THE USE OF STRATEGIES TO PROMOTE AND MARKET PRODUCTS AND SERVICES ONLINE AS WELL THE USE OF CUSTOMER RELATIONSHIP MANAGEMENT TO ATTRACT AND RETAIN CUSTOMERS

By

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Submitted in partial fulfilment of the requirements for the degree of Masters in Business Administration at the MBA Unit, Port Elizabeth Technikon

Date of Submission: October 2003

Promoter: S Krause
DECLARATION
This work has not been previously accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

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This dissertation is being submitted in partial fulfilment of the requirements for the degree of Masters in Business Administration.

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STATEMENT 2
The dissertation is the result of my own independent work/investigation, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

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I hereby give consent for my dissertation, if accepted, to be available for photocopying and for interlibrary loans, and the title and a summary to be made available to outside organisations.

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ACKNOWLEDGEMENTS
Grateful thanks are extended to all those individuals and organisations that contributed to the successful completion of this study. In particular, the assistance of the following are acknowledged:

I would like to direct my sincere gratitude to Mr S. Krause, my promoter and mentor, for his valuable and patient assistance, advise and encouragement - without which this masters thesis would have never seen the light of day.

The staff of the MBA unit at the Port Elizabeth Technikon who were at all times helpful.

The respondents of the study who made the effort to complete the questionnaires as well as those who sacrificed their time in order for me to interview them so as to gain valuable knowledge that assisted with my research.

My wife, Gail, and daughter, Romy, who sacrificed a great deal, thus enabling me to successfully complete my studies. Without their patience and support I would not have been able to achieve this.

Renée van der Merwe for her language editing.
ABSTRACT
The Internet has provided marketing with many new tools and given old tools new or improved meanings. The Net poses tremendous challenges for scholars in many lines of research, from usability studies and consumer behaviour research to marketing and advertising research. Because the World Wide Web (the Web) presents a fundamentally different environment for marketing activities than traditional media, conventional marketing activities are being transformed, as they are often difficult to implement in their present form. This means that in many cases these marketing activities have to be reconstructed in forms more appropriate for the new medium.

A lot of technological changes have affected the marketing environment of today. Companies must adapt to these changes in order to improve their marketing strategies. This has, among other things, resulted in an emphasis on relationship marketing. The purpose of this thesis is to explore what strategies are used in practice by companies in order to market and promote their products and services by using their Web sites as well as to build effective Customer Relationship Management (CRM).

In order to fulfil the research purpose, interviews were conducted at a number of companies (medium and large), and questionnaires were mailed to various companies in the motor retail industry. The result shows that a company can use traditional as well as online marketing and promotion strategies when conducting business. This can also help companies to gain better relations with their customers. The different marketing and promotion strategies are useful for attracting new business as well as maintaining and stimulating existing relations.

The research problem addressed in this study was to determine the factors that are effective in marketing and promoting of Web sites as well as the methods used in building CRM.
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CHAPTER 1

INTRODUCTION TO THE STUDY

1.1 INTRODUCTION AND BACKGROUND TO THE PROBLEM

The Internet is a large network formed by the interconnection of computer networks and individual computers all over the world, via telephone lines, satellites, and other telecommunication systems (Ellsworth & Ellsworth, 1997:3).

The Internet is the connection of millions of computers over telephone networks spanning across borders and great distances. The network of all these connected computers, which can communicate with each other, builds net-like systems that have become commonly known as the Internet. At the cost of a local call one has access to communicate worldwide and gather and distribute information (Zimmerman, 2000:18).

Coupley (2001:3) states that the Internet has become an increasingly popular and versatile tool for marketing. According to Coupley (2001:3), the Internet is rapidly becoming a fundamental and often necessary vehicle for communications and transactions between marketers and consumers, and between businesses. Coupley (2001:4) states that companies that use the Internet to market their products, come in all types and sizes, ranging from multinational corporations to home-based entrepreneurial businesses. Marketing applications of the Internet are equally varied. For example, a company might use the Internet as a tool for effecting standard business practices, such as using e-mail to handle catalogue requests. Another company might make its entire product line available through an Internet site, as well as through traditional means.

Coupley (2001:4) states that in spite of concerns about privacy and security of information, such as credit card numbers, and fears about the reputability of online vendors, consumers have increased the frequency of
and the amount spent on Internet-based purchases. Marketers have developed business models designed to take advantage of the opportunities provided by the Internet medium - both for creating and offering new products, and for finding new ways to sell existing products.

The Internet is a new and dynamic environment that has presented marketers with new opportunities and challenges to reach their target market (Lamb, Hair & McDaniel, 2000). Commercial activity on the Internet is growing. It has been predicted that three out of four Internet users will be purchasing goods online by 2003 (Philips, 2000). Coopers and Lybrand, as quoted by de Klerk (2001:1), determined that more than “half of the people connecting to the Internet are watching less television so that they can spend more time online”. This, according to de Klerk (2001:1), suggests that traditional media, such as television, radio and print, will become less effective marketing tools for reaching the Internet market as more people connect to the Internet.

The largest and fastest growing interactive network is the Internet, “the network of networks”, which is emerging as today’s de facto information superhighway. Until a few years ago, the use of the Internet was limited to scientists and techno freaks, but now it is gaining popularity with a growth rate unparalleled by earlier media, the number of current users being estimated at 400 - 500 million. The growth of the Internet is driven by increasing ease-of-use, lower access and telecommunication costs, cheaper and faster computers, and, perhaps most importantly, by an increasing amount of entertainment and information. As society continues the transition from an industrial to an information society, the Internet may also emerge as an important distribution channel to market goods and services (Wray, 1999).

With a growing number of users spending an increasing amount of time on the Internet, advertisers, who annually spend billions of dollars courting potential customers, are beginning to show great interest in this new medium. The concepts “Internet” and “World Wide Web” (the Web) are
frequently used interchangeably and are generally considered to mean the same thing. Although the concepts are closely related, this belief is not entirely correct. The Internet is mainly a physical and virtual transportation system for electronic data and is in essence the virtual backbone of the Web. Various technologies enabled the exchange of information using e-mail, and within a firm or organisation, networks allowed users to share files or hardware within the constraints defined by the network administrator. The fastest growing part of the Internet, the Web, is increasingly being used for commercial purposes by companies who are attracted by the low costs of making information available, the possibilities of reaching a global audience, and the opportunity to use the medium’s interactivity to create a dialogue with the audience. From Madison Avenue to Silicon Valley, companies are establishing Web sites and struggling to understand what interactive advertising is all about (Buitendag, 2000:21).

One of the main jobs of marketing is to be the voice of the customer. Whether through visits to a Web site, e-mail to customer support, instant messages to friends, or postings on a company Intranet, the days of one-way information flow from marketer to customer are over. Millions of new Internet users come online each month and they want to communicate (Hanson, 2000:9).

The Internet is a tool available in the marketplace today for management and marketing. The focus of this literature review is to provide a strategy for Internet marketing and promotion so as to attract potential customers to a Web site as well as to retain customers. Traditionally media were one-way streets: programme producers speak and the audience listens (or not, as the case may be). The Internet takes a hefty portion of control away from the programmer and hands it to the receiver. Consumers will be in a position to interact with as little or as much material as they like, asking for information or advice only when they want or need it, making choices about the content as opposed to passively accepting (or ignoring) what is offered them. The consumer is not the only one with something to gain from this new arrangement. According to Zimmerman (2000:25),
“marketers will now have the ability to establish dialogues with individual customers, getting instant feedback on their efforts, unfiltered by the noise of the marketplace”.

Internet fever has gripped the commercial world. Every day one hears of more and more businesses going online, companies offering free access to the Internet, technological advances and new advertising possibilities. The Internet may be surrounded by media hype and shrouded in technical jargon, but it is difficult to ignore its pervasive influence. The digital revolution is already starting to have an impact on the daily lives of millions of people. Consumers are turning to the Web because of the conveniences it promises. The Web should be a win-win situation for both companies and customers.

The Web gives marketers a wealth of options for building customer loyalty. New technologies offer innovative methods for reaching customers, such as one-on-one marketing, personalisation, dynamic pricing, promotion tracking and precision analytics (Vividence White Paper, 2000). Marketers need to arm themselves with an overview of the opportunities and limitations of the new technology, have a grasp of the marketing issues and then apply basic marketing principles. The use of a Web site as a marketing and promotion tool will become more and more important as it transforms industries and eliminates constraints of time and distance. The opportunities are infinite and the potential rewards are vast (Price Waterhouse Coopers, 1999).

Those who make use of a Web site as a marketing and promotional tool will have a first-mover advantage and this will help them gain market share at a reduced cost. Sales and marketing should take responsibility for setting objectives, and work with the Information Technology (IT) department to find solutions and to ensure that adequate resources are made available. Interactive media such as the Web require specialised knowledge, and it may be necessary to review the skills and experience within the organisation. It may be better to outsource creative work as well
as the technical implementation (Zimmerman, 2000:20). The Web is an excellent tool for making content available to millions of people, but it does a poor job of letting them know where to find things. Unlike the telephone system, there is no directory service on the Web. In fact, if it were not for marketing work of some sort, people would not be able to find any sites on the Web. This deficiency makes it important that a Web site is marketed and promoted. It does a business no good to have the best site on the Internet if no one knows how or where to find you. Customers need to be attracted to the site. One of the most important parts of successful marketing on the Internet is achieving exposure amid overwhelming amounts of information. The Web is such a busy intersection on the information superhighway that organisations have to tell potential visitors which way to turn. The extent that organisations have provided prospective clients and customers with information about themselves will make it easier to convince them to buy from these organisations. The challenge for commercial ventures on the Web is how to do so profitably both in the short and long term.

Promotion is the process of influencing the market to the products, prices and places (distribution outlets) of an organisation. The four main components of promotion are: advertising, personal selling, sales promotion and publicity (Archer, Du Plessis, Lambrechts, Oosthuizen & Zunga, 1997:81). The Internet as a promotional tool has the potential to fulfil to a large extent all four main promotion activities. The Web can provide extensive information about a product. It can be used to attract sales inquiries, to link potential buyers to a site where the product can be bought online, and to act as a trading post where buyers can buy goods online. The unique characteristics of the Internet offer marketers many advantages over the traditional media, such as customisation, availability, message and real-time interactivity. Sales incentives can be offered through online promotional offers, prize draws and competitions. Low-involvement and impulse product promotional sites can stimulate brand trial through free samples that are requested online and either sent by post or printed off a computer for redemption. Turning a prospect into a
customer, that is making the sale, is what the relationship marketing process is designed to do. On a company’s Web site, this is done by providing open and premium content for customers at each stage, content that builds on the strengths that an organisation is demonstrating and the personal attention that is provided. This, according to Zimmerman (2000:21), makes the buying decision simple and the transaction pleasurable and painless. Often, an organisation’s ability to offer the right product and incentive is based on the information that has been gathered during the awareness and comparison stages when visitors are qualified and areas of greatest concern have been identified for these customers. The Web can be exploited in many ways: for communication and entertainment, as a new channel for distribution, for business-to-business or business-to-consumer purposes. The Web offers an excellent opportunity for one-to-one communication with customers and consumers, and even if direct selling is not an option, a relationship can be built up and loyalty generated. Objectives should be realistic in the context of the product being offered.

Companies working to develop an online presence for their strong bricks and mortar brands should seriously look at delivering a world-class experience. To successfully do business on the Web, companies must focus on making customers happy. By putting the premium on the customer’s point of view and by identifying and correcting obstacles, companies can begin to offer a most satisfactory Web experience.

The retail motor industry in South Africa is extremely competitive and it is clear that any motor dealers that do not make use of their Web sites to market and promote their goods and services are doing so at the risk of losing competitive advantage. The number of motor dealers have increased significantly over the past few years and this will impact on sales volumes of the individual dealer as well as profit margins as the slice of the cake gets smaller. When dealers have Web sites, customers will be able to view the products online without being pressurised by a salesperson and this can be done at their leisure in the comfort of their home or office.
Once customers have made up their minds, they can then come in to the dealership to test-drive the car or the order can be placed online. Customers will be able to check the availability, pricing, and colour and be able to comparison-shop without leaving their office or home. Customers will be able to access a great deal of information about the vehicle that they are looking for, information about other makes of cars as well as items on special promotion. A Web site will also be able to give the customer general information regarding various services that the company offers as well as suggestions for improving the Web site. Dealerships will be able to save a fortune in traditional advertising as Web marketing and promotion is relatively cheap. Although more and more companies are setting up Web sites, very few South African companies in retail motoring are using their Web sites to actively market and promote their products so as to attract and retain customers, as there is a general lack of e-marketing expertise. Web-based technology can reduce the cost of doing business and the dealership can pass part of this benefit on to the consumer in the form of a discount or a promotional gift (Agrawal, Arjona & Lemmens, 2001:31).

1.2 PROBLEM STATEMENT

What strategies can organisations use to promote their Web site in order to attract and to retain customers?

1.3 SUB-PROBLEMS

In order to assist in resolving the main problem the following sub-problems have been identified:

How can organisations make customers aware of their Web site?
What do literature studies reveal about marketing and promoting a Web site?
What advertising methods can be used to attract customers?
How do search engines work? How can search engines be utilised to increase traffic to a Web site?
How can customers be retained through Customer Relationship Management (CRM)?

1.4 DEFINITION OF KEY CONCEPTS
The following concepts are described in terms of their direct or indirect reference in the title and the problem statement:

Advertising: Chambers Dictionary defines advertising as “to draw attention to; to give public information about the merits claimed for”. It is about telling the public something about an organisation’s product. Dann and Dann (2001:227) state that “advertising is any form of mass communication paid for by an identified or identifiable sponsor, that is non-personal and targeted towards persuading members of a particular market segment”.

Affiliate programs: These programs basically involve allowing other people to sell one’s product at their Web sites or through their newsletters to their customer base (Rudl, 2003).

Customer Relationship Management: Customer Relationship Management (CRM) is the practice of identifying, attracting and retaining a valued set of customers through the use of operational and collaborative technologies. The goal of CRM is to integrate people, systems, and technology to maximise customer relationships. CRM starts with assembling a single view of the customer so that companies can quantify the value each customer represents to the organisation.
Driving traffic: This is getting people to visit a Web site through the use of search engines, optimisation software, having an attractive Web site and providing valuable information (Davis, 2000:158). According to Hanson (2000:261), an elusive but powerful Web traffic building approach is publicity, promotion, and word-of-mouth.

Hanson (2000:261) further stated that events can make a site famous overnight and cause it to receive millions of visits a day. Examples include the Pathfinder landing, the IBM-Kasparov chess match, and sporting events. Traffic that would cost millions to obtain through advertising suddenly shows up at the server for free. Search engines, directories, external Web site links, and e-mail based links are all-important Web techniques for building visibility and traffic. Visibility and attention result from Web addresses embedded in promotional literature, retail outlet placement, and other means of advertising.

E-mail (Electronic Mail): These are text messages and computer files exchanged between computers on the Internet (Davis, 2000:160). Ellsworth and Ellsworth (1997:400) define e-mail as “private messages that are delivered via networks to another individual’s e-mail account”.

Hyperlink: This is reference embedded within an HTML document to another location within the same document or to a different HTML document (Schneider & Perry, 2001:452).
<table>
<thead>
<tr>
<th><strong>Hypertext Transfer Protocol (HTTP):</strong></th>
<th>This is the Internet protocol responsible for transferring and displaying Web pages.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Information Superhighway:</strong></td>
<td>According to Davis (2000:161), this is a term that has come to mean the Internet and its general infrastructure, including private networks and online services.</td>
</tr>
<tr>
<td><strong>Internet:</strong></td>
<td>This is a global network of computer networks that use a common interface for communication. The Web uses graphically based Internet standards and has allowed easy access to information and communication around the world (Kleindl, 2001:8). The Internet is an international network of computers connecting millions of computers all around the world. Services on the Internet include the World Wide Web, e-mail and newsgroups, File Transfer Protocol (FTP), file download facility, and text-based bulletin boards (Davis, 2000:161).</td>
</tr>
<tr>
<td><strong>Marketing:</strong></td>
<td>This is defined as a “total system of business activities designed to plan, price, promote and distribute want-satisfying goods and services to present and potential customers” (Du Plessis, 1997:480). Kotler (2000:3) defines marketing “as the task of creating, promoting, and delivering goods and services to consumers and businesses”.</td>
</tr>
<tr>
<td><strong>Meta tags:</strong></td>
<td>This is a special HTML tag that contains keywords that represent Web page content; these are used</td>
</tr>
</tbody>
</table>
by search engines to build indexes (Schneider & Perry, 2001:125).

Promotion: This is the process of influencing the market as to the prices and places of an organisation. The four main components of promotion are: advertising, personal selling, sales promotion and publicity (Archer et al., 1997:81). Kotler (2000:87) defines promotion as “all the activities the company undertakes to make the product accessible and available to target customers”.

Search engine: This is a service that indexes, organises and often reviews Web sites. Users can search for information by entering keywords. Different types of search engines work in different ways. Major search engines include Yahoo, Google, Dogpile, Excite, Infoseek, and Lycos (Davis, 2000,163).

Spam: This is the generic word used to describe any commercial e-mail distribution across e-mail lists without the authority of the recipient (Dann & Dann, 2001:489).

Spider This is specially designed software that automatically searches the Web to find pages and updates its database of information about Web sites (Schneider & Perry, 2001:108).

World Wide Web (www): This is a subset of computers on the Internet that are connected to each other in a specific way that makes those computers and their contents easily accessible to each other (Schneider & Perry, 2001:15).
Zikmund and d’Amico (2001:76) state that the World Wide Web is a system of Internet servers and computers supporting a retrieval system that organises information into Hypertext documents called Web pages. Hypertext is a computer language that allows the linking sharing of information in different formats.

**Web site:** A storage area that is located on the Web and contains one or more documents (Marcus, 1997:12).

### 1.4.1 Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B</td>
<td>Business to Business</td>
</tr>
<tr>
<td>B2C</td>
<td>Business to Consumer</td>
</tr>
<tr>
<td>BES</td>
<td>Banner Exchange Site</td>
</tr>
<tr>
<td>CRM</td>
<td>Customer Relationship Management</td>
</tr>
<tr>
<td>DMS</td>
<td>Dealer Management System</td>
</tr>
<tr>
<td>E-Mail</td>
<td>Electronic Mail</td>
</tr>
<tr>
<td>FTP</td>
<td>File Transfer Protocol</td>
</tr>
<tr>
<td>HTML</td>
<td>Hypertext Mark-up Language</td>
</tr>
<tr>
<td>HTTP</td>
<td>Hypertext Transfer Protocol</td>
</tr>
<tr>
<td>ISP</td>
<td>Internet Service Provider</td>
</tr>
<tr>
<td>NMMM</td>
<td>Nelson Mandela Metropolitan Municipality</td>
</tr>
<tr>
<td>OVP</td>
<td>Online Value Proposition</td>
</tr>
<tr>
<td>PR</td>
<td>Public Relations</td>
</tr>
<tr>
<td>RM</td>
<td>Relationship Marketing</td>
</tr>
<tr>
<td>SBU</td>
<td>Strategic Business Unit</td>
</tr>
<tr>
<td>SOC</td>
<td>Share of Customer</td>
</tr>
<tr>
<td>URL</td>
<td>Uniform Resource Locator</td>
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### 1.5 DELIMITATION OF THE RESEARCH

In order to ensure that the research project is of a size that is manageable, it is necessary to demarcate the research to the areas listed below. By
delimiting the research, the implication is not that research on the same topic is not needed in other regions, but that the same principles can be applied to other regions in South Africa.

1.5.1 **Demarcation of organisations to be researched**

The focus of the research will be the retail motor trade of South Africa as defined by the National Association of Automobile Manufacturers of South Africa (NAAMSA) as well as components suppliers to the motor industry.

The dealerships to be researched are as follows: Eastern Cape Motors; Nissan Eastern Cape; McCarthy Online; Market Square Volkswagen; Algoa Toyota; Barlow’s Group; Imperial Group; Super Group; Summit Fury Group; Airport Motors; and Liberty Wheels.

1.5.2 **Geographic demarcation**

Owing to the limited number of dealerships marketing and promoting their Web sites, a large portion of the research will be conducted in Gauteng.

1.6 **ASSUMPTIONS**

It is assumed that there are certain universal methods, which can be used to promote and market a Web site. It is also assumed that these methods are independent of any organisation and operate in the same way irrespective of the type of organisation.

1.7 **SIGNIFICANCE OF THE RESEARCH**

Many companies have a Web site, yet few companies are using their Web sites effectively to promote and sell their products over the Internet or to attract and retain existing customers. The Internet has the potential to provide a competitive advantage if a Web site is effectively used to market
and promote an organisation’s products as well as their services (Zimmerman, 2000:18).

An in-depth study will be undertaken to determine the essential elements that are required to successfully market and promote products online as well as to attract and retain customers. Technology is at the heart of the creation of a new freedom and empowerment for individuals as consumers, employees and entrepreneurs.

In a study by Cap Gemini Ernst and Young (2001:5), it was found that between 30 percent and 50 percent of Internet users browse auto-related Web sites globally and significant numbers of consumers are already using the Internet as a pre-transactional tool. As such it would be foolhardy for any businessperson to ignore the effect that the Internet might have on his/her customer’s behavioural patterns or in the way that he or she might approach business in the future. Many consumers would like to see a fundamental change in the way motor vehicles are sold (Cap Gemini Ernst & Young, 2001:5).

