The Relevance of Brands for Electronic Commerce
Results From an Empirical Study of Consumers in Europe

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Abstract

As the use of the Internet continues to grow among consumers, firms need to assess the requirements of individual branding-strategies in the context of electronic commerce. Although branding has been an integral part of the marketing mix for a long time, the issue of brand orientation and consumer loyalty in the context of the Internet has not yet seen the same attention.

This paper presents results from a major empirical study on Electronic Commerce in the automotive industry in Europe. The study analyzes the impact of the Internet and Electronic Commerce on the relevance of brands, as well as on the information behavior and decision variables of online consumers.

The results show that, compared to offline environments, branding strategies play an even more important role in online environments. The paper also summarizes some of the consequences of these developments for online branding strategies, such as personalization methods and one-to-one marketing.

1 The Challenge: Offline Brands for Online Consumers

Brands are typically associated with products and services that have been offered for a long period of time, and as a result, have developed deeply anchored and clear images in the mind of the end consumer[1][3]. As the informational parts of economic processes are being conducted through digital means of communication in the context of Electronic Commerce, the role of brands could be in for a change [2]. While branding strategies have been discussed at length in the context of traditional marketing management strategies, less research has been conducted on the question of how the Internet is impacting the role and the relevance of brands [2][16].

A number of differences between both environments potentially plays a role in this context, among them interactivity, information richness and personalization [17][2]:

• **Interactivity:** While in traditional marketing environments the brand-leader can control products and contents, as well as the surrounding context, this relationship is much less obvious in online environments. The (passive) recipients of marketing activities are becoming parts of interactive communication processes, able to exchange experiences about the product directly with other customers, e.g. within online communities.

• **Information richness:** Information displayed on a Web site can become a direct and integrated part of the evaluation process of a brand. Rich data can be provided to help educate the consumer on the origins of a product or technical specifications.

• **Personalization:** Instruments such as one-to-one marketing and the customer-specific information that it creates facilitate the marketing of individualized products to a much greater extent than was possible in the past with mass marketing. In this vein, the Internet provides the means to create a variety of virtual customer-specific brands, depending on the context and individual Web site design that is being used [5][15].

This paper addresses the role of brands in online environments, in particular the consumer market for automobiles. The analysis is based on a major study on the potential for automotive sales and distribution in Electronic Commerce that was been conducted in Europe in 1999. After outlining the research setting in Section 2, the results are discussed in Section 3. Section 4 summarizes the paper and presents a number of conclusions.