

The impacts of E-commerce on international business and marketing: A literature review

Name student: Tao Yi

Student number: 1192930

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Assessor: Assistant Prof. Dr. E. Constantinides and Dr. Huub J.M. Ruel

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Managerial summary

Despite the growing trend towards the Internet (and web 2.0), there appears to be a lack of comprehensive research for their impacts on international business and marketing. I addressed this gap in the research literature by reviewing extant literatures in the field of online marketing and business. After reviewed past research literatures in the fields of entrepreneurship and business, marketing, science and technology and management, some relevant findings can be identified and elaborated in this review. These findings are surrounded the issues as the impacts of internet on international business, entrepreneurship and marketing, the definition of web 2.0 and its impacts on international business and marketing, the benefits and problems of E-commerce during international business and marketing processes and the new marketing mix for online marketing.

The objective of this literature review is to illustrate the impacts of Internet on international business, entrepreneurship and marketing as well as to identify benefits and problems of Internet in these commercial processes. By doing this, some literatures gaps regards to the topic such as e-commerce legal issues can be filled in; meanwhile potential gaps and future research can be suggested.

Starting with a historical concepts overview that provides the basis of this topic, the review moves into a collection of the impacts of the Internet (and web 2.0) on international business and marketing. After providing a thorough picture of this topic, the review deals with an underlying analysis of the topic. The managerial implications relate to online international marketing and legal issues will be presented afterwards. After that, summary of findings and conclusion will be presented in the form of a table. At the end, a conclusion of this review and future research directions that follow the relevant sections are discussed as propositions.

First, general impacts of E-commerce are important to investigate, because it can serve a good basis of this review and offer a historical view of this topic. This part basically focuses three aspects: international business, international entrepreneurship and international marketing. Second, the applications of web 2.0 and its impacts on international business and marketing are important due to the fact that web 2.0 is a hot topic in this area and the findings of web 2.0 can contribute to the topic lot especially international marketing issues. Because of its specialty and newness, web 2.0 applications and impacts should be discussed separately and distinguished with general issues. Third, the investigations of the benefits and problems of international E-commerce can further identify and explain what effects of E-commerce can bring to international business and marketing processes and clarify which of them are negative or positive. In addition, the review of marketing mix literatures can be a supplement to the review of impacts of E-commerce on international marketing. In the final section of this review, I categorized the implications of online international marketing and legal issues for international online marketers, traders and the scholars in this area. Based on these findings, the summary of key findings can be formulated and the conclusions can be stated. Still, literature gaps exist in this review and I highlight some of them as well as future research suggestions at the end of this review.

This literature review serves the following functions for scholars in this field:

- Showing overall picture of the impacts of Internet (and Web 2.0) on international business and marketing
- Pointing out the benefits and issues of Internet (and Web 2.0 applications) as international trade and marketing tools
- Reviewing the marketing Mix specifically in E-marketing area; meanwhile stating the weaknesses
- Offering managerial implications of online international marketing and its potential legal issues
- Giving future possible research recommendations relate to the topic

1. Background and research objectives

“It is true that the Internet will change everything. It is not true that everything will change.”

Paul Deninger, CEO of Broadview Capital Partners, quoted by Useem (2000)

Having gone through the dot.com boom of the 90s and the economic debacle at the beginning of the 20th century, the Internet is viewed today as a mainstream business platform, as integral part of the commercial and social landscape (Birdsall, 2007; Beer and Burrows, 2007). The online advertising is increasingly attracting attention of marketers and has become one of the main forms of advertising today if we think that in the USA and many countries only the TV advertising attracts larger amounts of advertising budgets. According to a survey by Alloy Media & Marketing, 96 percent of US teens go online to participate in a social network at least once a week (Biz Report.com, 2007). More than 50 percent of professionals participate already in social networks (Biz Report, 2007). As more multinational corporations (MNCs) shift an increasing part of their promotional strategies into Internet, the controversy over market globalization continues (Okazaki and Rivas, 2002). Global coverage and access of Internet has interconnected global communities beyond physical boundaries, leading to the increasing homogenization of consumer preferences, justifying the standardization of Web-based advertising and promotional campaigns (Okazaki and Rivas, 2002). The popularity of online advertising makes other forms of traditional marketing communication less important for international companies, but also creates many interesting business and ethical issues (McCoy et al., 2007). In response to the quick

adoption of electronic communication, marketers are exploring methods that exploit the many diverse opportunities existing on the Internet (Honeycutt et al., 1998; Roller, 1996; Rubel, 1996). One of the most expansive areas for opportunity is the international marketing environment due to the low set-up costs, global coverage and access, ease of entry, time independence and interactivity (Berthon et al., 1996).

During the first half of the present decade, the internet entered a new stage called Web 2.0 and it has increasingly attracted peoples' and marketers' attention. The concept of Web 2.0 was originally introduced by O'Reilly (2005). In this thesis, it will adopt the definition proposed by Constantinides (2010). The extended definition of Web 2.0 (or social media) will be introduced in the further chapters.

Despite the increasing numbers of businesses that are already using the internet to pursue international opportunities or applying it as advertising tool, even marketing and business literatures has paid lots of attention to the phenomenon, still, a relative comprehensive and systematic review on both online business and marketing is required. The main objectives of this literature review are to point out the importance of Internet on international businesses and marketing; also to identify the benefits and issues of using Internet as International marketing tools and trading platforms. For the future research in this area, some contributions can be made by this review and these contributions will be stated in the later chapter of this review; meanwhile some research gaps in the literatures were identified and they will be presented at the end of this review.

2. Research problem and research questions

In order to investigate the underlining impacts of Internet (and Web 2.0) on international marketing and business, the central research question can be formulated as:

What are the impacts of Internet on International business and marketing?

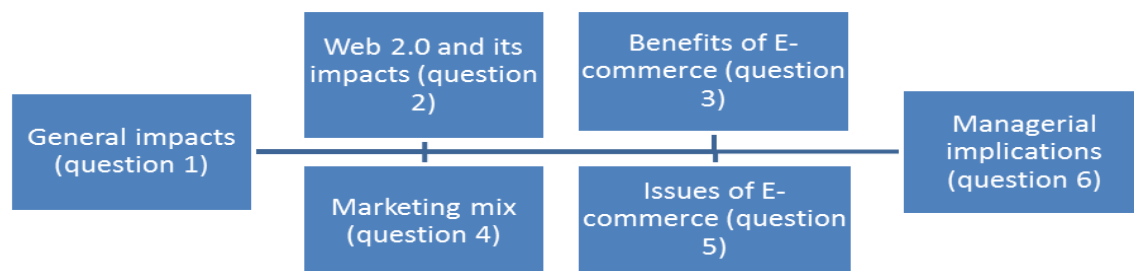
"Impact" in this research question basically means "effects" or "consequences". The "impacts" in this review will be divided into two aspects: "the impacts on international business" and "the impacts on international marketing". "The impacts on international business" is going to present the phenomenon that more and more businesses pursue international business opportunities via the internet and the "impacts" mainly refer to the effects of internet on globalization, industrial clusters, regulations, customer products and services, supply chain management, product development, and prices issues during the online international trading processes. Besides, "The impact of international business" includes "The impacts on international entrepreneurship". Specifically, "The impacts on international entrepreneurship" are the effects on

international entrepreneurs' decision-making processes when these entrepreneurs trying to pursue international opportunities in internet-enabled markets. These decisions involve the choices such as internet-related firm-level resources. Actually, "The impacts on international business" also includes "The impacts on international marketing", but in this review, the former only mentioned some general issues of the latter. The latter, "The impacts on international marketing", refers to the influences of Internet on consumer behavior and their attitudes towards to traditional marketing; also means the effects on the choices of marketing tools and the ways of marketing for marketers today. In this review, the studies of "marketing" are mainly surrounded areas: Web 2.0 marketing, online marketing mix, and international e-marketing legal issues and managerial implications.

Based on central research question, following sub research questions can be formulated:

- What are the general impacts of internet on international business, entrepreneurship and marketing processes?
- What is Web 2.0 and what are the effects of it as international marketing tools and trading platforms?
- What are the benefits of E-commerce (and Web 2.0) in international business and marketing processes?
- As a marketing method, what would be the new marketing mix for online marketing?
- What are the problems and legal issues of international E-commerce (and Web 2.0)?
- What are the managerial implications for international online marketers on strategies' setting and legal issues?

Within these sub-questions, the first one is guiding research question. From the second sub-question to the fifth, they are all extended questions to the first one and can be its supplements. Sub-question 6 tackles the issues of managerial implications, logically, it comes after aforementioned questions, and therefore it is placed at the last. The research model can be formulated as below:



3. Research methodology

The existing academic literatures in this area under carefully consideration are reviewed and an attempt has been made to provide an integrated portrayal of current level of knowledge in this field. In order to present a holistic perspective of the differences between these two marketing communication methods, this literature review comprises contributions from diverse and yet relevant fields of knowledge. The article covers thoughts on the subject from domain of online marketing and for analyzing the impacts with respect to the communication method. Academic papers, books and other electronic sources that will be used for this purpose are placed in recent years. Research papers and books from this time period will be selected on the basis of their relevance to topic of this review. At first stage, the key concepts relate to the marketing communication methods will be explained. At second stage, contributions that concentrate on previously suggested scope of review will be selected and offered. The key findings were developed through a comprehensive review of literature in diverse fields: E-commerce, web 2.0, international business, management, entrepreneurship and marketing. The literatures were initially searched by the way “key words searching” via Scopus and Google scholar. The key words were related to aforementioned areas, such as “online international business”, “online international marketing”, “the impacts of E-commerce” and so forth. The abstracts of these literatures and the sources of these literatures were carefully screened in order to determine more relevant articles. More than 50 articles were selected during the period 1995-2012. The main sources (journals) of these articles will be presented in the table which locates at the end of this chapter. The review provides E-marketing and E-commerce scholars with a current understanding of how the internet affects the international business and marketing, and what the trends of international business and marketing are in the near future. References in these studies will be examined to identify further contributions from additional sources.

This literature review will provide a critical assessment of the literatures in the field of online international business and marketing in order to offering the information that relevant to the topic, meanwhile stating literature gaps and limitations of research.

This review will not just a summary but will also evaluate and show relationships between these potential sources.

Field	Sources (Journals)
Entrepreneurship and business related	Journal of Retailing Journal of International Entrepreneurship Business Horizons Journal of World Business Journal of International Business Studies Entrepreneurship Theory and Practice Strategic Entrepreneurship Journal Journal of Business Venturing
Marketing related	Journal of Advertising Research

	Journal of Direct, Data and Digital Marketing Practice
	Industrial Marketing Management
	International Marketing Review
	Journal of International Marketing
	Journal of Marketing
	Journal of Global Marketing
	Marketing News
	Journal of Consumer Research
	Marketing Intelligence & Planning
	Journal of Interactive Marketing
Science and technology related	Logistics Information Management
	Sociological Research
	The New Scientist
	Webology
	Black's Law Dictionary
	Information Systems Research
	Elsevier Science
	The Journal of Men's Health & Gender
	The Journal of Product Innovation Management
	National Journal
	Journal of Manufacturing Science and Technology
Management related	Sloan Management Review
	California Management Review
	Harvard Business School Press
	Canadian Journal of Administrative Sciences
	Journal of Management
Book	International management
	Principles of marketing

List of Sources (Journals) reviewed (1995-2012)

4. Key findings

4.1. *The impacts of Internet on International business and marketing*

4.1.1. The impacts on international business

Evidences show that even the smallest businesses are active internet users; in 2007 in Canada, 95% of businesses (with 20-99 employees) had internet access, 74% had a website, 69% were purchasing online and 13% were selling online (Industry Canada, 2009). Data on six sectors in 28 countries reported by the Organization for Economic Co-operation and Development indicate that, although there is a wide range in the extent to which businesses are purchasing and selling over the internet, online transactions are now common in most of the countries tracked (OECD, 2009). The data was excluding US, over half of all businesses with more than 10 employees in Australia, Canada, Germany, Ireland, New Zealand, Switzerland and the United Kingdom are purchasing online, and over one-quarter of such firms in Australia, Ireland, New Zealand, the Netherlands, Norway, Switzerland and the United Kingdom are selling online. These numbers translate to millions of businesses that have, via the internet, the potential to pursue international business.