This is supported by Watkins and Marenka (1995:181) who state that, when a consumer is in the market for a new car, the typical consumer would go around and visit various dealerships gathering information about issues such as the price, specifications, interior space, engine size and fuel consumption. This is now all available on the Internet without the consumer being harassed by a vehicle salesperson. With so many motor dealerships around, it is important to have a Web site that is well marketed and promoted in order to gain a competitive advantage. Janal (2000:10) states that the increasing amount of time spent on the Internet and the number of people connecting to the Internet every month necessitate that companies make use of online techniques to reach the Internet population.

Research needs to be conducted to determine which techniques are most suitable in order to market and promote a Web site so as to attract and retain customers. It is also necessary to determine whether there are any new techniques that are being introduced that are currently being utilised.
1.8 PRIOR RESEARCH ON THE TOPIC

Very few studies have taken place in South Africa, which provide guidance to motor dealers on how to promote their Web sites. McNaughton (2001) conducted research relating to the development of a model to promote sales in a motor dealership by means of the Internet. The purpose of the model was to establish an effective e-business solution for the purpose of selling motor vehicles through the Internet.

Other studies on Internet marketing and promotion that will assist in this study were conducted by Nelmapius (2000) and de Klerk (2001). The main focus of Nelmapius was to provide guidelines for Internet marketing and the focus of de Klerk was the use of search engines and cross-marketing alliances to increase traffic to a Web site.

1.9 RESEARCH METHODOLOGY

In conducting the research project, the following procedure will be adopted to solve the main problem as well as the sub-problems:

1.9.1 Literature study

A literature study was conducted to identify the key factors relating to the promotion and marketing of Web sites. Literature was gathered from the libraries of the Port Elizabeth Technikon, the University of Port Elizabeth, the Internet and the motor dealers in the Nelson Mandela Metropolitan Municipality (NMMM).

1.9.2 Empirical study

The empirical study will consist of the following parts:
A survey will be carried out in the delimited area to determine the problem areas as identified in the development of Web sites in the retail marketplace.

The measuring instrument to be used in the survey will be a comprehensive questionnaire developed by the researcher based on information gained from the literature study.

The population will comprise dealer principals and sales and marketing managers at the various dealerships listed under Section 5.1. The total sample will be 27 companies.

1.10 OUTLINE OF THE STUDY

The research study has been divided into the following chapters:

Chapter 1 Introduction and background to the study
Chapter 2 Web site marketing and promotion to attract online customers
Chapter 3 The use of customer relationship management and marketing to attract and retain online customers as well as to increase sales
Chapter 4 Research methodology and presentation of results
Chapter 5 Final summary, conclusions and recommendations
CHAPTER 2

WEB SITE MARKETING AND PROMOTION TO ATTRACT ONLINE CUSTOMERS

2.1 INTRODUCTION

Chapter 1 discussed the importance of the research, the main problem and subsequent sub-problems as well as the broad outline of the research. This chapter will determine which marketing strategies and promotion techniques are effective for attracting customers to a Web site. All Business (2001) stated that successful promotion of a Web site could be measured by the number of visitors to a Web site in a given period of time. All Business (2001) states that exposure is a key factor in the success of a Web site so as to increase awareness and thereby increase Web site traffic.

According to Berthon, Pitt, and Watson (1996:691), a Web site is something of a mix between direct selling and advertising. Berthon et al. (1996:691) maintain that it can play a cost effective role in the communication mix. Different organisations have different marketing objectives for establishing and maintaining a Web presence. One organisation might wish to use the Web as a means of introducing itself and its new products to a potentially wide international audience. The other objectives should be to create corporate and product awareness, and to inform the market. In this sense the Web provides businesses with the opportunity to expand the potential customer base at the global level, at minimal expense (Berthon et al., 1998:692).

Berthon et al. (1996:692) state that a Web site can be used to move customers and prospects through successive phases of the buying process. They can do this first by attracting net surfers, making contact with interested surfers (among those attracted), and qualifying/converting a portion of interested contacts into interactive customers. Sterne
(1999:16) states that the Internet offers various tools that can be used to market products and services. These tools include e-Mail, newsgroups, and lists as well as linking on other companies’ Web sites. A Web site is defined as "a related collection of Web files that includes a beginning file called a home page" (Forrest, 1999:250).

Successful strategies for Internet marketing integrate the capabilities of the Internet with aspects of the marketer’s resources, constraints, and objectives, and with the consumer’s needs and expectations. Because the Internet is a dynamic environment for marketers, it is often difficult to know what strategies are likely to be effective in order to create a Web presence so as to attract customers (Dann & Dann, 2001:158).

According to Dann and Dann (2001:158), many of the failures of Internet marketing can be attributed directly to a lack of understanding of the role of strategy in incorporating online activities into an organisation’s marketing function. Dann and Dann (2001:158) maintain that marketing strategy takes its direction from the overall objectives of an organisation. Haig (2001:4) states that e-marketing experts generally agree that the secret to online success is marketing from the outside in. This means that instead of starting with what organisations do and how they do it, they need to start with what the customer wants. Marketing according to Gateway Incorporation (2002), is a world of alliances, banner advertisements, e-mail marketing, and search engine techniques.

Bloch (2002:7), in an article on Web marketing, states that in the world of business, those organisations that attract the most paying customers grow. Bloch (2002:7) states that these organisations utilise the Internet and the Web as an integral part of their marketing plan to attract customers to their Web site. They pay others to display their advertisements on Web sites and in e-mails that create income for thousands of Webmasters. The advertisements also generate competition amongst businesses. The victor in the competition gains sales and sales in
turn generate employment. The competition leads to lower pricing and refinement of product (Bloch, 2002:7).

Although the Web has the potential to level the playing field for all competitors, those companies that effectively market themselves on the Web have a distinct advantage (Nour, 2000:41). According to Flory (2000:31), many marketers build a Web site and rely only on search engines to drive traffic to a site. However, simply submitting a Web site to a search engine is not an effective means of promotion because of the thousands of companies who are vying to be at the top of search results (Chase, 1999:8).

One way to increase the amount of visitors to a Web site is to optimise it for the main search engines, so it gets better search engine placement (Neurocyber, 2003). This site maintains that, by optimising a Web site, an organisation increases its chances of people finding the Web site when they do a search using keywords related to the site’s products or services.

According to Nour (2000:42), the evolution of the Internet and the www technologies, and the explosion of the commercial use of the Internet will undoubtedly lead not only to a redefinition of the marketing concept, but also to a rethinking of the relationships between the firm and its customers and suppliers. Conventional marketing concepts would need to be re-examined in the light of the evolution of the commercial use of the Web in order to identify and develop Web techniques and technologies to support the various aspects of the marketing concept. The digital age puts the power in the hands of the buyer rather than the seller. It empowers the buyer with information and allows consumers to decide for themselves what, where and when they should buy. Car buyers can check and compare car prices over the Internet before they enter the showroom (O’Connor & Galvin, 2001:25). O’Connor and Galvin (2001:27) maintain that the multimedia capabilities of the Web allow companies to present their products in a much more colourful and graphical format than a standard advertisement.
2.2 **CREATING AWARENESS**

According to Ellsworth and Ellsworth (1997:89), cross-fertilisation between the Web site and other traditional marketing media is very important to the success of a Web site as it helps to create awareness. Ellsworth and Ellsworth maintain that the URL (Uniform Resource Locator), an addressing system that uniquely names files found on the Internet, and the e-mail address should be placed somewhere in every print-media advertisement that is produced such as magazines, newspapers and newsletters. The Internet provides an exciting and enjoyable experience for most users; those that might ignore the information in the traditional print advertisements may be intrigued with seeing the organisation’s Web site. The presence of Internet addresses on printed materials projects a modern, up-to-date image for a company, even to someone that does not use the Internet. Other media that can be used to promote a Web site are the business card, letterheads, invoices, business stationery, radio spots and television commercials. Television advertising is starting to show the URL’s and e-mail addresses and these should be displayed long enough for the viewer to write them down correctly (Ellsworth & Ellsworth, 1997:89). Evans and King (1999:343) maintain that the site must be continually promoted, not just when it is first launched.

2.3 **GETTING TO KNOW A WEB SITE’S AUDIENCE**

According to an article written by Smyth (2003), one of the most important functions of a Web site is to collect information about the organisation’s target audience, their interests, preferences and opinions about the company and services. This information can then be used to:

- Measure the effectiveness of previous marketing campaigns: how did visitors find out about the organisation’s Web site and become aware of their brand as a result of the online marketing efforts?
- Design more targeted and effective marketing campaigns: learn which Web sites, publications and search engines an audience uses most
often; build up a demographic profile of the target audience and their interests.

- Improve product development: find out what the audience thinks about the company's products and services, and use this information to improve current services and identify whether proposed new products are viable.

- Make the Web site more valuable to the users: use audience feedback to enhance the existing Web site usability and content, or as a basis for a new or redeveloped site.

- Build customer loyalty: use two-way communication with the audience to improve customer service, build client relationships and improve the organisation’s online brand awareness and visibility.

Smyth (2003) states in an article published by the Digital Marketing Company that an organisation can gather marketing information and data about their site audience using the following strategies (CMO Consulting, 2003):

2.3.1 **Capture visitor details on the organisation’s web site**

Build up a database of the organisation’s Web site visitors’ contact details, interests and preferences to use in marketing campaigns and provide personalised Web site content. Encourage people to provide this information through well-designed Web forms when they:

- Register for premium content, competitions or services on the organisation’s Web site.

- Complete feedback or contact forms; and

- Subscribe for online or off-line newsletters and updates (CMO Consulting, 2003).
2.3.2 **Regular online surveys**

Run quarterly or biannual surveys on the organisation’s Web site to generate feedback from the audience. These surveys can measure:

- Who is using the Web site.
- What content and services they are interested in.
- Customers’ opinions about the services and products available.
- What problems customers have encountered when using the Web site; and
- Whether customers saw and understood the online and off-line marketing campaigns (CMO Consulting, 2003).

2.3.3 **Logfile analysis**

An organisation’s Web site logfiles are a mine of information, which can reveal:

- What keywords people search for to find a Web site listing on search engines.
- Which the most popular search engines and directories are amongst an organisation’s site visitors.
- What the most popular entry pages are.
- Which paths visitors most frequently follow through on the organisation’s Web site.
- Demographic details from IP addresses.
- What technical errors visitors encounter on the site; and
- From which pages people leave the site (CMO Consulting, 2003).
2.3.4 **Regular e-mail newsletters**

Publish a regular e-mail newsletter that provides relevant and useful content for the site audience. This will allow the organisation to:

- Capture e-mail addresses and other contact details; and
- Identify the interests of the people who subscribe on the organisation’s site by asking for their interests at registration and tracking which links people click on in the newsletter.

2.4 **METHODS OF ATTRACTING CUSTOMERS TO A WEB SITE**

Cook (2003) suggests that a business should choose a domain name that helps people to easily find a business Web site online; a brand name, the company name or the generic name of the organisation’s product. Cook (2003) states that ideally the business should register a name that people would try first if they were asked to guess the Web address of a particular organisation. Cook (2003) maintains that an organisation should re-register their site address with the major search engines every few months, as many of the search engines use rating criteria that are weighted in favour of newer registrations. According to Cook (2003), the Web address should be displayed on business cards, letterheads, invoices, brochures, newsletters and posters. The name can also be displayed on company vehicles, on mouse mats or calendars that are given out to customers, on baseball caps and T-shirts and prominently on the home page of the organisation’s Web site. The more time the URL is in front of people’s eyes, the more they are likely to remember it.

According to Remenyi (2002) and quoted from StatMarket, the high percentage of Internet link referrals indicates that banner advertisements and other paid links are still viable ways of attracting customers. Remenyi (2002) states that the importance of off-line advertising should not be underestimated when trying to attract customers to a Web site. According to Remenyi (2002), off-line advertising methods are still highly effective.
Remenyi (2002) states that it makes sense to print a Web site address on all business literature such as business cards, letterheads, brochures, catalogues and invoices. Mentioning a Web site in all existing advertising methods such as television, billboards, radio, newspaper and magazine advertising will give it more exposure to an organisation’s target market. Making an announcement to the press about the site or about any modifications to the site can be an effective and economical way of publicising the site, as word of mouth is still possibly the most effective of all advertising methods. Remenyi (2002) states that advertising on other Web sites throughout the Internet is a useful method of directing Internet traffic to an organisation’s site. Online banner advertising is a useful promotional tool and there are many services that charge per number of users directed to the site such as valueclick.com. Remenyi (2002) maintains that getting other Web sites to link to the organisation’s site will increase the flow of traffic through that organisation’s site. Different sites linking to each other will generate business for each other. Another benefit of other sites linking to the organisation’s site is that it can boost the ranking with some of the search engines.

2.5 ADVERTISING

Arens and Bovee (1994:59) put forward a common definition of advertising: “advertising is non-personal communication of information usually paid for and usually persuasive in nature, about products, services or ideas by identified sponsors through various media”. The word advertising originates from the Latin *ad veterre*, which means to “turn the mind toward” (Russel & Lane, 1993:11). Advertising represents one of the most important ways that companies convey messages about their products and ideas to potential customers and stakeholders, and advertising revenues constitute the financial basis for thousands of television stations, newspapers, and magazines.

Zikmund and d’Amico (2001:480) state that advertising promotes goods, services, and ideas in mass media, such as television, radio, newspapers
and magazines, to reach a large number of people at once. It serves as a substitute for a salesperson talking to an individual prospect. The advertisers control the exact nature of the one-way message that will be communicated to the target audience. The impersonal nature of advertising also allows marketers to control the timing and degree of repetition.

### 2.5.1 Banner advertising

Stone (2002) states that a banner advertisement is an advertisement placed on another site, which complements the products, services or information that the business sells. It is the Internet equivalent of outdoor or billboard advertising. The difference is that with most Internet banner advertisements, a business not only gives the customer the opportunity to view the banner but also enables the customer to click on the banner and be taken to the organisation’s site.

Zikmund and d’Amico (2001:503) maintain that one way to get people to visit a Web site is to advertise on another Web site. Advertising banners, another form of Internet advertising, are much like mass media advertising in the sense that a company purchases “space” on a search engine or on the commercial Web site of an information provider. A typical objective for a banner advertisement is to increase brand name recognition (Zikmund & d’Amico, 2001:504).

Banner advertising, according to Barker and Gronne (1996:16), is one of the principal ways of generating traffic to a Web site. Banner advertisements are small banners containing hyperlinks to the advertiser’s Web site, which are placed on other Web sites containing a hyperlink to the advertiser’s Web site. Dann and Dann (2001:241) state that banner advertising is the most common, and most accepted form of paid advertising on the Internet. According to Dann and Dann (2001:241), the purpose behind the banner advertisement is to create small advertising placements, using the same techniques as off-line promotion, which are live pointers to the promotional Web site.
Barker and Gronne (1996:57) state that when users click on the banner advertisement, they are automatically taken to the advertiser’s Web site. While banner advertisements can be effective for generating traffic to the advertiser’s Web site, the banner advertisement in itself may not be as effective as television spots or full-page print media advertisements. Because of its size and all the other impressions competing for attention on the site, the banner has a limited visual impact. Further, the restrictions dictated by the size of the banner advertisement mean that only the simplest of messages can be conveyed. Because of this, it is difficult to position products or build brand image through banner advertisements. This must be achieved on the advertiser’s Web site or through other media. Since the banner advertisement is less intrusive than a television advertisement or a full size newspaper advertisement, the Web is currently less effective than these media for advertisements, in which the user is not actively interested (and which therefore need high intrusiveness).

Barker and Gronne (1996:58) are of the opinion the one of the underlying reasons for the relatively low intrusiveness is the limited bandwidth: it takes too long for larger advertising pictures to be downloaded, which is why the banner advertisements are limited to their current size. The limited bandwidth, and the slow downloading time resulting from this limited bandwidth, also means that Web users are less inclined to jump to the advertiser’s Web site. As the bandwidth of the Web rises in the coming years, the medium will become more effective for intrusive advertising because the “banners” will be larger, can have dynamic content, and because it gets easier for the user to visit the advertisers’ Web sites without extended waiting periods. Banner sponsorships are gaining rapid acceptance by advertisers, which is reflected in the growing number of banner advertisements and the rapidly increasing price spurred on by the rising demand.

Stone (2002), an Internet marketing consultancy director, states that there are many ways to utilise banner advertisements:
I. **Joining a banner exchange program:** Of the many banner exchange programs, Link Exchange (www.linkexchange.com) is the biggest. Essentially, a business agrees to show a rotating banner on its site for other Link Exchange members, and they do the same.

II. **Purchasing banner advertisements on appropriate sites:** A business may need to spend money to boost traffic by purchasing banner advertising. It should choose sites that seem to attract the kinds of people who would be good prospects for the business or product.

III. **Purchasing Web advertising:** This is usually a rectangle advertisement with a clickable link to the organisation’s Web site on a carefully selected, high-volume Web site. A certain percentage of the thousands of visitors will explore the organisation’s Web site, and hopefully like what they find.

BusinessTown.com (2003) stated in an article that the advantage of banner advertisements is that the organisation’s name and brief advertising message is viewed by tens, perhaps hundreds of thousands of visitors to other Web sites each day, thereby increasing the firm’s visibility. They also state that since payment for many banner advertisements is based on the number of visitors who click on the banner and visit the organisation’s site, the business pays only for the actual site visitors, even though the advertising message may have be seen by far more people (Stone, 2002).

2.5.2 **Banner advertising exchange sites**

Schneider and Perry (2001:132) state that banner exchange sites are Web sites that help electronic merchants promote their stores online. They maintain that banner exchange agreements between group members allow one member to place a banner advertisement on another member’s Web site. This mutual advertisement sharing means that no member pays for advertising and that all members get commerce-site promotion. According to Schneider and Perry (2001:132), a banner exchange site
(BES) organises the banner exchange between members, enforces the banner exchange rules, collects statistics about customers who click the merchant’s site, and changes (rotates) advertisements on members’ sites. The underlying principle of this system is that if a storefront advertises its services with a banner advertisement on a high-traffic Web site, then more Web customers will visit the site being advertised.

A banner advertising exchange site provides advertisement monitoring software that helps members determine their advertisement click-through count and thus helps them determine the optimal Web sites for a particular banner advertisement.

2.5.3 Value-based advertising

Barker and Gronne (1996:92) state that the most basic and important success factor in Web advertising is to make advertisements value-based. According to Barker and Gronne (1996:92), advertisements, which offer something of value to customers, will more easily attract an audience because companies can exploit the powerful electronic word-of-mouth effects on the Web. Above all, value-based advertisements can retain customers in the site by offering them interesting information or entertainment, thus leaving a positive impression of the company and its products. It is also easier for value-based advertisements to generate repeat visits because customers are left with a positive impression after the first visit.

Barker and Gronne (1996:92) state that advertisements that do not offer some kind of value to the customer will find it harder to attract an audience because they cannot exploit the favourable word-of-mouth effects of hotlists and ratings. Most importantly, they will find it difficult to retain the customer at the site because they provide no real incentive for him/her to stay. The basic key to success in Web advertising, according to Barker and Gronne (1996:92), is to provide value for the customers.
Barker and Gronne (1996:92) maintain that as different customer segments respond to different incentives and value proposals, the concept of value-based advertising entails that the individual advertiser focuses on specific segments and acquires greater knowledge about the needs and wants of these segments. Barker and Gronne (1996:92) maintain, “it is better to be everything to someone, than something to everyone”. Having identified the segments they want to address, and the preferences of these, advertisers should use the interactivity of the medium to create Web sites that users will actually want to visit. This proposition is at the heart of value-based advertising. The need to create customer value in order to advertise successfully means that the Web can be quite a difficult medium to advertise in. Even though the financial requirements to gain access to distributing content are minimal, significant creative and technical resources and in-depth knowledge of what the audience responds to are needed to create value. Therefore, the Web is not the almost-for-free advertising medium portrayed by some observers, but a demanding medium, which requires vision and commitment from the companies using it.

Barker and Gronne (1996:109) state that although creating a value-based advertising site is the most important precondition for advertising successfully on the Web, advertisers must also invest in creating traffic to the site. They state that it is not an easy feat considering the number of sources competing for attention on the Web. To make Web users aware of the site’s existence, a number of means can be used. According to Barker and Gronne (1996:110), there are four basic ways to attract visitors to a company’s Web site:

- Banner advertising and exchange sites.
- Campaigns in traditional media.
- Search engine registration; and
- Electronic word-of-mouth effects.
While the first three are within the company’s direct control, the strength of word-of-mouth effects cannot be controlled directly by the company but depends largely on the extent to which the Web site is value-based.

2.5.4 E-mail marketing

Ispye.com, an Internet marketing specialist company, stated in an article “Effective E-mail Marketing” (2003), that e-mail marketing is a way of directly communicating with a target audience to market a Web site or increase awareness about an upcoming promotion connected with an organisation’s Web site. In general, the term “e-mail marketing” is used to refer to any e-mail sent to customers or potential customers in relation to an organisation’s Web site. E-mail marketing can be a very effective tool to inform customers of future events, or attract new customers by increasing awareness about what the site offers. E-mail marketing can be employed with one of three objectives in mind:

- Direct promotional e-mails with the aim of attracting new visitors to a Web site.
- Encouraging previous visitors to do something related to the organisation’s site, or to provide an incentive to return; and
- Ensuring that existing and committed visitors feel rewarded for their loyalty by advising them about special offers or relevant promotions (Ispye.com, 2003).

Lowery (2003), in an article on e-mail marketing, stated that electronic mail, better known as e-mail, is the most important tool used on the Internet. She further stated that it is much faster than snail mail, less expensive and enables an organisation to instantly communicate with their visitors and customers.

Haig (2001:170) states that e-mail advertising offers companies with a limited advertising budget a cost-effective means of targeting potential customers. Haig (2001:170) further states that there are two main forms of
e-mail based advertisements: newspaper advertisements and subscriber lists. Newspaper advertisements are those advertisements that are included within subscription-based newsletters. Subscriber lists are lists of people who have subscribed to receive adverts. The main reason people sign up for these lists is because they are given incentives.

