Towards the high-tech, high-touch website

by Albert A. Angehrn

As early as 1994, managers worldwide started getting bombarded with statements such as "If you're not an active Internet citizen by the mid-1990s, you're likely to be out of business by the year 2000." Today, European surveys confirm that it is extremely hard to find executives who will admit publicly that their company is not engaged in - or at least planning - exciting Internet initiatives. When asked how they think their companies have gained from using the Internet or their corporate Intranets, European executives report enhanced corporate image as the main benefit, followed by added efficiency, improved quality of products and services, improved employee relations and a strengthened customer base. To a lesser degree, increased sales, higher profits and closer ties with suppliers or distributors are also reported as tangible benefits.

Just looking uncritically at these data might make us very optimistic about the health of our companies and public organizations. Reality, obviously, is a little different. As we all know, surveys do not always capture reality, although they can be good for measuring social pressure, like that imposed by the media on naturally technophobic managers (and people in general). Furthermore, mental habits, deeply rooted business models and practices as well as organizational structures do not change fast.

Change is taking place, but we are still in an early stage of development. Has the Internet only succeeded in becoming the new (admittedly efficient and entertaining) toy of marketing managers and researchers? Or has it really stimulated new marketing models and approaches? Above all, are traditional marketing approaches sufficient to leverage the dynamics of a global marketplace in which information barriers between economic agents (companies, regulators, governments, suppliers and customers) are falling, virtual communities are emerging to influence market trends, and increasingly sophisticated services are being distributed to any destination immediately and inexpensively through global communication networks? Is a "paradigm shift" already happening in marketing or are companies just upgrading their technological infrastructures?

Old wine in new bottles

Analyzing companies' Web presence might not be enough to gain a full overview of their Internet strategy. Internet strategies do not necessarily focus on marketing, but can aim, for instance, to improve internal processes, increase the performance of "back office" processes or reduce internal or external transaction costs. Nevertheless, websites at least reveal a company's and its marketing managers' attitude towards the Internet as a global market communication medium.

A systematic analysis of the web presence of corporations and institutions worldwide confirms that it is hard to find companies that do not have, or are not constructing, a website. These may be very diverse in appearance, but most of them actually have something important in common: they belong to the "brochure"
9. New marketing media

Figure 1

Four categories of Internet marketing strategies

<table>
<thead>
<tr>
<th>Level of sophistication</th>
<th>Level of customization</th>
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<tbody>
<tr>
<td>High-Tech</td>
<td>High-Touch</td>
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<tr>
<td>&quot;Entertainment and learning&quot; quadrant</td>
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<tr>
<td>&quot;High-tech, high-touch&quot; quadrant</td>
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<tr>
<td>Low-Tech</td>
<td>Low-Touch</td>
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<tr>
<td>&quot;Brochure&quot; quadrant</td>
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<tr>
<td>&quot;One-to-one&quot; quadrant</td>
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category illustrated in Figure 1. Figure 1 shows four categories that can be used to classify commercial and public websites. These categories represent different degrees of sophistication and customization in companies' Internet marketing strategies. The level of sophistication of corporate websites reflects the degree to which specific characteristics of the medium are exploited, while the level of customization reflects the degree to which the Internet is used to provide individualized services.

Let us look first at the "brochure" quadrant, into which most sites still fall. Such sites reflect the low-commitment, low-cost (and consequently low-return) strategy adopted by the vast majority of companies. For these companies, the Internet is just another medium for relatively untargeted and unsophisticated one-directional messages about themselves and their products and services. Besides being a case of filling new bottles with old wine, there is no evidence that such sites, even if well advertised on television or elsewhere, contribute much more than traditional brochures to performance improvements in marketing.

Fortunately, not all marketing managers are so unimaginative. Over the past few years, rapid advances in hardware, network and software technologies have enabled some to discover the richness of the Internet as a medium and a technology. Some companies have graduated from the unimaginative "brochure" quadrant to the more sophisticated "entertainment and learning" quadrant. Web technology makes it possible for them to transform unattractive brochures into sophisticated, interactive multimedia entertainment experiences that they can distribute at low cost to attract market attention.

Moreover, connecting database technology to traditional websites makes it possible to transform a passive brochure into a marketing tool that can be used to capture important market data in large amounts and at low cost. Such data might include information about who visits the site, how they access it and whether they call again.

Internet marketing strategies falling into the "entertainment and learning" quadrant still do not go beyond traditional models but they at least represent an attempt to take as much advantage as possible of the Internet. Such strategies treat the Internet as a new support technology to improve the effectiveness and efficiency of existing marketing strategies and practices. The resulting websites attract the attention of innovation- and entertainment-hungry online consumers, exploiting the rapid spread of virtual "word-of-mouth". But do they create customer
Towards the high-tech, high-touch website

Figure 2

loyalty? Do they go as far as possible in exploiting the Internet as a vehicle for learning about customers and market trends?

