The Interactive Marketspace

A comparison on two perspectives of the interactive marketspace

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Introduction

Ozuem, Howell and Lancaster (2008) discuss communication from the perspective of consumers, who can communicate with other consumers as well as the suppliers, and suppliers can communicate with each other and with free information transactions can be made quicker. Ozuem et al also discuss their research methodology, with selected results from their interviews which helped them create conceptual and theoretical frameworks. Whereas in the latter paper, Pires, Stanton and Rita (2006) indicate that with consumer empowerment, the suppliers are at a market disadvantage, however the authors of the paper look at several theories which can counterbalance the empowered consumers. The first paper is heavily based on research of the relatively new marketspace, whereas the latter paper is based on theory work with regards to customers and supplier

What are the key marketing issues addressed in each article?

Communicating in the new interactive marketspace (Ozuem, Howell and Lancaster)

- In the article Communicating in the new interactive marketspace, Ozuem et al discuss how the use of the internet has created a positive impact on communication methods.
- The authors have indicated that internet has created a “higher order” of communication, meaning that the internet has made it easier for primarily organizations to communicate with each other; secondly the consumers ease to communicate with organizations and lastly community of consumers who can discuss their purchases. “The essence of this communicative continuum within the medium tends to breed interactivity” (Ozuem et al, 2008, p. 1060).
- Another key marketing issue identified in the paper is the delivery of content. The authors point out that the internet is a “malleable medium that can be used to deliver content through a variety of means” (Ozuem et al, 2008, p. 1060). This refers to the technology that the internet has provided with reference to marketing. Companies can utilize the internet through using videos, website associations, pictures and simple referral links that can help entice customers.
• The authors have made a distinction between content and communication (Ozuem et al, 2008, p. 1060). The content refers to the information a company wants the customers to know whereas communication would be how they would convey that information. They suggest that they use “...a strategy that combines on-line and off-line tactics to meet strategic objectives...” (Ozuem et al, 2008, p. 1060).

• The authors have identified that there is two-way communication, between the companies and customers, “...consumers are no longer passive recipients of communication, but active participants in shaping the way they react to it” (Ozuem et al, 2008, p. 1061). The internet has allowed marketers to gain the attention of customers and advertently have them communicating indirectly with the company.

• Although there is information on how the internet works in terms of business communication, there is not enough theory on internet marketing, “however, research in web marketing theory and practice is not well developed” (Ozuem et al, 2008, p. 1062). The authors have conducted their own research in order to look at the impact of marketing via the web on individuals and businesses.

• The authors have coined the term “networked economy” which relates to communication between users of the internet, “the potential of the networked economy...has not only created a global economy, but has fashioned a means of communication through the popularity of the WWW” (Ozuem et al, 2008, p. 1062). This can be referred to the use of social networks such as forums as mode of communication.

• The authors have identified the internet as an “alternative to the real-world where consumers may experience telepresence...” (Ozuem et al, 2008, p. 1062). This would allow individuals to communicate with others, as well as find goods and services which may be difficult for them to seek in the physical world.

• The internet has also allowed for mass communication. The authors have said that “…on the internet we find many organizations broadcasting information to incalculable numbers of audiences” (Ozuem et al, 2008, p. 1063). With the internet, mass communication has no geographical or demographical limits, allowing a wider audience to be reached and therefore making marketing more effective.

The internet, consumer empowerment and marketing strategies (Pires, Stanton and Rita)
• The authors have identified that marketing over the internet has overcome barriers such as “...time, distance and location constraints” (Pires et al, 2006, p. 937). The internet allows individuals and companies to do business in a larger market which can be an advantage to both parties.

• With the large availability of similar products found on the internet, companies will naturally start to charge the same price for their goods or services, this will result to “marketing strategies focused on consumers’ perceptions of value and embodies in supplementary benefits targeted to them...” (Pires et al, 2006, p. 937). When the prices are similar, the customer will need to base their buying decision on how well the goods or service is presented.

• The authors have looked at the advantage of internet from the customers’ perspective, stating that they have “...larger choice sets due to the global reach of the internet, but the ability to exchange information and opinion with peers. To change their own perceptions and behaviour in a rapid and largely unchecked manner and brands of their own (Morrissey, 2005)” (Pires et al, 2006, p. 937). This shows that there is almost perfect information symmetry between businesses and customers. Customers are now able to discuss goods or services with others, get not bias opinions and also provide their own opinions. This eventually leads to a power shift from suppliers to customers.