Zimmerman (2000:82) states that e-mail is a good way to start exploiting the Internet. Zimmerman (2000:82) advises that an organisation should create a standard greeting that can be personalised quickly as a preface in order to simplify e-mail tasks as well as reduce the time it takes to respond to enquiries about products or services on offer.

In an article by Chaffey (2001) titled “Significance of E-Mail Marketing” which was published by the Chartered Institute of Marketing, it was stated that e-mail offers many advantages as a communications tool:

- It offers immediacy.
- It targets broad markets with standardised messages.
- There is accountability; and
- It is relatively cheap.

Chaffey (2001) further stated that a key limitation of Web site marketing is the pull medium: visitors will only arrive when it enters their mind to visit the site, typically through typing in an URL in response to an off-line stimulus or following a hyperlink. In contrast, e-mail provides a push mechanism. The marketer can devise appropriate copy to deliver targeted messages to selected customers or prospects. The message arrives in the recipient’s inbox and it cannot be ignored; the message header must be read; even if the decision is to delete the e-mail.

Chaffey (2001) suggests that the following checklist be used to acquire new leads and to build up a customer profile:
• Make capture of visitor e-mails and profiles a key Web site objective for both new and existing customers.

• Use off-line techniques to help build an e-mail list of existing customers.

• Offer an incentive relevant to the audience. This is a tenet of permission marketing. An enticing incentive is offered and in return, the customers give up their time to provide some personal information and agree to receive further information. The classic exchange is based on information or entertainment, for example a B2B site can offer a free market report while a B2C site can offer a screensaver or game.

• Use an opt-in approach. This is also permission marketing. Visitors proactively check a box on a Web form to indicate that they agree to receive further communications from a company. This is preferable to opt-out, where customers may not have consciously agreed to receive further information.

• Explain why information is being collected. Customers will more readily give up their time and information if they know why it is being collected and how it may benefit them.

• Keep information requested to a minimum. The bare minimum is the e-mail address, but product preferences, profile and contact details are typical. For existing customers, integrate with existing data.

• Provide a privacy statement. This should explain that the data will not be shared with a third party and can increase e-mail capture rate.

• Provide prompt confirmation. After a visitor has filled in a form, a company should start the dialogue using an autoresponder to acknowledge receipt and describe follow-up actions.

2.5.4.1 Opt-in e-mail

Dann and Dann (2001:179) state that e-mail marketing is best handled through opt-in functions where the user chooses to become involved in the mailing list, or to receive announcements. They further state that the value
of the opt-in function is that it generates lists of people who hold high levels of involvement and interest in the product or service being offered.

Rudl (2003) states that opt-in e-mail is the opposite of “spam” e-mail. When people voluntarily sign-up to receive electronic messages from a Web site, they are “opting-in” to that Web site's mailing list. Because these visitors have actually requested information from that particular Web site, those messages are not considered to be junk mail, spam, or unsolicited e-mail.

According to an article by Rudl (2003), sending messages and information to people who have given their permission to contact them is an effective way to build the kind of relationships that will encourage a steady flow of traffic to a Web site and this will greatly increase an organisation’s online sales. Marketingtips.com states that all businesses can benefit from having an opt-in mailing list of some kind (Rudl, 2003).

Marketingtips.com state that opt-in e-mail lists generally fall into four categories:

- **New content notification** – there are many sites that offer to notify people whenever they have new information, products, or content. This is probably the least effective kind of opt-in list, simply because most people will not sign-up. Instead, they will bookmark the site thinking they will just come back from time to time, but most of the time it does not happen; There are, however, certain kinds of sites that can benefit from this form of opt-in list. For example, if an organisation has a site that runs contests, they can offer to notify people whenever a new contest begins.

- **Free report** – this is another kind of opt-in list that involves the offer of a free report, or series of reports. By offering a free report, an organisation restricts the number of times they can mail the customers on their list. It is not a good idea to capture the names and then bombard them with a continual stream of sales material when they
were only expecting one or two reports. This would be considered spamming. Where an organisation offers a free report, it should contain "real" information and a reason for them to visit the Web site again.

- **Resource updates** – an organisation can offer to update subscribers on various issues or resources. For example, if an organisation is in the real estate business they could send people a list of current bond rates for the top 10 or 20 financial institutions. They could send this out once a week, once a month, or whenever there are significant changes in the rates.

- **Free ezine/newsletter** – a good way to build an opt-in list is by offering a free subscription to an electronic newsletter or ezine. Newsletters are a really good way of regularly reminding subscribers about the organisation’s Web site and products. By writing a newsletter, which is both informative and compelling, an organisation can draw subscribers back to their Web site again and again. Having an ezine/newsletter is one of the best ways to build credibility and rapport with readers and customers.

### 2.5.5 LINKING

Janal (2000:5) states that a good way to get qualified customers to visit a company’s Web site is to place links on complementary Web sites. Janal (2000:5) maintains that this marketing strategy allows an organisation to create a free exchange of promotional services with the owner of another Web site so as to attract a similar audience. This means that if a business sells motor vehicles and another business sells motor accessories, they are both trying to attract the same audience. If each business places a link on each other sites, they will have the benefit of a larger audience.

Goetsch (2003:1) states that one of the important factors in ranking high in search engine results is link popularity. Goetsch (2003:1) maintains that it is not enough to just have the best Web site in the world: other sites have to point back to the organisation’s Web site. The thought is that if the site is good enough for others to link to the organisation, then they must have
an excellent site. Goetsch (2003:2) further states that writing articles on a topic related to an organisation’s products/services could lead to a wealth of link popularity. He maintains that an organisation can also submit its articles to other sites. Other Web sites link back to the organisation’s Web site content whilst sites focused on related topics link back to the organisation. Goetsch (2003:2) states that search engines reward sites with a larger number of inbound links from sites dealing with similar topics. Haig (2001:77) states that most people arrive at Web sites via links. This can either be through a search engine link, a link embedded in an e-mail message, or a link from another site. It therefore stands to reason that the more links to a site, the more chances there are that new visitors will make their way to it. Haig (2001:77) goes on to say that in order for an organisation to gain relevant links, it will need to offer a link in return.

Haig (2001:77) maintains that many companies remain sceptical about adding links to other sites within their own Web pages as they feel that it provides visitors with a reason to leave. Haig (2001:78) suggests that once an organisation has a suitable and substantial audience profile, it needs to find the relevant e-mail addresses and contact names. The next step is to put together a tailored and individualised message for each site visitor.

2.6 WEB DIRECTORIES AND SEARCH ENGINES

Shapiro and Lehoczky (2003) state that search engines help people find relevant information on the Internet. According to Shapiro and Lehoczky (2003), the major search engines maintain huge databases of Web sites so that users can search by typing in some text. To compile their databases, search engines rely on computer programs called "robots" or, more specifically, "spiders." A robot, commonly termed a spider, uses a program to automatically search, catalogue, and organise information that it finds on the Internet. Each search engine uses its own set of criteria to decide what to include in its database. For example, some search engines index each page in a Web site, while others index only the main page. Also unique are the criteria each individual search engine uses to organise
information for its users. Some list the results of a user’s search according to which sites have the most links from other sites, a system known as link popularity. Other search engines prioritise results according to the summary information contained in the site’s Meta tags, and still others look for common themes used throughout a site. There are many other ways to organise results, and most search engines use a combination of several of them.

Schulman and Smith (1997:78) state that registering a Web site in Web directories and search engines is the starting point of Internet marketing. Schulman and Smith (1997:78) maintain that search engines and Web directories are the primary means for Internet users to locate and access Web sites. Churilla (1998) states that a Web directory is a listing of Web sites and other Internet resources that is compiled and maintained by a human being and not a computer program. Churilla (1998) maintains that each Web directory has its own method of categorising a listing, which complicates the process of effectively utilising Web directories as an Internet marketing tool.

Search engines also called spiders or crawlers automatically visit Web pages, catalogue the information, and index the content. These are best suited for searches for general topics or areas of interest as opposed to searches for specific companies (Lowery, 2003). Search engines actually do the searching up to a month in advance and then store the results in a huge database. They send automatic programs called spiders out on the Web to go from site to site, page by page and word by word. These spiders build up a massive index or database of all the words found, where they were found, how many times they were found on each page, and so on. It is this database that is actually queried when one types in a search term. Because it is an indexed database, the query returns the results almost instantly (Strauss & Frost, 2001:90).

It is the job of the search engines to determine which sites are most likely to be relevant to the organisation’s search term. The spider looks for the
location of those words on the page. For example, if the word is in the title of the page, then it is given a higher relevance value than a word appearing in the body text. The spiders are also trained to avoid sites that attempt to trick them by repeating words many times in a row. One technique is to ignore repeats that are not separated by at least seven other words. This guards against a company loading their site with, for example, Mazda, Mazda and Mazda in an attempt to trick the spiders so as to obtain a higher search engine ranking. The actual techniques used are becoming trade secrets since producing a search engine that returns truly useful results is actually a point of product differentiation and, therefore, provides a competitive advantage (Strauss & Frost, 2001:90).

Obtaining a high ranking in the search engines is a never-ending battle. There are however, companies that can help to obtain a high ranking on the major search engines such as Yahoo, Google, Direct Hit, and Webcrawler. These companies carefully study the search engines to determine their algorithms for ranking pages. It is very important for organisations to do their homework on these various companies who advertise that they have specialised software that can obtain a high ranking on hundreds of major search engines. There are a number of unscrupulous companies who are out there to make quick money.

2.6.1 Search engine robots

Goetsch (2003) states that automated search engine robots, sometimes called "spiders" or "crawlers", are data retrieval programs, travelling the Web to find information and links. According to Goetsch (2003), when an organisation submits a Web page to a search engine at the "Submit a URL" page, the new URL is added to the robot's queue of Web sites to visit on its next foray out onto the Web. Even if a company does not directly submit a page, many robots will find the site because of links from other sites that point back to the organisation's Web site. This is one of the reasons why it is important to build link popularity and to get links from other topical sites. When arriving at a Web site, the automated robots first
check to see if the organisation’s Web site has a robots.txt file. This file is used to tell robots which areas of the site are off-limits to them. Typically these may be directories containing only binaries or other files with which the robot does not need to concern itself.

Robots collect links from each page they visit, and later follow those links through to other pages. In this way, they essentially follow the links from one page to another. The entire Web is made up of links, the original idea being that users could follow links from one place to another. Indexing pages online comes from the search engine engineers, who devise the methods used to evaluate the information the search engine robots retrieve. When introduced into the search engine database, the information is available for searchers querying the search engine. When search engine users enter their query into the search engine, there are a number of quick calculations done to make sure that the search engine presents just the right set of results to give their visitor/s the most relevant response to their query/queries.

One can see which pages on an organisation’s Web site the search engine robots have visited by looking at the server logs or the results from the log statistics program. Identifying the robots will show the organisation when customers visited the Web site, which pages were visited and how often customers visited the Web site. Some robots are readily identifiable by their user agent names, like Google’s "Googlebot," others are bit more obscure, like Inktomi’s "Slurp". Still other robots may be listed in the organisation’s logs that cannot readily be identified; some of them may even appear to be human-powered browsers. Along with identifying individual robots and counting the number of their visits, the statistics can also show one aggressive bandwidth-grabbing robots or robots that an organisation may not want visiting its Web site (Goetsch, 2003).

According to Goetsch (2003), when the search engine robot visits a Web page, it looks at the visible text on the page, the content of the various tags in the page's source code (title tag, Meta tags, etcetera), and the
hyperlinks on the organisation’s page. From the words and the links that the robot finds, the search engine decides what the page is about. There are many factors used to figure out what "matters" and each search engine has its own algorithm in order to evaluate and process the information. Depending on how the robot is set up through the search engine, the information is indexed and then delivered to the search engine's database. The information delivered to the databases then becomes part of the search engine and directory ranking process. When the search engine visitors submit their queries, the search engine digs through its database to give the final listing that is displayed on the results page.

The search engine databases update at varying times. Once an organisation’s Web site is in the search engine databases, the robots keep visiting the Web site periodically, to pick up any changes to the pages, and to make sure they have the latest information. The number of times an organisation is visited depends on how the search engine sets up its visits, which can vary per search engine. Sometimes visiting robots are unable to access the Web site they are visiting. If the site is down, or the site is experiencing huge amounts of traffic, the robot may not be able to access the site. When this happens, the Web site may not be re-indexed, depending on the frequency of the robot visits to the Web site. In most cases, robots that cannot access an organisation’s pages will try again later, hoping that the site will be accessible then.

2.6.2 Search engine optimisation

According to Lowery (2003), search engine optimisation is the process of specifically designing a Web page to rank high in the search engines. This involves much more than just including Meta tags. An organisation’s keywords, title, text and overall design all play an important role in determining how the organisation’s Web site will rank.
Lowery (2003) further states that if a Web site does not rank in the top 10 or 20 results when doing a keyword search at the search engines, the target audience will not be able to find the organisation’s Web site. A significant amount of Web site traffic originates from the major search engines. Most Internet users will go to a search engine, type in a keyword phrase and look through the top 10 - 20 results. Most of the time, they will find what they are looking for in the first 10 results. The percentage of click-throughs is even smaller. Listing near the top and grabbing the attention of a target audience should be given top priority. There are many components of a Web page that an organisation should pay close attention to when preparing it for listing in a search engine (www.neurocyber.com).

According to an article written by the Georgia Institute of Technology (2000), search engines, like the card catalogue of a library, are a customer's way of sifting through the Web to narrow his/her search. Search engine users are a highly receptive and targeted audience because organisations are trying to sell them something they already want. The Georgia Institute of Technology (2000) states that users have come looking for what the organisation has to offer. They maintain that, with good search engine listings, any business can get the kind of traffic that will expand profits (Georgia Institute of Technology, 2000).

2.6.3 Use of keywords and keyword phrases

According to Lowery (2003), the first step towards improving a listing is selecting keyword phrases that best reflect an organisation’s Web page. Lowery (2003) states that “a keyword is a word that best describes an organisation’s Web page”. For example, if a Web page is focusing on dogs, the best keyword will be dogs.

Lowery (2003:4) states, “A keyword phrase is two or more words that best describe an organisation’s Web page”. If a Web page is focusing on grooming a dog, then the best keyword phrase will be “dog grooming.”
Lowery (2003:4), suggests that when preparing the Web pages, an organisation should concentrate on just a couple of keyword phrases (for each page) used in different variations. Using general one-word keywords should be avoided, as the Web site definitely will not rank high in the search engines. For example, if a Web site focuses on "dog grooming" then the organisation should not use the word "dog" as one of their keywords as it is too general. Instead, it is suggested that they should use a keyword phrase such as "dog grooming tips" or "how to groom dogs."

An organisation should always look at putting itself in its potential visitors’ shoes and imagine what words they will type into a search engine to find the organisation’s Web site. Lowery (2003) states that selecting the best keyword phrases is the most important step towards optimising a Web site’s pages for the search engines. Lowery (2003) suggests that another good way to use keyword phrases is to use very unique words. For example, if an organisation is selling computers, instead of using the word “computers” as a keyword, they should use the specific brand name or model of the computer. This will drive highly targeted visitors to the Web site (Shapiro & Lehoczky, 2003).

2.6.4 Use of search engines to attract customers

Kleindl (2001:61) states that the first step to gain an audience’s attention is to include a site’s URL or address in other media. The Web address should be included in advertising copy or layouts, business cards, banner advertisements located in other Web sites, direct e-mail or other directed media. Bennet (1999), as quoted by Kleindl (2001:61), states that the use of URLs in print advertisements increased from about 10 percent in 1995 to more than 90 percent by 1998. According to Kleindl (2001:61), traditional media have a much wider exposure than the Internet. Kleindl (2001:61) further states that using these media can help create a site preference.
Haig (2001:61) states that search engines have a vital role to play in any Web site's marketing activity. Although an estimated 80 to 85 percent of Web users use search engines as a tool of first resort, most look only at the initial search results. As can be seen, it is not just about registering with a search engine: the aim is to ensure a high ranking when a relevant keyword is typed. This is no mean feat as different search engines use different criteria to rank Web sites and they often try to keep their searching policies secret. Haig (2001:61) further states that the large search engines have high standards and the sophisticated nature of the spiders that search the Internet looking for new Web sites to appear on their sites, means that they are able to judge the quality of a Web site without the aim of human discretion.

Haig (2001:61) suggests that an organisation should follow the following guidelines in order to make their Web site search engine-friendly:

I. **Obtaining a domain name**

   A business should try and obtain a domain name that includes a word that may be searched for. Registries are able to register domain names of up to 63 characters, thus providing businesses with more opportunity to include keywords in their Web site name. The Web site, www.nameboy.com, checks the availability of a domain name based on a keyword selection. Owning a domain communicates an organisation’s commitment to its Web site in a way that having a free site hosted by an organisation’s Internet Service Provider (ISP) does not. Web sites that are located on free Web spaces do not fare well and, in fact, some search engines reject them instantly.

II. **Designing a Web site with search engines in mind**

   According to Haig (2001:62), page design is an important factor in ensuring a good search engine position. The search engines are not interested in the aesthetics of a site: they are looking at information and the way that information has been presented. Haig (2001:62) suggests
that in designing a Web site for search engine approval, an organisation should follow the following guidelines:

- Avoid too many graphics as this can put search engine “robots” off.
- Check that links are not out-of-date; and
- Make sure that the Web site is compatible with most browsers.

III. Getting Meta tags right

Meta tags are HTML instructions that contain the keywords of a site and help the search engines to index that site. Without Meta tags every single word on the site will be treated as a keyword. Haig (2001:62) states that all the main search engines rely, in part, on the Meta tag to effectively categorise a site. Haig (2001:62) further states that, owing to the sheer number of sites on the Web, search engines have to automate the process of indexing sites. In order to do this they send out their robots to crawl through the Web pages on the lookout for new sites.

2.7 MARKETING STRATEGY

Zikmund and d’Amico (2001:31) state, “A marketing strategy consists of a plan identifying what basic goals and objectives will be pursued and how they will be achieved in the time available”. A strategy entails a commitment to certain courses of action and allocation of resources necessary to achieve the identified goals. According to Coupley (2001:167), strategic planning occurs at the organisation level whilst strategic marketing occurs within a business unit. Coupley (2001:167) maintains that strategic marketing translates the goals of the overall company into objectives for a specific business unit or product. Strategic marketing serves as an interface between the macro-level, across strategic business units (SBUs), strategic planning and micro-level, and within SBU marketing management. Coupley (2001:168) states that the difference between strategic marketing and marketing management is reflected in the different objectives of the planning processes. Strategic marketing, according to Coupley (2001:168), assesses the resources,
including capabilities, of a business, in conjunction with opportunities in the environment.

Dann and Dann (2001:164) state that it should be recognised that the Internet does not exist in isolation, either in the real world, or in the planning phase of an organisation. The integration of the Internet into a firm’s strategic marketing activities must be considered at all stages of the strategic planning process to determine what role the Internet can play, and how it can be used to maximise corporate strength and minimise weakness using its unique features. Dann and Dann (2001:165) suggest that, given the existence and continued widespread expansion of the Internet, it should be included as an element of analysis within the context of all strategic frameworks, whether the analysis is concerned with the development of a Web presence or not.

### 2.7.1 Network marketing strategies

Shapiro and Lehoczky (2003) state that networking of Web sites is one of the best marketing strategies a business can use. The concept is simple. An organisation should develop several Web sites promoting similar products, and link them all together, for example, if an organisation has a Web site that focuses on motor cars and offers the following products/services:

- Advanced driving courses.
- Vehicle servicing and parts.
- Articles of general interest.
- List of products on offer; and
- New products being launched.

Rather than using one general site to market all these products, the organisation should develop five separate targeted sites and create a network (Shapiro & Lehoczky, 2003). The first step will be to register five
separate domains, each targeting the various products/services on offer. The domains might look something like this:

- vehicledriving.co.za.
- vehicleservicing.co.za.
- vehiclearticles.co.za.
- vehicleproducts.co.za.
- vehiclenewlaunch.co.za.

Selecting the right domain names is an essential part of developing a network. The domain names should include a primary keyword phrase. A keyword phrase is two or more words that best describe a Web page. However, selecting the right keyword phrases can be difficult (Shapiro & Lehoczky, 2003).

Goodkeywords.com offers a free software program that will assist an organisation in selecting the most suitable keyword. All that needs to be done is to simply type in a keyword and the program will provide a list of additional keyword phrases (Shapiro & Lehoczky, 2003). Each site within the network should be strategically optimised for the search engines and focus solely on the primary keyword phrase. For example, the articles of general interest might provide visitors with free maintenance tips, articles of interest and advice. The content within each network site must be completely targeted to each site. This in turn will drive highly targeted traffic to each site. In addition, each site should also link to all the other sites. This can be accomplished by setting up a special link section within each site. An organisation’s link descriptions should be the primary keyword phrases such as:

- Vehicle parts ordering.
- Vehicle advanced driving instruction.
- Vehicle maintenance guide.
- Vehicle exhibition shows.
To get the most out of a network, an organisation should consider publishing a generalised ezine that targets its main keyword. In this example, an organisation can then set up a subscription form on each site and collect new subscribers from each. A network is a powerful tool that allows an organisation to target several different keyword phrases, driving highly targeted traffic to each site, sharing the traffic with other sites, and collecting e-mail addresses from each (Shapiro & Lehoczky, 2003).

