

Web-based Marketing: The Coming Revolution In Marketing Thought And Strategy

Original publication by Arun Sharma and Jagdish N. Sheth.

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Sharma and Sheth equate the Internet with the industrial revolution because of the tremendous shift it will have on marketing practices and customer behaviors. According to them, the Internet's ability to adapt to the needs of customers, reduce transaction costs and eliminate time and location hindrances will radically alter marketing practices.

Sharma and Sheth compare traditional marketing techniques and emerging marketing to outline the impact of the Internet. Marketing management is usually perceived as demand management. However, the Internet makes the marketing function responsible for "supply management" instead. The authors use examples from McDonald's and Cisco Systems to show how these companies have shifted from maintaining constant supply to quickly changing it depending on the demand.

The authors also cite how the Internet has made marketing customer-centric. This model leads to better customer selection because it eliminates unprofitable customers. This marketing technique lends itself to the creation of loyalty programs. Marketers ask themselves questions such as "is this customer profitable and is he or she of strategic importance?" and act accordingly. It creates a much more diversified set of products.

With web-based platforms and databases, marketers can gain information on the efficiency and effectiveness of marketing programs. Sharma and Sheth have determined another new marketing technique called "effective-efficiency." Efficiency means cost-benefit analysis and similar practices while effective entails enhancing customer loyalty and "share of wallet." The authors argue that "effective" will become a more important criterion as time goes on.

The authors also investigate the technological changes within the marketing structure. They argue that there will be increased investment in technology, which will reduce transaction costs, thus reducing the cost of acquiring a new customer.

The Internet will even effect the customer's interaction with the marketers. Customers will interact with marketers to "co create" the finished product. Once again, the Internet is the key mediator between the two. The authors describe how these interactions will occur in terms of how the customer and marketer interface. They call the interface an *infomediary*. Examples include Amazon, which provides information, comparisons and sales of its products. Information platforms will increase the efficiencies and effectiveness of marketing making it cost-effective. There is also the advantage of no sales tax over the Internet that, if maintained, will be factored into marketing models.

Ultimately the authors conclude that web-based marketing will continue to grow.