

1 Executive Summary

This paper looks for the impact the Internet has on branding now and in the future. Therefore a short overview over the different views about branding in the last decades is given. The way from “brand as a physical entity” to “brand as a set of rational and emotional attributes”, over to “brand as experience”, finally to “brand as a set of defining relationships that people value” is shown. It argues that the principles of branding have changed not much because of the rising of the internet and are still valid, but that the view of branding has changed from being a one way street where the company tells the customers what they should think about the brand to a two way communication model. This fact is identified as a current issue in marketing. The view that branding is all about communication has changed to the believe that branding is about creating relationships with the customer and all partners that they value.

The impact of this new view on the development of marketing strategy is investigated. Four phases of development and implementation of the Internet within organisations are identified. (Doren 2000) It is found that the impact that the Internet has on the marketing strategy of an organisation depends very much on the phase that that organisation is on.

In a next step, the impact of the change of branding as communication to branding equals building valued relationships and its influences on the marketing functions is investigated. As a conclusion, it is found that this market-orientated emphasis requires a new management approach, seeing marketing less as a specialist function and more as a part of overall management responsibilities.

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3 Introduction

Branding on the Internet – Branding on its way from a communication approach to a relationship

The development of the Internet and its availability to a large number of customers has brought big changes to the way in which organisations can conduct business. Branding has changed in the last decades. From the aim to build up long-term memorable brand icons (Logos, names, packaging, etc) through marketing agencies to the idea of a brand “as a set of defining relationships that people value” (Rubinstein, 2002). This influences especially the role of marketing communications. The interactivity and fast two-way communications enabled by technology leads to the development of new strategies and better understanding of the customers needs.

4 Findings

4.1 Branding and the Internet

4.1.1 The development of ideas about branding

There has been a significant change in branding. According to Rubinstein (Rubinstein, 2002) the ideas about branding have developed from “brand as a physical entity” through “brand as a set of rational and emotional attributes” to “brand as experience”. In a future next step brand is seen “as a set of relationships that people value”.

From the 1940th onwards, a brand has been seen as a physical entity. Advertising agencies tried to build up long term memorable brand icons. Most important was to create visual identities such as the name, the logo and an associated symbol. The communication is one way. The message of a brand was determined by the company and sent out via the agencies to the passive customer. (Smith,1998) The idea was to sent the message as often as possible to the customer to make it stick and remain

hopefully for years. When new medias became available the same message was sent out in new channels without changing the core idea of marketing.

In the following years companies often developed a bigger portfolio and consumers were faced with a greater choice.

In the 1960 and early 1970 branding developed and was seen as a set of rational and emotional attributes that had to be defined and managed. The consumers were becoming less passive in the eyes of the marketers because of the greater choice. The companies started to think about long term visions for their brands. But still the customer was told what to think about the brand and was expected to act accordingly.

With the Internet becoming available to more and more customers it was seen as a marketing and business platform and the view changed. (Bickerton 1998) It is estimated that the Internet doubles in size every 11 months and the World Wide Web doubles every 53 days. Users have been estimated at 707 million by January 2001. With \$1.5 billion worth of consumer goods sold over the net in 1998, which was predicted to double to \$3.7 billion by the end of 1999, the Internet is of obvious interest to marketing professionals. (Worcester, 2000)

“Branding was felt to be more transparent on the Internet, and the shift in consumers interaction dynamics was likely to make the experience itself a critical one.”(Rubinstein, 2002) The main focus was on making the online experience easy and accessible for consumers. But still it was focused on the communications aspect; the customer was been told what to think.

4.1.2 The next step: branding equals building valued relationships

The next step is, and that is the current issue, the move from a communications approach to a relationship approach in branding.

All of the previous phases are still valid and remain so, but they saw transaction as a one-way street. The company continues to tell people what they should think about the brand. Now through the existence of the internet people have greater and faster access to information. Marketing now has to consider all the relations that the brand

has with stakeholders. This includes customers, employees, partners, the financial community and others.

