In this section, how well the literature and survey are complement to each research objective will be discussed.

5.1 The Internet as a Marketing Communication Media

The Internet is integrating and complementing the traditional communication mix. It can be utilized for performing the communication functions for informing, persuading and reminding. Not only good at generate awareness, yield interest, stimulate desire and induce action but also it might even reshape many communication models in the next century. A revolution trigged by the Internet is unavoidable.

However, the argument of as to whether the Internet can be used for mass communication and persuade awareness, and whether it is only of value in providing information were raised in the literature.

It was believed that the Internet could not reach a mass media since the computer and the Internet penetration was still low and concentrates in a certain groups of people, and the opportunity in being seen on the Internet was still questioned. However, with the self-selected and interactive technology, awareness and impact on the audience can be easily generated. Therefore, even the reach of the Internet might not be as great as expected, but it still can generate viewer's awareness and interest. Nonetheless, since the security, social problems and legal issues associate with the Internet is still unclear, the number of business who is generating sales from the Net is restrict. From these aspects, we believe that the Internet as a marketing communication media can reach a mass media and it can generate viewers' awareness and interest, however, it still not good in generating sales (action° at the present.

5.1.1 The Internet can be used for Mass Communication

As discussed in Section 2.4 (Internet population), the reach of marketing on the Internet is limited to the one who has access to the Internet. However, most of the respondents, which mostly are Web companies agree that the Internet can be used as a mass media (88%). Constantly, the primary research also showed that 71% of the

respondents agree that the Internet has a high reach, and 61% agree it has a high frequency.

The Internet has the facilities to provide a mass communication through its vary tiers. As discussed in Section 2.2 (The Internet), the mailing list and the World Wide Web all can be utilized to reach a mass audience. Even the audiences can choose what they are going to see, the web-companies still can pull the audiences to the firm's message through vary advertising vehicles such as Online Services; Browser Vendors (e.g. Netscape and Microsoft); Search Engines (e.g. Infoseek); and general Interest Content Sites. Not only Web Advertising, strategically place banners, icons, contextual hotlinks, or full-screen interstitial also have a great potential of being seen. More than this, the message can reach a mass audience through publicity online and sponsor the popular sites (see also in Section 2.2.3 Internet for Public Relations). Sales promotion (see also in Section 2.2.4 Internet for Sales Promotion) are also frequently used to draw attentions and mass traffic.

Even the Internet is only reaching a certain public, but with the fast growing penetration (see also Section 2.1.2 Development of the Internet) and the changing proportion of Internet population (see also Section 2.1.3 Inter population), the Internet will be even more effective as a mass communication tool in the very near future.

However, research also shows that broadcasting on the Internet is less important in comparison to target communication. In the survey, 79% of the respondents agreed that `To Reach Target Communication' is the most important role for the Internet, while 77% chose 'Broadcasting'. The Internet as a mass media is agreed, but it is even better in targeting target audiences. As discussed in Section 2.2.2 (Internet for Advertising), the Internet is flexible in tailoring messages for certain individual or target group.

As a marketer, we should shift the focus from 'how can we reach our customers' to 'how can we find ways to let our customers reach us' (discussed earlier in Section 2.2.1 Communication Model). The audiences are no longer passively receive the information but they can choose what they are going to see or to hear when they like to. The traditional passive mass communication might be evolved. Target communication and individual communication are increasingly essential for the success on the Net. They are not only effective in identifying and satisfying customers' needs and wants, but also proficient establishing and maintaining an 'e-relationship'. Strategically combine the vary uses of the Internet can help to deliver a desired message to the audiences effectively and efficiency.

In comparison with the traditional mass media, the Internet is more interactive, easy to measure, but less cost (see Interaction, Effective, and Measurement in Section 2.4).

5.1.2 The Internet can Generate Awareness

As pointed out from Section 2.2.1 (Communication Models), the audience can interactively select what they want to see on the Net, the traditional information errors of selective attention, distortion and recall can be eliminated. At the same time, the audiences are pre-selected (also discussed earlier in Target Advertising and Individual communication in Section 2.2.2 (Internet for Advertising)), therefore, they will be more interested in the contents or sites they had chosen. Furthermore, Web Advertising pointed out that the audiences are loyal to certain online communities such as forums, newsgroup, usernet, and bulletin board. They might be more aware with the information in these sources.