• The authors use Deshpande to show that competition between suppliers is changing. There are five noted trends, “democratization of technology, social and technological leapfrogging, knowledge transparency, born globals and customer empowerment” (Pires et al, 2006, p. 937). The customers would benefit from the above trends the most and would influence how businesses will operate. This also shows that power is shifting more towards the customers rather than the suppliers.

• Consumer empowerment is seen by the authors as “...a process requiring the giving of power or authority to make decisions” (Pires et al, 2006, p. 938). They look at “empowerment” in terms of delegation, letting the consumers make choices for themselves based on the information that is available to them. Businesses may want to influence their decisions through marketing. The authors go on to say: “[consumer empowerment] It involves helping consumers choose what they want, when they want it, on their own terms” (Pires et al, 2006, p. 939). Suppliers have already accepted the fact that customers have unlimited access to information to help make their choice, but they can play a part to make sure it is in their favour.
Customers that are empowered tend to have higher expectations for products, due to the heavy competition between suppliers. “Previous use of consumer power...reduces a consumers’ willingness to compromise and settle for inferior propositions below their expectations” (Pires et al, 2006, p. 940). This can lead to suppliers competing harder in terms of price and the quality of goods or services.

The authors point out that “…suppliers were empowered by a strong growth in demand for consumption goods, with little concern for quality issues” (Pires et al, 2006, p. 942). With customers being more empowered, suppliers have had to work on the quality of their goods and services to remain competitive.

The authors look at strategic approaches towards consumer empowerment. They look at customer relationship management (CRM) and how it has shifted to customer self-service (CSS), “CSS comes from the same information management roots as CRM, but shifts the emphasis of the transaction from the supplier to the consumer” (Pires et al, 2006, p. 943). This leads suppliers to change how they operate based on the customers’ wants and needs.

The authors also see a transformation from CRM to customer management relationships (CMR), where businesses treat customers individually in order to keep a positive relationship between them, “CMR is a process whereby consumers are empowered but business to determine what they are interested or not interested in...” (Pires et al, 2006, p. 944).

What conceptual frameworks do the authors develop in order to analyze the issues they address in their article? How well do their arguments support their conceptual frameworks?

Communicating in the new interactive marketspace (Ozuem, Howell and Lancaster)

Ozuem et al first look at the communication relationships between different parties in the marketspace. The authors write “…internet technologies breed higher order communication between organisations to consumers and consumers to consumers” (Ozuem et al, 2008, p. 1060). The internet makes it easier for organisations to communicate with each other, for example, suppliers can be corresponding with others to optimise their capacity, as well as work with customers so that they provide a better service. Customers can also communicate with each other, in terms of finding better suppliers, getting constructive criticisms on them and discuss alternatives. Morgan writes in his article “…the WWW offers competitive advantage over traditional marketing channels, not only though cost savings, but because it
can significantly reduce the information float” (Morgan, 1996). Because of the efficiency of using the internet, communication between parties has become easier and far more convenient.

The authors imply that the internet is “malleable”, meaning that it can be formed to the desires of the marketers. The internet allows businesses to create websites that enable them to add product and service information, have a range of media such as photographs and videos. The authors write in terms of strategy, “…markets can integrate different modalities of marketing communications into a strategy that combines on-line and off-line tactics to meet strategic objectives (Coupey, 2001; Varey 2002)” (Ozuem et al, 2008, p. 1060). Businesses can incorporate offline strategies as part of their online strategy in a number of ways, such as promotion freebies or word of mouth advertising (Casey, 2011). Casey says in his article “…the more channels you can use to market your business, the bigger and more profitable your internet business will be” (Casey, 2011).

The authors have identified that the customers are no longer just “recipients” to marketing communication, but are part of a dialogue between businesses and themselves. Kierzkowski looks at communication and digital marketing and notes “most consumer marketers therefore still approach interactive media through the static, one-way, mass-market broadcast model of traditional media. The results of such an approach are uninspiring applications that fall far short of the new media’s potential” (Kierzkowski et al, 1996). Ozuem and Kierzkowski make a similar point where supplier and customers should have some sort of communication exchange in order to cause an impact. Much of these dialogues are done via promotional activity, as noted by Ozuem, for example, giving discount coupons for filling out surveys etc.

Ozuem et al use the phrase “network economy” to signify the communication between the many different parties of over the web. “Internet technology is said to have no regard for national borders, but the people and the companies that use the technology function within very different national environments” (I-Ways, 2003), the fact that individuals are connected over the internet means there are no boundaries for communication. The authors have said it gives “…consumers, marketers and users a new experience” (Ozuem et al, 2008, p. 1062) in forms of interaction.

