A Two-Level Approach to Establishing a Marketing Strategy in the Electronic Marketplace

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Abstract
This study concerns an analysis of what kinds of products are more suitable for distribution via the Internet than via traditional markets. The purpose of the analysis is to identify and fit marketing strategy to product in the virtual marketplace. The amount of product information needed by the consumer to reach a purchasing decision varies with the degree of consumer involvement with the purchase. We conjecture that two major factors affect the consumer's disposition toward online shopping: (1) the purchase involvement on the part of consumer, and (2) product information exposure provided by the Web. Therefore, in the virtual market products may be grouped into four categories. The implication of this is that online marketing functions at two levels. (1) Level-1: PNF (primitive network function), which is derived from the primitive network characteristics associated with the product's attributes fitting with the consumer's involvement. (2) Level-2: ANF (advanced network function), which is the marketing communication created by the virtual store to meet the demands of consumers purchasing online.

1. Background

1.1 The Characteristics of Networked Media

The features of networked media come from the primitive functional characteristics of the Web, such as real time interaction, one-to-one communication, and diverse means of communicating content. Compared with such media as TV, networked communication boasts some unique characteristics. Among the appealing features of Computer Mediated Environments (CME) [14] are low cost, high interaction, no space confines, personalized communication, and no time restraints. The networked communication format can be employed in the design of new products, in marketing strategy, and in the innovation of content in ways never before seen [7, 8]. Unlike traditional, it also provides new capabilities for communicating content [4, 14, 26]. Accordingly, the basic issue for marketing effectiveness in the virtual market is how to utilize networked media to transform the consumer’s three-stage buying process into electronic purchase processes and benefit both sellers and buyers with lower transaction costs than found in traditional markets [17, 18]. From the strategic standpoint, the Internet provides transaction value enhancement [3, 22, 23, 24], and new competitive paradigms [6, 13, 29].

1.2 The Networked Media Richness Theory

The media richness theory refers to the different levels of information content and context for media users [10,30]. Recent research distinguishes four retail formats in terms of their levels of richness of product information for consumers. Of these, according to the theory, the in-store format offers the highest level, followed by TV, the Web, and catalogs [2, 21]. If marketers are to meet consumer needs for information, then message delivery strategy will be concerned both with the content of the communication and with the creative form of the message [19, 32]. In the traditional situation creation, product attributes, consumption situations, and consumers are directly affected by the communication form of face-to-face interaction or physical surroundings. Delivery of communication content is made by sales clerks in physical stores or by consumers physically examining products through all their senses. In that context, it may then be asked what processes will enable virtual shops to deliver communication content, purchase, and consumption situation to consumers by the networked format and content? Some features of the communication