2.7.2 Target market strategies

According to an article published by Chaffey (2001), the first key decision in respect of target market strategies involves the evaluation and selection of appropriate segments and the development of appropriate offers. Chaffey (2001) states that in an Internet context, organisations typically target those customer groupings with the highest propensity to access, choose and buy online. Segments for targeting online are selected which are most attractive in terms of growth and profitability. Chaffey (2001) cited the following examples of customer segments that are often targeted online to include:

- The most profitable customers.
- Using the Internet to provide tailored offers to the top 20 percent of customers by profit which may result in more repeat business and cross-sales.
- Customers who are difficult to reach using other media.
- Customers who are brand loyal and therefore providing services to appeal to brand loyalists to support them in their role as advocates of a brand; and
- Customers who are not brand loyal and conversely, incentives, promotion and a good level of service quality could be provided by the Web site to try and move such customers up the ladder of loyalty.
Studies on successful target marketing strategies relating to segmentation by Belch and Belch (1997:135) reveal that effective segmentation and positioning are fundamental to all successful marketing strategies. It is further stated by Belch and Belch (1997:135) that segmentation is the division of a heterogeneous marketplace into small, more homogenous groups that can be the subject of more focused marketing messages, branding and customisation.

Sen, Padmanabhan, Tuzhilin, White and Stein (1998) as quoted by Dann and Dann (2001:172) indicated that the following Web specific information is needed for online segmentation:

- Usage patterns, which relate to the online behaviours, duration of stay at the Web site or similar Web sites, and the number of repeat visits.
- The length of time and depth of experience the user had with the Internet, the Web and related technical systems such as e-mail.
- Usefulness of the site or the extent to which the site was believed to address the needs of the target user or offered goods or services that addressed a specific need.
- Technical characteristics referring to the demographics and psychographics of the user’s computer systems, such as the browser used, the operating system, modem speeds and other characteristics of software and hardware used to access the site.

2.7.3 Positioning and differentiation strategies

Deise, Nowikow, King, and Wright (2000:87) have suggested that in an online context, retailers can position their products relative to competitor offerings according to four main variables: product quality, service quality, price and fulfilment time. They suggest that it is useful to review these as an equation of how they combine to influence customer perceptions of value or brand. Deise et al. (2000:88) state that the aim of positioning is to develop a perceived differential advantage over rivals and products. In an
e-marketing context the differential advantage and positioning can be clarified and communicated by developing an online value proposition (OVP). This is similar to a unique selling proposition, but is developed for e-commerce services. For maximum effectiveness the OVP should clarify:

- A clear differentiation of the online proposition compared to the company’s conventional off-line proposition.
- A clear differentiation of the online proposition from competitors based on cost, product innovation or service quality.
- Target market segment(s) that the proposition will appeal to.
- How the proposition will be communicated to site visitors and in all marketing communications.
- How the proposition is delivered across different parts of the buying process.
- How the proposition will be delivered and supported by resources; and
- Whether the proposition is genuine.

Kleindl (2001:226) states that firms have traditionally taken two paths to gain distinctive advantages. The first is an attempt to be the low-cost competitor. The second is to attempt a differentiation strategy by finding a unique market position against competitors. According to Kleindl (2001:226), information technology is allowing businesses to become more efficient through decreased costs in sales and marketing.

Dann and Dann (2001:173) state that positioning strategies are determined by aligning the company, and the product offering, within the marketplace in relation to the other competitors and their products. Belch and Belch (1997:156) outlined the following types of generic positioning strategies:

I. **Attributes and benefits** - these are the salient attributes considered important to the consumer, and believed to be the basis for making a purchase decision. Web sites, according to Belch and Belch (1997:156),
can be positioned by speed of access, frequency of update, and relevance of content.

II. **Price quality** - this is where the product is positioned by price so that high quality prices attract a high price tag to indicate their value, and low end products use discounting techniques.

III. **Use or application** - this is where the product is positioned specifically to be associated with a specific task or application, so that an online retail store can be associated with the weekly shopping or a digital product can be associated with an event.

IV. **Product class** - this is where the product is positioned against products and/or services outside of the product category; for example, airlines compete against trains, buses and other airlines for domestic services.

V. **Competitor positioning** - this is done by focusing on a specific competitor and outlining the difference between the product and the competitor.

### 2.8 **AFFILIATE MARKETING**

According to Haig (2001:81), this form of marketing is where other sites promote and help to sell an organisation’s products by offering a commission on products sold through directing visitors to the organisation’s Web site. Amazon was very successful in doing this and they now have over half a million affiliates based all over the world.

According to Rudl (2003) of the Internet Marketing Centre, who is considered a world-renowned expert in Web marketing, affiliate programs basically involve allowing other people to sell an organisation’s products or services through their newsletters to their customer base. Rudl (2003) maintains that an organisation can give affiliates a special URL that is unique to them (some software automatically generates this URL for them) and they link to the organisation. According to Rudl (2003), an affiliate program is by far the cheapest way to acquire new customers and earn
incredible profits in a short period of time. Rudl (2003) maintains that there is no need to pay for it up-front, like advertising. According to Rudl (2003), an organisation could easily have hundreds, if not thousands, of people marketing their products online, generating more sales and expanding the organisation’s profits exponentially without a great deal of effort. Haig (2001:81) states that this form of marketing is successful as it benefits people on both sides of the coin. For a company setting up the scheme, it means an ever-expanding sales force that only gets paid if and when sales are actually made. The advantages for the site subscribing to the program are equally apparent. Sites receive commission without taking orders or delivering the products: all these remain the job of the site that set up the program and the software that it uses. The only cost is the time it takes to find affiliate merchants, linking to them and then incorporating them into in the organisation’s Web site in a way that is likely to lead to sales.

Dann and Dann (2001:182) state that an affiliate program operates by creating a partnership between two companies. They state that this arrangement is a unidirectional form of linking in which the site that displays the link information can obtain revenue based on how site visitors use the link. The affiliate agrees to place information about its partner on the affiliate Web site. An affiliate program, according to Dann and Dann (2001:183), not only provides revenue prospects, but also has the potential benefits from increasing brand image and brand equity.

2.9 SHORT-TERM MARKETING STRATEGIES

In an article written by Lowery (2003), she stated that short-term marketing strategies are those that bring an organisation a temporary boost in traffic. Although these techniques are very important to an organisation’s overall plan, they are only a temporary traffic source and must not be solely relied upon.
2.9.1 Purchasing advertising

This form of marketing includes enzine advertising, banner advertising and classified advertisements. Although it is important to occasionally purchase advertising, it is short-term and will produce short-term results (Lowery, 2003).

2.9.2 Bulletin boards

Although sharing expertise at popular bulletin boards can provide an organisation with a boost in traffic, it is a temporary boost. It will not continue to produce results. Most boards only display a certain number of posts and the rest are archived.

2.10 LONG-TERM MARKETING STRATEGIES

According to an article by Lowery (2003), long-term marketing techniques are those that will continue to produce results, even years down the road. The following are examples of long-term strategies that can be followed:

2.10.1 Opt-in lists

Lowery (2003), in an article on “Opt-In Lists” stated that an organisation developing its own list of targeted potential customers is the most important marketing strategy that can be used. Lowery (2003) stated that an organisation could ask visitors for their names and e-mail addresses. In return, the organisation can provide potential customers with a valuable publication, a free course or some other valuable information. By continuously building opt-in lists, a long-term database of potential customers can be created. Opt-in lists provide an organisation with the ability to create a targeted list of potential customers in which the organisation can advertise on a continual basis. The organisation will have a direct line of communication, which will increase its sales considerably.
The key to creating an effective opt-in list is to provide the organisation’s subscribers with quality information. The best way to do this is to provide them with a weekly, bi-weekly, or monthly ezine. An ezine is an electronic newsletter or publication that is sent to subscribers who have chosen to receive a publication (Lowery, 2003).

2.10.2 Freebies

This is giving away something of value engraved with the organisation’s name, business, product or service. The key to creating a long-term marketing freebie is to allow it to be freely distributed. If an organisation’s freebie is good, it will quickly saturate the Internet and continue to circulate eternally (Lowery, 2003).

2.10.3 Content

Content comes in a variety of forms such as articles, tutorials, tips, reports or whatever the preference is. The content should be allowed to be freely published in ezines and Web sites. Content is a highly sought after commodity and can provide an organisation with a great deal of free exposure for years to come. A solid Internet marketing plan will include everything from the advertisement to the “thank you” and follow-up letters. Each process in the organisation’s plan must perform a specific task:

• Short-term marketing strategies will drive traffic to a Web site in intervals. Each time an advertisement is placed, traffic to the Web site will increase. After a few days traffic will drop off.

• Long-term marketing strategies will drive a steady stream of traffic to a Web site. Traffic will continue to increase over time.

• An advertisement must draw a potential customer’s attention and create curiosity. It must lead him/her to click through the Web site.
• The Web site will then take over and provide further information, while leading a potential customer to the order page.

• The order page will be packed with all of the benefits that the product has to offer and call for action.

• The marketing plan will continue to be implemented by closing the sale with a “thank you” letter.

• The final step will be to send follow-up messages in the future to provide good customer service and introduce new products.

• A marketing plan is essential. If a company has no direction, it will travel in circles and ultimately never reach its goals (Lowery, 2003).

2.11 SUMMARY

Chapter 2 consists of a literature survey concerning Internet enabled tools to market and promote a Web site in order to attract customers. The literature study was discussed under two sections, namely creating awareness and promotion and marketing techniques.

The first section of the literature study involved a discussion of how to create awareness, getting to know the organisation’s audience, and methods of attracting customers to a Web site.

The second section of the literature study involved a discussion of the various promotional and marketing tools that can be utilised by marketers to attract customers to a Web site.

Chapter 3 will discuss how customers can be retained through CRM.
CHAPTER 3

THE USE OF CUSTOMER RELATIONSHIP MANAGEMENT AND MARKETING TO ATTRACT AND RETAIN ONLINE CUSTOMERS AS WELL AS TO INCREASE SALES

3.1 INTRODUCTION

Customer Relationship Management (CRM) is a business strategy that integrates people, processes and technology to maximise relationships with an organisation’s day-to-day customers, distribution channel members, internal customers and suppliers. CRM is a comprehensive approach that provides seamless coordination between sales, marketing, customer service, field support and other customer functions (Searchcrm.com).

Darwinmag.com (2003) states that CRM is a strategy used to learn more about customers' needs and behaviours in order to develop stronger relationships with them. After all, good customer relationships are at the heart of business success. There are many technological components to CRM, but thinking about CRM in primarily technological terms is a mistake. A more useful way to think about CRM is as a process that will help bring together lots of pieces of information about customers, sales, marketing effectiveness, responsiveness and market trends.

Carlsson (1999:30) defines CRM as follows: “A business strategy which pro-actively builds a bias or preference for an organisation with its individual employees, channels and customers resulting in increased retention and increased performance”.

Nowadays, the concept of Relationship Marketing (RM) has become one of the most important, as well as demanding, aspects of any business climate. There is no exact definition of the RM concept, but the author has chosen to explain it using the following two excerpts:
“Relationship Marketing is the ongoing process of identifying and creating new values with individual customers and then sharing the benefits from this over a lifetime” (Gordon, 1998:9).

“Relationship Marketing is a marketing philosophy whereby a firm gives equal or greater emphasis to the maintenance and strengthening of its relationship with its existing customers as it does to the necessary search for new customers” (Shaw, 1999:199).

The idea behind the concept of RM is to try to strengthen the bond between the provider and consumer rather than to increase the number of transactions between them (Gordon, 1998:10). Relationship marketing is all about choosing the right customers and then connecting them to the organisation. The heart of relationship marketing is the value that the customers gain from the relationship. Customer value is the factor, which strongly influences how the relationship between the company and the customer develops, but it must of course be mutual (Gordon, 1998:15).

Zineldin (2000:17) states that an organisation should concentrate its marketing efforts to already existing customers and to potential customers, to whom the company has the largest chance to deliver high value. The challenge of Relationship Marketing is for the conversation with a customer to become a dialogue about needs, rather than a communication concerning possible solutions to expected problems.

Kalakota and Robinson (1999:67) define CRM as “the process of segmenting customers and tailoring offerings to create value”. CRM Today (2003) defines CRM as “a practice that encompasses all marketing activities directed toward establishing, developing, and maintaining successful customer relationships”. The focus of relationship marketing is on developing long-term relationships and improving corporate performance through customer loyalty and customer retention.
Strauss, El-Ansary and Frost (2003:31) state that CRM involves “retaining and growing business and individual customers through strategies that ensure their satisfaction with the firm and its products”. CRM seeks to keep customers for the long term and to increase the number and frequency of their transactions with the firm. As far as e-business is concerned, CRM uses digital processes and integrates customer information collected at every customer “touch point” (Strauss et al., 2003:31).

Coupley (2001:340) states that CRM software provides marketers with the means to collect and store data online about the customers’ interactions with a company, a process known as data warehousing. By integrating and analysing the stored data, through a process known as data mining, marketers can better match targeted offers to customer needs and expectations.

CMO Consulting (2003) stated that CRM marketing practice has made more and more people realise the importance of strong customer relationships in building sustainable competitive advantages in their market competitions and in generating sustainable profits in the long run.

CMO Consulting (2003) state that in order to effectively manage customer relationships, an organisation should follow the following rules:

**Rule 1:** Building strong customer relationships should be set as the primary goal of a company’s marketing practice and all marketing functions should serve to enhance a company’s customer relationship.

**Rule 2:** Customer relationship should be defined and constructed based on customers’ basic needs.

**Rule 3:** Customer relationship should be measured and improved under market competitions. Customer relationship is competitive and a company should manage its competitive customer relationship.
Rule 4: CRM practice should not be a sub-function of a company’s IT department. CRM should be an integrated part of a company’s marketing practices.

As a response to these different developments, the emphasis on marketing interest shifted from looking into the market share of a company to focusing on its share of customers. While marketing had been characterised for a long time as just a striving to win new customers, the new paradigm is based on the finding that corporate success can be improved, in particular, by increasing the profitability of existing client relations and by extending the period during which such relationships last. Studies have shown that winning new customers can be up to five times more expensive than maintaining existing client relations (Rich, 2000:175).

3.2 TECHNOLOGY ENABLED RELATIONSHIP MANAGEMENT

Schneider and Perry (2001:300) state that the nature of the Web, with its two-way communication features and traceable connection technology, allows firms to gather much more information about customer behaviour and preferences than they can using micromarketing approaches. They state that with the use of technology, companies can now measure a large number of things that are happening as customers and potential customers gather information and make purchase decisions. Technology-enabled relationship management, according to Schneider and Perry (2001:300), occurs when a firm obtains detailed information about a customer’s behaviour, preferences, needs, and buying patterns and uses that information to set prices, negotiate terms, tailor promotions, add product features, and otherwise customise its entire relationship with that customer.

Schneider and Perry (2001:301) state that successful Web marketing approaches all involve enabling the potential customer to find information easily and to customise the depth and nature of that information in order to
encourage the potential customer to buy. They go on to say that firms should track and examine the behaviours of their Web site visitors, and then use that information to provide customised, value-added digital products and services in the marketspace. According to Schneider and Perry (2001:301), companies that use technology-enabled relationship management tools to improve their contact with customers will be more successful on the Web than firms that adapt advertising and promotion strategies that were successful in the physical world but were less effective in the virtual world.

3.2.1 Internet strategies facilitating customer relationship management

Seybold (1998:75) identifies eight critical success factors for building successful relationships with customers. These are:

- Target the right customers - identify the best prospects as customers and learn as much as possible about them.
- Own the customer’s total experience - this refers to the customer’s share of mind or share of wallet.
- Streamlining business processes that impact on the customer - this can be accomplished through CRM and supply chain management.
- Provide a 360-degree view of the customer relationship - this means that everyone in the firm who touches the customer should understand all aspects of the customer’s relationship with the company.
- Let customers help themselves - provide Web sites and other electronic means for customers to find things that they need quickly and conveniently.
- Help customers to do their jobs - this refers to the B2B market. The idea is that if a firm provides products and services to help customers perform well in their businesses, they will be loyal and pay a premium for the assistance.
• Deliver a personalised service - customer profiling, privacy safekeeping, and marketing mix customisation all aid in delivering personalised services electronically.

• Foster community - enticing customers to join in communities of interest that relate to a firm’s products is one important way to build loyalty.

3.2.2 Utilising the Internet for enhanced customer relationship management

Crompton (2001) states that the Internet should be used as an addition to, rather than a replacement for, traditional customer interaction channels. Crompton (2001) maintains that the Internet has, without a doubt, revolutionised the customer-vendor relationship. Vendors can truly automate all parts of their business on the Internet. However, despite the incredible benefits the Internet can offer, some companies mistakenly position the Internet as the sole resource for serving customer needs. Crompton (2001) states that companies who wish to offer a superior service experience to their customers must remember that their Web services must be supported through other channels, such as telephone, fax, e-mail, written correspondence, and field sales offices.

The chief challenge for both established companies and start-ups is to integrate Web-based marketing, sales and service with traditional channels and the organisations that support them. Customers want companies to know them regardless of the interaction channel they choose to use. Crompton (2001) stated that, for example, Ford had to change its traditional call centre to integrate e-mail and the Web with the traditional telephone and e-mail channels it handled. Ford had to define new roles and skills to support Web-based customer service. In addition to new recruiting and training programs, Ford implemented two Web-enabled CRM capabilities. The first was e-mail response management software that allows e-mail to be received from different Ford Web sites and routed to a customer service agent with the appropriate skill set. The second was
a knowledge management software tool that supports Web self-service by enabling natural language searches or asking a series of questions to provide correct answers. This transformation of the skills and resources in the North American customer assistance centre, combined with new Web-based customer service tools, allows Ford to handle millions of self-service interactions and hundreds of thousands of customer service e-mails per year.

Moreover, these new avenues for customer interaction will allow the company to gain a deeper understanding of its customers, better meet customer needs, increase customer loyalty and position Ford to expand the use of the Internet to deliver products and services to its customers. Most customers do not see the Web as a replacement to their current customer service resources, but as an addition to brick-and-mortar, phone and fax services. By integrating their channels, companies can deploy and update customer personalisation at Web and non-Web touch points, providing customers with the appropriate method of personalised interaction for every situation (Crompton, 2001).

### 3.2.3 Personalise customer service using the Internet

Crompton (2001) states that the Internet has changed the customer/vendor relationship by empowering customers who expect higher service levels and greater satisfaction from their vendors. According to Crompton (2001), the Internet has also reduced customer-switching costs: if one company cannot deliver to a customer’s satisfaction, a competitor who can, is just a click away. Therefore, the pressure is on companies to provide higher levels of service to maintain customer loyalty and increase market share. According to Crompton (2001), new Internet technologies reveal key trends transforming customer service in three areas:
I. Customer lifecycle - Organisations must shift their strategies from product-based marketing to relationship-based marketing. Because of the wealth of knowledge available on the Web, customers now expect companies to provide them with knowledge before they convert to paying clientele. Businesses must accommodate customers’ expectations as a knowledge provider, not just as a product or services provider. New online value, “digital value”, is based on how an organisation enhances their customer’s attention and improves the customer’s ability to manage his/her time.

II. Value of customer share - Web strategies look to extract a lot from each customer, rather than a little from a lot of customers; in other words, concentrating on increasing customer share as well as market share. Customer share is particularly important in order to improve customer retention. Nike is an example of a world-class customer share manager; its customers not only buy shoes from Nike, but look to the company for all their health and fitness needs.

III. Customer chain - Organisations need to realise the fact that customers now perceive the multiplicity of ways in which they access a business as a single blended business chain. When developing IT and CRM solutions, companies must integrate initiatives from all stages, including suppliers, distributors and other organisations linked to the companies.

3.3 Customer relationship management solutions

Deloitte Consulting (1999) stated that CRM solutions have been developed to provide for increased customer satisfaction, greater sales and marketing effectiveness. Global competition means that companies now realise that the customer is both the most valuable, as well as the most vulnerable, asset. The Internet has created this scenario, and in return the Internet has allowed for the development of CRM solutions.
The Internet’s ability to allow the customer access to market information has forced a major shift in power to the customer. Customers can compare prices and services at the click of a mouse, and source whatever they want, when they want it, from virtually anywhere in the world. In addition, customers can now interact with businesses in many more ways, including the following: call centres; support desk; field sales; store attendant; online store; voice over Internet session; real-time text chat session; e-mail; dealer network; and fax.

Deloitte Consulting (1999) maintains that, in order to ensure customer satisfaction and maximise each opportunity that presents itself from customer interaction, enterprises need to coordinate these entire customer ‘touch-points’. By knowing all previous interactions and transactions that the company has had with any given customer, regardless of channel, and by delivering that information to front office staff in real-time, the next time that the customer interacts with the company, the company will be in a position to both satisfy that customer on the one hand, and drive revenue by selling complementary services and products on the other. CRM solutions provide for the functionality to be able to integrate these ‘touch-points’ and to analyse, process and report this information to frontline sales and marketing departments at each customer contact. Organisations gain a personalised, or unified, view of their customers, in order to better understand their customers’ unique demographics and create customer profiles to be used by the sales and marketing departments.

### 3.4 GATHERING INFORMATION FROM THE INTERNET

As databases are constructed with additional information, the acquisition of that information should strengthen the emotional underpinnings of the desired relationship based on a deeper understanding of the customer. Management must not only accept the proposition of relationship marketing from an intellectual perspective, but should also be willing to invest in necessary time, labour, and financial resources to make it an
effective reality. Knowing the customer is more than simply gathering demographic data that can be electronically manipulated in subsequent marketing exercises. Knowing the customer eventually will involve a better understanding of his or her thought processes associated with his or her daily decisions for effective relationship marketing. If relations are to be effectively established, the gathering of information from the Internet and elsewhere will require greater understanding by the consumer of beneficial reasons for furnishing such information. The issue is not one of violating privacy but of furnishing a better life through providing products and services targeted directly at their wants and needs (Rich, 2000:89).