The survey result showed that 55% of the respondents agreed that communication on the Internet has a high impact. At the same time, 83% agree it can generate awareness and 68% agree it can generate interest.

As a information technology, the Internet is exciting and creates awareness to the general public. Together with the uses of multimedia, graphic, motion and movements, awareness can be easily gathered through the Internet. Furthermore, people use the Internet is for searching information. Therefore, they are choosing the information they need, and certainly, they will put more attention to the selected information.

Among TV and radio advertising, the Internet, newspaper and magazine advertising and bulletin boards, the Internet ranks closely with television and radio advertising. It is, as cost-effective, or even better than the other traditional mass media in generating awareness. More than a new version of advertisement, the Internet can target and interact with the audiences. With these involvement, the audiences tend to be more aware and interest to those message (also discussed in section 2.2.2 Internet for Advertising).

When the message is obtained from a chat line, an usernet, it is perceived as from a friend or a reference group. It tends to be more creditable and influential. Moreover, the firm with a web present is perceived as having a competitive advantages of the image of leading-edge firm, care about customers, and financial strong.

Therefore, the Internet not only can generate awareness for the products, but also the interest for the corporation. Moreover, in comparison among the marketing functions (advertising, public relations, selling, internal communication, marketing research, and logistic and channel management) on the Net, advertising and secondary research appear as the most important one. Meanwhile, to generate awareness and interest is the most important role on the Internet.

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From the survey, it is found that Chat Line and Web Advertising are best for awareness generating as well as generating the interest. Moreover, weightings for awareness and interest are generally high, therefore, the potential of the Internet in generating awareness is reproved.

5.1.3 Can the Internet Stimulate Action

When the Internet can be a mass media and generate awareness, viewers tend to be persuaded into the 'affective' or 'behavior' stage in attitude. Meanwhile, when people are aware and interest in the Internet, they might further purchase on it. From theory, the Internet will be effective for direct selling (also discussed in Direct Marketing, Section 2.3.2 Channel Management). On the Internet, vary sales promotions are using to induce sales e.g. special offers, discounts, competition and etc (as discussed earlier in Section 2.2.4 Internet for Sales promotion). Individual communication, customized offering and immediate feedback are facilitated. Furthermore, with the information technology development, online ordering and online payment system are already experimented.

However, some people are still not clear that the Internet is of more value in providing information rather than stimulating action. Not all the companies have the confidence and the resources to offer online sales and accept online payments. With the security problems, the social problems and the legal problems, it is still believed that the Internet cannot stimulate action.

From the survey, there is only 51% of the web-present companies are providing such facilities online and only 49% are generating 20% of their sales, and 33% generating between 21-40% sales from it. More than this, only 53% of the web-present companies which are not selling online at the present is going to provide such facilities in the future. Furthermore, in comparing the Internet tools in the AIDA model, it is found there is still no one Internet tool at the present is supporting 'action'. The

weighting for 'desire' and 'action' are far more behind those for 'awareness' and `interest'.

From the primary research, it is found that the major problems that restrict the firms to sell online are lack of resources (36%), the lawlessness of the Internet (32%), and the lack of security (26%). Instead of the security problem, lack of resource is the major concern. At the present, even the investment on Internet Marketing is increasing significantly in the recent years, but some respondents indicated that they want to study how it works before to take it as one of the main stream marketing tool.

The Internet has already taking some roles in assisting the sales functions, the selling process and the sales management (see also Section 2.2.5 Internet for Selling). The role of the sales person might be eventually changed. Rather than serving as the opener for a sales call, the human salesperson will close sales or, at least, move the sales process toward a close.

5.2 The Internet as a Marketing Distribution Tool (Channel and Logistic)

With the powerful information technology, the entire industry supply chains might be linked. The Internet will be a viable complement to the existing distribution system and the retail industry might be eventually evolved (Lovelock, 1996).

As discussed in the literature review (Section 2.3 The Internet as a Distribution for Marketing), it is believed that the Internet is a great toll for channel management and logistic management. It not only assists the channel management in sales forces, direct marketing and intermediate marketing channel, but also the logistic management of physical products as well as of services. However, whether the Internet can support channel management and logistic management in practice needs to be proved.

