THE INTERNET, STRATEGY AND MARKETING EDUCATION

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ABSTRACT

The growth of courses on internet marketing has reflected the growth of the internet itself. There is evidence that many of the failures in the dotcom bust were attributable to poor strategy or even a failure to apply any strategic thinking. Many students enrolling in courses on internet marketing have had little or no exposure to strategic concepts, especially if marketing is not their major field of study. If a broad view of strategy, (i.e. more than the marketing mix), and the tools of strategy are not incorporated into courses on internet marketing, are internet marketing educators contributing to the dismal failure rate we have witnessed among internet activities? The intent of this paper is to challenge instructors and provoke discussion on a topic which appears from the sample of courses examined to be neglected relative to the importance some argue that it has in the field of internet marketing.

GROWTH OF INTERNET MARKETING EDUCATION

The growth of courses on internet marketing has reflected the growth of the internet itself. The growth of the internet and its effect on marketing has been significant. The origins of the internet could be traced to 1969 when ARPANet was funded by the U.S. Department of Defence, although Tim Berners-Lee is credited with creating the World Wide Web which was publicly released only in 1993. Since then the internet has spread more rapidly than earlier technological innovations including TV, radio and PC's. It has often been said that the personal computer industry's growth from zero to $100 billion in ten years was "the greatest legal accumulation of wealth in history." While the PC has played a significant role in the adoption of the Internet, the Internet economy will cross $800 billion in five years. (http://www.internetindicators. com/overview.html)

In the year 2000, the internet economy in the U.S. alone directly supported 4 m. workers, a doubling from 1999. Since 1995, the internet economy has contributed almost a third of U.S. economic growth. Perhaps contrary to the perception of many, sales & marketing jobs generated more internet related employment than other jobs, including .IT.. Of the Internet-related jobs, only 28 percent are in Information Technology, which ranks below Sales and Marketing (33 percent) as the job function

generating the most Internet-related employment. (http://www.internetindicators.com/overview.html)

The US Department of Commerce has estimated that in 2006 almost half the US workforce will be in jobs either related directly or indirectly to the internet & IT; many of these jobs will be in currently unknown occupations.

Assessing the spread of courses on internet marketing is not helped by the range of names which might be given to such courses, including E-marketing, Online Marketing, Web Marketing and Cyber Marketing. A search by internet search engine under one of these phrases alone revealed over 300 universities and (four year) colleges in the U.S. This paper will focus on internet marketing courses at Australian universities. There are 39 universities in Australia with business schools and a search for course outlines on internet marketing, e-marketing, online marketing etc. was conducted across all 39 Australian universities. Courses on internet marketing were identified at 33 of the 39 universities using the information available from an online search.

THE ROLE OF STRATEGY IN A SAMPLE OF INTERNET COURSES

Focus of study

The primary focus of this study concerns the role that strategy does and should have in courses on internet marketing. Given the recency of all courses on internet marketing and indeed internet marketing itself, it would be surprising if there were a clear consensus on appropriate content for such courses. This paper does not attempt to assess the curriculum of such courses in toto. The intent of this paper is to challenge instructors to provoke discussion and to consider a topic which appears from the sample of courses examined to be neglected relative to the importance some argue that it has in the field of internet marketing.

The profile of strategy in a sample of courses

In most cases it is possible to download information about courses including course objectives, and an overview. In many cases lecture content for each week of classes is also provided. This made it possible to conduct a simple content analysis to identify references to strategy in the detailed content of courses. Of course, a weakness of this approach is that strategy may be an important

element of the unit but not mentioned in the online description. However it is assumed for the purpose of this study that if it is an important element, it would be mentioned in a detailed course description, especially one that lists weekly topics.

How strategy was defined for the purposes of the study.

One of the problems in even discussing strategy is that it has many different meanings. It is often taken to mean the ways in which marketing (or broader business) objectives are achieved. In many marketing plans strategy refers to the selection of the target market, positioning, and the marketing mix (or 4Ps: product, price, place, promotion). (Kotler, Brown et al. 2001; Kerin, Berkowitz et al. 2003)

However strategy has relevance beyond marketing and meaning beyond this narrow perspective. In developing a business plan for medium to large organizations, there are different levels of strategy. Strategy is developed at the corporate, S.B.U., as well as functional levels, such as marketing (Kotler, Brown et al. 2001; Kerin, Berkowitz et al. 2003). Perhaps the most prolific and influential author and speaker on strategy is Michael Porter. Implicit in much of Porter's writing is the view that strategy is a way of thinking, which requires the manager to begin their business planning by understanding the environment in which the firm operates, and then make choices. For example, two of the most famous concepts which Porter has written about are the five forces approach to industry analysis (one of many approaches to an industry or environmental analysis available to managers) and the generic competitive strategies (which imply choices between differentiation and cost leadership or broad vs. niche targeting). (Porter 1985).

THE RESULTS

TABLE 1

University #	Ref. to Mktg Mix*	Ref. to Segmentation*	Reference to strategy*	Planning*	Strategic concepts/ choices*
1	1	3	2	2	2
2	No course				
3	1	3	1	1	1
4	1	2	2	1	2
5	1	3	2	2	2
6	No course				
7	1	3	1	2	1
8	1	2	2	2	2
9	1	1	1	1	1
10	1	2	2	2	2
11	1	1	1	2	1
12	3	3	3	3	3
13	3	2	2	2	2
14	1	1	1	3	1
15	1	3			
16	1	3	2	2	2
17	1	1	1	2	1
18	1	1	1	2	1
19	1	3	2	2	2
20	No course				
21	1	3	2	2	2
22	1	1	2	1	2
23	No course				
24	1	3	1	2	3
25	3	3	3	3	3
26	1	1	1	1	1
27	1	2	2	1	2
28	3	3	3	3	3
29	No course				
30	1	3	2	2	2
31	No course				
32	1	2	2	2	2
33	1	1	2	2	2
34	1	3	2	1	2
35	1	3	1	2	1
36	1	2	2	2	2
37	3	3	3	3	3
38	1	2	2	2	2
39	1	3	2	2	2

* 1 indicates "Yes, there is a reference to this issue in course description & contents".
* 2 indicates "No, there is no reference to this issue in course description & contents".
* 3 indicates that the online course information is too brief to evaluate this issue.