According to Jose and Richard (2001), the impacts of e-commerce on international business are:

- Infinitely responsive and elastic supply chains that included the most efficient firms at every step of value added, and that could be instantaneously constructed or deconstructed for each product or process as conditions warranted;
- An international distribution of value-added activities that matched the relative competitive advantage of each geographic location, thus assuring global diffusion of the benefits of globalization;
- Immediate delivery and superb service to customers in any part of the globe, coordinated by specialized fulfillment companies and virtual service teams;
- Rapid and accurate product development, the result of combining extensive databases on customer preferences with specialized producers, and the ability to simulate market conditions and test prototypes globally and cheaply;
- Mass customization of products and services, specifically tailored to different cultures or national idiosyncrasies, at no incremental cost relative to standardized mass production;
- A redefinition of corporate boundaries that would outsource all but the most central processes to specialized firms, leading to a reconfiguration of conglomerates and multinational firms into virtual corporations and networks of alliances;
- Self-regulated markets subject to the constant pressures of competitive entry by an almost limitless number of potential combinations of firms, each with the capacity to complement their skills and resources efficiently, and requiring no intervention

- by governments;
- Companies that would increasingly be “born global”, immediately having a global presence and avoiding the long and expensive process of building an international network of affiliates and personnel;
- The lowest prices and highest consumer surplus possible.

4.1.2. The impacts on international entrepreneurship

In this thesis, the definition of international entrepreneurship is “the discovery, enactment, evaluation, and exploitation of opportunities” (Oviatt and McDougall, 2005). Advances in information and communication technologies have been identified as enablers of international entrepreneurship (Reuber and Fischer, 2011). By increasing the quality and speed of communications and transactions, and decreasing their cost, such advances have made internationalization more feasible for resource-constrained firms (Gassmann and Keupp, 2007; Mathews and Zander, 2007; Oviatt and McDougall, 2005). The proliferation of international online markets over the past decade has made it possible for ever greater numbers of new firms in an array of industries to be “born global” (Reuber and Fischer, 2009).

Reuber and Fischer (2011) used a two-phase search process to locate internet-enabled international entrepreneurship related articles. In order to include the most relevant journals in the fields of online international entrepreneurship, they focused on the 33 journals whose inclusion on the Financial Times list of 40 journals used for the 2010 MBA program rankings and/or ranking on the 2008 Thomson Reuters list of journal impact factors. At the first stage, the articles should embrace the content: factors that encourage firms to use the internet and factors that lead them to use it successfully; the characteristics of internet use, at either the firm or the industry level; or the consequences of firms participating in internet-enabled markets. This stage yielded 569 articles. The second stage is on the basis of if the articles offered added value to an enhanced understanding of the internationalization of entrepreneurial firms in internet-enabled markets. In addition, the papers should explicitly on international entrepreneurship and the Internet. 21 papers were identified and they collectively span both B2B and B2C businesses and diverse countries. They identified three internet-related firm-level resources that are associated with the successful pursuit of international opportunities in internet-enabled markets. These three resources are online reputation, online technological capabilities and online brand communities.

Online reputation: Fombrun (1996) defined a firm’s reputation is “a perceptual representation of a company’s past actions and future prospects that describe the firm’s overall appeal to all its key constituents when compared to other leading rivals”. Thus, online reputation is defined as the perceptual representation among online constituents. Lots of scholars suggest that the internet better enables entrepreneurial firms to overcome tangible resource limitations, by reducing communication, search and interaction costs (Arenius et al., 2006; Berry and Brock, 2004; Chandra and Coviello, 2010; Lituchy and Rail, 2000; Loane, 2006), therefore it is vital to companies to acquire

intangible resource of an online reputation to compete internationally. Indeed, reputation has been found to be related to the degree of online internationalization of young dot com firms (Kotha et al., 2001).

Online technological capabilities: Zhu and Kraemer (2002) defined online technological capabilities as “routines, prior and emergent knowledge, analytic processes, and simple rules to turn IT into customer value”. Differs with traditional markets, internet-enabled markets need additional, technology-related, capabilities. Berry and Brock (2004) found that top managers’ internet experience is more influential in their use of the internet for internationalization than the more-studied international business experience, and Mostafa et al (2006) reported that this experience is related to managers’ entrepreneurial orientation. Due to the fact that the sustainability of the competitive advantage from technology lies in the firm’s ability to configure and leverage technological components in a rapid changing technological context, online technological capabilities are resource in the firms’ context instead of the technology itself (Zhu and Kraemer, 2002). Morgan Thomas and Bridgewater (2004) found that firms that make a higher financial and managerial investment in technology are more successful in their use of internet-based export channels. Because of the diverse cross-cultural differences in attitudes and behaviors in doing business online (Lynch and Beck, 2001; Rothaermel et al., 2006), it is crucial to get to know the way to integrate technology with day-to-day operations (Loane et al., 2004; Moini and Tesar, 2005; Ramsay and Ibbotson, 2006) and marketing related activities (Lituchy and Rail, 2000; Moen et al., 2003; Nguyen and Barrett, 2006; Sinkovics and Penz, 2006) in order to access to benefits from increasing foreign markets’ sales.

Online brand communities: An online brand community is an online “specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand” (Muniz and Guinn, 2001). Increasingly, individual buyers want to communicate with sellers (Schau et al., 2009) and these prospective buyers want online information about sellers’ quality to lower their search costs (Chen et al., 2002), and online brand communities can provide positive endorsements. Due to the fact that the internet can lowers switching costs for current buyers, they are easily disrupted by a new competitive entry (Moe and Yang, 2009), but brand communities can foster affective support which increases switching costs (Schau et al., 2009).

4.1.3. The impacts on international companies’ marketing

The Internet removes traditional geographic boundaries so that virtually anyone can access a Web page from anywhere in the world at any time. The Internet provides numerous other advantages for companies wishing to expand their overall potential in the international market (Cronin, 1996), such as an increase in international awareness, simplified export documentation, access to low-cost export market research improved knowledge of international markets and communications cost savings (Hamill, 1997). Perhaps without intention, and even without being fully aware of the implications, small businesses that were once marketing their goods or services domestically are now

marketing them to the entire world (Verity and Hof, 1994).

E-business is expanding fastest in Asia. Asia in 2000 has almost two-thirds the number of secure servers as the European Union (Zugelder, Flaherty and Johnson, 2000). Especially, in China, which had no secure servers in 1997, is estimated to be over 1,000 percent per year. Nevertheless, use of the Internet for e-commerce, as opposed to e-business, is still relatively low in Asia for a number of reasons: (1) few Asians have credit cards, which facilitate on-line consumer purchases; (2) there is a general preference for face-to-face transactions along with a large number of small, local, retail stores; (3) Asian banks do not yet trust the security of online transactions (The Economist 1999b). Conversely, most e-commerce currently takes place in the USA.

Some have viewed the use of e-commerce as a means to achieve greater efficiency in transactions by bypassing the traditional channels of distribution can lead to disintermediation (Benjamin and Wigand, 1995). However, the reality is much different. Saloner and Spence (2002) argue that the Internet actually fostered a growth in intermediary trade and, to the extent disintermediation has been occurring, it is attributable more so to technological advances than to a desire by firms to bypass their traditional channel intermediaries.

4.2. Web 2.0 and its impacts on international business and marketing

4.2.1. The definition of Web 2.0

During the first half of the present decade the Internet entered a new evolutionary stage commonly referred to as Web 2.0 (Constantinides, 2010). This stage is characterized by the emergence and rapid expansion of online Peer-to-Peer applications which make access to the direct connectivity and interaction between individuals and the easy publication and editing of online content. Allowing customers to talk online about shopping and product experiences, publish product reviews and exchange shopping advices the Web 2.0 harness the collective knowledge and further undercut the impact of traditional media (Constantinides, 2010).

Considerable controversy stems from the fact that Web 2.0 applications are by and large based on content generated by users often being anonymous and lacking qualitative credentials (Constantinides and Fountain, 2007).

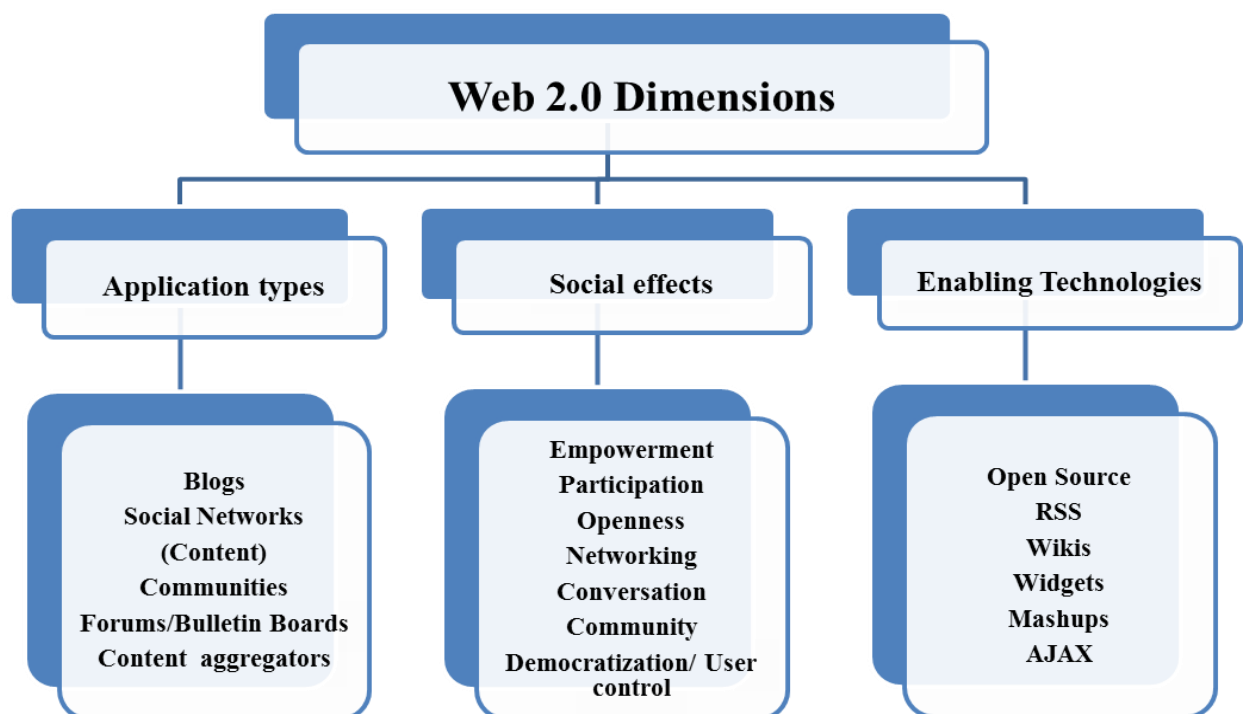
The user is vital factor for all categories of Web 2.0 applications, not only as a consumer but mainly as a content contributor (Constantinides and Fountain, 2007). These applications allow user participation in the form of content contribution and content editing.