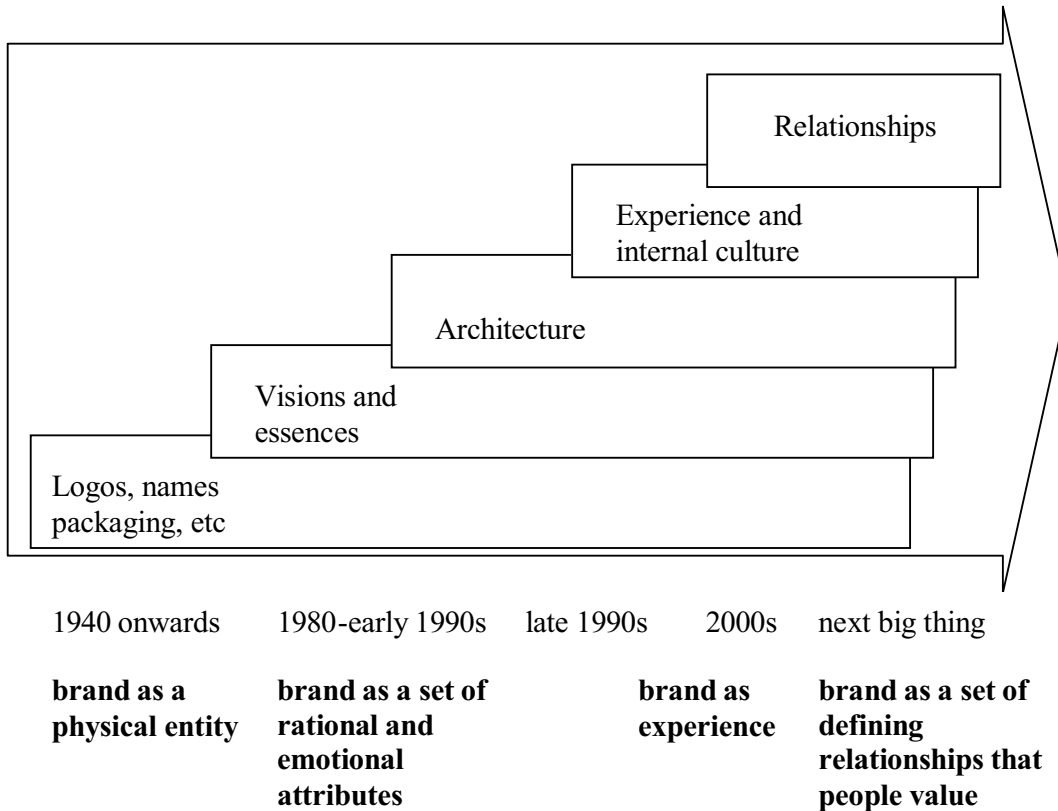


Figure 1: How ideas about branding have developed (Rubinstein 2002)

Theodore Levitt summarises this in a statement: “Management must think of itself not as a producing products, but as providing customer-creating value satisfactions. It must push this idea (and everything it means and requires) into every nook and cranny of the organisation. It has to do this continuously and with the kind of flair that excites and stimulates the people in it. (Jobber, 1998)

The value of all those relationships have to be understood and an emotional connection with each group has to be established. Alan Mitchell writes that “with the arrival of the information age, the familiar seller-centric world is being turned upside

down” and that “tomorrow’s superbrands won’t be those who simply apply the latest marketing tools but the ones who invent brand new win-win systems” (Mitchell 2001)

4.1.3 Conclusion

Companies have to be aware that the customers are no longer passive. They became more active through the wider range of products, now they have the chance to demand to have a real relationship to their brand, to share their view of the brand and to comment services and products. It is a big challenge for both, companies and customers. This effects not only the online customer relationships but also all offline connections between the company and the customer.

The same is valid for all the other relationship a company has. Only companies that react to this demand will be successful in the future market.

4.2 Effects on the development of marketing strategy

Doren (Doren 2000) suggests that there are four main stages to the development and implementation of the Internet within organisations. The spectrum of Internet opportunities range from the use of the Internet as a:

- shop window (I would like to look at what you have to offer)
- enquiry (may I know more about that one please)
- interactive engagement (I would like to buy that one and have it delivered please)
- fully integrated or embedded with the business system procedures of partner organisations.

Phase	Explanation	Technological/organisational involvement	Departments involved
Presentation or 'shop window' – look what we have got	Website projects name and identity of organisation and displays products and services	Low – externally managed Website – Internet	Marketing, IT, external Web agency
Enquiry' ... and contact us to find out more'	Presentation still important but site now permits registration, email enquiries and limited interrogation	Medium – externally managed Web site, staff access to email – Internet and possible Intranet	Marketing, IT, external Web agency, sales or call centre staff.
Interaction – 'buy online and we will deliver'	Stronger two way communications is now established and full interaction is enabled	High – requires security and invoicing; logistics to convert on-line order to standard order systems – Internet and Intranet	Marketing, IT, sales, accounts, dedicated process staff
Embeddedness – Web is fully integrated with business systems and procedures of partner organisations	Web integrates all business activities throughout the organisation, suppliers and customers	Full integrated ordering, supply, marketing, sales, invoicing, delivery and customer services – Internet, Intranet and Extranet	All staff and external partners

Figure 2: Internet utilisation – development phases (Fill 2002)

Companies that use the Internet as a “shop window” have not changed their marketing strategy at all. They see the Internet just as another medium to send out their message without changing the core idea. The use of the Internet can provide managers with fast and accurate information which can be critical for flexible adaptation to changing market conditions

4.2.1 Two-way communications

A lot of businesses provide their customers with an E-Mail address or telephone number to communicate with them. This is not what is meant by two-way communications.