A last point for Ozuem’s paper is the mass communication. The internet is able to convey messages to a wider audience, therefore increasing their presence in a particular market. The authors mention that the internet contains an “incalculable number of audiences” which marketers can use to their advantage. Morris states “not only does the internet communicate through media, but through interpersonal
communication. It offers a variety of free email sites, and chat rooms“ (Morris et al, 1996). Through emails, supplier and customers can communicate with each other (suppliers to supplier, customers to suppliers and customer to customer), or in the case of chat rooms and forums, where anyone can view a topic and comment on them.

As part of the research paper, Ozuem et al use conceptual theories based on Hoffman and Novak (1997). The first theory the authors look at is presence and telepresence of the interactive market space, “...consumers in hypermedia computer mediated environments, who experience ‘telepresence’ (Steuer, 1992) or the perception of being present in the mediated, rather than real-world, environments” (Ozuem et al, 2008, p. 1060). The authors suggest that although the internet is a virtual reality, consumers are still present and perform duties as they would normally, as if they are in a physical place. They continue to use Hoffman and Novak’s train of thought by stating “...effective marketing communication programmes between marketers and consumers, which might lead to effective relationships within the consumption process” (Ozuem et al, 2008, p. 1060). The authors also note that communication between people is many-to-many, “Hoffman and Novak (1997) maintain that users of the medium can provide and interactively access hypermedia content and communicate with each other” (Ozuem et al, 2008, p. 1062).

In terms of their research and methodology, the authors use a method called ethnography. “Ethnography is a research method based on observing people in their natural environment rather than in a formal research setting” (www.nus.edu.sg, unknown). Ethnography is an anthropological study, and the authors decided to use this method because “...being the most appropriate for achieving a deeper understanding of evolving computer-mediated marketing environments” (Ozuem et al, 2008, p.1065). They used this method to construct surveys to 31 participants and were interviewed, “respondents were asked to talk about their usage and experiences of computer-mediated marketing environments” (Ozuem et al, 2008, p. 1066). The theoretical frameworks which Ozuem et al produced were then based on if the respondents were more familiar using the medium on more than one occasion.

The internet, consumer empowerment and marketing strategies (Pires, Stanton and Rita)

Pires, Stanton and Rita have clearly identified certain theories related to customer empowerment. The issues they look at are:

- The change from empowerment to consumer empowerment
• The rise in consumer empowerment
• Consumer quality expectations
• The gap between quality and consumer power
• Approaches to consumer empowerment
• How consumer empowerment changes CRM
• How to adapt to consumer empowerment

Pires et al discuss the how empowerment has been shifted to the consumer. They begin to first look at what it means to be empowered “…individual or psychological empowerment may refer to either a process or an outcome, or both” (Pires et al, 2006, p. 938). The authors go on to explain how individuals are empowered when they take control over issues that affect them directly. The authors, using Wathieu et al, 2002, that because of the choice in the market, the consumers are only perceived to be empowered. The consumers have this notion of being empowered because they are able to make to make decisions for themselves. The authors use Werner to discuss empowerment by claiming that employees are internal customers.

Pires also mentions the quality with regards to products and services. With the wealth of information available for a consumer, they become more aware of alternatives available to them, and therefore want better quality items. “previous use of consumer power (i.e. successful searches rewarded by value propositions with better perceived quality) reduces a consumer’s willingness to compromise and settle for inferior propositions below their expectations” (Pires et al, 2006, p. 940). The authors use the work of Parasuraman to show that consumer’s quality perception is much higher due to competition in the internet market. The growth of the internet also allows for more competition and the rise in online communities where consumers can talk about alternatives and offer opinions

Pires, Stanton and Rita have used two theories to restrict consumer empowerment; customerization and customer self-service (CSS). Customerization involves getting input from customers to design or develop their own ideas with regards to the services already being provided. Wind and Rangaswamy take on Customerization is “a redesign of marketing from a customers’ perspective” (Wind and Rangaswamy, 2001).Pires et al use the example of using pre-made food bought in-store to drive-thru restaurants. The need for customers to get their food in a quick manner was identified and implemented by companies. In terms of CSS, which is a metamorphosis of CRM where customers are empowered by self-servicing themselves. “the idea is that consumers should be, and feel they are, in charge of their experience,
while suppliers benefit from reduced operational costs” (Pires, et al, 2006, p. 943), CSS is a cost-cutting strategy, as there is a reduction in call centres and ultimately the reduction of employees (White, 2009). White also outlines other positive outcomes of implementing CSS, such as improvements with customer satisfaction and interaction, where it is more efficient. White also notes that there is also employee satisfaction, although there will be some resistance to change, “although initial employee impressions can frequently be negative, as more routine and repetitive transactions shift to the web, call centre employees focus on more interesting and varied transactions” (White, 2009).