The term Web 2.0 has been introduced by O'Reilly (2005) and his definition is based on common elements characterizing the new generation of web applications. A year later, Musser and O'Reilly (2006) made a new attempt proposing a new definition for

Web 2.0, still, a flaw exists which is its focus on trends, a vague notion by itself. So far there is no definition seems to be widely accepted and the issue is presently open to discussion. In this paper, the Web 2.0 (social media) will be defined as follows which a more comprehensive one is proposed by Constantinides and Fountain (2008):

Web 2.0: A collection of open-source, interactive and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support the creation of informal users' networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing/refining of informational content.

Based on this definition, the Web 2.0 can be described along three main dimensions as showed in the following picture:



The three dimensions of Web 2.0 (source: Constantinides et al., 2008)

As showed in the above graph, a basic classification based on web 2.0 application types divided into five main categories (Constantinides and Fountain, 2007):

- Blogs
- Social networks
- Communities
- Forums/bulleting boards
- Content aggregators

Furthermore, various authors (Daconta et al., 2003; Shirkey, 2003; Anderson, 2004; O'Reilly, 2005) identified three principles of these applications:

1. Focus on service-based, simple and open-source solutions in the form of online applications.
2. Continuous and incremental application development requiring the participation and interaction of users in new ways: not only 'consuming' but also contributing, reviewing and editing content.
3. New service-based business models and new opportunities for reaching small individual customers with low-volume products.

Essentially, the web 2.0 applications' user as an essential contributor is a new marketing parameter instigating a migration of market power from producers to consumers and from traditional mass media to new personalized ones (Constantinides and Fountain, 2007).

4.2.2. The impacts of Web 2.0

The growing importance of the Web 2.0 and the effects on consumers and organizations are issues frequently making headlines and increasingly attracting academic attention. The main focuses are the methods in which these applications contribute to customer behavioral change and new challenges facing strategists and marketers (Urban, 2003; McKinsey Quarterly, 2007).

Web 2.0 (or social media) represents a healthy phenomenon, becoming the new source of consumer creativity, influence and empowerment (Gillin, 2007). The consequence of customer empowerment is that traditional media and old-style marketing are constantly losing ground as influencers of consumer behavior (Constantinides, E., & Fountain, S. J, 2007). Consumers do not trust traditional marketers as they used to: a recent study of Deloitte Touche USA reveals that 62 percent of the US consumers read consumer-generated online reviews and 98 percent of them find these reviews reliable enough; 80 percent of these consumers say that reading these reviews has affected their buying intentions (emarketer.com, 2007).

Web 2.0 applications are not only in the form of information sourcing but also as forums of dialogue and confrontation of producers and vendors with their social, ethical and commercial responsibilities (Constantinides and Fountain, 2007). Web 2.0 (or Social Media) is affecting the way people communicate, make decisions, socialize, learn, entertain themselves, interact with each other or even do their shopping (Constantinides and Fountain, 2007). Web 2.0, next to transforming peoples' individual and group behavior, has also affected the power structures in the marketplace, causing a substantial migration of market power from producers or vendors towards customers (Constantinides and Fountain, 2007). It has been suggested that by 2011 the Internet will become the US leading advertising medium surpassing newspaper advertising (Gillin, 2009), a development that will mark major shift of advertising budgets from traditional to online channels worldwide. In a global survey conducted in 2007 McKinsey found that the popularity of Web 2.0-based applications is rising among businesses; while most companies surveyed have so far integrated a limited number of these applications into their business strategies the large majority

think that “investing in them is important for maintaining the company’s market position, either to provide a competitive edge or to match the competition and address customer demand” (McKinsey Survey on Internet Technologies, 2007). Web 2.0 presents businesses with new challenges but also new opportunities for getting and staying in touch with their market (Constantinides and Fountain, 2007).

4.3. The benefits of E-commerce (and Web 2.0) in international business and marketing processes

E-commerce technology will lead to rapid internationalization of small and medium-sized companies by reducing the benefits of economies of scale, lowering the cost of advertising and enabling even small firms to reach dispersed markets (Quelch and Klein, 1996).

To customers (Janal, 1998):

- Convenience. Consumers can order goods 24 hours a day without wasting valuable time traveling to and from retail outlets.
- Information. Consumers can access a great deal of information about companies, products, competitors, and prices without leaving home.
- Fewer hassles. Consumers do not have to deal with difficult salespeople, open themselves to persuasive and emotional factors, or wait in long lines.
- Wider product selection and lower prices

To marketers, the benefits include (Avraham, 2001):

- Quick adjustment to market conditions. Companies can modify their marketing strategies by adjusting their product assortment, prices, distribution, and promotion to address different target groups in a timely and appropriate manner.
- Lower costs. E-companies avoid the expenses of maintaining bricks-and-mortar facilities and associated expenses on rent, insurance, and utilities. Digital catalogs, for example, are much cheaper than paper catalogs.
- Relationship building. E-companies can communicate with and learn from consumers and other e-companies. Customers can download free software and information, which can lead to future sales.
- Audience sizing. E-companies can learn a great deal about the current and potential customers visiting their Web sites. Such information can aid in refining the marketing mix and adjusting marketing strategies.

In specifically, the benefits of Web 2.0 as an international marketing tool can be concluded as follow:

- Cost advantages: reduced communication costs (Kumar, 2004), R&D costs (Brabham, 2008; Kohler et al., 2009) and advertising costs (Berthon et al., 2008)
- Enhanced customer loyalty (Auh et al., 2007, Nambisan and Nambisan, 2008)
- Efficient innovation and reduced risk of new product development (von Hippel,

2005; Ogawa and Piller, 2006) leading to new forms of collaborative value creation (Prahalad and Ramaswamy, 2004, Franke and Piller, 2004, McAfee, 2006; Ueda et al, 2008).

4.4. New marketing mix for online marketing

4.4.1. Previous studies of marketing mix

From 1995 on an ever-increasing number of scientific papers and text books have been dealing with the issue of E-marketing Mix and the role of the 4Ps in it. In 1997, Peattie argued that the communication and interaction capabilities will change everything around marketing in many industries, yet the basic marketing concept will remain unchanged, meanwhile claimed the new role for the 4P's of the marketing mix. He proposed to the 4Ps area: product: co-design and production; price: more transparency; Place: direct contacts with customers; Promotion: more control of the customer, interaction. Within the same year, Aldridge, Forcht and Pierson stated that there are several and important differences between the physical marketing and the online marketing. They suggested many new factors should be taken into consideration to define e-marketing management. When it comes to 4Ps, they said the 4P's can remain the backbone activities of E-commerce they acquire a new and different role in the online marketplace. Connor and Galvin (1997) also agreed the point that 4P's can remain the backbone of online marketing and added a point that technology can be implemented in order to improve and optimize the online, 4P-based marketing activities. They also mentioned that new technology-based functionality maintains the 4P's as the basic planning tool for online marketing. In addition, Mosley Matchett (1997) proposed 5 W's for the successful web site design requirement which are: who: target audience/market; what: content; when: timing and updating; where: fundability; why: unique selling proposition. Evans and King (1999) specialized in B2B website design and proposed four steps for building a successful B2B website: web planning: defining mission and goals; Web access: how to get web entry; site design and implementation: content; site promotion, management and evaluation: commercial and managerial aspects.

When entering new millennium, the arguments towards to e-marketing's 4Ps became even diverse. Chaffey et al (2000) argued that the Internet can provide opportunities to vary the elements of the traditional marketing mix, while he identified six key elements for effective web site design: capture, content, community, commerce, customer orientation, credibility. Lawrence et al (2000) used a hybrid approach suggesting that creating an online marketing activity should be based on the traditional 4Ps of marketing mix (indeed with two add-ones; people and packaging) as well the new five P's of marketing: paradox, perspective, paradigm, persuasion and passion. However,

Kambil and Nunes (2000) held a different opinion that the 4Ps for E-marketing have to move away from the traditional approach based on the 4P marketing mix and they stated important elements of online marketing are: community building, original event programming, convenience and connectivity.

In 2001, Bhatt and Emdad contributed that the virtual value chain is changing the nature of the 4P's and transforms them by adding new dimensions. Businesses still make their strategic marketing decisions based on the 4P marketing mix. They also identified some new characters of the 4P's: product: new options for customized information; place: no time and location restrictions, direct delivery; price: price discrimination and customization, price transparency; promotion: action-oriented promotional activities are possible promotional flexibility. Allen and Fjermestad (2001) also voted for the point that 4Ps for e-marketing should on the basis of traditional marketing's 4Ps with some changes. These changes include: Product: information, innovation; place: reach; price: increased competition; promotion: more information, direct links. In the contrary, Schultz (2001) held the point that marketplaces are customer oriented and 4P's have less relevance. Succeeding in the 21st century interactive marketplace means that marketing has to move from an internal orientation illustrated by the 4Ps to a view of the network or system. He strengthened the some points that: end-customer controls the market; network systems should define the orientation of a new marketing; a new marketing mix must be based on the marketing triad marketer, employee and customer. In 2002, my thesis supervisor, Constantinides pointed out that there exist some major flaws of the 4Ps mix as basis of online marketing activities which are lack of interactivity, lack of strategic elements in a constantly developing environment, the 4Ps are not the critical elements of online marketing. He proposed a 4S model which offered a comprehensive, integral approach on managing the online presence and these four S are: scope: strategic issues; site: operational issues; synergy: organizational issues; system: technological issues.

4.4.2. The work of Avraham

In this thesis, studies from Avraham (2001) will be elaborated.

Avraham (2001) studied 136 e-companies and drew conclusions for those companies regards to the aspects of their target customers, product, pricing, promotion and distribution.

Target customers

The choice of target customers starts with a distinction among the consumer, industrial, and public sectors and proceeds with choosing specific target groups in the chosen sector or sectors. Normally, if more than one sector is chosen, each is accommodated by a different subsidiary or division. E-companies often claim to serve all sectors. In Avraham's study, however, e-companies are investigated and are expected to behave like any other business, focusing predominantly on one of the three sectors and the results of his investigation shows below:

Main target(s)	Number of firms	Percent
Consumer only	60	44
Industrial only	55	40
Public sector	8	6
Consumer and industrial	5	4
Consumer and public	2	1.5
Industrial and public	2	1.5
Consumer, industrial, public	2	1.5
Other combinations	2	1.5
Total	136	100

As shown in above table, 44 percent cater to the consumer sector, 40 percent provide products and services to other firms, 6 percent cater to the public sector, and the rest target different combinations of the consumer, industrial, and public sectors. It suggests that different target markets may need different marketing mixes. One might expect a relatively heavy reliance on the use of advertising in the B2C sector to create awareness and interest in the early stages of development. B2B marketing, on the other hand, might rely heavily on personal selling (Avraham, 2001).

Product

Based on their business plans, E-companies determine what products or services to offer their customers. Before they can gain access to a considerable number of data from customer feedback and other market research findings, they need to start up operations. They are characterized by intensive product development and tend to forgo the traditional multistep development process. According to Hanson (2000), “e-companies have been forced to pioneer new ways of discovering user needs and rapidly launching new products. These methods rely on maintaining flexibility and accelerating the process of market feedback. These methods work especially well for online products.” Relates to “product” issues, the findings of Avraham(2001) are showed as below. He was trying to establish the extent to which e-commerce engages in each of these products or market types.

Primary purpose	Number of firms	Percent
E-tailing	15	11
E-marketing	7	5
Service providers	46	34
Internet portals	8	6
Auctions	4	3
E-communities	1	<1
Content/Information	6	4
Software	14	10
Internet infrastructure	12	9
Exchanges	1	<1
Combination of above	14	10

Other	8	6
Total	136	100

As this table shows, roughly a third of the firms studied provide various Internet services, 11 percent are e-tailers, 10 percent are software providers, 9 percent build Internet infrastructures, and 10 percent offer a combination of these. Eight or fewer are e-marketers, content providers, or electronic portals. It is noteworthy that e-companies offer new categories such as building e-communities and Net infrastructure, and that of the 136 companies, only seven described themselves as e-marketing firms, whose marketing mix decisions focus predominantly or exclusively on Net marketing (Avraham, 2001).