From the survey, it is found that the average weighting for channel management (3.44) and logistic (3.46) is both higher than '3'. Therefore, integrate the distribution system with the Internet is perceived as one of the important role on the Internet.

First at all, an Intranet can be used to keep a close partnership with a firm's vendors and facilitate its remove employees to work more effectively. On the other hand, at the present, it not only helps the sales force to perform other administrative and selling functions, but also assists them in sales management. By the way, from the survey, it also found out that the Internal Communication has become the important role of Internet as well.

For the direct marketing, it can be implemented through Email, Online StoreFront and the Cyber Malls. Customers and prospects' information can be easily gathered and a database can be frequently maintained. They will be essential for further marketing purpose and a customer relationship.

By using the Internet as a direct route to sell to the customers might reduce the need for the middleman in marketing. A new system for distribution might be initiated. The customers will become active players, and they can access the web-companies wherever they are and whenever they want. The role of 'place' might be eventually changed. While the consumers can get access to the manufacturer directly, a retail disintermedia will be trigged. It might helps to lower the transaction costs for the buyers and enable the producers to achieve higher profits. Only the intermediate that can add values to its customers might survive.

Finally, the Internet is also very helpful for logistics planning. By integrating the logistic system to the Internet, the fir can add value to its customers (e.g. FedEx), and enhance its channel members to work more effectively by providing update logistic information.

The potential of the Internet to support channel management and logistic management is accepted with the weighting mean of 3.44 and 3.46. However, it is still not very popular since not all the companies have the right technology and human resources to implement such system.

However, with the developing information technology and the Internet, there will be more than more firms come on to the Internet, generate sales from it and integrate it to the other systems. It not only helps the firms to reduce its operating and marketing cost but also helps them to provide better customer services.

5.3 Other Findings

From the primary survey, it showed that the secondary research still remains as the most important element on the Internet, while advertising is increasingly important. People are not merely getting information from the Net, but they want to participate and involve more by publishing and giving their information and making sales from it. However, selling on the Net is still restricted by various resources (e.g. financial resources, technologies and human resources). Nonetheless, with the fast penetration on the Net and the information technology development, we might see more and more firms to sell online in the near future.

As the Internet is going into every business and every firm, it needs to be taken into consideration as one of the marketing tool in a firm's corporate planning. It not only forms many marketing opportunities but also has some threats to the one who ignores these changes. As a marketer, we should be aware with the developing technologies, the related regulations and how the society reacts to these new technologies.

VI. CONCLUSION AND RECOMMENDATION

6.1 Conclusion

The Internet complements the existing communication methods and at the same time, an electronic commerce evolution is triggered. The traditional linear communication might not work effectively on the Internet. It is more interactive, 'one-to-one' and passive. From another point of view, it might have less reach than the traditional advertising since the audiences can choose what they are going to see, but it might be more effective since the audience is involved in 'finding out' the messages. Therefore, the Internet can be a good mass media, and also can generate awareness and interest and even transactions from the audiences.

With the growing of Internet population, advertising online is increasing and there is more non-technology based advertisers. The Internet also associate and accomplish the public relations functions in contacting and exchanging information with a firm's publics. It provides a two-way communication dialog and a tailored message can be delivered to each individual according to their needs. Corporate advertising, publicity, sponsorship, word of mouth and public relations review are the key concern areas in public relations on the Internet.

Nevertheless, sales promotion and personal selling also can be supported by the Internet. Similar with its offline vendor, sales promotion on the Internet's objective are to gain attention, to generate traffics, and to encourage for transactions. It might aim to the sales forces, the retailers and directly to the consumers.

However, it is claimed that the Internet is of more value for the earlier stage of AIDA (Awareness and Interest) rather than aggressive selling. Nevertheless, the Internet still assists the sales forces, functional works, and enhances selling process and sales management.

Furthermore, the Internet assists both secondary and primary researches for marketing. Through the online database, vast information can be collected in an economical way. Company Web sites also provides a rich contents about its operation. For primary research, survey, observation and experimentation all can be carried online through the help of email, Web sites, virtual conference facilities and chat line. An internal database hence, can be created, which will be very important for further marketing activities.

The Intranet alongside with the Internet helps the firm for an effective internal communication. ' A big picture' can be provided, and training and productivity also can be enhanced. The whole firm can be tighten together with effective communication, which might become the firm's competitive advantage.