Shared information is one of the key tenets of relationship marketing and modern business partnerships. But information is securely guarded and organisations prefer to release information on a “need to know” basis to customers, partners or suppliers. In the new world of RM this attitude needs to change. The sharing of information represents the most significant change implied by the new marketing (Rich, 2000:90).

3.5 TARGETED E-MAIL

McCracken (2003) of ecrm guide.com states that permission-based targeted e-mail is extremely useful in building relationships with customers. As a communicative medium and marketing channel, it can provide important information of great value to customers in an expedient fashion. Knowledge can be gained of the customer and, in some cases significant amounts of money can be saved by the enterprise while providing increased customer service.

3.6 MEETING THE NEEDS OF WEB SITE VISITORS

Schneider and Perry (2001:289) state that businesses that are successful on the Web realise that every visitor to their Web site is a potential customer. Thus, an important concern for businesses building a Web presence is the variation in important visitor characteristics. Schneider and
Perry (2001:289) state that people who visit a Web site seldom arrive there by chance; they come there for a number of reasons, such as:

- Learning about products or services that the company offers.
- Buying the products or services that the company offers.
- Obtaining information about warranties or service and repair policies for products that they have purchased.
- Obtaining general information for making an investment or credit granting decision.
- Identifying the people who manage the company or organisation; and
- Obtaining contact information for a person or department in the organisation.

According to research conducted by Schneider and Perry (2001:290), one of the best ways to accommodate a broad range of visitor needs is to build flexibility into the Web site’s interface. Schneider and Perry (2001:290) state that a good site design lets customers choose among information attributes, such as level of detail, viewing format, and downloading format. Many electronic commerce Web sites, according to Schneider and Perry (2001:290), give visitors a selectable level of detail by presenting product information by product line.

Schneider and Perry (2001:290) state that Web sites can also offer visitors multiple information formats by including links to files in those formats. For example, the page offering financial information could also include links to an HTML file, an Adobe PDF file, and an Excel spreadsheet file. Each of these files would contain the same financial information; however, the multiple file types allow visitors to choose the format that best suits their immediate needs.
3.7 CREATING RELATIONSHIPS ONLINE

Gilbert, Powell-Perry and Widijoso (1999:21) state that there are five sequential steps to develop long-term customer retention. These are as follows:

3.7.1 Identify more about the customer through database analysis

Gilbert et al. (1999:22) state that understanding the customer is the core to identifying the needs of the customer, and to being able to match those needs with the company’s product offerings. While customer-profiling technology exists both online and off-line, the Internet offers a range of interactive options that can provide immediate feedback to the organisation. Web sites can be monitored for increased traffic flow, and movements through the site can be tracked, following the release of off-line advertising.

3.7.2 Improve and make the product or service more attractive

Gilbert et al. (1999:22) state that once the user has experienced the service or product, he or she could use the Web site to either suggest improvements to the service, or additional features that would be valuable to his or her particular needs. Gilbert et al. (1999:22) further state that permission-based e-mail marketing, including follow-up e-mails, is a recommended mechanism for gathering suggestions and feedback.

3.7.3 Inform to build the customer’s knowledge of the company

Gilbert et al. (1999:23) state that the Web page should be used as a promotional tool to inform customers of the latest deals, specials, and for building relationships with customers. Direct e-mail messages, online notice boards and information centres can be used to educate the customer.
3.7.4 **Tempt customers to purchase more regularly**

Gilbert *et al.* (1999:23) state that once a relationship has been established with the customer through a Web site, the next stage is to increase the portfolio of customer offerings to the customer, and increase the rate of purchase or the amount of purchase. This can be done by persuading the customer to upgrade the initial purchase to a new product with more features.

3.7.5 **Increasing customer loyalty and trust through building relationships**

Gilbert *et al.* (1999:24) state that the creation of a range of loyalty incentives is useful for maintaining value. Wray (1999) states that in the global retail environment, customer 'lock-in' through loyalty schemes is becoming more prevalent as intense competitive pressures force marketers to seek ways to differentiate their core offer.

Manus (1999), in an article published by Nortel Networks, states that customer loyalty is the competitive advantage in business today. As in the past, effective businesses must earn their customers’ trust. They must learn from every interaction and use what they know to develop successful, long-term relationships. “By developing a consistent, seamless, and personal approach to customers, companies can create long-lasting relationships that lead to loyalty - and subsequently profit and success”.

Schneider and Perry (2001:291) state that when companies first started selling on the Web, many of them believed that their customers would use the abundance of information to find the best prices and disregard other aspects of the buying experience. For some products this may be true; however, most products include an element of service. When customers buy a product, they are also buying a service element. A seller can create value in relationships with customers by nurturing customers’ trust and developing it into loyalty.
Coupley (2001:265) states that a major issue for consumers who purchase through the Internet is that of trust. Trust, according to Coupley (2001:265), takes different forms. For instance, creating a storefront on the Internet is fairly simple, compared to creating a bricks-and-mortar counterpart. As a result, many businesses have developed unique wares. For a consumer who finds one of these “stores”, however, it may be difficult to evaluate the quality of the company and its products. Even when a company is well known, with a long a reputable history off-line prior to developing an online channel, the issue of trust is still central for consumers. Many people are concerned with the security of providing personal information or financial information through the Internet. Companies should use policies and procedures that not only ensure the security of information, but can also be clearly communicated to consumers.

Strauss and Frost (2003:246) state that trust is a key issue on the Internet, especially when customers are expected to pay online or their information is tracked for personalised service or supply chain management. Detmer (2002:45) suggests that e-marketers must take the time to clearly define “their company’s privacy policy, and to make sure that it is strictly enforced”. Detmer (2002:45) states that in addition to stating the privacy policy, e-commerce firms can reassure customers by using a safe and encrypted payment process for transactions. Trust is also important if customers encounter problems on the Web site, require personal assistance, or need to exchange or return a purchase (Detmer, 2002:45).

3.7.5.1 Respect customers

Polansky (2000) maintains that by showing respect, interacting, providing help and information, and respecting customers' privacy, the organisation becomes a friend of the customer. Organisations should think of customers as members of the community. While using this new focus, organisations can gain entry into their customers' lives. These communities can be geographic or demographic, virtual or three-
dimensional. As long as it is a space where interaction takes place, there is the potential for community. In building their stores or Web sites to reach their community, organisations can begin the branding and loyalty process. This community atmosphere allows the firm to begin the courtship of friendship and personalisation.

### 3.7.5.2 Interact with customers

Polansky (2000) states that customer loyalty should be encouraged by valuing the customers' feelings, tastes, needs and desires. According to Polansky (2000), an organisation should think up a number of creative ideas in order to interact with customers, varying from follow-up gifts to “thank you” notes, to in-store promotions and workshops. With a successful program an organisation will begin to see that customers will start stopping by more often, just to see what is going on and what is new. Both the organisation as well as the customers will benefit from the interaction.

Polansky (2002) maintains that the following processes Figure 1 must be implemented in order to increase the amount of customer loyalty:

- Improve customer service. Organisations must continue to make investments in customer service and improve response rates to customers’ inquiries.
- Streamline product research and purchasing navigation. Organisations, especially those selling complex products, must address a highly diverse set of questions posed by a broad customer base.
- Enhance product information. Consumers are seeking comprehensive product information in a customer friendly environment; providing this information remains a critical issue for commerce players.
- Improve product selection and availability. Organisations that sell physical products must invest in internal systems such as inventory
management, while improving external-facing functionality such as product availability and shipping status simultaneously.

- Ease the return process. An overwhelming 85 percent of online buyers said that the ability to return merchandise easily is important to them, but more than half remain dissatisfied with the process, the survey found.
- Analyse program viability. Retailers must analyse the likelihood of consumers actively participating in their loyalty program.

**Figure 1: Processes to be implemented in order to increase the amount of customer loyalty**

Source: Polansky, 2000

### 3.8 CUSTOMER VALUE

Goldman (2003) maintains that a fundamental tenet in CRM is that companies win by attracting and keeping their most valuable customers. This is a simple concept if companies know who their most valuable
customers are. According to Goldman (2003), many companies take a simplistic view of measuring customer value. To really understand what customers are worth, a company needs to think broadly about the ways in which customers add value to the company as well as the need to create more sophisticated approaches to quantifying the value of customer relationships. Knowing the true value of customers will lead to better decisions about how to deploy technology resources in off-line and online sales.

The most common way, according to Goldman (2003), to measure the value of a customer is the Customer Lifetime Value. Customer Lifetime Value is defined as the net present value of the revenue stream from a customer relationship. It measures how much business the customer is expected to do with a company during the lifetime of a relationship. Goldman (2003) states that customers may buy several different products from different business units within a company, but the silos that separate divisions do not allow for accurate accounting of the total value of each relationship. For instance, Procter and Gamble found that many households spend almost 50 percent of their consumer packaged goods dollars on P&G products. However, P&G does not know which customers are buying what because the company is organised around brands, not customers.

3.8.1 APPROACHES TO CUSTOMER VALUE

Goldman (2003) states that companies should value their customers based on the following criteria:

- The total value of their relationship with the company.
- The potential value of their relationship.
- The profitability of their relationship.
- The insights they can provide to the company.
- The influence that they wield over other customers.
Goldman (2003) states that by thinking more insightfully about what an organisation’s customers are really worth, a business can focus its resources on attracting and keeping the right type of customers. This focus, in turn, will improve the productivity of an organisation’s CRM efforts and will position it better for innovation and growth.

3.9 CREATING A COMPETITIVE EDGE THROUGH CRM

Fleischman and Kessler (2002), who are consultants for Tefen Ltd, a customer relationship consultancy firm, state that the availability and accessibility of information today has made the purchasing process simpler and faster. According to Fleischman and Kessler (2002), in the past all business efforts were concentrated on selling the product, whereas today, organisations put effort into "acquiring" customers and maintaining long-term relationships with them. Fleischman and Kessler (2002) maintain that CRM strategy implementation is based on the concept that an organisation's most valuable asset is the customer and the organisation must manage its customer relationships wisely. Having the various departments of the organisation (such as marketing, sales and service) gather qualified information, will create a database, which is of real value to the company. Establishing defined processes for data retrieval will allow effective use of the data and a uniform platform for CRM as well as optimal customer service. Thus, an in-depth organisational change that supports CRM is required throughout the marketing, sales and service departments.

Fleischman and Kessler (2002) state that CRM strategy is defining goals the organisation has set as a result of applying the CRM strategy, such as:

- Increasing sales.
- Improving effectiveness of sales and marketing activities.
- Reducing costs of acquiring new customers.
- Increasing customer loyalty; and
- Increasing SOC (Share of Customer).
3.10 Satisfying an Organisation’s Customers

According to Parker (2000), e-mail and the Web are typically not used for effective customer follow-up. Most Web sites, especially e-commerce Web sites, are on a "treadmill to Hell," constantly attempting to attract new customers instead of focusing their efforts on satisfying and selling to the firm's current customers and prospects. As a result, profitability suffers and the firm does little or nothing to cultivate a loyal customer base. Instead of focusing their efforts on those who have already "voted with their wallets" by buying from the firm, firms try to recruit a constant stream of new customers. As a result, many firms spend a lot of money attracting customers to their Web sites rather retaining the customer after a purchase. By making customers more loyal and getting them to become repeat customers, it lessens the need to advertise and promote a Web site. By harnessing technology to resell to existing customers, organisations are rewarded by higher margins and can convert their present customers into "advocates" who will do the advertising for the organisation through word-of-mouth advertising.

Traditionally, it has been said that it costs five to seven times as much to acquire a new customer as it costs to get a current customer to buy from the organisation again. In today's highly competitive Internet world, the figure is even higher. The best study of the economic advantages of customer retention according to Parker (2000) is to be found in a book called “The Loyalty Effect by Reichheld (1996, Harvard University Press)”. Reichheld states: “Raising customer retention rates by five percentage points could increase the value of an average customer by 25 percent to 100 percent”.

3.11 Customer Lifetime Value

Parker (2000) states that relationship marketing, in addition to emphasising keeping current customers rather than getting new ones, reminds us that customers are important long-term assets that must be
valued (and treated likewise), not harvested. This long-term approach puts an entirely different spin on e-commerce and the relationship between a firm's Web site and its ongoing business. Profitability comes from making existing customers happy, so they become loyal repeat customers. Profitability also comes from identifying an organisation’s most profitable customers and having the courage to focus the firm’s efforts on them, rather than trying to please everyone (and ending up pleasing no one).

3.12 GETTING TO KNOW THE CUSTOMER AND LEVERAGING THIS KNOWLEDGE FOR MAXIMUM SALES POTENTIAL

According to Epsilon (2002), nothing is more valuable to marketing managers than the ability to put faces on the anonymous browsers who visit their sites, especially those visitors attracted in response to marketing campaigns. Understanding the demographic makeup of productive and non-productive prospect lists and subsequent segmentation of an organisation’s customers/members accordingly can help the organisation select more productive sponsor sites and e-mail lists and identify cross-sell, re-sell and up-sell opportunities.

Epsilon (2002) states that, for example, customer segmentation and profiling may shed light on questions such as these:

- What is the age, gender and income distribution of the customers/members?
- Where do they live? How many persons/children live in their household?
- What is their socio-economic status?
- Which creative/messaging strategies work for which segments?
- Which list, site, ad network and/or affiliate refer to the “best” segments?
- What purchase/behaviour patterns and sequences prevail? What do they buy and when?
- When do they return to re-frequent the products/services on offer?
In order to capitalise on this knowledge, the organisation must be able to:

- Uniquely identify visitors on-site and track their behaviour online.
- Identify the online marketing campaign (media, site, list vendor and creative) in the site logs and affiliate the campaign with the visitors.
- Gather personal information from their visitors/customers during the conversion process (or integrate existing off-line data and/or other third party demographic overlays with the online data), all in the context of a thorough and well-communicated privacy policy.

3.13 ATTRACTING PROSPECTS TO A WEB SITE

According to Five Star Web Design (2003), visitors will usually not purchase goods until they have visited a Web site four to five times. The more times they return, the greater the chances they will purchase products or services from an online business. The next step, according to Five Star Web Design, is to capture the visitors' e-mail addresses. Collecting e-mail addresses is essential to stay in touch with potential prospects. Five Star Web Design (2003) states that a business should consider providing a free report or subscription to their ezine (electronic newsletter) in order to capture their visitors' e-mail addresses. Five Star Web Design (2003) suggests that a business should follow up with regular ezines, offer more valuable information to establish credibility, inform them of what is new on the site, and invite them to return to the site.

Five Star Web Design (2003) further states that a business should provide plenty of valuable information, because if visitors do not see anything that interests them, they will go to the organisation's competitors and will never come back. According to Five Star Web Design if an organisation provides plenty of valuable information, the customers may bookmark the site and come back later.
3.13.1 **Update regularly**

Five Star Web Design (2003) states that it might take several visits before Web visitors buy from the organisation. Regular changes, updates, and new information keep visitors coming back to a Web site. Studies conducted by Five Star Web Design (2003) show that people spend more time at a site that changes regularly.

Five Star Web Design (2003) suggests that an organisation should change its site on a regular basis and provide new, original, and useful content. The Web site should be updated at least once a month, even if the changes are minimal.

3.13.2 **Keep all information current**

According to Five Star Web Design (2003), it is useful to indicate the items that were updated so that customers can see what is new in order to capture their attention. The organisation should mention that they are continuously adding new information. Visitors should be asked to bookmark the site and come back for new information.

3.13.3 **Content that attracts visitors back to a site**

Five Star Web Design (2003) states that the following content attracts visitors back to a site:

- Updated information (e.g. industry information).
- Timely information (events schedule, class schedule, articles, tip of the day/week).
- Updated product (e.g. latest edition of a book, updated virus software).
- New product (e.g. new software demo).
- Quality freebees (e.g. free reports, tips, electronic books; free pictures and graphics; free samples).
3.14 CONVERTING HITS INTO SALES

According to an article written by Leduc (2001), most prospects that take the time to consider an organisation’s products or services would like to buy from that business. Leduc (2001) states that customers may decide that other things they want are either more important or more urgent. One way to capture many of these sales is to dramatically improve the offer. One way to do this, according to Leduc (2001), is to create a "good deal" that is so enticing that it becomes a visitor’s first choice. Leduc (2001) further states that an organisation should not consider reducing its price to improve the offer. Instead, the organisation should consider loading its purchase offer with bonuses. Whatever an organisation offers as a bonus must have a high perceived value to its customers, even if it costs the organisation little or nothing. Loading the offer with bonuses is an effective motivator, even when the price of the offer is increased to cover the additional cost. According to Leduc (2001), an organisation should always include an expiry date for a special offer. Prospects should be given the choice to either accept the offer within a short period or to forfeit it. This will motivate many prospects to delay some other purchase so that they can buy the product or service immediately.

In an article written by Sinclair (1998), he stated that the first area to review is the product or service that an organisation is offering. Organisations need to ask the question: Does a market exist for it? To answer this question the organisation needs to find out whether similar products are being sold successfully on the Internet. If not, they may need to rethink their Internet strategy. Sinclair (1998) further states that if others were selling a similar product successfully, then this would tend to confirm that there is a market for the organisation’s product.

Benchmark Communications (2002) states that the frequency of an organisation’s commercial message is an important component in turning a prospective customer into a buying customer. By integrating all of an organisation’s marketing messages, that is the advertising (print and/or
electronic media), sales promotion, telemarketing, direct mail (regular or e-mail), outdoor billboards and publicity (PR), the business can strengthen the impact of each medium with the other(s). This reinforces the message in the minds of potential consumers.

3.14.1 Delivering a satisfying shopping experience

Kalakota and Whinston (1997:247) state that management needs to learn how to make a monitor or Web page that delivers a satisfying experience. They state that the challenge is to build technology that entices consumers and helps them find their way through the virtual maze.

3.14.2 Developing a follow up system

According to an article written by Leduc (2001), the majority of prospects will not buy the first time they hear about an organisation’s products or services. Leduc (2001) states that an organisation can increase its total sales by 50 percent or more if it periodically follows up with visitors who have logged on to its Web site. According to Leduc (2001), a follow up procedure should be simple in order to contact previous prospects every month or two with a new offer, or it can be more elaborate such as publishing a weekly newsletter with information and articles related to the organisation’s products or services.

The problem for Internet marketers, according to Leduc (2001), is that many visitors to an organisation’s Web site want what is being offered, but they may not be ready to buy straight away. An organisation cannot follow up with the visitors if they click away from the site before the organisation finds out who they are and how to contact them. Leduc (2001) suggests that in order to overcome this problem, the organisation posts a free offer on its site for something valuable to potential prospects. The offer, according to Leduc (2001), should be sent by mail in order for the organisation to capture the e-mail address and full name of each visitor who requests it.
3.15 SITE ENVIRONMENT/ATMOSPHERICS

Strauss and Frost (2003:246) state, “Atmospherics refers to the in-store ambience created by brick-and-mortar retailers”. Web sites, according to Strauss and Frost (2003:246), can be differentiated by providing visitors with a positive environment to visit, search, and purchase. Visitors want a site that downloads easily, portrays accurate information, clearly shows the products and services offered, and are easily navigated. According to Strauss and Frost (2003:246), if customers view the home page and like what they see, they are more likely to view additional pages and ultimately become paying customers.

3.15.1 Tangibilise the intangible

An online product cannot be seen except by an image or description. The goal of an organisation is to make the offerings seem more tangible by showing them in a realistic and customer-friendly manner (Strauss & Frost, 2003:246).

3.15.2 Efficient and timely order processing

Strauss and Frost (2003:246) state that one of the strongest motivators for customers who make Web-based purchases is the ease of ordering. Strauss and Frost (2003:246) further state that organisations must market their alliances and delivery timeliness as an important benefit. An online company that follows through on its promises is more likely to receive referrals from satisfied customers.

3.15.3 Pricing

Strauss and Frost (2003:247) state that pricing as a method of differentiation has come under scrutiny, especially for Web marketers. They state that the majority of firms are choosing to differentiate themselves using methods other than pricing because pricing is easy to
imitate and non-price differentiation is more enduring for all but the price leaders.

3.16 SUMMARY

Chapter 3 consists of a literature study on how an organisation can use CRM in order to maximise relationships with customers. This chapter discusses how organisations can make use of technology to gather information about customer behaviour and preferences and how this information can be used to retain their customers as well as to generate sales. The chapter also discusses how loyalty and trust can be built up with customers through effective use of CRM tools. The chapter also discusses guidelines on how to attract prospects as well as converting hits into sales. Chapter 4 will discuss how the theory provided in Chapters 2 and 3 is implemented by motor dealerships.
CHAPTER 4

RESEARCH METHODOLOGY AND PRESENTATION OF RESULTS

4.1 INTRODUCTION

The objective for much of the research to be carried out in the field of design theory and methodology is to develop a better understanding of the design process. This understanding can be used to develop new methods and services to improve design practice in industry and design education at academic institutions. The complexity of the design process offers numerous challenges in accomplishing these objectives. There are many directions possible for conducting research design, as is evident from the number of academic disciplines involved in it, such as engineering, anthropology, sociology, management and psychology, among others. As a result, research design is published in a large variety of literature sources (Stanford University, 2002). This can be depicted in Figure 2:

**Figure 2: Research design**

![Diagram of research design](image)

Source: Stanford University, 2002

The objective focus of this chapter is to establish an appropriate research strategy for a given research problem. The research strategies must be applicable to the nature of the problem. It will be assumed that the nature
of the research problem, the objectives of the research and the methodology of the research will focus the research strategy towards triangulation, with the primary research methodology focused on quantitative research and the secondary research on qualitative research.