Pricing

Establishing prices is a decision-making process by which a company makes a profit in exchange for satisfying its customers with the products and services they seek (Avraham, 2001). On the other hand, the Net affects price means the profit generated by many products and services. Due to the fact that customers can get the product information and comparison-shop, they usually force e-companies to lower prices in order to remain competitive and increase market share. The Net has made pricing one of the most dynamic marketing tools in enabling e-companies to use real-time or auction pricing (Hanson, 2000). Normally, assuming that the lower average costs associated with the economies of scale of target market shares have already been achieved, e-companies charge lower prices in order to place a premium on early market presence. The result is a loss when such assumptions are not realized. The study of Avraham (2001) shows the extent to which e-companies use different pricing methods and the results are presented in the following table:

Pricing Method	Number of firms	Percent
Cost-plus	51	38
Demand-based	40	29
Negotiated pricing	35	26
Auctions	1	<1
Cost plus/Demand-based	2	1,5
Demand-based/Negotiated	1	<1
Cost plus/Negotiated	3	2
Demand-based/Auction	1	<1
Other combination	2	1.5
Total	136	100

Promotion

Just like all ventures, e-companies use a mix of advertising, personal selling, sales promotion and public relations to promote their sites and products (Avraham, 2001). Due to the fact that e-commerce is still new to customers, before going on to persuade their customers, e-companies tend to use advertising to capture customer awareness. The markets they targeting determine the promotion mix they may use. For instance

industrial companies tend to use relatively more personal selling, while consumer companies tend to spend more advertising in their promotional mixes. The results of Avraham's investigation shows as following:

Main Tool(s)	Number of firms	Percent
Advertising	67	49
Personal selling	33	24
Public relations	9	7
Sales promotion	6	4
Advertising and personal selling	5	3.5
Advertising and sales promotion	0	0
Personal selling and sales promotion	2	1.5
Other combinations	14	11
Total	136	100

Distribution

Distribution process normally can be categorized as store and non-store (electronic) distribution. E-companies are suited to non-store or electronic distribution. The classic case is Dell and its products are delivered by a third party, normally a parcel delivery firm. Brick-and-mortar companies often use a dual distribution system consisting of the Net and their existing store outlets (Avraham, 2001). Avraham presents the following findings towards to this issue:

Distribution Method	Number of firms	Percent
Internet	56	41
In-person	23	17
Mail/UPS/FedEx, etc	38	28
Combination or Other	19	14
Total	136	100

4.4.3. Weaknesses of 4Ps studies

Many scholars in this field express some doubts as to the role of the Mix as marketing management tool in its original form and offering alternative proposals: add new elements or replace some original ones. The studies in this field indicate some weaknesses of the 4Ps: ignoring the human factor, lack of strategic dimensions, offensive posture and lack of interactivity. Two common limitations can be found in all reviewed categories: the model's internal orientation and the lack of personalization. The Mix was originally developed as a concept suitable for mass-oriented production which producers need to pay less attention to customer's needs. In today's highly competitive, dynamic and technology-mediated markets, applying the Mix as the guideline of marketing planning can trigger severe undermining of the firm's

competitive position (McKenna, 2003). In order to conduct successful marketing plan in today's and future marketplace, marketers should closely and constantly monitoring the external environment especially the changes of customer behavior and needs. Issues such as competition, trends and macro-environment should also require pay constant attention. Managers in the company should focus on the elements underlining customer values; meanwhile trying to construct market-oriented, flexible and innovative organizations which are able to adapt to the fast-changing market condition. On the other hand, existing Mix normally lack of personalization due to the mass-market orientation. Significant shifts of consumer behavior have undermined the effectiveness of the impersonal one-way communication and the mass marketing approaches (Constantinides, 2006). The development of technologies relate to businesses and customers make customers access to more choices, global products or services and new possibilities in addressing individual and specific needs. The phenomenon indicates that the marketing in 21st century will become not only more sophisticated but much more interactive and personalized also. The quality of the relationship and customer retention are becoming basic requirements of commercial performance in all markets.

4.5. Problems of international E-commerce (and Web 2.0)

4.5.1. Problems of international E-commerce

Aside from structural and functional impediments in the use of the Internet and e-commerce as means of conducting international marketing, several critical considerations govern the use of e-commerce internationally. First, although the Internet is accessible everywhere and by everyone, it does not circumvent the many necessary steps a firm must undertake to internationalize (Samiee, 1998b). Although the Internet can be an important tool for accommodating and promoting international business activities, unless the firm is known to its potential customers, it is unlikely that it would see much international activity through its web site (Samiee, 2007). In particular, export intermediaries and smaller are more vulnerable in this regard. Second, involvement in electronic forms of exchange is nowadays the expected norm for doing business internationally (Samiee, 1998b). With the significant increase of usage of the Internet by firms, Internet using is no longer offers any competitive advantage, whereas absence from the Internet increasingly places a firm in a competitive disadvantage. Thus, for international e-companies' marketing, gaining a competitive advantage is likely to stem from doing a better job of designing and managing a richer website including the issues like the use of multiple languages and relevant information to assist visitors. Third, potential loss of proprietary data over the Internet remains a critical issue for firms and although the technology has advanced in this regard, it negatively impacts the involvement and growth of international marketing and exporting where

confidentiality in personal communications and the exchange is of utmost importance to firms (Samiee, 2007). Finally, with regard to international B2B or B2C exchange, it is expected that some, but not all, of the structural impediments in using the Internet will be gradually resolved (Samiee, 2007). However, progress in alleviating functional issues (Samiee, 1998) will be much slower; for example, the conduct of business at a personal face-to-face communications level is a trait that will remain the norm in many parts of the world.

4.5.2. Problems of Web 2.0

The newness of the subject and lack of systemic research means that more often than not engaging Social Media as marketing communication tools is a trial-and-error process for business organizations (Constantinides, 2010).

There is a considerable knowledge gap on the nature of Web 2.0 and its added value for marketing strategy. Information and knowledge about the role of Web 2.0-based applications as marketing tools is so far primarily based on anecdotal evidence (Constantinides, 2010).

Web 2.0 and specifically applications based on user-generated content present a real and present danger to the established culture (Keen, 2007; Keegan, 2007; Wilson, 2007).

Anonymous amateur videos and music remixes posted to sites like YouTube, Google Video and other such sites contribute to public frustration (the viewer is not able to distinguish between reality, fiction and advertising) and abuse of intellectual rights (from using copyrighted material like music, video, logos, etc), leading to the demise of professional artists and the entertainment industry in general (Constantinides and Fountain, 2007).

The complete lack of control and accountability allows everyone to become a self-proclaimed expert and influence those who are not able to distinguish between quality and nonsense (Constantinides and Fountain, 2007).

Threats of Web 2.0 towards marketers (Constantinides, 2010):

- Fading customer trust in corporate messages
- Declining customer loyalty
- Growing doubts about the role of contemporary marketing
- Empowered customers have devised new tactics in searching, evaluating, choosing and buying goods and services
- A trend towards increasing customer control over the commercial process: growing customer desire for customized products, active participation in product decisions, willingness for co-creation and interaction

Such developments make strategists and marketers feel uneasy but a deeper analysis of these trends would suggest that Web 2.0 should be better seen as a marketing challenge rather than a threat; a challenge that properly addressed could open new opportunities in reaching and winning the 21st century consumer (Constantinides, 2010).

4.5.3. Legal issues of international E-commerce (and Web 2.0)

Despite the rapid growth of companies using Web 2.0 or social media as their marketing tools, still, the insufficient understanding of the domestic and international legal issues associated with having a presence on the Internet pressed them. These lacks of knowledge can lead to firms facing expensive and time-consuming litigation. Therefore the legal issues surround the area are vital to the successes or survivals of these companies.

With projected exponential growth in international e-commerce, the volume of both international disputes and their reported resolution is likely to increase on a similar scale (Zugelder, Flaherty and Johnson, 2000).

Whether companies utilize the Internet to sell products, provide information, streamline operations, or simply entertain, their “virtual marketing strategies” are not sheltered from potential legal pitfalls (Zugelder, Flaherty and Johnson, 2000). With projected exponential growth in international e-commerce, the volume of both international disputes and their reported resolution is likely to increase on a similar scale. Thus, the law governing this medium requires great consideration.

International businesses operate within a complex web of national and regional legal systems, further complicated by bilateral and multilateral agreements between countries, such as tax treaties and regional agreements, e.g. NAFTA, EU. Businesses may also subject to regulations promulgated by supranational agencies and treaties, such as the WTO. The legal system outside the Anglo-Saxon world can be very different and based on a codified system of law, religious principles or the writ of the prevailing political party (Zugelder, Flaherty and Johnson, 2000). E-commerce adds a greater level of complexity to the matrix of international business law. It can raises the issues like what constitutes a contract in cyberspace, international tax harmonization and tax collection for online transactions, intellectual property protection, disparagement and defamation, and consumer protection for international e-commerce clients which including unfair trading practices and the consumer’s right to privacy (Zugelder, Flaherty and Johnson, 2000). The following are some universal legal issues associated with international E-marketing have begun to emerge and will be more specifically addressed:

Consumer protection

Unfair and deceptive trade practices

The laws or regulations could contain unfair and deceptive trade practices like unsubstantiated advertising claims, false endorsement and omitted information applying to Internet advertising. So far, there is no international treaty or compact provides a worldwide law governing advertising and the prevention of these practices.

Consumer privacy

Most consumers do not realize that when they go browsing on the Internet, they leave behind “digital footprints” in the form of “cookies” – permanent files that can collect data about the user’s identity, address, age, income, interests, and online purchases (Zugelder, Flaherty and Johnson, 2000). Some online marketing firms can combine data from multiple cookies and in conjunction with information from census databases,

telephone companies, motor vehicle databases, health and education records, and credit reports, they can compile and sell detailed information about individual consumers that would be prohibitively expensive to gather by traditional means (Business Week, 1999b). The Internet has been called “history’s biggest data-collection machine” (The Economist, 1998). E-commerce marketers find it essential to gather as much personal information as possible in order to better tailor their marketing to individual consumers and to provide a high quality of service (Zugelder, Flaherty and Johnson, 2000). Small or start-up internet-based companies are unable to cover the costs of constantly soliciting new customers. They know the key to their success or survival is to build a relationship with a customer and then rely on repeat business. However, in many countries, using online technology to gather, exchange and sell personal information about consumers is illegal. For instance European Union gives European consumers the right to check on data that is held about them and to prevent its use. European privacy laws are very strict and there are fears that this could slow the growth in transatlantic e-commerce (Jacobson, 1999). If other countries adopt similar regulations to EU’s, it could make it tough for e-marketers to gather and maintain the necessary information to optimize the technological capabilities of the Internet.

Defamation and disparagement

Defamation or disparagement is normally the publication of an untrue statement of fact that damages the reputation of a person, a business or its products or services. Web marketers can be considered as “publishers,” such “online libel” will be judged in the same way as any other mass media advertising medium (Zugelder, Flaherty and Johnson, 2000). Due to a Webpage’s vast reach, such claims can be more numerous, even more dangerous and may lead to a suit to defend in a foreign country. In addition to rogue sites, a more innocuous type of advertising that is widely used in the world might run foul of fair competition or disparagement laws: comparative advertising. This type of advertising put the company’s product and rivals’ together, highlighting the characteristics and qualities of both. In US, this advertising is permitted and even encouraged by laws, while in many countries it is seen as a form of product disparagement, even mentioning a rival firm’s product or brand name is unlawful. Thus, International e-marketers must be aware that what passes for fair comment and free expression at home might be regarded as illegal elsewhere.