In additions, the Internet is a viable complement to the existing distribution system revolution in the retail industry might not be avoided. It is very helpful for channel management and it also assists the logistic management. A direct channel to the consumer is created through email, Web transaction (Online Storefront) and Online Cybermalls. By taking orders directly from the end users, the need for middlemen is reduced. Furthermore, the whole logistic system can be assisted. It is very helpful for logistic planning, operation, organizing, and reducing order-led-time.

From the previous discussion, we can see that the Internet is a good form of marketing communication and distribution by providing a cost containment for advertising, marketing research, internal communication, and public relations. By using the Internet, less people is needed for a better performance. Furthermore, the Internet offers the measurement ability, which can help the firms for further development.

Through research on the Net, and better contact with the channel members, customer services can be improved. Moreover, the Internet assists the interaction

between the firm and its customers, a long-term customer relationship can be established and maintained. The competitive edge created by the Internet can help the firms to increase sales through penetration, product development and market development.

However, there are still some limitations that the firms need to be aware. First of all, the security of the Internet is the major concern even there is more to do with the social confidence rather than the technical failure. Secondly, how the Internet might impact on society also needs to be considered as it might affect the general employment level and consumer-shopping behavior. Finally, privacy and legal issues on the Net are still unclear and have less protection.

From the research methodology, we can conclude that in recapitulation, the company with a web present is the subject of study. Quota sampling is used and to target 100 samples. 450 questionnaires were totally sent with a return of 101 respondents. The respond rate was 22.45%, which some problems associated with online survey was identified.

From the survey, the potential of the Internet as a marketing tool for communication and distribution is proved. It is agreed that it can be used as a mass communication media, can generate awareness, and can support both logistic management and channel management. However, it is still of more value in providing information rather than stimulating action.

From the survey, it is found that 88% of the respondents agree that the Internet can be used as a mass communication vehicle. However, in comparison with mass communication and reaching specific target, the respondents trend to take 'reaching the specific target' as the most important role for the Internet, followed by 'mass communication' with a slightly different.

Furthermore, the results of the survey also found that 71% of the respondents agree that the Internet can provide a high reach, while 61% agree that it can provide a high frequency, and 55% agree it can provide a high impact. Again, the potential of the Internet to a mass media is reproved and its effectiveness is considered at the moderate level.

From the survey, it is proved that the Internet is as effective as the other traditional communication vendors in generating awareness. From the survey, 83% of the respondents agree that the Internet is good for establishing and increasing brand awareness and 68% agree it is good in capturing viewer's interest. In comparing with television and radio advertising, newspaper and magazine advertising and bulletin board, the Internet is perceived as the 2nd rank in cost-effective way in generating awareness, which its mean is slightly lower than advertising but still concern to be cost-effective.

In cross-reference to the AIDA model, it is showed that Chat Line and Banner Ads are the best for awareness generating. While Web Advertising is good for both awareness as well as interest. At the same time, E-mail and Newsgroup are less effective for all. Furthermore, it is also proved that the Internet as a whole is of more value for the earlier stages in AIDA model (Awareness and Interest) rather than in the later stages (Desire and Action).

From the survey, it is also found that 51% of the respondents are providing purchasing facilities online, and 49% of them are generating below 20%, 33% are generating sale between 21-40%, and 14% of them are even generating more than 40% sales from it. Furthermore, 53% of those are not providing such facilities now are going to do so. The major reasons that restrict respondents from selling online are lack of resources, lawlessness, and lack of security on the Internet. Moreover, 67% of the

respondents agree that the Internet is good for customer satisfaction and 76% agree it helps to increase sales.

Finally, there are some problems and difficulties occurred during the survey, which included the non respond error, high standard deviation in some questions. Since only the one who is interested had obtained, the result might be bias to some degree. These problems also initial to representative of the sample and the reliable of the data.

From discussion, the potential of the Internet as a marketing tool for communication and distribution is proved. Meanwhile, the Internet can be used as a mass communication tool, with vary Internet tools (e.g. mailing list, World Wide Web); and advertising tiers (e.g. online services, browser vendors, search engines, general interest content sites, Web advertising, banner icons, contextual hotlinks, full-screen interstitial); and marketing activities (e.g. publicity and sales promotion).