The authors have identified that there would be a structural change from employees to consumers, where employees would have the responsibility of servicing the needs of customers, to CSS, “...employee empowerment will not be a sufficient response to ICT empowered consumers...increasing control will need to be given by retailers to consumers a the purchase point of decision...” (Pires et al, 2006, p. 944). Pires et al suggests that CRM should be transformed into CMR, customer management of relationships. This shift causes businesses to work with, and manage customers, as part of the process instead of referring to them as only customers.

With response to the above mentioned theory of CMR, businesses now need to adapt to these changes. Pires et al suggest that customers should be treated as individual, and the internet helps make this possible via the use of “mass customization”. There is also a need for personalization, however there is a distinction between customization and personalization, “personalization marketing refers to such things as we pages that greets users by name...” where as customization would be “...allowing online customers to build their own computer systems for speedy delivery...” (Pires et al, 2006, p. 945)

How, and to what extent do the two articles relate to you professional practice/studies and the marketing practice in you workplace/personal experience? In you view, is one of the articles more relevant and, if so, why?

Both papers somewhat relate to my personal life. The paper written by Pires relates more in terms of feeling empowered through the internet than using physical shops. When shopping online, I am able to browse through many variations of a product, read up on reviews by other customers, look for alternatives and pay online. In physical shops, sales assistants may sometimes be biased when it comes
to products, or sometimes they may not know much of a product, whereas on the internet, I can look research a product, read a detailed description of a product, the writers opinion, and usually there are comments by other people who give additional information and voice their own opinion. Sometimes the comments point in direction where the product is cheaper, or an alternative that will produce a better result for me. In terms of payment, some products to appear cheaper, especially consumer electronics, which are usually manufactured in Asian countries. Online shops can take advantage of this and charge a lower price since they do not require a showroom to store their items. Pires notes in his paper with regards to consumers being empowered “...to satisfy their needs with the least waste of time and effort” (Pires et al, 2006, p. 939). A lot of the websites which are commonly used learn from my buying behaviour and recommend products which might interest me. This would be an example of CMR, where the supplier is maintaining the relationship by notifying me of upcoming sales, and product recommendations. A prime example of this is Amazon and eBay, where they look at buying habits, such as books. As well as finding products which may appeal to me, these websites also use personalisation, as mentioned by Pires et al. In the email they use my first name, and when I log into the website and start searching for products, the site allows me to see results which are near my address, meaning I can receive products that are close by quicker than others.

However, Ozuem’s paper talks a lot about communication. Some websites which I normally buy from send me offers via email with recommendations. Although the emails are computer generated, there is always an address towards the end of the message that allows users to email the support team for any queries. As part of the communication methods, companies have created their own forums, as seen on the Toshiba and HP websites, where consumers with similar products might need support can easily access. These forums are maintained by consumers, where they can start topics and make recommendations, as well as have people working for the company offering support. This is a quick and efficient way to get information. It is also non-formal and avoids the hassle of waiting for email replies or waiting for customer service. The authors have also mentioned that the internet has created a two-way dialogue between the company and its customers. The website Compare the Market have had an ongoing marketing promotion called Compare the Meerkat, a spoof of the comparison website. The promotional website allows potential customers to enjoy the activities which it provides, but at the same time making the customer aware of the presence of the real website. Other promotions which I have personal experience with are research company that offer discount coupons or or vouchers for places such as Amazon also use customer interaction, and at the same time rewarding them for the time taken to view their websites. Many companies have taken advantage of using the vast media options
provided by the internet to market and sell their products, such as using the popular video site YouTube. Companies can create “channels” where they have clips of their adverts, and some such as Dell review their products as well as others. Using websites such as YouTube also allow users to post comments with regards to the video, which can be responded to by their peers or by the company itself. There is also an option for putting on video response, where customers can upload a video of themselves asking a question regarding what they have just viewed. This furthermore creates an interaction between customers and suppliers.

The paper written by Pires, Stanton and Rita is more relevant because from a consumer’s perspective, we are able to see how companies are shifting to appeal more to customers. The paper written by Ozuem, Howell and Lancaster is more research based. The authors are looking at how communication and the flow of information have created a new marketspace.

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