

Global Marketing on the Internet

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INTRODUCTION

One of the most differential characteristics between the Internet and other traditional media relates to the relatively easier “global market reach” enabled on this new medium. Internet technologies foster direct, fast, and flexible communication between producers, suppliers, and final customers across countries (Bridges, Goldsmith, & Hofacker, 2005).

The Internet global reach is likely to have relevant implications for both business-to-consumer (B2C) and business-to-business (B2B) markets. Internet-related technologies are also argued to have “equalizing effects” (Cavusgil, 2002; Hamill, 1997; Samiee, 1998a), as skills and information assets tend to be more critical factors than financial resources or firm size in order to achieve success in global e-markets. Nevertheless, companies will necessarily have to face important challenges and risks in this new global business environment.

Global marketing practices are especially likely to be changed by the introduction of Internet technologies, owing to the differential characteristics of the Internet medium—speed, ubiquity, interactivity, and two-way communication. This article examines the impact of Internet technologies on global marketing activities: global e-marketing.

BACKGROUND

Global E-Markets

Internet markets have special characteristics that will change significantly the way products and services are marketed and distributed through traditional domestic and international distribution channels.

Internet-Based Technologies and Traditional Media for Cross-Border Communications

Although Internet uptake among businesses and consumers has not yet reached the penetration levels of more

traditional communication channels (e.g., telephone or fax), the usefulness of online services is expected to increase substantially in the near future (Leek, Turnbull, & Naudé, 2003).

Diverse technologies are available to develop global Internet marketing strategies:

- Among current technologies, the Web and related services, such as e-mail, online forums, newsletters, or chat services, are powerful vehicles for global marketing communications. E-mail is currently the world’s most widely used online service among businesses and consumers (Hamill, 1997), and it is expected to become the most useful method for global business communication (Leek et al., 2003).
- Other technological solutions also offer great potential for global e-marketing communications, such as electronic data interchange (EDI), work flow and groupware systems, intranets, extranets, peer-to-peer (P2P) technologies, and other data transfer systems (Cavusgil, 2002).

The relevance of the Internet as a global marketing channel will depend on the added value that it provides compared to traditional media. While certain communication methods will be gradually replaced by more efficient online ones, online and off-line communication systems are expected to coexist in the future.

Global Market Reach

On the Internet, both consumers and businesses can benefit from the access and exchange of information across national and regional boundaries. Diverse authors explicitly recognize the relevance of the Internet global market reach, arguing that the Internet will become an essential element of global marketing strategies (Lazer & Shaw, 2000; Samiee, 1998b).

The Internet and Web promise an easier and cheaper global market presence, “regardless of company size” (Bennett, 1997). Less time and financial resources are required to market goods and services to worldwide customers over the Internet, compared to other distribu-

tion channels. The Internet global reach has the potential to increase the variety of products available in different national markets (Deshpandé, 2000).

Quelch and Klein (1996) argue that companies with an online presence become automatically multinationals. However, certain companies, especially SMCs, which have traditionally served only their domestic markets, may have extended their potential customer base on the Internet, but not deliberately. Such companies may not be aware of the Internet's suitability for building international relationships (Hornby, Goulding, & Poon, 2002; Melewar, Hunt, & Bridgewater, 2001; Samiee, 1998b).

Adoption of Internet-Related Technologies: Growth Trends in Different Countries

The term "digital divide" (Ngini, Furnell, & Ghita, 2002) is currently used to refer to national and regional differences in the Internet adoption levels of consumers and companies. Such differences limit significantly the potential benefits to be obtained in Internet markets by international companies and consumers.

Although regional differences are being progressively reduced, Internet adoption and the development of digital infrastructures are still higher in the United States. It must also be noted that Internet markets are developing in uneven patterns around the world—that is, lower Internet penetration and lower availability of broadband Internet access in certain regions (Crosby & Johnson, 2002).

The following regional trends can be observed, with regard to the development of Internet markets (Javalgi & Ramsey, 2001): The United States is still leading, with regard to the number of Internet users and online transactions. Europe is around 10-15 months behind the United States in terms of Internet use, but is the worldwide leader in the use of mobile devices. China is the fastest growing Internet market in Asia, and will account for a large share of the global Internet market.

According to market estimations by Forrester Research for the year 2004, the regional distribution of worldwide e-commerce will be as follows: the U.S. will account for 47% of worldwide e-commerce, Asia/Pacific-countries 24.3%, Europe 22.6%, and Latin America 1.2%.

GLOBAL E-MARKETING

Challenges and Risks

More challenges and risks are involved in global markets than in domestic markets. Diverse issues have been identified in previous research as barriers for the success of

global e-marketing communications (Cavusgil, 2002; Eid & Trueman, 2002; Melewar et al., 2001; Samiee, 1998a):

Infrastructural Issues in Foreign Markets

Infrastructural constraints limit the potential success of global e-commerce and e-marketing communications. Global e-marketers should assess the availability and requirements of both technological and commercial infrastructures in the target markets.

Technological Infrastructures in Target Markets

It is critical for companies to evaluate the development of technological and telecommunication infrastructures in countries targeted through the Internet. The suitability of the Internet channel for marketing communications will be lower in those countries with less developed telecommunications infrastructure or unaffordable prices for Internet access.

Firms' Own Technological Infrastructures

Managers need to make the right decisions on the development of their own technological infrastructures, such as setting up their own Web servers or contracting with an ISP, necessary bandwidth, and so forth (Javalgi & Ramsey, 2001).

Commercial and Support Infrastructures

Two main factors are likely to influence success in this regard:

- Availability of local offices and representation (Bennett, 1997; Samiee, 1998a). Setting up local offices can be a costly strategy. Other solutions include contracting the services of local distributors.
- Sophistication of foreign markets' commercial infrastructure—for example, local availability of banks and financial institutions, and providers of computer and Internet services (Javalgi & Ramsey, 2001).

Structural Issues

Consumer Resources

- **PC Ownership:** The international availability and adoption of computer equipment enabling Internet access is required to support the development of e-commerce on a global scale (Javalgi & Ramsey,

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