However, in comparison among broadcasting, target communication and broadcasting. It is proved that the Internet can be mass media but its role in target communication is even more important. To strategically, combine and utilize the Internet will be the key for Internet marketing.

By combining the literature and the primary survey, it can prove that the Internet is as cost-effective as the traditional mass media (e.g. TV advertisement). More than a new version of advertisement, the Internet can target and interact with the audiences.

The research further proved that the Internet is of more value for the earlier stages in the AIDA model (`awareness' and 'Interest') rather than in the later stages (`Desire' and 'Action'). Secondary Research, Web advertising and following by public relations are perceived as the most important role in the Internet, and the Internet tools of Chat Line and Web Ads are of high value in creating and generating awareness. Weightings for 'awareness' and 'interest' are generally high in comparison with 'desire' and

`action'. The major reasons that restrict people from selling on the Net are lack of resources, following by lawlessness and lack of security on the Net. Therefore, the Internet still cannot eliminate the uses for the marketing and sales forces at the present, but it helps vary functions in selling.

As a distribution tool, the Internet not only assists sales forces, but also enable direct marketing and facilitates a close connection with the marketing intermediates. However, a new distribution system might be revolved, since the need for middleman might be reduced by the development of information technologies (e.g. the Internet). Producers and consumers can access each other through the online services, the role of the intermediate might need to change. Only the one who can add value tot he customers can survive in the retail disintermediate wave.

By integrating the logistics system to the Internet, the firm can add value to its customers and enhance its channel members to work more effectively and efficiently. The potential of the Internet to support the channel management and logistic management is totally accepted. However, it is still not popular at the present since not all the companies have the right technologies and human resources. From the research, it is also found that internal communication (Intranet) is increasingly important on the Internet

From the research, the potential of the Internet as a tool for marketing communication and distribution is proved. In communication, the Internet not only can be utilized as a mass media but also allows the dialog between the organization and its vendors by target communication and individual communication. More than that, the Internet enhances advertising, public relations, sales promotion, personal selling, marketing research and internal communication. As a distribution tool, the Internet also

assists the sales forces, direct marketing and intermediate marketing channels in channel management, and delivery physical products as well as services.

The Internet can be utilized from targeting to delivering goods and services. It can be considered both a form of advertising and a form of distribution. As it allows for the sales of goods or services globally, it provides the ultimate in convenience to both the business and customers. Both the order-taking and order-filling processes can be performed online.

With the development of the new media, the customers will no longer receive the information passively but they can choose what they are going to see when they want to in any remove location. However, the Internet still cannot replace the traditional media, but its value in reaching mass media and generating awareness is already proved. Target communication is even more essential online and they will become the success factors..

Moreover, the research also proved that the Internet could be integrated into existing distribution system to assist the sales forces, direct marketing; and intermediate channel. It also assists the shortening order-lead-time and enhances the logistic management. At the same time, threats are trigged to the traditional distributors. Their roles might be replaced by online demonstrations and real-time discussions. The key to successful business as location might not be any important as before. However, the firms also need to beware the limitations and drawbacks on the Net. In order to apply it into business effectively, the Internet and its future changes need to be truly understood.

6.2 Recommendation

Uses of the Internet are expanding and become a permanently significant factor in the conduct commerce in general and electronic commerce specifically. As one of the booming industry, the potential for the use of the Internet will be expanded very fast into

other business and non-business areas. As part of the telecommunication system, the business and the country itself will benefit from the study of Internet marketing.

As pure research, this study is aimed to extend the existing knowledge about Internet in Marketing. It might help the business to better understand what is going on in the information technology industry and how they can make use of it. The identified benefits and drawbacks from the Internet will be important for these businesses in planning and developing Internet Marketing plans.

Furthermore, by using e-mail as a tool to do the primary research, should be concerned about problems and difficulty, which already discussed earlier. In order to avoid of the bias and get the accurate information, the survey method should be done more than one way and with enough time. The test questionnaire should be sent to several people to check whether it is clear enough or too complicate for respondents. Before doing the analysis, several questionnaires should be randomly selected in order to do the reliability test.

6.3 The Future Study

In the near future, the environment will be even more dynamic, complex and uncertain. The future of the Internet will be getting easier, the user base will be increasing and going global, it will become more secure and the level of interactivity is become even more powerful.