Intellectual property violations

The Internet like any other medium can infringe on the intellectual property rights of others. Due to the fact that the Internet is worldwide, infringements can occur on a global basis, largely increasing the likelihood of injury and subsequent suits (Zugelder, Flaherty and Johnson, 2000).

Copyright Infringement

Copyright law generally protects the owners of creative works of authorship from the unauthorized copying, reproduction, distribution, dissemination, transmission, or other use of any significant part of the work (Nimmer, 1998). Any such use without the owner’s permission may cause a copyright infringement. There is no single international copyright law to comply with. Approximately 80 countries have ratified the Berne Convention on copyright law, which require all member countries to open

their courts for enforcement of all members' copyrights, so that a copyright that is established in one member country can be enforced in another (Zugelder, Flaherty and Johnson, 2000). However, still, half of the countries in the world do not belong to or recognize Berne Convention on copy right law, and thus may not recognize the validity of the Web marketer's copyright (Zugelder, Flaherty and Johnson, 2000). Some extreme examples are China, India and Brazil where copyright protection from non-existent to weak. These countries represent a potentially huge online market in the near future, thus presents a potential problem for the future development of international e-commerce. If copyright protection in these countries continues to be as haphazard as it is at present, a global treaty on e-commerce copyright is unlikely to be achieved for many years (Zugelder, Flaherty and Johnson, 2000). Even there is no universal copyright law; international marketers can still follow one basic legal principle in worldwide, that is: the use of copyrighted material without permission, whether it be from non-Internet sources or Internet-based sources constitutes infringement, triggering potential copyright liability somewhere in the world. Scanning in and posting text, images, or graphics of another's Website without permission can certainly cause copyright infringement. In addition, linking and framing are sources of copyright violations as well.

Linking

Most legal commentators have opined that simply linking to another Website should not constitute copyright infringement or lead to liability and the litigation nowadays suggests that this view is correct (Zugelder, Flaherty and Johnson, 2000). However, the practice of "deep linking" – by passing a Website's homepage and linking directly to its interior pages has led to lots of copyright issues. For example, one company's website included as hyperlinks current headlines taken from another company's. When the viewer clicked on the links of the company, the reader jumped directly to a full text of new stories that had been prepared by another company, bypassing its homepage that contained paid advertising and its masthead.

Framing

Framing occurs when a user links to a second site, and then views the second site's contents framed by the logo and advertising of the first site (Zugelder, Flaherty and Johnson, 2000). It can also lead to litigation. Legal commentators agree that framing is a very dangerous and invasive practice that can support a variety of legal theories of liability, including copyright infringement (Abel, 1998; Sovie, 1999). Internet marketers need to be careful in their use of framing for international marketing. For example, it would probably be considered copyright infringement for a US firm to frame a rival's Website in order to provide a comparison between its own products and those of the rival (Zugelder, Flaherty and Johnson, 2000).

Trademark infringement

In the beginning of creating Websites, a company needs to acquire a domain name so it can uniquely identify itself on the Internet. Once domain name registration occurs, no one else can use that name on the Internet. Trademark infringement is the unauthorized use of a name, symbol, logo, color, design, or combination thereof which leads to consumer confusion of the origin of the good or service which the mark is intended to

designate (McCarthy, 1998). On the Internet, this is principally caused by registration and use of domain names that use established trademarks of other companies, either intentionally to extort a settlement, or unintentionally due to a failure to check diligently before registering (Zugelder, Flaherty and Johnson, 2000). The majority of lawsuit brought against Web marketers, both domestically and internationally, appear to involve trademark infringement (Abel, 1998; Tamayo, 1998). However, still, so far there is no universal list of domain names to allow registering agency in one country to check whether a particular domain name is being used as a registered trademark elsewhere and litigation has resulted (Zugelder, Flaherty and Johnson, 2000).

Court jurisdiction over Web marketer practices

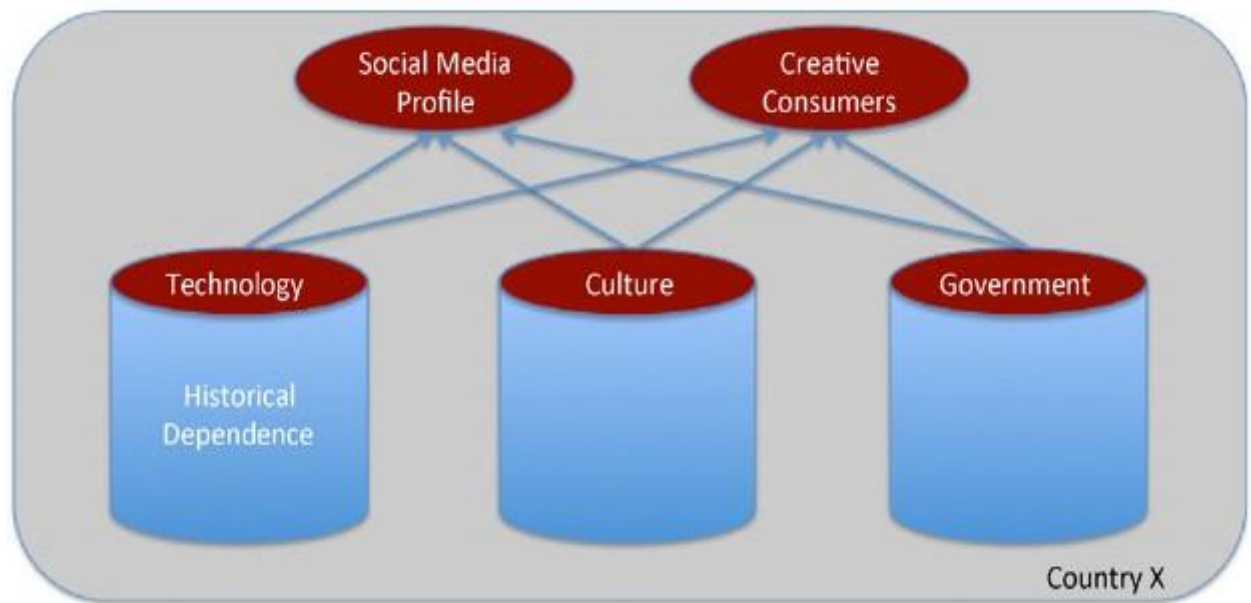
Jurisdiction involves the power of a court to hear a given case, to require that an individual or business try the case before the court and to face its judgment (Black's Law Dictionary, 1990). Jurisdiction should have committed a significant "minimum contact" and these contacts include making a contract, committing a crime, or completing a tort, such as fraud or unfair competition, a copyright or trademark infringement, or defamation and disparagement (Zugelder, Flaherty and Johnson, 2000). However, somebody post an advertisement on the Internet and the advertisement does not by itself constitute a minimum contact, some courts will decline jurisdiction. Thus, in deciding whether the court has jurisdiction, several courts have made a critical distinction between passive and active Websites. The purely passive, largely informational or "one way" Websites have been found to create no basis for jurisdiction. In contrast, the Websites that feature more active marketing practices, including targeted solicitation, interactive response features and other provisions for taking orders and making contracts, are more problematic legally (Zugelder, Flaherty and Johnson, 2000). Once a court's jurisdiction has been established, one more issue is enforcement of judgments. For example, a judgment of a foreign court was rendered against a US company, a Web marketer might ask, "So what?" The short answer is that many courts, including US courts, give "full faith and credit" to many foreign judgments which can be registered with courts in the USA and become US judgment, allowing the plaintiff to recover monetary damages in the USA (Zugelder, Flaherty and Johnson, 2000). In addition, if the Web marketer has assets in the foreign jurisdiction, these can be subject to attachment to satisfy the judgment taken there.

4.6. Managerial implications

4.6.1. Implications of using Web 2.0 in international marketing

Berthon et al (2012) proposed five axioms in order to assist international marketing strategists make effective use of Web 2.0 applications (or social media) and constructively engage creative consumers. Creative consumers here are originally the empowered customers defined by Constantinides (2010): The consumers that actively

involved in content editing, then become involved in the promotion or demotion of brands through self-created advertising videos (Berthon, Pitt and Campbell, 2008), ultimately they turn into involved in the modification of proprietary products and services and the distribution of these innovations (e.g., Berthon, Pitt, McCarthy, and Kates, 2007; Mollick, 2005). The five axioms relate to how web 2.0 application (or social media) and creative consumers arise, how the information that is distributed over social media has both local and general components, and how the technological infrastructure that enables web 2.0 applications are historically contingent. The axioms are showed in the graphic below:

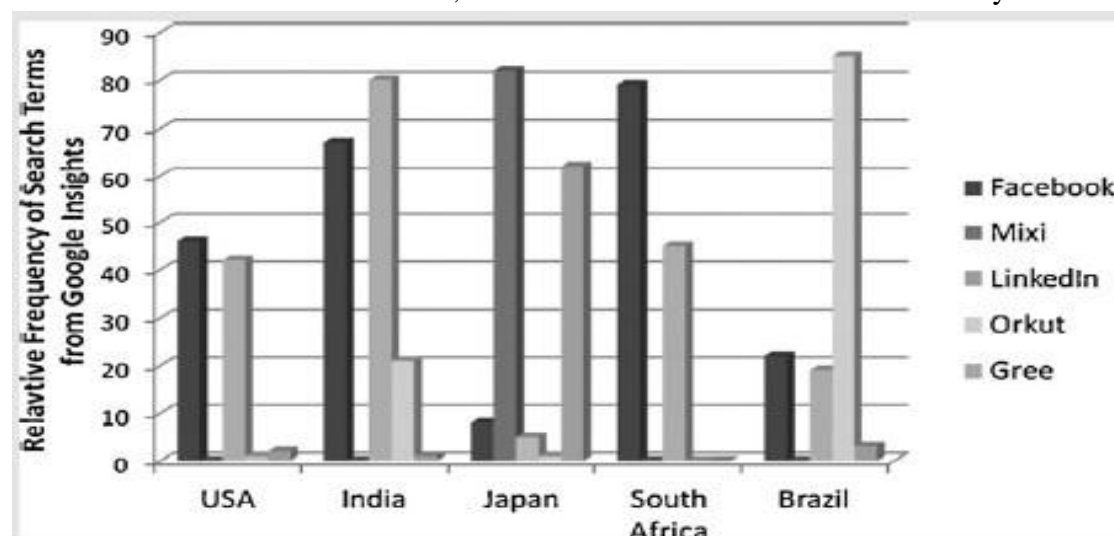


A summary of the 5 axioms (Source: Berthon, P. R et al, 2012)

Axiom #1: Social media (Web 2.0) is a function of a country's technology, culture, and government

As Berthon et al (2012) proposed, the most prominent social media types and the ways they are used of a particular country will be decided by three elements of that country: technology (the infrastructure enabling social media), government (institutional rules and regulations) and culture (shared values),. First, technology, the country's level of technological advancement, like the average bandwidth and speed available, will make some media more or less prominent than others. YouTube is less popular in emerging markets where it consumes considerable bandwidth than it is in countries in North America and Western Europe. Second, government, the attitude of the country's government about the certain social medium will also determine the popularity of that social medium. A vivid example would be China whose government has banned Facebook. Third, culture, the country's cultural norms and values affect the choice and popularity of the social media. The table below shows the difference of the usage and popularity of some social media in some countries can be quite markedly and it presents the differences of the relative interest in particular social media across countries. For example, Facebook and LinkedIn attract more users in America, India and South, while

the interest in Mixi and Gree is almost exclusive to Japan where shows little interest in Facebook or LinkedIn. In addition, Orkut seems to attract users in Brazil only.