The Internet offers the companies a unique way to receive feedback from their customers, to survey opinions and to deal with their problems. The idea is to build up a long term relation ship.

A good example where this can be seen in practice is Amazon.com. Their databases enables them to individually present the customer products he is interested in by remembering his preferences. They even invite them to write reviews on books and videos that they have read or seen.

4.2.2 Branding to employees

As seen from the paragraphs above all parts of the organisations have to be part of the communication strategy. One of the most important changes in the marketing strategy is that branding is required for employees as much as for customers. Branding now is not just about advertising for the actual or future customer. Branding is what a company stands for, what they say and what they do. Every contact with the customer, but also with partners has to reflect these values. The employees are the ones who have to deliver these values to all external partners. They are the ones, that “are” the values. That is why they at first have to understand and believe in the brand first. This is much more than just training the staff in technical dealing with a new product. “ In a competitive world, organisations are realising that only people can brand products or services effectively – that we are not just selling a branded product but a mass of branded people who support and deliver it.” (Rubinstein 2002)

4.2.3 The brand promise

In extension to the branding to the employees, branding is about building up valued relationships. To do so the companies have to know what the people value and then deliver services and goods against their expectations in terms of quality, distribution and availability.

The important part is to work out what the customers and, in a wider range, the partners consider being important values at what time. How are these values compared to the values the company has? An important issue to solve this problem is the two-way communication strategy.

4.2.4 Conclusion

Mary Mondahl, vice president of Foster Research, establishes that 52 percent of the U.S. population is optimistic about technology and “marching happily towards on-line shopping.” She considers this to be the beginning of a dramatic 10-year transition in consumers behaviour. (Mondahl 2000)

The Internet is growing more and more. And more and more customers use the Internet.

The Internet itself is a key issue for the ‘new’ two-way communication model. The function and speed, in which organisations develop their Internet facilities is very different. It depends on the size and core skills of an organization, the nature of the product, the market and the market competitors. The effects on the development of marketing strategies therefore vary on how much the organisation implements the Internet within their organisation.

4.3 Effects on the marketing management function in organisations

In order to leverage the integration of real world and internet marketing strategies, there have to be several things done.

The advertising, communications, and public relations staff of an organisation has to be educated on the requirement for integration with Internet strategies. The same is true for brand management, marketing programs and marketing campaigns staff and managers. They also have to be educated on the requirement for integration with Internet strategies. Any corporate communications guidelines and policies must be updated to reflect the realities of doing business in the Internet environment. (Vassos 1996)

Integrated marketing communications reflects this approach when organisations attempt to enter into a coordinated dialog with their internal and external stakeholders. (Cornelissen, 2000)

The hierarchical structures common in many organisations deliver a management structure that delegated authority in compartmentalized units. Responsibility for

pricing, channel management, personal selling and public relations activities are split off.

Through restructure rising in the sense of an integrated marketing communications approach organisations are leaner.

The gap between senior management and those within the operation core is now smaller and capable of sustaining viable internal communications that are real two-way and supportive. (Mintzberg, 1996)

5 Conclusions

Which effect the approach has on the individual marketing management functions depends therefore like the marketing strategy on the size and core skills of an organization, the nature of the product, the market and the market competitors. The effects on the marketing management functions therefore vary on how much the organisation implements the Internet and the integrated marketing communications approach within their organisation.

6 Recommendations

Branding has changed from adverting to two-way communications.

Old-fashioned advertising is like a tube, with which you can try to make as many people wet as possible. You have to be in reach of the client and bigger tubes make more people wet than small ones. The hit quote is not very high and nobody likes to get wet. Online Marketing is like the building of a pool. The customer decides if he is going in or not, when he is going and how long he is staying and at what time he returns. Good online marketing creates attractive pools. (Translated from Krause 1999).

As suggested before, Doren (Doren 2000) sees four main stages to the development and implementation of the Internet within organisations.

The impact that the Internet has on the marketing strategy of an organisation depends very much on the phase that organisation is on. All the steps of development in

advertising are still true. The core principles of branding are the same online as they are offline. But the Internet is not just another channel for communication. On the internet, brand transactions are much more transparent and immediate.

All parts of the organisations have to be part of the communication strategy. The main point is that the focus for branding has to understand the customer's real needs, developing the service and products to meet these needs, defining the brand promise around them and then living up to that brand promise. The internet is a tool that provides the possibilities to do this, because it supports the ability to build up valued relationships with different stakeholders through its interactive nature.

“Fundamentally it enables us to find out what our customers really want, to invite feedback, to assist when there are problems and to reward them for their loyalty.”

(Rubinstein 2002)

All companies that have not yet implemented a real business strategy of two way communications and an integrated marketing communications strategy to all business activities throughout the organisation, suppliers and customers, gives the implementation of the Internet into their organisation a chance and a drive to do so.

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