The growth of the Internet is substantial and significant, and it is increasingly important and will become a huge part of the economy. It is a strategic weapon for the firms to strengthen themselves, and at the same time, it also might be perceived as threat for the firms that fail to emphasize in technological development.

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The Internet is reshaping the marketing history. The way of doing business and the way of competition might be eventually changed. Only the firms who are adjusting themselves to these changes will survive and be successful.

At the present, the Internet brings down the cost in marketing, operation and administration. It has the measurement ability, which gives it a superior position over the traditional communication vendor. By providing a better customer service, and developing a relationship with the business partner, the Internet becomes a competitive advantage for the firm. Moreover, the Internet also helps to increase sales by penetration, product development and marketing development.

On the other hand, there are still some limitations that the marketers need to be aware. These include the security in communication and transaction; social problem in losing jobs, and personal feeling. Furthermore, privacy and legal issues on the Net are still not clearly defined. Anyhow, the limitations of the Internet should not be ignored and hopefully there will be a deep study on its limitations in order to create confidence among the users.

APPENDIX A

QUESTIONNAIRE

ASSUMPTION UNIVERSITY OF THAILAND
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The Internet as a Tool for Marketing Communication and Distribution

---

Please type 'x' for the chosen answer.

1. Do you agree that the Internet can be used for the mass communication (e.g. mass advertising)?

	a. strongly agree
	b. agree
	c. not sure
	d. disagree
	e. strongly disagree

2. Which is the most important role for marketing communication on the Internet?

	Most Important	Important	Not sure	Less Important	Not Important
Boardcasting (e.g. mass email, banner ads)					
Reach specific target audiences (e.g. forums, news group)					

3. Do you agree that advertising on the Internet can provide a high

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
Reach (the number of target audiences can be reached by the communication)					
Frequency (the frequency of the target audiences can get the message)					
Impact (the impact from the message e.g. awareness, action)					

4. Do you agree the Internet is good in

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
Establish and increase brand awareness					
Capturing viewer's interest					

5. Which is the most cost-effective way in generating awareness? Please rank the following items from 1 to 4 where 1 is the most cost-effective.

	Television and Radio advertising
	The Internet
	Newspaper and Magazine advertising
	Bulletin board

6. Please AI eight the following items from 1-5, where 1 is least effective and 5 is most effective.

	Awareness	**Interest**	**Desire**	**Action**
E-mail				
Banner ads				
Web advertising				
Newsgroup				
Chat line				

7. Which is the most important roles for your Internet activities? Pleaseweight the following items from 1-5 where 1 is least important and 5 is most important.

	Advertising; e.g. to educate viewers and generate awareness and interest
	Public Relations; e.g. to build corporate image and brand awareness
	Secondary Marketing Research; e.g. search secondary information
	Primary Marketing Research; e.g. conducting survey online
	Internal communication; e.g. Intranet
	Support channel management; e.g. provide information for channels
	Logistic management; e.g. reduce order-let-time
	Direct selling; e.g. taking orders

8. Can the viewers purchase from you through the Internet?

	a. yes (Continue Question 9)
	b. no (Continue Question 10)

9. What percentage of sales have you been generating from the Internet?

	a. 0% - 20%
	b. 21% - 40%
	c. 41% - 60%
	d. 61% - 80%
	e. 81% - 100%

10. Will you provide such facilities in the future?

	a. yes
	b. not sure
	c. no

11. What is a major reason that restricts you from online selling?

	Lack of resources (technology and personnel)
	Lack of security on the Internet
	The lawlessness of the Internet
	Others

12. Do you agree that the Internet is good for

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
Satisfying your customers?					
Increase sales?					

13. Please add any comments here.

_____

_____

_____

14. Company Name/Contact Person and E-mail Address:

_____

_____

Thank you for your kind co-operation.

Please save and email this document back to tong3355@yahoo.com

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APPENDIX B

RELIABILITY lEST

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Reliability

***** Method 1 (space saver) will be used for this analysis * * * * *

RELIABILITY ANALYSIS - SCALE (ALPHA)

Reliability Coefficients

N of Cases = 30.0 N of Items = 46

Alpha = .8022

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Reliability

***** Method 1 (space saver) will be used for this analysis *****

RELIABILITY ANALYSIS - SCALE (ALPHA)

Reliability Coefficients

N of Cases = 100.0 N of Items = 46

Alpha = .7860

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