Relative frequency of search terms from Google Insights: Social media by country
(Source: Data collected from Google Insights, September 12, 2011)

From an international marketing strategy perspective, firms which using social media as their marketing tools cannot follow a standardized approach. A company should tailor the social media aspects in its international marketing to suit and accommodate national differences. However, some companies might be tempted to follow Levitt's (1983) dictum of global standardization and find it possible to standardize aspects such as pricing, distribution strategies, still, it will be very risky if they cannot standardize on social media component of their communication strategies.

Axiom #2: In the age of social media, local events seldom remain local

In pre-social media times, the risk of a MNC (multinational corporation) having its marketing operations affected globally by an occurrence in one country was much less likely than it is today (Berthon et al, 2012). There was little opportunity for the general public in any countries to engage directly in dialog concerning the negative stories or disaster of a company. What was local remained local. In the age of social media (Web 2.0), local things almost inevitably become global whether the firm hopes it to or not. An excellent recent example is Nestle and its Kit Kat brand. The dialog was initiated by Greenpeace as the protagonist and the target was Nestle due to the fact that Nestle is a major purchaser of palm oil which grown in rainforest areas. Planting oil palms normally accompany with the devastation of the natural forests and damaging the orangutans and other wild creatures that live in the forests in particular. Greenpeace made an ad described a story that a person consuming a Kit Kat only to have the tasty chocolate bar turn into bleeding orangutan fingers when the consumer bit into it. Greenpeace placed the ad on YouTube, immediately Nestle asked that it be taken down. It was taken down by Green peace quickly; however, it was then replaced by other consumers who had already downloaded it. Very soon angry consumers from all over the world appear to Nestlé's Facebook page for a requirement that the video be reinstated. The staff who responsible for the Facebook fan page began to remonstrate

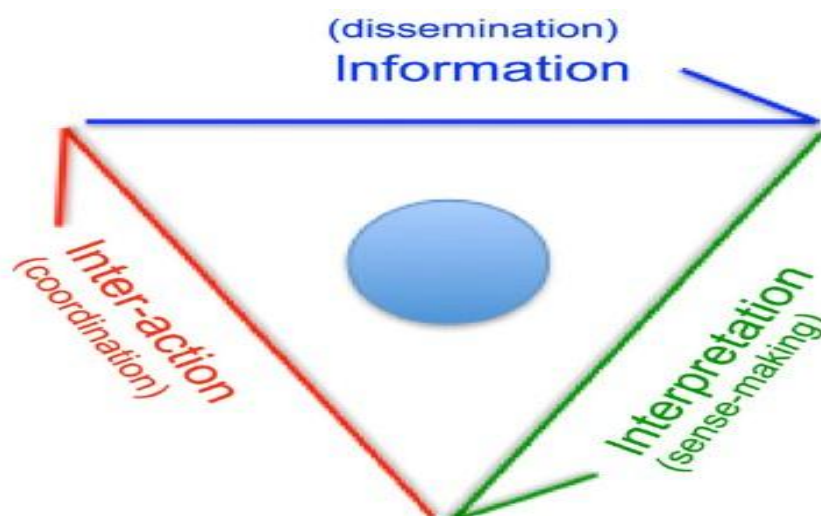
with them and the slanging match continued to the point where Nestle was severely embarrassed. On May 17, 2010, Nestle finally committing to stop using products that came from rainforest destruction. In this dialog, Greenpeace was the initiator, the target was Nestle, and customers internationally using social media in this discussion are participators.

From an international marketing strategy perspective, the executives in company should constantly monitor local news concerning the firm's product offerings and brands, and gauge the impact of seemingly local events on overall strategy. A minor irritation in a local market can blow up into a major global catastrophe for the firm. Likewise, an apparently local triumph for the firm can turn into a huge international marketing opportunity.

Axiom #3: In the age of social media, general issues seldom remain general

This axiom is a complement to the second. Global phenomena are normally interpreted locally and the general is always interpreted and enacted at the local level. Thus, global issues like global warming are viewed and processed in quite different ways by different countries or regions. However, social media can speed up the process dramatically and unpredictably. Things happen more quickly and with less certain outcomes. Fashion is a popular topic in social media and the definitions of fashion vary widely from region to region. An European analysis shows Zara and H&M are the two brands which most blogged, tweeted in Spain, France and England; while the Spanish are obsessed by Benetton, the French by Promod and the British by Mango (Aramendia, 2010).

Based on above discussion, especially second and third axioms, it can be concluded that social media mainly serve three functions in the international context: (1) facilitating the rapid dissemination of information; (2) accelerating spread and coalescence of interpretive frameworks that make sense of that information and (3) making access the swift coordination of inter-action. These three elements are reciprocally linked and showed in the graph below:



The functions of social media in an international context
(Source: Berthon et al, 2012)

Axiom #4: The actions and creations of creative consumers tend to be a function of a country's technology, culture, and government

The 'creative consumer' phenomenon refers to the fact that there are consumers worldwide who adapt, modify, or transform firms' proprietary offerings (e. g., Berthon et al., 2007; Mollick, 2005). These modifications and adaptations range from very simple to very complex. Creative consumers tend to mess with products and modifying them in ways that have little to do with the product's original purpose and remain the original need that the product was intended to fulfill. Creative consumers represent an enthralling contradiction for firms (Berthon et al., 2007). They can be threats to companies when they tampering with proprietary products. On the other hand, they can also be an excellent source of ideas and business prospects as they identify opportunities that become sources of revenue and growth for the firm. The Internet and social media make access for creative customers to the dissemination of their ideas. The disseminations are also boosted by the programmability and malleability of software and components that have evolved in the last two decades, as well as an overall cultural shift toward customization and individualization (Franke and Schreier, 2010). As the graph "a summary of the 5 axioms" implies that the existing level of technology in a country will decide the effects of creative consumers bring to the existing and new products. Their motivations to create and the ways they create relate to their culture as well, especially the extent to their open or close innovation. In addition, their imaginations and actions will be restricted by the legislation within the country and the interpretations from them.

Considering the issues of creative consumers, international marketers should realize that consumers in some countries tend to hack and modify offerings while some are not or change the offerings in different ways. An example can emphasize the importance of international marketing strategists to aware of this. Large plastic soft drink bottles are normally seems to the package of products; however, a group of students at the Massachusetts Institute of Technology came up with a simple and appropriate innovation that utilized these bottles in a unique way (Ecopreneurist, 2011). The plastic soft drink bottles, in conjunction with a piece of corrugated roof and sealant, allowed for natural sunlight to filter into otherwise dark houses, the equivalent of a 60 watt light bulb (Oshima, 2011). To international marketers, more specifically, marketers need to recognize that the value paths induced by this product or service meddling may vary considerably across international contexts (Berthon et al., 2012). Thus, marketers need to monitor both broadcast news and social media to keep abreast of these developments.

Axiom #5: Technology tends to be historically dependent

As showed in graph "a summary of the 5 axioms" (Berthon et al.,2012), existing infrastructure, culture and government can lead to the technologies become incumbents in different countries and contexts. The technologies evolve along unique trajectories because of inertia rather than the reason that they are the optimal solution. The technologies in a certain country normally tend to be historically dependent on three factors: (1) the state of both current and previously deployed technologies in the country, (2) the culture of the country, and (3) the legislation enacted by government in

that country. Thus, international marketers should keep in mind that the incumbent local technology is a function of local technological history, government and culture. For example, an international firm's social media strategy in the South African market could by all means incorporate a Facebook and Twitter presence, but ignoring a platform like MXit would potentially cut the firm off from an audience of millions (Berthon et al.,2012).

Potential barriers to the implementation of social media strategies

With mentioning five axioms of implementation of the strategies, Berthon et al (2012) also offered three recommendations for international strategists to imply the social media: (1) understand the technology that underpins social media and creative consumers, (2) understand the consumer, and (3) understand social media. Any shifts happen in these three aspects could result in substantial barriers to the implementation of a successful international social media strategy:

- The attitude and language of engagement. Marketers should listen and learn instead of preach; meanwhile adopting the right tone and take the right actions.
- Technology connects to the implementation of social media plans. There are too many examples of employees being banned from using the social networking tools they are told to use (Berthon et al, 2012).
- Bureaucracy. Bureaucratic rules can kill or more or less stifle the effectiveness and efficiency of the implementation of social media plans.
- Insufficient IT and communication skills of the employees. According to Leonard (2009), establishing social media guidelines and training employees on the proper use of social media within the guidelines is paramount to running a successful company. However, very little training in this regard is actually being delivered.
- Still, many firms are still oblivious to what has been termed the 'digital divide'. Many parts of the population do not have access to basic computing tools, Internet access; do not even say social networking tools.
- The senior decision makers in some organizations view social media as the wasteful pastime of teenagers. In order to make social media plans to succeed, they need the buy-in and support of senior managers who really change their opinion towards the social media.

4.6.2. Managerial implications towards to legal issues

Regards to international online marketing legal issues, Zugelder et al (2000) offered set of recommendations for international marketing managers. They categorized implications into a table and the objectives with the recommendations can be clear matched and found as following:

Objectives	Recommendations
Avoid claims of unfair/deceptive trade practices	<ul style="list-style-type: none"> ● Comply with domestic standards for marketing ● Establish mirror website in major overseas target markets, conforming to local standards for marketing ● Direct inquiries from overseas to relevant mirror Website ● Provide links to mirror Websites in local language ● Steer clear of misleading advertising false claims or endorsements ● Avoid making statements about competitors or their products
Respect consumer's privacy	<ul style="list-style-type: none"> ● Include a statement of privacy policy on the site's homepage ● Allow consumer to opt out of receiving promotional offers, future e-mailings, etc ● Participate in a "seal of approval" program (e.g. Better Business Bureau) to reassure consumers
Gather legitimate marketing data	<ul style="list-style-type: none"> ● Offering incentives (tailored information, discount, special offers, etc.) in return for personal data
Respond to negative criticism on the Internet	<ul style="list-style-type: none"> ● Set up a counter Website to address legitimate complaints; link to this site from main homepage ● Contact owner(s) of rogue Website and attempt to resolve the grievance ● Avoid a "war of words"
Use material from another Website	<ul style="list-style-type: none"> ● Obtain permission to use copyrighted material from the site owner ● If permission cannot be obtained, do not use the contents from that site ● Before framing, obtain permission of the owner of the target site
Link to outside pages from your site	<ul style="list-style-type: none"> ● Carefully select the Web pages where your site will be linked ● Avoid deep linking ● Avoid linking to troublesome Websites
Protect contents of your Website	<ul style="list-style-type: none"> ● Place a copyright notice on the Website (in the local language in the

	<p>case of mirror Websites)</p> <ul style="list-style-type: none"> ● Register the Website with the resident copyright office ● Register graphical and textual elements of the Website with the resident copyright office
Acquire domain names	<ul style="list-style-type: none"> ● Thoroughly research availability of domain names ● Register the domain name with the resident trademark office ● Thoroughly research international trademark right of potential domain names
Limit exposure to suits brought in foreign courts	<ul style="list-style-type: none"> ● Limit the degree of Website interactivity ● Limit the amount of non-Internet promotion and solicitation ● Use contract provisions in the Website requiring choice of forum/court ● Decline business in undesirable jurisdictions

Recommendations for international marketing managers
(Source: Zugelder et al, 2000)

5. Summary of findings and conclusions

This chapter is about the summary of the findings in this review and my conclusions based on these findings. In order to present them clearly, I choose to use the form of table and the table is showed as below:

Research area		Main authors	Key findings	Conclusions
General impacts	Business	Jose and Richard (2001)	<ul style="list-style-type: none"> ● Infinitely responsive and elastic supply chains ● Assured global diffusion of the benefits of globalization ● Immediate delivery and superb service to customers all over the world ● Rapid and accurate product development ● Mass customization ● Reconfiguration of industrial clusters and multinational firms into virtual corporations and networks of alliances ● Self-regulated markets ● Companies that would increasingly be “born global” ● Lowest prices and highest consumer surplus 	Small domestic businesses → Born global Relatively fixed supply chains → Infinitely responsive and elastic supply chains Domestic delivery and service → Global immediate delivery and superb service Mass production → Mass customization Geography-based industrial clusters and multinational firms → Virtual corporations and networks of alliances Government-regulated markets → Self-regulated markets Prices ↑ Consumer surplus ↓ International awareness ↑
	Entrepreneurship	Reuber and Fischer (2011)	<ul style="list-style-type: none"> ● Internationalization become more feasible for resource-constrained firms ● Three internet-related firm-level resources are associated with the successful pursuit of international opportunities in internet-enabled markets: online reputation, online technological capabilities and online brand communities 	The cost of marketing research ↓ Knowledge of international market ↑ Communications cost savings ↑ Growth of intermediary trades ↓
	Marketing	Cronin (1996) Hamill (1997) Verity and Hof (1994) Saloner and Spence (2002)	<ul style="list-style-type: none"> ● An increase in international awareness ● Simplified export documentation ● Access to low-cost export market research improved knowledge of international markets and communications cost savings ● Forester a growth in intermediary trades 	
Web 2.0 and its impacts		Constantinides (2010) Constantinides and Fountain (2008) O’ Reilly (2005) Gillin (2009)	<ul style="list-style-type: none"> ● Web 2.0 is a collection of open-source, interactive and user-controlled online applications. The users are the essential contributor to the applications ● New source of consumer creativity, influence and empowerment ● Traditional marketing and media are losing ground as influencers of consumer behavior ● Forums of dialogue and confrontation of producers and vendors ● Empowered customers 	In the age of Web 2.0, users are the center. Fewer marketers using traditional marketing and media. During the commercial processes, customers have more power than sellers. Applying web 2.0 seems not challenges but opportunities for marketing.

Benefits of international E-commerce		<p>Quelch and Klein (1996)</p> <p>Janal (1998)</p> <p>Avraham (2001)</p> <p>Kumar (2004)</p> <p>Brabham (2008)</p> <p>Berthon et al (2008)</p> <p>Auh et al (2007)</p> <p>Ogawa and Piller (2006)</p> <p>Prahalad and Ramaswamy (2004)</p>	<ul style="list-style-type: none"> ● New challenges and opportunities for marketing ● Reduced the benefits of economies of scales and the cost of advertising enabling even small firms to reach dispersed markets ● To customers: convenience, information, fewer hassles, wider product selection and lower prices ● To marketers: quick adjustment to market conditions, lower costs, relationship building and audience sizing ● Web 2.0 as international marketing tool: reduced communication, R&D and advertising costs; enhanced customer loyalty; efficient innovation and reduced risk of new product development; new forms of collaborative value creation 	<p>Benefits of economies of scales ↓</p> <p>Cost of advertising ↓</p> <p>To customers:</p> <p>Time of ordering ↓</p> <p>Information ↑</p> <p>Hassles ↓</p> <p>Product selections ↑</p> <p>Prices ↓</p> <p>To marketers:</p> <p>Time of adjustment to market conditions ↓</p> <p>Costs ↓</p> <p>Relationship building ↑</p> <p>Marketing mix and strategy adjustment ↑</p> <p>Web 2.0:</p> <p>Costs ↓</p> <p>Customer loyalty ↑</p> <p>Innovation ↑</p> <p>Risk of new product development ↓</p>
New marketing mix for online marketing	Previous studies	<p>Peattie (1997)</p> <p>Aldridge, Forcht and Pierson (1997)</p> <p>O'Conner and Galvin (1997)</p> <p>Mosley Matchett (1997)</p> <p>Evans and King (1999)</p> <p>Chaffey et al (2000)</p> <p>Lawrence et al (2000)</p> <p>Kambil and Nunes (2000)</p> <p>Bhatt and Emdad (2001)</p> <p>Allen and Fjermestad (2001)</p> <p>Schultz (2001)</p> <p>Constantinides (2002)</p>	See Appendix: Key findings of “previous studies of marketing mix”	<p>Many scholars in this field express some doubts as to the role of the Mix as marketing management tool in its original form and offering alternative proposals: add new elements or replace some original ones. Still, their studies ignored the human factor, lack of strategic dimensions, offensive posture and lack of interactivity. Model's internal orientation and lack of personalization are two common limitations in all reviewed categories. The marketing mix in 21st century will become more sophisticated and more interactive and personalized.</p>
	The work of Avraham	Avraham (2001)	<ul style="list-style-type: none"> ● Target customers: E-companies are expected to behave like any other business, focusing predominantly on one of the three sectors: consumer, industrial and public ● Product: the choices are based on E-companies' business plans, intensive product development and traditional multistep development process ● Pricing: assuming that the lower average costs associated with the economies of scale of target market shares have already been achieved, E-companies charge lower prices in order to place a premium on early market presence 	

			<ul style="list-style-type: none"> ● Promotion: a mix of advertising, personal selling, sales promotion and public relations, the markets they targeting determine the promotion mix ● Distribution: non-store (electronic) distribution 	
	Weaknesses of 4Ps studies	McKenna (2003) Constantinides (2006)	<ul style="list-style-type: none"> ● Weaknesses: ignoring the human factor, lack of strategic dimensions, offensive posture and lack of interactivity ● Two common limitations in all reviewed categories: the model's internal orientation and the lack of personalization 	
Problems of international E-commerce	General problems	Samiee (1998, 2007)	<ul style="list-style-type: none"> ● Internet does not circumvent the many necessary steps a firm must undertake to internationalize. Unless the firm is known to its potential customers, it is unlikely that it would see much international activity through its website ● Internet using is no longer offers any competitive advantage, gaining competitive advantage is doing a better job of designing and managing a richer website ● Potential loss of proprietary data over the Internet ● Even some structural impediments in using the Internet will be gradually resolved, however, progress in alleviating functional issues will be much slower 	<p>General problems:</p> <p>Many necessary internationalize steps ↓, the chance of potential customers see firm's website ↓</p> <p>Requirement of job design and management of website ↑</p> <p>The chance of potential loss of proprietary ↓</p> <p>Progress in alleviating functions issues ↓</p> <p>Web 2.0 problems:</p> <p>Trial-and-error process, considerable knowledge gap exists, a danger to cultures, self-proclaimed experts appear.</p> <p>To marketers:</p> <p>Customer trust in corporate messages ↓</p> <p>Customer loyalty ↓</p>
	Web 2.0	Constantinides (2010) Keen (2007) Keegan (2007) Wilson (2007) Constantinides and Fountain (2007)	<ul style="list-style-type: none"> ● Web 2.0 applications as marketing communications tools is a trial-and-error process for business organization ● A considerable knowledge gap on the nature of Web 2.0 and its added value for marketing strategy ● Web 2.0 and specifically applications based on user-generated content present a danger to the established culture ● Some anonymous amateur videos contribute to public frustration and abuse of intellectual rights ● The complete lack of control and accountability allows everyone to become a self-proclaimed expert ● To marketers: Fading customer trust in corporate messages; declining customer loyalty; growing doubts about the role of contemporary marketing; empowered customers have devised new tactics; increasing customer control over the 	<p>Doubts about the role of contemporary marketing ↑</p> <p>Control over the commercial process ↓</p> <p>Web 2.0 still should be better seen as a marketing challenge rather than a threat, even it as marketing tool with many issues.</p> <p>Legal issues:</p> <p>Understanding online legal issues is vital to the successes or survivals of E-companies. Modern online laws mainly cover the areas: consumer protection and intellectual property. The court jurisdiction over Web marketer practices still has some flaws and insufficiencies.</p>

			commercial process	
	Legal issues	Zugelder, Flaherty and Johnson (2000)	<ul style="list-style-type: none"> ● Consumer protection: unfair and deceptive trade practices, defamation and disparagement ● Intellectual property violations: copyright infringement, linking, framing and trademark infringement ● Court jurisdiction over Web marketer practices: minimum contact is difficult to define, most informational Websites create no basis for jurisdiction; enforcement of judgments 	
Managerial implications	Web 2.0	Berthon et al (2012)	<ul style="list-style-type: none"> ● 5 axioms: <ol style="list-style-type: none"> 1. Social media is a function of a country's technology, culture, and government 2. In the age of social media, local events seldom remain local 3. In the age of social media, general issues seldom remain general 4. The actions and creations of creative consumers tend to be a function of a country's technology, culture, and government 5. Technology tends to be historically dependent ● Recommendations to imply social media: understand the technology that underpins social media and creative consumers; understand the consumer; understand social media ● Potential barriers to implement social media strategies: the attitude and language of engagement; technology connects to the implementation of social media plans; Bureaucracy; Insufficient IT and communication skills of the employees; many firms are still oblivious to what has been termed the 'digital divide'; senior decision makers view social media as wasteful pastime of teenagers 	In order to make effective use of Web 2.0 applications and constructively engage creative consumers, international strategists need to understand these 5 axioms, the technology that underpins social media and creative consumers, consumers and social media clearly; Meanwhile, they have to know what could be the potential barriers and how to identify and overcome them when implementing social media strategies.
	Legal issues	Zugelder, Flaherty and Johnson (2000)	<ul style="list-style-type: none"> ● See table "recommendations for international marketing managers" in chapter 5 	Although the management implications mentioned by Zugelder, Flaherty and Johnson (2000) have been provided on an issue-by-issue basis, including concrete recommendations that may reduce exposure to suits internationally, still, it does not constitute specific legal advice for which the reader should retain legal counsel.

6. Conclusion and recommendations

In this literature review, by combining existing relevant theories, the impacts of Internet (and Web 2.0) on international business and marketing were proposed. At the beginning part, general impacts of Internet on international marketing and business were clearly illustrated. By doing this, the basis of the literature review was built; meanwhile the importance of this literature review was reinforced. Then, a conceptual basics examination was offered to elaborate the ideas of international E-commerce and marketing from former related studies. With reviewing these related studies, the impacts of Internet (and Web 2.0) on international business, international entrepreneurship, marketing were explained as well. After that, the findings of the benefits and shortages of Internet (and Web 2.0) in international business and marketing were structured based on relevant reviews. After that, some management implications were given to further clarify the effects of Internet (and Web 2.0) and offered the hints of marketing and trade to international companies. At the end part of this review, key concepts of international online marketing and business can be found in Appendices.

Based on the findings in this review, research questions can be answered and recommendations to the international marketers and managers in international companies can be suggested as following

- **What are the general impacts of internet on international business, entrepreneurship and marketing processes?**

Internet brings lots of impacts on international business, most notable effects are: Enabled more and more small businesses become “born global”; supply chains became infinitely responsive and elastic; product development becomes rapid and accurate; mass customization of products and services; appearance of self-regulated markets. These impacts and changes indicate managers in international organizations that: using internet in the business is no longer a competitive advantage, but without internet will be a disadvantage; in order to achieve “mass customization” and elaborate production line and supply chains, the corporations with suppliers and customers become even important, some strategies such as early supplier involvement can be applied in the corporation process; on the other hand, understanding and forecasting customer needs, tailoring these needs for customers are also significant to the business.

Internet made internationalization become more feasible for resource-constrained firms, thus even smallest businesses can start their businesses internationally. For these small businesses and the managers, three internet-related firm-level resources associated with the successful pursuit of international opportunities are important to them to comprehend and utilize: online reputation, online technological capabilities and online brand communities.

Internet changed international marketing processes as well: simplify export documentation; decreases the marketing research costs; foster a growth in intermediary trades. These indicate to international marketers that using internet

during international processes can reduce the overall costs and access more comprehensive and accurate market information and knowledge.