The research purpose can be classified into three basic purposes: exploratory, descriptive and explanatory. An explorative research is suitable when a problem is difficult to demarcate, and when the researcher has not got a clear apprehension about what model to use and which characteristics and relations are important (Olander & Rosengren, 1999:23). An exploratory research is usually conducted with the expectation that subsequent research will be required to provide such conclusive evidence. Descriptive research is often used when a problem is well structured and there is no intention to investigate cause/effect relations (Olander & Rosengren, 1999:23). Zikmund (2001:25) states that “you know what you want to find, but do not know the answers”. Different kinds of statistical selections and analysis are usually used during this kind of investigation (Olander & Rosengren, 1999:23). Olander and Rosengren (1999:23) state that the purpose of an explanatory research is to identify cause and effect relationships between variables. Olander and Rosengren (1999:23) also state that experiment is the most common method in explanatory researches.

The research purpose of this thesis is exploratory and descriptive owing to the sample size and the nature of the data. The main problem identified in chapter one was to determine what strategies an organisation could use to promote its Web site in order to attract and to retain customers. In order to solve the problem, the following sub-problems were identified:

- How can an organisation make customers aware of its Web site?
- What do literature studies reveal are ways to market and promote a Web site?
- What advertising methods can be used to attract customers?
• How do search engines work? How can search engines be utilised to increase traffic to a Web site?
• How can customers be retained through Customer Relationship Management?

The empirical study is discussed under the following headings:

• Research design and approach.
• Research sampling.
• Data collection.
• Questionnaire design and structure.
• Data analysis; and
• Summary.

4.2 WHAT IS RESEARCH DESIGN?

4.2.1 The concept of research

Geocities.com (2003) states that research is a process through which we attempt to achieve systematically and with the support of data, the answer to a question, the resolution of a problem, or a greater understanding of a phenomenon. This process, which is frequently called research methodology, has eight distinct characteristics:

• Research originates with a question or problem.
• Research requires a clear articulation of a goal.
• Research follows a specific plan or procedure.
• Research usually divides the principal problem into more manageable sub-problems.
• Research is guided by the specific research problem, question, or hypothesis.
• Research accepts certain critical assumptions.
Research requires the collection and interpretation of data in attempting to resolve the problem that initiated the research; and

Research is, by its nature, cyclical; or more exactly, helical.

The Oxford Concise Dictionary (1995:1169) defines research “as the systematic investigation into sources in order to establish facts and reach new conclusions or collate old facts by the scientific study of the subject or by a course of critical investigation”. Finally, Leedy and Ormrod (2001:4) define research “as the systematic process of collecting and analysing information in order to increase understanding of the phenomenon under investigation”.

The research design is the logical sequence that connects the empirical data to the study’s initial research questions and, eventually, to its conclusions. The research design can be defined as the blueprint of the research, connected to a least four problems: what questions to study, what data are relevant, what data to collect, and how to analyse the results. (Yin, 1994:8).

4.2.2 The concept of design

Yin (1994:20) defines design “as the preparation of a working plan aimed at systematically assembling, organising and integrating data, in order to solve the research problem”. Leedy and Ormrod (2001:91) state that research design is the complete strategy of attack on the central research problem. Leedy and Ormrod (2001:91) further state that it provides the overall structure for the procedures that the researcher follows, the data that the researcher collects, and the data analyses that the researcher conducts. The Oxford Concise Dictionary (1995:1169) states that design is a preliminary plan, concept or purpose.

From the above definitions, research design can be interpreted as the preparation of an action plan aimed at organising and integrating data in an overall framework in order to solve the research problem. Basic to
design are four fundamental questions that must be resolved with respect to the data:

- What is the data needed?
- Where is the data located?
- How will the data be secured?
- How will the data be interpreted?

The focus of research design is to maximise the validity and reliability of the research findings. According to Leedy and Ormrod (2001:107), the use of human subjects in research raises the question of ethical standards and should not go without careful scrutiny.

4.3 RESEARCH APPROACH

The choice of methodology approach is based on the problem definition, and on the type of data, which has been collected during the research process. A distinction between inductive and deductive research can be made. The research approach is generally classified as either quantitative or qualitative (Holme & Solvang, 1997:20).

Quantitative research is usually associated with positivism while qualitative research with interpretativism. It is best to visualise the distinction between quantitative and qualitative research as a continuum. All research methods could be placed somewhere between the extremes of pure quantitative and pure qualitative research (Jackson, 1995:13). It is, however, plausible to indicate whether research projects have a more qualitative or more quantitative nature. This, in turn, would play an important role in decisions on the process to follow and measuring instruments to select (Van Biljon, 1999:37). A summary of the main differences between qualitative and quantitative research is given in Figure 3:
An important choice that researchers face is the research method to be used. Leedy and Ormrod (2001:148) believe that the answer to this question can be found in the nature of the data, the problem of the research, the location of the data, obtaining of data and the intention with the data. Leedy and Ormrod (2001:148) state that as the study proceeds,
the qualitative researcher gets to grips with the nature of the phenomenon and his /her questions become more specific.

Van Biljon (1999:37) states that if the data is verbal, the methodology is qualitative; if it is numerical, the methodology is quantitative. According to Yin (1994:23), both approaches have their strengths and weaknesses and neither one of the approaches can be held better than the other can. The best research method to be used for a study depends on that study’s research problem and the accompanying research questions. One typical characteristic of qualitative studies is that they are to a large extent founded on description, that is, on the involved person’s own description, emotions and reactions.

The author has used a qualitative method when conducting his empirical study since it was the alternative that best suited the research questions.

4.3.1 **Quantitative research**

Mouton and Marais (1992:159) define quantitative research as more highly formalised as well as more explicitly controlled, with a range that is more exactly defined, and which, in terms of the methods used, is relatively close to the physical sciences. This definition once again shows a preference for the positivist approach. The qualitative method emphasises understanding. This is achieved by implying a small degree of formalisation. In addition, it is characterised by the closeness to the source where the information is gathered. The main purpose of the qualitative method is to obtain a deeper understanding of the problem that is studied, and not to prove the trustworthiness with statistical tools (Holme & Solvang, 1997:22). Quantitative research seeks to quantify observations about human behaviour through numbers. The emphasis is on precise measurement, the testing of hypotheses based on a sample of observations, and a statistical analysis of the data. Relationships among variables are described mathematically and the subject matter is, as in the physical sciences, treated as an object (Van Biljon 1999:40).
Variables play key roles in quantitative research. Variables take on two or more values. Attributes, on the other hand, are the values of categories of a variable and people sometimes confuse variables with attributes. A quantitative research project would usually test the most important causal links to be found in the research domain. This relationship between variables is usually expressed as a hypothesis, and hypotheses are tested to answer the research question or find empirical support for a theory (Neuman, 1994:99).

4.3.2 Qualitative research

When it comes to quantitative research, the conclusions are based on quantifiable data. It is important that the method of working is more formalised and structured if one wants to reach a good and satisfying result. Statistical methods of measurement are of decisive importance in the analysis of the gathered quantitative information. If a quantitative research is carried out, a statistical generalisation can be made (Holme & Solvang, 1997:23). Qualitative research relies on interpretative and critical approaches to social science. The aim of qualitative research is to study individuals and phenomena in their natural settings in order to gain a better understanding of them. It is also evident that qualitative research does not follow a fixed set of procedures (Van Biljon, 1999:41). Mouton and Marais (1992:155) define qualitative research projects as those in which the procedures are not strictly formalised, while the scope is more likely to be under-defined, and a more philosophical mode of operation is adopted.

4.3.3 Triangulation

Leedy (1997:143) describes the situation where it is possible to combine qualitative research methods with quantitative research methods in the same project. This process is called triangulation and many research projects could be enhanced considerably if a triangulation approach were
taken. The interactions between quantitative and qualitative research are illustrated in Figure 4:

**Figure 4:** Interaction between quantitative and qualitative research

![Diagram showing the interaction between qualitative and quantitative research](image)

**THE METHODOLOGY OF RESEARCH**

- Qualitative research
  - (Data: principally verbal)
- Quantitative research
  - (Data: principally numerical)
- Descriptive studies
- Survey studies
- Historical studies
- Case studies
- Experimental studies
- Quasi-experimental studies
- Statistical-analysis studies

**Triangulation**

A compatibility procedure designed to reconcile the two major methodologies by eclectically using elements from each of the major methodologies as these contribute to the solution of the major problem

Source: Leedy, 1997:145

Eastorby-Smith, Thorpe and Lowe (1991) as quoted by Hussey and Hussey (1997:74) identify four types of triangulation:

- Data triangulation: this is where data is collected at different times or from different sources.
• Investigator triangulation: this is where different researchers independently collect data on the same phenomenon and then compare the results.

• Methodological triangulation: this is where both quantitative and qualitative methods of data collection are used.

• Triangulation of theories: this is where theory is taken from one discipline (for example, marketing) and used to explain a phenomenon in another discipline (for example accounting).

Hussey and Hussey (1997:74) further state that unless one is part of a research team, it is unlikely that one would be able to consider triangulation as an option.

4.4 CHOOSING THE MOST APPROPRIATE RESEARCH METHOD

For the purposes of the author’s dissertation both a qualitative and quantitative approach will be used, in order to describe the procedures undertaken to come up with answers to the problem posed at the beginning of this dissertation. Owing to the number of conclusions reached, the author had to rely on his own interpretations, and understanding of the problem. To further enhance this research project, quantitative research is introduced in the form of interviews as well as questionnaires that were e-mailed to selected companies. The companies that were e-mailed were first contacted in order to obtain their permission. This methodological triangulation was used to ensure that the data from the questionnaire was tested in more than one way with the theory.

4.5 RESEARCH GOALS AND STRATEGIES

4.5.1 Research goals

The research goal provides a broad indication of what a researcher wishes to accomplish with research. The primary aim of this research project is to portray accurately the characteristics of a particular group, situation,
interaction or object (Mouton & Marais, 1992:43). The outcome of a descriptive project is a detailed picture of the subject. According to Neuman (1994:19), the aims of descriptive projects may be to:

- Provide an accurate profile of a group.
- Describe a process, mechanism or relationship.
- Give a verbal or numerical picture.
- Find information to stimulate new explanations.
- Present basic background information or a context.
- Create a set of categories or classify types.
- Clarify a sequence, set of stages or steps; and
- Document information that contributes prior beliefs about a subject.

**4.5.2 Research strategy**

There are several different research strategies that can be used when undertaking research. Yin (1994:5) points out five different types of research strategies: case study, experiments, surveys, histories, and the analysis of archival information. Each of these five strategies has its advantages and disadvantages, which depends upon three circumstances: the sort of research question, the degree of control over actual behavioural events, and the focus on contemporary phenomena versus historical events. Yin (1994:6) defines a case study as “an empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident”. Since the boundaries of the author’s study are not clear, a case study is a suitable research strategy. Merriam (1998:56) states that this type of study is intensive, holistic descriptions and analyses of a single unit. The single most defining characteristic of case study research lies in delimiting the object of study. A delimitation of my study is that it is focusing on the Web marketing and promotion strategies of motor retailers in Port Elizabeth, Uitenhage, East London and Gauteng in the form of structured interviews as well as questionnaires emailed to a number of
companies. Permission was obtained by telephone, before e-mailing questionnaires to these companies.

Case studies rely on multiple sources of evidence and therefore have a wide approach to data collection. Since this specific data collection approach is incorporated into the research design, this technique becomes a comprehensive research strategy. Another strength of case studies is that this type of research strategy allows the researcher to retain a holistic view while examining real-life events. Furthermore, the researcher has the possibility to penetrate deeply into a complex problem and the result can be applied effectively due to the real-life context of the study. According to Yin (1994:14), one major weakness of the case study strategy is the lack of rigidity of the research design. There is a possibility that the researcher uses vague data or biased views to influence the findings and conclusions. It demands a lot of the researcher to report all evidence fairly. There have also been raised concerns that case studies provide little basis for scientific generalisation. The researcher’s objective is to expand and generalise theories (analytic generalisation) and not to list frequencies (statistical generalisation). Another criticism to case studies is that they take too long a time to undertake and result in massive documentation. This can be avoided by applying a good structure for the study.

4.6 RESEARCH SAMPLING

According to Merriam (1998:57), the two basic types of sampling are probability and non-probability sampling. The former allows the researcher to generalise results of the study from the sample of the population, from which the sample was drawn. However, since generalisation in a statistical sense is not a goal of qualitative research, non-probability sampling is the method of choice for most qualitative research. The most common form of non-probabilistic sampling is called purposive and is based on the assumption that the investigator wants to discover, understand, and gain insight, and therefore must select a sample from which the researcher can learn the most from. In qualitative case studies, two levels of sampling are
usually necessary. The researcher must select both “the case” to be studied and further, some sort of sampling within the case, due to time and resource limitations (Merriam, 1998:57).

4.7 DATA COLLECTION

Leedy and Ormrod (2001:94) state “research is a viable approach to a problem only when there are data to support it”. Leedy and Ormrod (2001:94) further state, “data are those pieces of information that any particular situation gives to an observer”.

Leedy and Ormrod (2001:94) state that researchers must take cognisance of the fact that data are not absolute reality, but are in actual fact manifestations of that reality. According to Leedy and Ormrod (2001:95), research seeks to discover underlying truths through data. When data is looked at analytically, new insights are gained, new problems surface and this, in turn, leads to further research.

Merriam (1998:58) states that collecting data involves both selecting data and which technique to use for the data collection. There are several techniques to apply for the data collection and the aim should be to find an appropriate mix of data sources to provide a complete understanding. Out of the most common data collection techniques for case studies, the author found personal interviews as well as e-mailing selected companies to be the most appropriate technique for collecting primary data. For collecting secondary data the author made use of numerous literature studies.

A large part of the data used for the dissertation has been collected on the Web. In the list of literature, the URL (Uniform Resource Locator, the Web “address”) of each source has been provided so the reader can access the source online if he/she wishes to. Using the Web as a research tool has proven to be extremely effective and efficient. Many of the sources available on the Web are not accessible in print, which means that using
the Web for data collection has allowed the author to access a much wider selection of relevant sources and use them as input for the analysis. Further, the time lag between knowledge generation and its dissemination is dramatically reduced on the Web compared to traditional channels. Any researcher, who wishes to, can make working papers available to others instantly. This reduced time lag between the generation of knowledge and its use by others is a significant advantage, especially when the object of research is developing as rapidly as in the case of the Web. In addition to using the Web as a “library,” the author has also used the medium actively to create a dialogue with other researchers, practitioners and others who are considered experts in their field.

However, data collection on the Web raises two problems. Firstly, validating the quality and authenticity of the information is an even more critical issue than in print media, since the “gatekeeper” function performed by editors and publishers is absent on the Web. This issue has been addressed through a critical examination of the data and conclusions of each source and by cross checking with other sources when possible. Moreover, the positions and institutional affiliations of the author have been considered when assessing the quality and reliability of the sources. Secondly, there is a risk that sources are changed, updated, or moved to a different URL. Nevertheless, the author has found that the benefits of using information from the Web fully outweigh these disadvantages.

4.7.1 **Primary data**

To collect primary data, which is new data not collected before, the author conducted in-depth interviews with senior staff at various motor dealerships in Port Elizabeth, Uitenhage, and Gauteng and e-mailed questionnaires. Permission was obtained from the person responsible for Web marketing and promotion, before e-mailing questionnaires in the hope of obtaining a higher response rate, than e-mailing companies indiscriminately.
The interviews were conducted using a structured approach. The interview templates consisted of mainly Yes/No type questions. If the answer to a question resulted in a “Yes”, then the person answering the question was given a number of options in order to make his/her task easy. This allowed the author to guide the interviews around the desired topics that had been developed, while at the same time giving the respondents opportunity to respond in a natural way. The author took notes at the various interviews in order to be able to get an accurate and complete understanding of the situations. All interviews were undertaken in a quiet and calm environment, either in the respondents’ offices or in a conference room. During the interviews, the respondents seemed relaxed and there were no distractions during the interviews.

4.7.2 Secondary data

According to Olander and Rosengren (1999:27), secondary data is available data that has already been collected by others for a different purpose. The secondary data was collected from the literature study, by e-mailing authors of books written in the subject, journals as well as from the Internet.

4.8 QUESTIONNAIRE DESIGN AND STRUCTURE

Hussey and Hussey (1997: 61) detail questionnaires as a list of structured questions with a view to eliciting reliable responses from a chosen sample with the aim of finding out what a selected group of participants do, think or feel.

The questionnaire was developed from the literature study in Chapters 2 and 3 to facilitate the collection of information. Ten companies were interviewed and questionnaires were e-mailed to another 50 companies. The questionnaire (see Annexure A) was developed with the objective as to what strategies motor dealers are adopting in order to market and promote their products on their Web sites as well as the methods for
attracting and retaining customers. The questionnaire was divided into two sections, each with a strategic aim:

Section A: Web site marketing and promotion strategies
Section B: Customer Relationship Management

The questionnaire was e-mailed to three senior lecturers, five MBA students as well as three companies in order to obtain their input as to the relevancy of the questions before e-mailing them to the selected companies. The questions address the issue of Web marketing and promotion as well as CRM and are aimed at determining which factors are most effective in addressing this issue. The major motoring retail groups are amongst those who responded to the questionnaire. The questions selected for the questionnaire are mainly multiple choice and Lickert rating scale type questions. According to Allison, O’Sullivan, Owen, Rothwell and Saunders (1996:83), the best way to represent views and opinions is to use the Lickert rating scale type questions.

According to Thomas (1996:121), the questions should not lead the respondents to a set answer. The questions should be kept simple and the wording kept basic to allow the respondents to understand the questions unambiguously. Thomas (1996:121) states that the questionnaire should not be too long and should be user friendly.

50 questionnaires were e-mailed to various motor retailers and ten interviews were conducted making a total possible sample to be 60 companies. A total of 27 questionnaires were returned, which is a 45 percent response (see figure 5). Although the response was fair, the major motor retailers responded, therefore making the study more meaningful.
Leedy and Ormrod (2001:202) list twelve guidelines for developing a questionnaire:

- Keep it short: the questionnaire should be brief so as to extract only that information pertaining to the particular research project.
- Use simple, clear unambiguous language: the questions should be designed in such a way that they communicate exactly what the researcher wants to know.
- Check for unwarranted assumptions in the questions: assumptions must be carefully considered when designing a question.
- Questions should be worded in such a manner that clues are not given away about preferred or more desirable responses.
- Check for consistency: when a question being asked is such that some respondents may give answers that are socially acceptable rather than true, a “countercheck” question should be incorporated further down the list.
- Determine in advance how responses will be coded.
- Keep the respondent’s task simple: the questionnaire must be simple to read and easy to respond to.
- Provide clear instructions: the researcher must communicate exactly how he/she wants people to respond.
- Give a rationale for any items whose purpose may be unclear: the purpose of each question should be made clear to the respondent.
- Make the questionnaire attractive and professional looking.
- Conduct a pilot test: the questionnaire should be given to friends or colleagues to see whether they have difficulty understanding any items.
- Scrutinise the almost final product carefully to make sure that it addresses the needs of the researcher, item by item. A questionnaire should be quality tested several times for precision of expression, objectivity, relevance, and probability of favourable reception and return. It is important that each question address the research problem as well as the sub-problems.

4.8.1 The populations

The research project was conducted in three phases: the pilot survey, the actual survey and the interviews. The population for the pilot survey comprised three motor dealerships, three senior lecturers and five MBA students. The goal of this survey was to test the ease of use of the questionnaire.

The actual survey’s population comprised of motor dealerships. Due to the concern of a possible low level of response to a written questionnaire, a recommended sample population of 30 percent of the total population was decided upon.

The population of respondents is non-homogeneous in nature and varies in terms of: business turnover; number of employees; types of products; technological level of expertise; organisational structure; education levels; level of competence and experience; professionalism of management; and leadership.

4.8.2 General procedures

The methodology adopted in this research project was discussed earlier in this chapter. The body of data collected consisted of questionnaires and interviews, and this collection of data was required to test the hypotheses. The primary data used in this research project was acquired from observations by way of interviews, questionnaires and consultations (see Annexure A).
During a telephonic follow-up on outstanding questionnaires, the following problems and excuses were given why questionnaires had not been completed and forwarded:

- Too busy to complete the questionnaire owing to work pressures.
- Need more time to complete the questionnaire, although the majority of the questionnaires were e-mailed on 18 June 2003 and the respondents were given until 18 July 2003 to complete the questionnaires.
- Problems with service provider.
- Completed the questionnaire and have mailed it three weeks ago.
- Did not receive questionnaire – please resend.
- The person who deals with Web marketing and promotion is away on business.
- Cannot comply as a result of year-end business planning and next year’s budgets.
- Person who was dealing with survey has had a promotion.
- Questionnaire too long and complex for our type of operation.

The approximately one-hour interviews conducted among staff members of the motor dealers yielded a favourable outcome with some interesting observations and facts that would not have surfaced from any postal survey questionnaires. These interviews were unstructured to gain a better understanding within those companies and what they felt were important issues relating to Web marketing and promotion as well as CRM.

The design of the questionnaire was of such a nature that the questions were all categorised according to the respective hypotheses. This can be depicted in Figure 6:
After the pilot survey was concluded and the questionnaire was acceptable to the respondents, the 60 questionnaires incorporating 23 questions were circulated. The covering letter requested that the completed questionnaires be returned by 18 July 2003. Follow-up telephone calls were made and an extension was given until 31 July 2003. This did not yield any further responses.

