The Effect of the Internet Use on Customer Relations and Targeting Activities: An Empirical Study of UK Companies

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ABSTRACT

The purpose of this research is to investigate the effects of the Internet use on customer relations and targeting activities. Based on the previous literature, the effect of the Internet on marketing activities has been categorised into four basic dimensions, 1) marketing and customer relations activities, 2) marketing targeting activities, 3) marketing performance, and 4) marketing efficiency. However, few empirical studies have been done regarding customer relations and targeting activities that are affected by the use of the Internet, and the effect of that on marketing efficiency. By studying the practice of 123 UK companies, it has been found that the use of the Internet positively influences customer relations and targeting activities, marketing performance and marketing efficiency.

Keywords: Customer Relations, Internet, Internet Use, Marketing, Performance, Targeting Activities, United Kingdom Companies

INTRODUCTION

The use of the Internet for business transactions is wide spread. For example, computer-manufacturing companies such as IBM, Xerox, Motorola, Intel, Sun, Hewlet Packard and Digital Equipment are beginning to use the Internet to link remote sites, business partners and customers for collaborative development, software support and distribution, and communications (Paul, 1996). In the retail industry, America’s largest TV-shopping firm, Home shopping network, has bought the Internet Shopping Network to consolidate its position and market share. In the pharmaceutical industry, Du Pont Marck Pharmaceuticals Co., in Rahway, New Jersey, uses the a public medical database to explore new areas of research in the treatment of central nervous system disorders. Du Pont has shortened the development cycle by facilitating collaborative research among experts and by scanning hundreds of reports to bring new drugs more quickly to the market (Soh et al., 1997, p. 217). In the aerospace industry, Boeing designs 777 in cyberspace.
The Internet enables Boeing to share design tools and process with engineers, customers, maintenance people, project managers and component suppliers across the globe. Using The Internet, Boeing’s customers no longer need to wait 3 years to place an order. It aims to deliver a plane in 8-12 months and to build 620 aeroplanes annually, up from 228 in 1992.

However, there are many reasons behind that. First, the current trends in the market environment, such as shrinkage of markets, increase of competition, technology turbulence, and diffusion of the IT through the organisations. These trends call for increased outsourcing activities, transformations in the value chains of the organisation and their distribution channels, and the formation of new network inter-organisational structures. In fact, these trends are calling for enhanced communication capabilities and increased inter-organisational exchanges.

Second, the Internet offers an array of opportunities for marketers. Evans and King (1999) defined some of these benefits as; multiple marketing usage, access to commercial research, competitive intelligence, customer service, just in time inventory planning, sales channels, support for channel partners, image enhancement, rabid growth, global reach, around the clock presence, ability to normally target marketing efforts, cost effectiveness, up to minute information, and multimedia vehicle.

Furthermore, among the several ways in which the Internet transforms the marketing functions are disintermediation, customer relations management, mass customisation, sales force automation, and collaboration and coordination (Eid & Trueman, 2004; Even et al., 2010; Kalakota & Whinston, 1997; Papows, 1998; Peppers & Rogers, 1999; Rose et al., 2011; Venkatraman & Henderson, 1998). Disintermediation; the web enables marketers to uncover new ways to eliminate process redundancies and establish direct interface with customers, suppliers, and strategic alliance partners, thus reducing transaction cost significantly (Papows, 1998). Customer relations management, the speed interactivity, continuity, and customisation capabilities of the Internet enable marketers to manage customers as a strategic asset. Customer service and support functions can be significantly strengthened. Web sites and e-mail systems are being used to answer customers’ queries about products, availability, upgrades, and repairs as well as to show customers new products and gather their ideas. Mass customisation; the internet and e-mail system provide marketers extraordinary capabilities to target specific groups or individuals precisely and enable them to practice mass customisation and one to one marketing strategies by adapting communications and other elements of the marketing mix to customer segments of size one (Peppers & Rogers, 1999). Sales force automation; the Internet and the Web can play an important role in enhancing the productivity and effectiveness of the sales force by facilitating the selective automation of processes related to supporting the field sales force and integrating sales activity into a company’s information structure, (Kalakota & Whinston, 1997). Collaboration and Coordination; the Internet provides a universal connectivity in synchronous and asynchronous modes that facilitates intra- and interorganisational coordination on an unprecedented scale (Even et al., 2010; Venkatraman & Henderson, 1998). On the other hand, Soh et al. (1997, p. 217) found that businesses use the Internet for marketing and advertising; customer services and support; information gathering, and, to lesser degree, electronic transactions.

A great deal of the buyer-seller relationship between firms is being replaced or significantly transformed by the Internet. These systems include ERP (Enterprise Resource Planning) on the back end and CRM (Customer Relationship Management) on the front end of a company’s supply chain (Borders et al., 2001; Even et al., 2010; Turban et al., 2002). However, using the Internet, companies can deliver three forms of service to customers (Skinner, 1999, p. 128):

1. The same level of service through the Internet that they can currently get directly from a sales person but with more convenient way. For example, visitors to
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