TABLE 2

	Reference to Mktg Mix*	Reference to Segmentation*	Reference to strategy*	Planning*	Strategic concepts/choices*
% 1s	85%	24%	30%	21%	27%
% 2s	0%	24%	55%	61%	55%
% 3s	15%	52%	12%	15%	15%

Of the internet marketing course outlines perused at the 33 universities, 85% refer to the marketing mix (product, price, promotion and distribution) but only 30% indicate that strategy beyond the marketing mix is a significant aspect of the course and only 21% suggest that planning is considered in the content.

IS THIS RESULT WHAT WE MIGHT EXPECT?

What role should strategy play in internet marketing?

Some have claimed that the internet makes strategy less important but Michael Porter in a seminal paper in the Harvard Business Review reasons that the opposite is true. (Porter 2001) The internet tends to alter industry structures in ways that diminish overall industry profitability and has a leveling effect on marketing and business practices impairing the capacity of an individual company to sustain an operational advantage. At the same time, internet technology provides better opportunities for companies to establish distinctive strategic positionings than earlier generations of IT permitted. The internet per se will rarely be a competitive advantage. This means that the internet makes strategy more essential than ever.

There is evidence (Porter 2001) that many of the failures in the dotcom bust were attributable to poor strategy or even a failure to apply any strategic thinking. For a time, capital was so readily available to dotcom startups that there was less of a strategic imperative. The internet was used by many companies in such a way that they created a destructive competition that made it more difficult for other companies to be profitable, as well as their own company. Even when internet activities have survived the shake-out, their profitability has been disappointing. Perhaps the most famous dotcom of all, Amazon, has yet to finish a full year in the black. A new technology raises the question of who will capture the benefits. Porter argues that the profit potential of Internet technology depends on how it affects the attractiveness of the industry structure for all players, and on how it affects an individual company's ability to gain a competitive advantage over its competitors (Porter 2001). There is nothing deterministic about this. Both of these factors are influenced by the behavior of individual firms. In applying the internet as a marketing tool many companies have aimed for maximum revenue growth, not profitability. Amazon.com has been a clear example. However Amazon's brand recognition and the continued faith in it by investors has allowed it greater freedom to do this than others can hope for. The approach of many has been to capture first mover advantages and use large up-front investments to achieve a large market share. Tactics to do this have included heavy price discounting (even to the point of selling below cost), rapid product line broadening, massive promotional expenditures (including spending U.S. $2 million on a single spot during the Super Bowl game) etc.

However many internet competitors have failed to establish a clear market positioning strategy. The focus for many was on low price instead of differentiation strategies based on service, convenience and a unique approach to a specific target market. In short, they avoided choices and trade-offs. As Porter has emphasized, cost leadership cannot be used by the majority of competitors in an industry (Porter 1985). Yet the only form of differentiation used by many internet competitors has been in advertising. Differentiation as a strategy has been much less commonly employed. Perhaps some internet start-ups have assumed that they will hold an advantage by the use of the internet itself. However as traditional bricks and mortar firms become "bricks and clicks", this will not be a sustainable advantage. Other firms have been attracted by the cost savings perceived in internet marketing. However, as real as these savings may be, as most firms develop an internet presence, these savings will be available to all.

Much of the potential of the internet for marketers will be to facilitate the implementation of unique strategies. This will only be possible if organizations approach internet marketing in a more strategic way than has often been the case in the past. This then raises the question of the role of strategy in internet marketing courses. Many students enrolling in courses on internet marketing have had little or no exposure to strategic concepts, especially if marketing is not their major field of study. If a broad view of strategy, i.e. more than the marketing mix, and the tools of strategy are not incorporated into courses on internet marketing, are internet marketing educators contributing to the dismal failure rate we have witnessed among internet activities?

What profile does strategy have in relevant texts?

TABLE 3

	Section on e-marketing plans	Broad treatment of strategy (>mix)
(Chaffey, Mayer et al. 2000)	Yes	Yes
(Collin 2000)		Yes
(Dann and Dann 2001)		Yes
(Hofacker 2001)		Yes
(Mohammed, Fisher et al. 2002)		Yes
(Sheth, Eshghi et al. 2001)		Yes
(Siegel 2004)	Yes	Yes
(Sterne 2001)		Yes
(Strauss and Frost 2001)	Yes	Yes

The emphasis given to strategy varies considerably among these recent books on internet marketing. Strategy is given a particularly strong emphasis by several of these books (Chaffey, Mayer et al. 2000; Dann and Dann 2001; Sheth, Eshghi et al. 2001; Mohammed, Fisher et al. 2002). There is also a section on e-marketing plans in some. However in every one of these books there is a broad, sophisticated interpretation of strategy and use of strategic concepts. We might then ask why this does not appear prima facie to be reflected in the sample of internet marketing courses?

CONCLUDING COMMENTS – AND QUESTIONS

To the extent that detailed outlines reflects the focus and content of courses, a little more than a quarter and certainly less than a third of courses in the sample made reference to strategy or strategic concepts. This is in marked contrast to a sample of recent books and journal articles on internet marketing. Do courses on internet marketing focus too much on website design and construction? Have marketing educators become too enamoured with the new technology itself at the expense of putting it into a wider context for our students?

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