Finally, interviews were conducted with ten respondents from motor dealerships in Port Elizabeth, Uitenhage and Gauteng. On average each interview conducted lasted one hour. The most interesting interview took place at Barloworld, and lasted two hours.

4.9 DATA ANALYSIS

Yin (1994:9) states that every case study should start with a general analytical strategy. These general analytical strategies with regard to case studies provide the researcher with a system by means of which he/she can set priorities for what it is he/she needs to analyse and why. The way in which data will be analysed is important for any research study. This study will involve the analysis of interviews conducted as well as questionnaires returned by respondents. Yin (1994:103) states that before data can actually be analysed, a researcher using case studies can choose from two general analytical strategies: relying on theoretical propositions and developing a case description. In this study the author
will rely on theoretical propositions, which is the most common strategy, according to Yin (1994:103).

Specific techniques can be used to analyse the data collected from the interviews. Yin (1994:103) presents two forms of analysis for the data collected in a case study: within-case analysis and cross-case analysis. When conducting a within-case analysis, the researcher compares the data against the theory used. A cross-case analysis is made by comparing the findings in each case from the within-case analysis with each other. The researcher will conduct a cross-case analysis.

In writing about qualitative data analysis, Miles and Huberman (1994:10) define data analysis “as consisting of three concurrent flows of activity: data reduction, data display, and conclusion drawing/verification”. Upon first obtaining data during “a data collection period,” Miles and Huberman (1994:10) explain three stages of qualitative data analysis as follows:

- **Data reduction**: this should not be considered to be separate from analysis, but as part of it. Miles and Huberman (1994:10) add that data can be reduced and transformed through such means as selection, summary, paraphrasing, or being absorbed in a larger pattern. As data reduction, the researcher will conduct a within-case analysis with the theory to see if the data either verifies or falsifies previous research.
- **Data display**: this is the second major activity which the researcher should undertake, and this means taking the reduced data and displaying it in an organised, compressed way so that conclusions can be more easily drawn. Miles and Huberman (1994:11) explain that “humans are not powerful processors of large amounts of information”, and that “extended text can overload humans’ information-processing capabilities”. It is further explained that good displays are “a major avenue to valid qualitative analysis”. In conclusion, they state that, as with data reduction, the creation and use of displays is not separate from analysis, but is part of it. The cross-case analysis helps us to further reduce data in order to be able to draw conclusions.
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- Conclusion drawing and verification: this is the final analytical activity for the qualitative researcher. It is here that the researchers begin to decide what things mean. They do this by noting regularities, patterns, explanations, possible configurations, causal flows, and propositions. However, Miles and Huberman (1994:12) also add that the competent researcher should also hold such conclusions lightly, while maintaining both openness and a degree of scepticism. From such ordered displays, commenting on the pattern that was discovered in the analysis, the researcher is assisted in stating his/her conclusions.

4.10 VALIDITY AND RELIABILITY

With any type of measurement, two considerations are very important. One of these is validity and the other reliability. Validity is concerned with the soundness, the effectiveness of the measuring instrument. The following questions can be asked:

- Does the measuring instrument measure what it is supposed to measure?
- What is the accuracy of the measurement?

Carlsson (1999:25) states that “validity can be defined as the ability, of the measuring instrument, to measure what you really intend to measure”. There are two kinds of validity: internal and external validity. Firstly, internal validity is a concern only for causal (or explanatory) case studies, in which an investigator is trying to determine whether one event led to another. Secondly, the concern over internal validity, for case study research, may be extended to the broader problem of making inferences.

A case study basically involves an inference every time an event cannot be directly observed. External validity deals with the problem of knowing whether a study’s findings are generalisable beyond the immediate case study. The external validity problem has been a major barrier in doing case studies. Critics generally state that single cases offer a poor basis for
generalising. Such critics are contrasting the situation to survey research, in which a “sample” readily generalises to a large universe (Yin, 1994:15).

According to Yin (1994:15), a good guideline for doing case studies is to conduct the research so that an auditor could repeat the procedures and arrive at the same results. The goal of reliability is to minimise the errors and biases in a study. It means that if a late investigator followed exactly the same procedures as described by an earlier investigator and conducted the same case study all over again, the late investigator should arrive at the same findings and conclusions.

There are several types of validity; the more common types according to Leedy and Ormrod (2001:98) are:

- Face validity: relies basically upon the subjective judgment of the researcher and therefore is not entirely convincing evidence that an instrument is truly measuring what the researcher wants to measure.
- Content validity: the extent to which a measurement instrument is a representative sample of the content area being measured. Content validity is commonly used when we want to assess achievements in certain areas, such as knowledge gained on a course.
- Criterion validity: this is the extent to which the results of an assessment instrument correlate with one another.
- Construct validity: this is any concept such as honesty that cannot be directly observed or isolated, but must instead be inferred from patterns in people’s behaviour.

Reliability deals with accuracy. According to Leedy and Ormrod (2001:99), it is the extent to which, on repeated measures, the indicators yield similar results. Reliability in quantitative research projects can be evaluated by repeating a similar question later on in the questionnaire.
According to Leedy and Ormrod (2001:31), validity and reliability are terms used in connection with measuring instruments. The integrity of the research is based on the validity and reliability of that piece of work and, as such, it is important that the work should conform to the requirements of validity and reliability. A brief discussion of these concepts and their relevance to this study follows:

Validity is concerned with the effectiveness and soundness of the measuring device. The crucial question is whether it measures what it is intended to measure and whether it is accurate. Therefore, in this study, does the questionnaire measure what it was intended to measure? Leedy and Ormrod (2001:31) state that reliability is seen as the consistency with which the measuring device performs. This means that apart from delivering accurate results, the measuring instrument must deliver similar results consistently. According to Singleton, Straits and Straits (1993:121), reliability may be improved by conducting exploratory studies in the area of interest or by conducting pre-tests on a small sample of persons similar in characteristics to the target group. In this study, both were conducted by the researcher, in the form of the literature study (Chapters 2 and 3 of this work). A pilot questionnaire was sent out to three senior lecturers, five MBA students as well as three dealerships (Algoa Toyota Newton Park Port Elizabeth, Market Square Volkswagen Uitenhage and Airport Motors Gauteng). The aim of this study was to ensure that all questions were understandable and relevant.

4.11 RESULTS OF THE QUESTIONNAIRE

Section A

Section A of the questionnaire was aimed at gaining information regarding Web marketing strategies and promotion.
Summary of results pertaining to Web marketing and promotion strategies

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>% Yes</th>
<th>% No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Companies promoting their Web sites</td>
<td>25</td>
<td>2</td>
<td>92,6%</td>
<td>7,4%</td>
</tr>
<tr>
<td>2 Use of marketing strategies</td>
<td>27</td>
<td>0</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>3 Online advertising</td>
<td>17</td>
<td>10</td>
<td>62,9%</td>
<td>37,1%</td>
</tr>
<tr>
<td>4 Use of marketing consultants</td>
<td>6</td>
<td>21</td>
<td>22,2%</td>
<td>77,8%</td>
</tr>
<tr>
<td>5 Use of e-mail marketing</td>
<td>17</td>
<td>10</td>
<td>62,9%</td>
<td>37,1%</td>
</tr>
<tr>
<td>6 Use of opt-in e-mail</td>
<td>2</td>
<td>25</td>
<td>7,4%</td>
<td>92,6%</td>
</tr>
<tr>
<td>7 Use of short term marketing strategies</td>
<td>27</td>
<td>0</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>8 Use of long-term marketing strategies</td>
<td>14</td>
<td>13</td>
<td>51,9%</td>
<td>48,1%</td>
</tr>
<tr>
<td>9 Forming cross-link alliances</td>
<td>23</td>
<td>4</td>
<td>85,2%</td>
<td>14,8%</td>
</tr>
<tr>
<td>10 Use of strategies to attract customers to your Web site</td>
<td>6</td>
<td>21</td>
<td>22,2%</td>
<td>97,8%</td>
</tr>
<tr>
<td>11 Use of search engines as part of online marketing strategy</td>
<td>27</td>
<td>0</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>12 Importance of obtaining a high ranking on search engines</td>
<td>27</td>
<td>0</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>13 Use of software to obtain a top 10 ranking</td>
<td>0</td>
<td>27</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Section B: Customer Relationship Management to attract customers

The following questions were posed to the respondents as well as the response rate/percentages:

1 How much time do referred visitors spend on your Web site?
The average time customers are spending on the Web site is 3,5 minutes.
2 How effective is your Web site in converting visitors into customers?

<table>
<thead>
<tr>
<th>Highly effective</th>
<th>Effective</th>
<th>Fairly effective</th>
<th>Poor</th>
<th>Very poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (3,7%)</td>
<td>1 (3,7%)</td>
<td>25 (92,60%)</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

3 What is your company’s goal with regard to CRM?

<table>
<thead>
<tr>
<th>Goal of CRM</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Getting to know the customer</td>
<td>26</td>
<td>96,3%</td>
</tr>
<tr>
<td>Improving and making the product or service more attractive</td>
<td>2</td>
<td>7,4%</td>
</tr>
<tr>
<td>Improving customers knowledge of the company</td>
<td>27</td>
<td>100,0%</td>
</tr>
<tr>
<td>Tempting customers to purchase more regularly</td>
<td>23</td>
<td>85,2%</td>
</tr>
<tr>
<td>Increasing customer loyalty and trust through building relations</td>
<td>27</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

4 What are the keys to successful CRM implementation?

<table>
<thead>
<tr>
<th>Successful CRM implementation</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing sales</td>
<td>5</td>
<td>18,5%</td>
</tr>
<tr>
<td>Improving effectiveness of sales and marketing activities</td>
<td>25</td>
<td>92,6%</td>
</tr>
<tr>
<td>Reducing costs of acquiring new customers</td>
<td>27</td>
<td>100%</td>
</tr>
<tr>
<td>Increasing customer loyalty</td>
<td>27</td>
<td>100%</td>
</tr>
<tr>
<td>Increasing share of customer</td>
<td>25</td>
<td>92,6%</td>
</tr>
<tr>
<td>Other – customer profitability</td>
<td>3</td>
<td>11,1%</td>
</tr>
</tbody>
</table>
Does your company make use of Internet strategies to facilitate CRM?

<table>
<thead>
<tr>
<th>Companies making use of online CRM</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>8</td>
<td>29.6%</td>
</tr>
<tr>
<td>NO</td>
<td>19</td>
<td>70.4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>27</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Summary of results of where companies have used the Internet to facilitate CRM

Where companies are using Internet strategies used to facilitate CRM, the following are the most common elements used:

<table>
<thead>
<tr>
<th></th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target the right customers</td>
<td>8</td>
<td>100.00%</td>
</tr>
<tr>
<td>Own the customer’s total experience</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Streamline business processes that impact on the customer</td>
<td>5</td>
<td>62.50%</td>
</tr>
<tr>
<td>Let customers find things that they need quickly and conveniently</td>
<td>8</td>
<td>100.00%</td>
</tr>
<tr>
<td>Deliver a personalised service</td>
<td>8</td>
<td>100.00%</td>
</tr>
<tr>
<td>Entice customers to join in communities of interest</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Provide a 360 degree view of the customer relationship</td>
<td>0</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Does your company make use of the Internet to enhance CRM?

<table>
<thead>
<tr>
<th>Companies using the Internet to enhance CRM</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>25.93%</td>
</tr>
<tr>
<td>No</td>
<td>20</td>
<td>99.74%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>27</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
### 6.1 Summary of results of companies making use of the Internet to enhance CRM

<table>
<thead>
<tr>
<th>Rating of those companies that are making use of the Internet to enhance CRM</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly effective</td>
<td>1</td>
<td>14,3%</td>
</tr>
<tr>
<td>Effective</td>
<td>4</td>
<td>57,1%</td>
</tr>
<tr>
<td>Fairly effective</td>
<td>2</td>
<td>28,6%</td>
</tr>
<tr>
<td>Poor</td>
<td>0</td>
<td>0,0%</td>
</tr>
<tr>
<td>Very poor</td>
<td>0</td>
<td>0,0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

Does your Web site meet the needs of online visitors?

<table>
<thead>
<tr>
<th>Web sites meeting the needs of online visitors</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>24</td>
<td>88,9%</td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>11,1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>27</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

### 7.1 Summary of results Web sites meeting the needs of online customers

<table>
<thead>
<tr>
<th>How companies’ Web sites are meeting the needs of online visitors</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site loads quickly</td>
<td>1</td>
<td>45%</td>
</tr>
<tr>
<td>Accessibility of information</td>
<td>24</td>
<td>100%</td>
</tr>
<tr>
<td>Online contact information</td>
<td>16</td>
<td>66,7%</td>
</tr>
<tr>
<td>Online service bookings</td>
<td>5</td>
<td>20,8%</td>
</tr>
<tr>
<td>Online quotes</td>
<td>5</td>
<td>20,8%</td>
</tr>
</tbody>
</table>
**Does your company make use of creating relationships online?**

<table>
<thead>
<tr>
<th>Creating online relationships</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
<td>37,0%</td>
</tr>
<tr>
<td>No</td>
<td>17</td>
<td>63,0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>27</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

**8.1 Summary of results of companies creating relationships online**

<table>
<thead>
<tr>
<th>How companies are creating relationships online</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning more about the customer through database analysis</td>
<td>8</td>
<td>80,0%</td>
</tr>
<tr>
<td>Improving and making the product or service more attractive</td>
<td>4</td>
<td>37,5%</td>
</tr>
<tr>
<td>Building the customer’s knowledge about the company</td>
<td>10</td>
<td>100,0%</td>
</tr>
<tr>
<td>Tempting customers to purchase more regularly</td>
<td>2</td>
<td>20,0%</td>
</tr>
<tr>
<td>Increasing customer loyalty and trust through building relationships</td>
<td>10</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

**Does your company create loyalty amongst your customers?**

<table>
<thead>
<tr>
<th>Loyalty creation amongst customers</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>27</td>
<td>100,0%</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>27</td>
<td>100,0%</td>
</tr>
</tbody>
</table>
9.1 Summary of results of how loyalty is created amongst customers

<table>
<thead>
<tr>
<th>How is loyalty created amongst customers?</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving customer service</td>
<td>27</td>
<td>100,0%</td>
</tr>
<tr>
<td>Enhance product information</td>
<td>18</td>
<td>66,7%</td>
</tr>
<tr>
<td>Analysing the likelihood of consumers actively participating in your loyalty program</td>
<td>8</td>
<td>29,6%</td>
</tr>
</tbody>
</table>

10 Companies knowing how many of their hits are converted into sales

<table>
<thead>
<tr>
<th>Hits converted into sales</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Know</td>
<td>9</td>
<td>33,3%</td>
</tr>
<tr>
<td>Do not know</td>
<td>18</td>
<td>66,7%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>27</td>
<td>100,00%</td>
</tr>
</tbody>
</table>

4.12 QUANTITATIVE ANALYSIS OF THE QUESTIONNAIRE

The questionnaire (Annexure A) was designed to measure the most common methods used by motor dealers to market and promote their Web sites as well as what they considered were important elements with respect to CRM. The questionnaire was also designed to determine whether companies were making full use of their Web sites as a marketing and promotional tool and whether they were aware of the tools available as per the literature study.

4.13 SUMMARY

The objective of this chapter was to set out the planning, the execution and the results of the empirical component of the study. The first section of Chapter 4 discussed the research methodology, research design, research approach, appropriate research method, research goals and strategies, research sampling, data collection and the purpose and use of the
questionnaire. A letter accompanying the questionnaire was e-mailed to the preferred respondents. A satisfactory response rate was achieved through this method.

The results of the empirical study were then analysed in order to ascertain the level of agreement with the theoretical model that was developed from the literature study. Furthermore, valuable insight was gained as to the overall expertise with regard to Web marketing and promotion as well as CRM within the motor dealerships. In the next chapter the data collected will be compared and conclusions drawn from the data interpreted.

Chapter 5 will present the final conclusions and recommendations of the research study.
CHAPTER 5

FINAL SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

Chapter 5 presents the final summary, conclusions and recommendations of the research. The final summary discusses similarities and differences between the literature study (Chapters 2 and 3) and the empirical study (Chapter 4), whilst at the same time conclusions are drawn based on these similarities and differences.

Chapter 5 is presented under the following headings:

- Background and objectives of the study.
- Creating awareness.
- Creating an online presence; and
- Use of marketing strategies.

5.2 BACKGROUND OF THE STUDY

Good Web site marketing is something that begins with good Web site design. A Web site should be designed with promotion and marketing in mind. There are millions of Web sites out there today, and the total number of pages runs into billions. People find the information they want by using search engines and directories. Some people type in URLs that have been obtained from a television, newspaper or magazine advertisement, through word-of-mouth, as well by following links from other sites.

When describing the creation of an online shopping environment, a high quality Web experience for both the benefit of the customer and the merchant, the author believes that conclusions can be drawn by mainly
looking at aspects such as product information, use of data mining to build up customer profiles, creating a Web presence, advertising tools and building relationships with customers.

5.2.1 **Objectives of the study**

The purpose of this study is to investigate what tools can be used to market and promote a Web site as well the use of CRM tools to attract and retain customers. The objectives of the study included the following: How to make customers aware of a Web site, methods used to market and promote a Web site, advertising methods used to attract customers, effectively using search engines to increase traffic to a Web site, and building loyalty through the effective use of CRM.

5.3 **CREATING AWARENESS IN PROMOTING A WEB SITE**

The literature study reveals that Web awareness can be created by displaying the Web address on business cards, letterheads, invoices, business stationery, radio spots and television commercials as well as print advertising. In practice the majority of motor dealerships are promoting their Web sites via radio spots, linking to other Web sites as well as newspaper advertisements. The larger groups are making use of television advertising.

The author suggests that companies should advertise their URL on letterheads, business cards, invoices, statements, and other business stationery as well as by word-of-mouth in order to make people aware of their Web site. The majority of companies are using the company’s name or their brand name for their URL, which makes it easy for people to find the Web site.
5.4 CREATING AN ONLINE PRESENCE

Declining costs of Web hosting and the advent of user-friendly tools or outsourced suppliers for Web site development have made it easy for companies of any size to have a Web presence. Web sites are very good ways to build one-to-one relationships with customers, by giving them an easy place to obtain information, day or night, and by offering opportunities to receive e-mail messages that might be of interest. An online presence supports the marketing communications effort in a number of ways. Firstly, it allows the company to increase its presence in the marketplace and to communicate its overall mission and information about its marketing mix. Secondly, the Internet allows 24-hour access to customers and prospects. Finally, the Internet can improve customer service by allowing customers to serve themselves when and where they choose.

In opening an electronic storefront, a company has two choices: it can buy space on a commercial online service or it can open its own Web site. Buying a location on a commercial online service involves either renting storage space on the online service’s computer or establishing a link from the company’s own computer to the online service’s shopping mall. The online services typically design the storefront for the company and introduce it to their subscribers. For these services, the company pays the online services an annual fee plus a small percentage of the company’s online sales.

Companies can also create a storefront: usually the Web home page that is the first step to get into electronic commerce. The home page is the first screen image that pops up when a user accesses a particular company site. These sites are designed to engage consumers in an interaction that will move them closer to a purchase or other marketing outcome. With a marketing Web site, communication and interaction are initiated by the marketer. Such a site might include a catalogue, shopping tips and promotional features such as coupons, sales events or contests. Companies aggressively promote their marketing Web sites in traditional,
off-line, print and broadcast advertising, and through ‘banner-to site’ adverts that pop up on other Web sites.

Creating the Web site is one thing: getting people to visit the site is another. The key is to create enough value and excitement to get consumers to come to the site, stick around and come back again. This means that companies must create Web sites that are easy to read and navigate, as well as constantly updating their sites to keep them fresh and exciting.

5.5 ONLINE ADVERTISING

According to the literature study, the online advertisement is an essential tool to reach the online target segment. The literature states that the most common online advertising methods that are used are banner advertising, banner exchange sites, value based advertising, e-mail marketing and linking to other sites.

The author found the banner advertising, newspaper advertisements and linking to other sites were the most common as well as the most effective forms available. According to research conducted by Barker and Gronne (1996:58), banner advertising is not as effective as radio and television spots. The main advantage of using a banner advertisement is that the user is already on the Web when exposed to the advertisement, and it is very easy for him/her to visit the advertising Web site.

According to the author’s research, the majority of dealerships that are using banner advertising have found it to be effective and as such, this method was very popular amongst the respondents. Although radio and television advertising reaches a larger audience, this is far more expensive and only the big players can afford to advertise in this manner. According to the author’s research, the dealerships felt that the returns from banner advertising and newspaper advertising far outweighed the benefits/costs of television advertising. McCarthy Online was one of the few, who are
making extensive use of television advertising, but they are part of a large group and they have the resources to spend vast sums of money on television advertising.

The author is of the opinion that advertising helps companies to communicate new products and services on offer and helps to build an organisation’s image and brand. The main challenge in designing advertisements for the Web is to determine how to capture and retain the attention of the users. On the Web, exposure measurement in the traditional sense is no longer valid. An exposure, or “hit”, can cover anything from a dissatisfied customer leaving the site in less than a second with a negative impression, to the interested customer spending a quarter of an hour at the site. Therefore, the ultimate aim of Web advertising should not be to maximise the number of exposures but rather to ensure that the advertising Web site gets exposures of the right kind. If a site is to leave a positive impression on the customer, it needs to provide some kind of value in return for the time and money the customer spends on visiting the site. To briefly capture the attention of Web users is not enough. It is more important to retain and reward that attention in order to get the right kind of exposures.

The author suggests that Web advertising can offer more added value compared to advertising in traditional media by integrating functions not traditionally associated with advertising, such as customer service, transaction processing and, in some cases, distribution. When incorporating these functions into the advertisements, Web advertisers can provide a purchase facilitation, which is unattainable in other media, thus compressing the decision-making chain from exposure to action.