Beyond the brochure

Only a few websites today reflect the intention of marketing managers to experiment with the possibilities for customization opened up by Internet technology. Such "high-touch" sites require a major rethink of the Internet, as not just a new opportunity to broadcast commercial messages but as an individual relationship-building vehicle. What companies target here is what non-customized sites - whether high- or low-tech - do not appear to guarantee: customer loyalty.

High-touch websites are still rare. These are the sites that welcome you personally as soon as you enter ("Hi Albert. Why didn't you visit us last week? Don't you like the industry report you've been reading every week anymore?"). They change their structure and content to match the needs of each customer, whose profile, habits and preferences are stored and updated dynamically.

A certain degree of customization can be reached through relatively simple software that enables the user to indicate personal parameters to determine the appearance of the site. But more advanced technologies, such as distributed 3D and agents, are enabling managers to experiment with new forms of Internet marketing.

A visit to such sites, located in the "high-tech, high-touch" quadrant, can take the form of a walk through a virtual store (see Figure 2), in which customers are welcomed by "sales avatars" (computer- or human-controlled entities with a "human" appearance). These are able to recognize returning customers, to welcome new ones, to engage in dialogs with visitors and even to have customers meet (or "bump into") each other to discuss a specific product.

Current research is helping us to understand how people in general, and consumers in particular, behave in such virtual environments, where the social dimension is reinforced by a feeling of being "present" - with others - in a common space that can be tailored more flexibly and naturally (by moving objects) than
9. New marketing media

traditional websites. The same research is producing guidelines for the design of such "high-tech, high-touch" virtual spaces, and new metaphors for providing product and company information are being explored.

For example, the first experiments with Internet-based, three-dimensional virtual shopping environments that could be accessed simultaneously by different users used the familiar shop metaphor, as in Figure 2. More recently, shops have been replaced by beaches, in which a new line of swimwear can be more appropriately introduced to customers (see Figure 3), or by offices and other environments in which customers meet and interact with avatars controlled by people (or, increasingly, computers) in the front office. Such sites bear little resemblance to "brochure" sites. They reflect a more mature exploitation of Internet technology and a new "mass customization" approach to communicating and building relationships with customers.

New models of marketing

In a 1994 report, the European Round Table of Industrialists, an association of chief executives whose companies have a combined turnover of some 550 billion euros and more than 3m employees worldwide, challenged European managers with statements such as, "Information highways will make a greater impact on society than railways, electric power and the telephone." Today, the impact of the Internet on communication patterns and styles around the world has become evident.

These changes have deep implications for marketing studies, techniques and strategies, as communication is at the core of establishing and maintaining relationships. A parallel might be the modification or elimination of axioms underlying a mathematical theory. Under such conditions it is unlikely that cosmetic changes and minor adaptations will be enough to enable players to identify new opportunities and threats in time. More forceful questioning of dominant models and practices is now necessary, together with a willingness to explore new business models even if they depart from the "good old ways".

The good news is that the price of participating in the rapid innovation cycle we
9. New marketing media

The evolution of the website

Studies conducted in the banking sector back the idea that companies’ Internet marketing strategies evolve along a path that starts with first-generation websites in the “brochure” category. At the present stage of evolution, some of these have become second-generation websites in the “entertainment and learning” quadrant; a few have evolved into third-generation websites in the “high-touch” quadrants (Figure 4).

First generation banking websites are good examples of the non-commital “brochure” approach. Since then, more sophisticated sites have offered the experience of visiting a virtual branch. Now banks that are experimenting with third-generation sites aim to exploit the Internet totally. They are extending highly personalized services to every customer. Visiting a bank site might soon mean entering the (virtual) office of your personal (virtual) banker – who might have sent you an e-mail reminder – so the two of you can discuss the impact of the (real) recent Russian crisis on your investment portfolio.

Three generations of website and related technologies

Summary

Over the past few years, companies have been exhorted to jump aboard the Internet or risk being left behind. Thus there are now few companies that do not have a website. Unfortunately, says Albert Angehrn, most of these are little better than online corporate brochures that fail to take full advantage of the technology that is available for mediating interactions with customers. The best corporate websites are both “high-tech” and “high-touch”: they combine sophisticated multimedia and data-capture mechanisms with a high degree of customization to build durable relationships with customers. Although a lot of research is being undertaken into the dynamics of such virtual spaces, marketers still face the difficult task of developing new mental models of their discipline.