5.6 MARKETING STRATEGIES

According to a number of literature studies, there are only four main marketing strategies needed to grow a business:
- Increasing the number of customers.
- Increasing the average transaction amount.
- Increasing the profitability per transaction i.e. the gross profit; and
- Increasing the frequency of repurchase.

According to the study conducted by the author, every marketing strategy should be measured by its ability to directly impact and improve upon each of the factors as mentioned above.

5.6.1 Increasing the number of customers

According to research conducted by the author, increasing the number of customers is the first step most business owners and managers take to grow their business. Losses can occur when inexperienced sales personnel are put in charge of designing and implementing a marketing programme. Executed correctly, basic marketing strategies cost-efficiently produce new prospects that are ready, willing and able to buy products or services. The main purpose of a marketing strategy is to give sales personnel, prospects to convert into paying customers. Rewarding existing customers for referring new ones is one easy step business owners can take to increase their total number of customers. This is very prevalent in the motor industry and is commonly referred to as “spotter’s fees”.

5.6.2 Increasing the average transaction amount

Owners and managers spend most of their time operating their business and searching for new customers. They often overlook the customers they see regularly. These repeat customers are usually taken for granted and left to conduct entire transactions without ever being asked if they would like to buy more product or service. Complacency, i.e. expecting customers to buy a minimum amount of product or service without ever being asked to buy more, can be the undoing of a business. This attitude can eventually cause customers to spend less money. Customers who are
not continuously offered compelling reasons to keep buying more of the same products and services from one business will look for new reasons to buy from another. Cross selling and upselling, systematically offering customers more value via additional products or services at the point of sale, are two simple steps business owners can take to increase their average transaction amount.

5.6.3 **Increasing the profitability per transaction i.e. the gross profit**

Many companies in the motor industry put pressure on the sales personnel to do as many deals as possible. The top salesperson might not necessarily be the most profitable salesperson. Companies need to pay sales personnel a higher commission on the more profitable models in order to encourage them to sell these vehicles, and to develop software to monitor these sales.

5.6.4 **Increasing the frequency of repurchase**

In an established business, an average customer’s purchasing pattern develops and (like the average transaction amount) is usually taken for granted and rarely improved upon. A customer’s repeat business is earned by the business that gives the customer what he/she wants. Without having basic marketing strategies or processes for consistently offering customers more of what they want, repeat business is earned less frequently. Frequently communicating news and offers to past and present customers via telephone or mail generally increases their frequency of repurchase and is one more step owners can take to grow their business.

The literature study also highlighted five Internet marketing strategies that are essential in marketing an organisation’s products in an online environment, namely: network marketing, target marketing, positioning and differentiation strategies, e-mail marketing, and affiliate marketing.
5.6.5 **Network marketing**

The literature study indicated that this form of marketing is an effective tool and is very simple to implement. The author suggests that an organisation should develop several Web sites promoting similar products, and then link them all together. Rather than using one general site to market all of an organisation’s products/services, a number of separate targeted sites should be developed so as to create a network. A small number of the respondents in the empirical study stated that they used this form of marketing strategy. It appears that those not using this form of marketing were either not aware that this was in existence or that they did not know how to implement it.

5.6.6 **Target marketing**

Target marketing is the process of determining which segments to serve. This can be done on several grounds, depending on the circumstances and business models in use. The better a firm knows its customers, the better it can target its offerings to those customers. Firms have greater potential than ever before to get to know their customers. The greatest advantage of Internet promotion however, is its interactivity, and the opportunity to target advertisements to very narrowly defined groups of customers. The vast majority of the respondents in the empirical study indicated that they used target marketing and found this to be an effective means of marketing their products and services.

The author suggests that when developing the core marketing strategy of the firm, the starting point must be the potential customers. The marketing strategy can thus be developed using segmentation techniques to identify potential target groups of customers, while considering the strengths and weaknesses of the firm (both current and potential).
5.6.7 Positioning and differentiation strategies

The literature study states that segmentation and positioning is fundamental to all successful marketing strategies. It is important to have a good understanding of the dominant values of the target audience. For example, the link between a product and a customer's value system is critical for positioning. Differentiation requires a business to create products that are perceived by buyers as unique. Like cost leadership, differentiation can be reached by several means, but is most likely to become successful when several methods, which support each other, are practised simultaneously. Examples of approaches to differentiation are brand image, technology, and features. Since a perception of exclusivity is usually an important component, it is hard to combine differentiation with a high market share.

The author suggests that by focusing its efforts on a well-defined narrow target segment, a product line, or a geographical region, a firm might be able to serve its customers better. Ideally a company applying such a focus strategy can charge higher prices associated with differentiation, while maintaining a low cost structure. Disadvantages include the inability of the firm to expand outside its narrowly defined strategic market, and the risk that larger players find the sub-market attractive and thus enter it.

5.6.8 E-mail marketing

The literature study states that e-mail is an effective way to market a product and to increase awareness amongst potential as well as existing customers. Customers tend to be more receptive to e-mail marketing, especially if the e-mail is used to give them advance notice on new product developments or the latest breaking news. As such, e-mail can be a very effective way to pre-announce products or upgrades to customers, send a flash about a product update or a problem, inform customers about changes in service, announce important news about the company, invite them to a customer-only event and so on. But even so, some customers
may be upset by promotional e-mail, so the author suggests that these customers be given the choice to opt-out or to unsubscribe at any time by clicking now on an unsubscribe button on the e-mail sent to them or doing so, if they wish to at a later stage. The author further suggests that both customers and prospects will be more accepting of e-mail marketing if it is used to follow up on enquiries or orders, especially enquiries or orders that are electronically sent by these customers.

The majority of the respondents used e-mail to advise customers of new products as well as to advise them of specials, new services and articles of interest. The author suggests that data mining should be used to build up customer profiles relating to individual needs and preferences so that e-mails can be sent to specific customers advising them of new products or services that they may be interested in. By building up a customer profile and by making extensive use of the dealer management system (DMS), e-mail marketing will become a more effective marketing tool.

Innovative target marketing programs can be developed by Web-based trend analysis software with the information being stored and analysed by the data warehouse. Highly effective advertising campaigns have been developed in this manner with customers gathering information by visiting the company Web site.

5.6.9 **Affiliate marketing**

The literature study states that affiliates are sites that agree to help a business market its product. This includes information on an affiliate’s Web site, which contains information concerning the particular organisation’s product or service with a link back to the original Web site. A business pays the affiliates an agreed amount for each customer they send.

More than fifty percent of the respondents in the empirical study made use of affiliates such as Autotrader, Motoronline, Autoworld, Autofind, and
Cars4sale. The most popular and most effective retail motoring affiliate sites are Autotrader, Motoronline and Autoworld.

The author suggests that by joining an affiliate program, a business will be able to recruit an unlimited number of sites to sell its products. The key to obtaining affiliates is to offer a reasonable commission for each sale. The higher the commissions, the more affiliates an organisation will be able to attract.

5.7 SEARCH ENGINES AND CROSS-LINK MARKETING ALLIANCES

The literature study highlighted four marketing tools, namely search engines, banner exchange programs, purchasing banner advertisements on appropriate sites and purchasing Web advertising.

5.7.1 Search engines

According to the literature study, a search engine is a robot, commonly termed a “spider”, which uses a program to automatically search, catalogue, and organise information that it finds on the Internet. Each search engine uses its own set of criteria to decide what to include in its database.

The author suggests that a business that has a Web site, would want search engines to direct to it as many visitors as possible. Therefore, a business must ensure that it is in the databases of the most popular search engines.

According to the empirical study, the respondents were of the opinion that the following three criteria were important in obtaining a high ranking on the major search engines: good overall design, use of keywords and use of Meta tags. None of the respondents made use of commercially available software to assist them in obtaining a high ranking on the major search engines.
5.7.2 **Banner exchange programs**

The literature study states that banner exchange programs are Web sites that assist electronic merchants in promoting their stores online. A banner exchange program is an agreement between groups of people that allows one member to place a banner advertisement on another member’s Web site. In a banner exchange the participants show each other’s banners on their sites.

The author suggests that banner exchange programs can be used to swap banners directly with other site owners who have similar target markets but who are not directly competitive. Banner exchanges were found to be fairly popular amongst the respondents that were making use of cross-link alliances with partners.

5.7.3 **Purchasing banner advertisements on appropriate sites**

The literature study states that a business may need to spend money to boost traffic by purchasing banner advertising. Sites should be chosen that seem to attract the kinds of people who would be good prospects for the type of business or product.

According to the empirical study, the use of cross-link alliances with partners was popular.

The author suggests that an Internet marketer must ensure that organised cross-marketing alliances are formed so that Internet users are directed to the appropriate Web site from a controlled and measurable source.

5.7.4 **Purchasing web advertising**

According to the literature study, this form of marketing includes ezine advertising, banner advertising and classified advertisements.
The empirical study indicated that ezine advertising is not at all popular amongst the respondents. Classified advertisements were still the most popular with banner advertising ranking second in popularity.

The author states that the learning curve associated with Web advertising is much steeper than other media, because of the medium’s novelty, its difference from traditional media, and because its interactivity means that Web advertising has the potential to influence the organisation itself in a more profound way than traditional advertising.

5.8 CONVERTING VISITORS INTO CUSTOMERS

According to the literature study, the Web site can be used to move customers and prospects through successive phases of the buying process. This can be done by first attracting visitors, making contact with interested visitors and qualifying/convert ing a portion of the interested contacts into interactive customers.

According to the empirical study, the majority of the respondents found their Web sites to be fairly effective in converting visitors into customers. Some of the respondents are investigating the methods used by overseas motor dealerships, as the conversion rates were far higher in the overseas markets.

5.9 GOALS OF CUSTOMER RELATIONSHIP MANAGEMENT

According to the literature study, the goal of CRM is for organisations to build relationships with their customers where they see mutual benefit and value in continuing to do business with the particular organisation and view moving to another company as an inconvenience. The principles of CRM allow both small and large companies to increase their bottom line and customer satisfaction. It is about converting the way companies view their customers, moving from an internal to an outward-focused, more customer-centric approach to running the business. Organisations can
customise their product or service offerings, manage the customer experience and keep ahead of the curve of changing customer needs. To really understand what customers are worth, a company needs to think broadly about the ways in which customers add value to the company as well as the need to create more sophisticated approaches to quantifying the value of customer relationships. Knowing the true value of customers will lead to better decisions about how to deploy technology resources in off-line and online sales.

An overwhelming majority of the respondents in the empirical study found that the following goals and successes of CRM were:

- Getting to know the customer
- Improving the customers knowledge of the company
- Tempting customers to purchase more regularly
- Increasing customer loyalty and trust through building relationships
- Improving effectiveness of sales and marketing activities
- Reducing costs of acquiring new customers; and
- Increasing customer loyalty.

The author is of the opinion that the goal of CRM is that it helps businesses use technology and human resources to gain insight into the behaviour of customers and the value of those customers. By using CRM a business can:

- Provide better customer service.
- Make call centres more efficient.
- Improve effectiveness of sales and marketing activities.
- Help sales staff close deals faster.
- Simplify marketing and sales processes.
- Increase customer loyalty.
- Discover new customers; and
- Increase customer revenues.
5.10 RECOMMENDATIONS

Based on the foregoing conclusions, the following recommendations are proposed:

Integrating the Internet into the organisation’s overall marketing objectives: the cross fertilisation between the Web site and other traditional marketing media is very important to the success of the Web site. The URL and e-mail address should be placed in every media advertisement that is made such as magazines, newspapers, and newsletters. The presence of Internet addresses on printed materials projects a modern, up-to-date image for a company. Other media that can be used to promote a Web site are: business cards, letterheads, brochures, catalogues, invoices, statements, yellow page advertisements, and any other advertisements.

Registering the Web site with the major search engines: more aggressive use of search engines and Web directories would be advantageous owing to the low cost and definitive measures that can be taken to increase search engine ranking. Search engines are the primary way for customers to find Web sites. Companies with Web sites depend on search engines to generate new customers and prospects, as well as to direct them to the various companies' Web sites.

Linking a company’s Web site to complementary Web sites: a method to get qualified customers to visit a Web site is to place links on complementary Web sites. As part of an organisation’s marketing strategy, it can create a free exchange of promotional services with the owner of a Web site that attracts the same audience as it does. In other words, if one business sells motor accessories and the other sells motor vehicles, they are both trying to attract the same audience. If they each place a link on each other’s Web site, they will each benefit by having a larger number of visitors.

Instituting a CRM strategy: the implementation must be based on the concept that an organisation's most valuable asset is the customer and the organisation must manage its customer relationships in the best possible way. Having the various departments of the organisation such as
marketing, sales and service gather qualified information, will create a
database, which is of real value to the company. Establishing defined
processes for data retrieval will allow effective use of the data and a
uniform platform for CRM as well as optimal customer service. Thus, an in
depth organisational change that supports CRM is required throughout the
marketing, sales and service departments. For CRM to be truly effective,
an organisation must firstly decide what kind of customer information it is
looking for and it must decide what it intends to do with that information.
Secondly, the organisation must look into all of the different ways
information about customers comes into a business, where and how this
data is stored and how it is currently used. A company may, for instance,
interact with customers in a myriad of different ways including mail
campaigns, Web sites, brick-and-mortar stores, call centres, mobile sales
force staff and marketing and advertising efforts. Solid CRM systems link
up each of these points. This collected data flows between operational
systems such as sales and inventory systems and analytical systems that
can help sort through these records for patterns. Company analysts can
then comb through the data to obtain a holistic view of each customer and
pinpoint areas where better services are needed.

5.11 RECOMMENDATIONS FOR FURTHER RESEARCH

Based on the outcome of this research the following recommendations are
made for further research:

- That the future of online purchasing in retail motoring be investigated.
- That software be used to obtain a high ranking on the major search
  engines.
- That banner advertising be used for marketing and promotion.
- That the Web site be used to build customer relationships.
- That the effectiveness of integrated marketing communications be
  investigated; and
• That the importance of the Web site in the communication mix be investigated.
REFERENCES


Benchmark Communications. 2002.


http://www.tamingthebeast.net/articles/Webadvertising.htm.


ANNEXURE A

QUESTIONNAIRE

Contact Information

Company Name: __________________________________________
Physical Address: __________________________________________
Web site Address: __________________________________________
E-Mail: __________________________________________
Telephone: __________________________________________
Fax: __________________________________________
Contact Person: __________________________________________
Designation: __________________________________________

SECTION A: WEB MARKETING STRATEGIES AND PROMOTION

1 Does your company promote its Web site?
   YES / NO

1.1 If you answered, “Yes” to question 1 above, please indicate which
promotion strategies you are making use of:

☐ E-mail  ☐ Television commercials
☐ Newsgroups  ☐ Radio spots
☐ Linking to other Web sites  ☐ Newspaper advertisements
☐ Other (please specify)

2 Does your company make use of marketing strategies for its Web site?
   YES / NO
2.1 If you answered “Yes” to question 2 above, please indicate which.

☐ Network marketing  ☐ Target marketing

☐ Positioning and differentiation strategies  ☐ Affiliate marketing

☐ Other (please specify)

2.2 With regard to each of the above strategies that you are using, briefly explain how they are being implemented.

_________________________________________________________________
_________________________________________________________________

3 Does your company make use of online advertising to promote its products?

YES / NO

3.1 If you answered, “Yes” to question 3 above, please indicate which advertising methods you are making use of.

☐ Banner advertising  ☐ E-Mail marketing

☐ Banner exchange sites  ☐ Linking to others

☐ Value based advertising  ☐ Other (please specify)

4 Does your company make use of any marketing companies/consultants to assist in marketing its Web site so as to attract potential customers?

YES / NO
4.1 If you answered “Yes” to question 4 above, which marketing companies do you make use of and has this proven to be effective in attracting more customers to your Web site?

_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________

5 Does your company make use of e-mail marketing?
YES / NO

5.1 If you indicated, “Yes”, to question 5, please describe how you make use of e-mail marketing and indicate in the blocks provided how effective this has been.

<table>
<thead>
<tr>
<th>1 Highly effective</th>
<th>2 Effective</th>
<th>3 Fairly effective</th>
<th>4 Poor</th>
</tr>
</thead>
</table>

6 Does the company make use of opt-in e-mail i.e. where visitors/customers agrees to be sent e-mail?
YES / NO

6.1 If you indicated, “Yes”, to question 6 please indicate whether you make use of the following:

- New content notification
- Resource updates
- Free reports
- Free ezines/newsletters
- Other-please specify
7 Does your company make use of the following short-term marketing strategies?
YES / NO

7.1 If you answered “Yes” to question 7 above, please indicate which of the following short-term strategies you make use of:

☐ Ezine advertising
☐ Online bulletin boards

☐ Banner advertising
☐ Classified ads

☐ Other (please specify)

8 Does your company make use of the following long-term marketing strategies?
YES / NO

8.1 If you answered “Yes” to question 8 above, indicate whether you make use of any of the following long-term strategies:

☐ Opt-in lists
☐ Tutorials

☐ Freebies
☐ Tips

☐ Articles
☐ Reports

☐ Other (please specify)

9 Does your company form cross-link alliances with partners?
YES / NO
9.1 If you indicated, “Yes”, to question 9 above, please indicate in the blocks below which cross-link alliances you make use of:

☐ Communicating with marketers of partner companies.

☐ Joining a banner exchange programme.

☐ Purchasing banner advertisements on appropriate sites.

☐ Purchasing Web advertising.

☐ Other (please specify)

10 Do you make use of any strategies to attract customers to your Web site?

YES / NO

10.1 If you answered “Yes” to question 10 above, please describe what methods you are using and indicate on a scale of 1-5 how effective these are:

1 = Very effective

2 = Effective

3 = Fairly effective

4 = Poor

5 = No effect

11 Does your company utilise search engines (Web directories) as part of its online marketing strategy?

YES / NO
11.1 If you answered, “Yes” to question 11 above, please indicate which search engines you make use of:

☐ Yahoo  ☐ Google

☐ Dogpile  ☐ Excite

☐ Alta Vista  ☐ Lycos

☐ AOL  ☐ HotBot

☐ Britannica  ☐ Webcrawler

☐ Other (please specify)

12 An important aspect of Web site marketing is for a company to obtain a high ranking on the major search engines. Do you feel that this is important?
YES / NO

12.1 If you answered “Yes” to question 12 above, please describe why you feel that this is important, and please indicate which of the following methods are used in order to obtain a high ranking:

☐ Good overall design

☐ Use of keywords

☐ Use of Meta tags

☐ Other (please specify)

13 Does your company make use of any software help it achieve a top 10 ranking?
YES / NO
13.1 If you answered “Yes” to question 13 above, please list the software that you make use of and state whether this has helped in obtaining a top 10 ranking. Please indicate on a scale of 1-5 how effective this has been.

1 = Very effective
2 = Effective
3 = Fairly effective
4 = Poor
5 = No effect

SECTION B: CUSTOMER RELATIONSHIP MANAGEMENT/ATTRACTING CUSTOMERS

1. How much time do referred visitors spend on your site?

_________________________________________________________________

How effective is your Web site in converting visitors into customers?

<table>
<thead>
<tr>
<th>1 Highly effective</th>
<th>2 Effective</th>
<th>3 Fairly effective</th>
<th>4 Poor</th>
<th>5 Very poor</th>
</tr>
</thead>
</table>

3. What is your company’s goal with regard to Customer Relationship Management?

- [ ] Getting to know the customer
- [ ] Improving and making the product or service more attractive
- [ ] Improving customers’ knowledge of the company
- [ ] Tempting customers to purchase more regularly
- [ ] Increasing customer loyalty and trust through building relationships
- [ ] Other (please specify)
4  What are the keys to successful CRM implementation?

☐ Increasing sales

☐ Improving effectiveness of sales and marketing activities

☐ Reducing costs of acquiring new customers

☐ Increasing customer loyalty

☐ Other (please specify)

5  Does your company make use of Internet strategies to facilitate customer relationship management?

YES / NO

5.1  If you answered, “Yes”, to question 5, please indicate whether you make use of the following:

☐ Target the right customers

☐ Own the customer’s total experience

☐ Streamlining those business processes that impacts on the customer

☐ Let customers find things that they need quickly and conveniently

☐ Deliver a personalised service

☐ Enticing customers to join in communities of interest

☐ Provide a 360-degree view of the customer relationship

☐ Other (please specify)
6. Does your company make use of the Internet to enhance Customer Relationship Management?
   YES / NO

6.1 If you answered, "Yes" to question 6, has this proved to be effective?

<table>
<thead>
<tr>
<th>1 Highly effective</th>
<th>2 Effective</th>
<th>3 Fairly effective</th>
<th>4 Poor</th>
<th>5 Very poor</th>
</tr>
</thead>
</table>

7. Does your Web site meet the needs of online visitors?
   YES / NO

7.1 If you indicated, “Yes”, to question 7, please explain how your company meets the needs of the online visitors?
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________

8. Does your company make use of creating relationships online?
   YES / NO

8.1 If you indicated, “Yes”, to question 8, please indicate in the blocks below which sequential steps you follow to develop long-term customer retention:

- Learning more about the customer through database analysis
- Improving and making the product or service more attractive
- Building the customers’ knowledge about the company
- Tempting customers to purchase more regularly
- Increasing customer loyalty and trust through building relationships
9 Does your company create loyalty amongst its customers?
   YES / NO

9.1 If you answered “Yes” to question 9 above, how do you create loyalty among your customers?
   - Improving customer service
   - Enhance product information
   - Analysing the likelihood of consumers actively participating in your loyalty program
   - Other (please specify)

10 How are you converting hits into sales? Please describe.