- **What is Web 2.0 and what are the effects of it as international marketing tools and trading platforms?**

Web 2.0 is a collection of open-source, interactive and user-controlled online applications. The users are the essential contributors to the applications. It is a new source of consumer creativity, influence and empowerment and it made traditional marketing and media are losing ground as influencers of consumer behavior. Web 2.0 also is the forums of dialogue and confrontation of producers and vendors. To the managers and marketers, something should keep in mind: in the age of Web 2.0, users are the center; Fewer marketers using traditional marketing and media; during the commercial processes, customers have more power than sellers; applying web 2.0 seems not challenges but opportunities for marketing.

- **What are the benefits of E-commerce (and Web 2.0) in international business and marketing processes?**

E-commerce brings lots of benefits for international business and marketing. To consumers, the main benefits are convenience, information, fewer hassles, wider product selection and lower prices. To marketers, the benefits are quick adjustment to market conditions, lower costs, relationship building and audience sizing. Web 2.0 as international marketing tool brings following benefits: reduced costs, enhanced customer loyalty, efficient innovation and reduced risk of new product development, and new forms of collaborative value creation. Again these benefits imply international marketers and managers in international companies the importance of using Internet and web 2.0 applications in the international business and marketing processes.

- **As a marketing method, what would be the new marketing mix for online marketing?**

Many scholars in this field express some doubts as to the role of the Mix as marketing management tool in its original form and offering alternative proposals: add new elements or replace some original ones. Still, their studies ignored the human factor, lack of strategic dimensions, offensive posture and lack of interactivity. Model's internal orientation and lack of personalization are two common limitations in all reviewed categories. These indicate international marketers and managers in international companies that the marketing mix in 21th century will become more sophisticated and more interactive and personalized.

- **What are the problems and legal issues of international E-commerce (and Web 2.0)?**

General problems of Internet are: Unless the firm is known to its potential customers, it is unlikely that it would see much international activity through its websites; Potential loss of proprietary data over the Internet; Progress in alleviating functional issues will much slower. The main issues of web 2.0 are: considerable knowledge gap exists; a danger to cultures; self-proclaimed experts appear. To marketers, web 2.0 can lead to: customer trust in corporate messages, customer loyalty and their control over

the commercial processes decreases; customers' doubts about the role of contemporary marketing increases. Main legal issues are consumer protection, intellectual property violations and court jurisdiction issues. All aforementioned problems indicate international marketers and managers in international companies following: Internet and web 2.0 applications are not perfect solutions for international business and marketing, they still have many problems; using web 2.0 as marketing tool is a trial-and-error process, elaborating the usage of it need lots of practical tests and excises; understanding online legal issues is vital to the success or survivals of E-companies, even the laws still have some insufficiencies and flaws.

- **What are the managerial implications for international online marketers on strategies' setting and legal issues?**

In order to make effective use of Web 2.0 applications and constructively engage creative consumers, international strategists need to understand 5 axioms mentioned by Berthon et al (2012), the technology that underpins social media and creative consumers, consumers and social media clearly; Meanwhile, they have to know what could be the potential barriers and how to identify and overcome them when implementing social media strategies.

For general managerial implications relate to legal issues, managers can refer the recommendations by Zugelder, Flaherty and Johnson (2000). But the managers still need to aware of: Although the management implications mentioned by these authors have been provided on an issue-by-issue basis, including concrete recommendations that may reduce exposure to suits internationally, still, it does not constitute specific legal advice for which the reader should retain legal counsel.

Finally, based on the answers from six sub research questions, the research problem **"what are the impacts of Internet on International business and marketing"** can be answered as:

Internet brings lots of impacts on international business, most notable effects are: Enabled more and more small businesses become "born global"; supply chains became infinitely responsive and elastic; product development becomes rapid and accurate; mass customization of products and services; appearance of self-regulated markets. On the other hand, internet made internationalization become more feasible for resource-constrained firms, thus even smallest businesses can start their businesses internationally. In addition, Internet changed international marketing processes: simplify export documentation; decreases the marketing research costs; forester a growth in intermediary trades.

Web 2.0 is a collection of open-source, interactive and user-controlled online applications. The users are the essential contributors to the applications. In the age of Web 2.0, users are the center. During the commercial processes, customers have more power than sellers.

The applications of E-commerce in international business and marketing processes have their benefits as well as potential problems. The benefits for consumers, the main benefits are convenience, information, fewer hassles, wider product selection and lower prices. For marketers, the benefits are quick adjustment to market conditions,

lower costs, relationship building and audience sizing. Web 2.0 as international marketing tool brings following benefits: reduced costs, enhanced customer loyalty, efficient innovation and reduced risk of new product development, and new forms of collaborative value creation. Still, some problems exist: unless the firm is known to its potential customers, it is unlikely that it would see much international activity through its websites; Potential loss of proprietary data over the Internet; Progress in alleviating functional issues will much slower. The main issues of web 2.0 are: considerable knowledge gap exists; a danger to cultures; self-proclaimed experts appear. To marketers, web 2.0 can lead to: customer trust in corporate messages, customer loyalty and their control over the commercial processes decreases; customers' doubts about the role of contemporary marketing increases. Main legal issues are consumer protection, intellectual property violations and court jurisdiction issues.

In addition, for online marketing, it supposed to have its own marketing mix; many scholars in this field express some doubts as to the role of the Mix as marketing management tool in its original form and offering alternative proposals: add new elements or replace some original ones. Still, their studies ignored the human factor, lack of strategic dimensions, offensive posture and lack of interactivity. Model's internal orientation and lack of personalization are two common limitations in all reviewed categories.

7. Literature gaps and further research

7.1. Literature gaps

Based on this literature review given in previous sections, some of the facets of this phenomenon have remained unexplored even vast quantity of studies have been carried out in the past in this field.

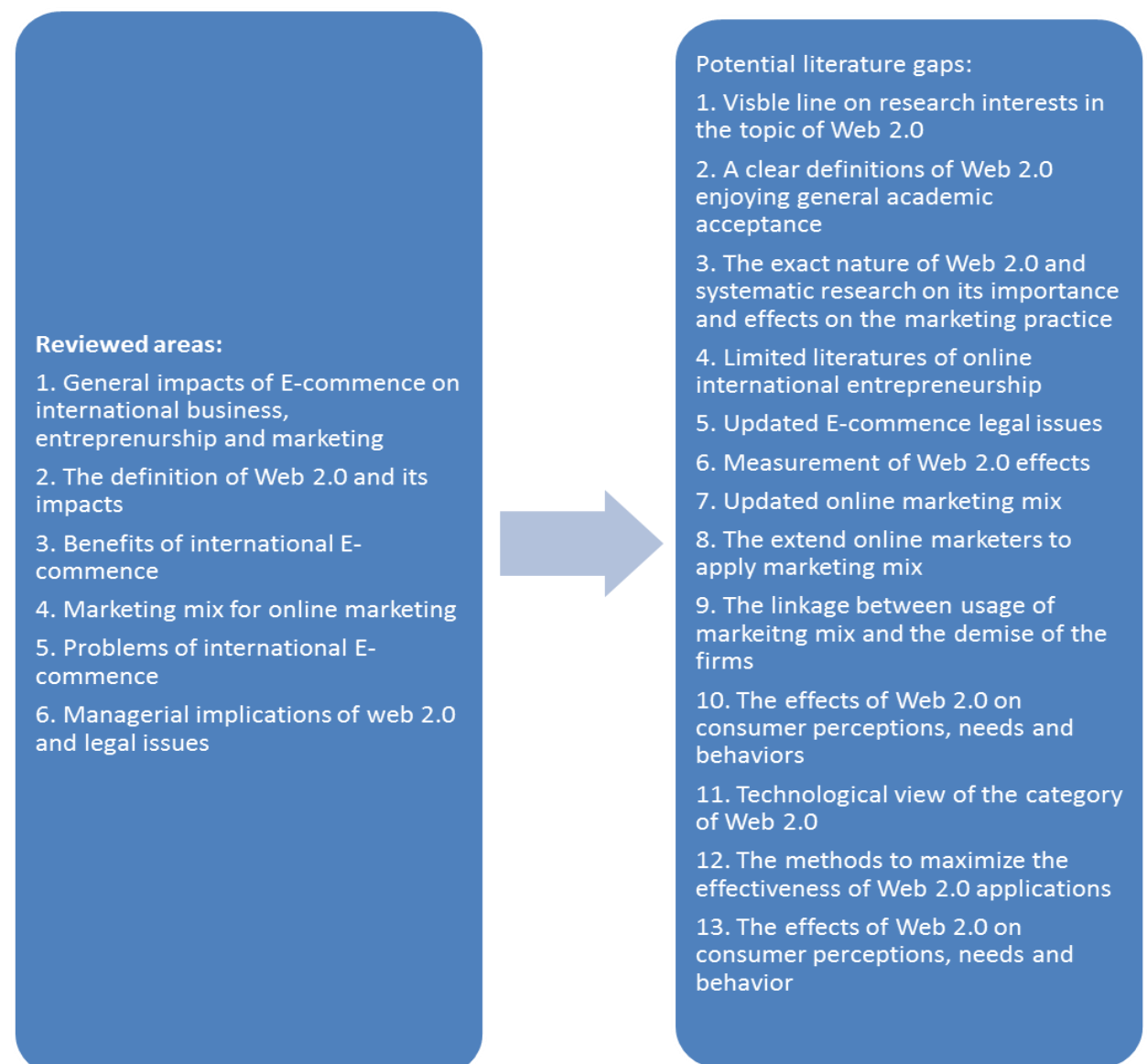
This review is motivated by the paucity of scholarly research addressing the specific online international marketing and business issues discussed earlier. Specifically, in the academic literature, the topics of Web 2.0 and social media are slowly attracting attention (Karger and Quan, 2005; Biever, 2006; Deshpande and Jadad, 2006; Boll, 2007) and yet there is no visible line on research interests and no definition of Web 2.0 enjoying general academic acceptance. Due to the fact that the adoption rate among traditional business is still low and the instruments being used are selective and limited (Constantinides and Fountain, 2007), there is little clarity as to the exact nature of Web 2.0; for all intents and purposes, there is still no generally accepted definition of the term and no systematic research on its importance and its effects on the marketing

practice (Constantinides and Fountain, 2007).

In addition, one of the most noticeable trends in the internet-mediated online marketplace is that applications are increasingly being built no more on proprietary platforms but rather on frameworks usually based on open-source software (Constantinides and Fountain, 2007). The value and benefits underpinning this trend are not always clear and their effects have not yet been studied in a systematic way. One of the reasons for this is the newness but most importantly the complexity of the issue: in the Web 2.0 domain various technical and business aspects are heavily interrelated, often making the identification of the underlying value models difficult (Constantinides and Fountain, 2007).

On the other hand, despite the increasing numbers of businesses that are currently using the internet to pursue international opportunities, and the latent potential for such activity from rising internet adoption levels, the IE literature has paid limited attention to the phenomenon (Reuber and Fischer, 2011).

The graph below shows the reviewed fields and potential literature gaps in this literature review:



7.2. *Further research suggestion*

The above stated gaps imply an urgency to develop a better conceptual, theoretical and empirical understanding of the international channel structure, relationships and alliances that ensue, and the impacts of Internet (and Web 2.0) in accommodating international partnerships and the realization of the objectives of these relationships. Web 2.0 is a hot topic to today's scholars in marketing or commercial field. This literature review only shows limited views and sides of this area and following topics could be interesting for researchers to investigate:

- The new Web 2.0 demographics, culture and the roles social media can play as marketing instruments and influencers of the decision-making processes.
- The effects of Web 2.0 on consumer perceptions, needs and behavior
- The effects of Web 2.0-based approaches on market niches
- The methods to maximize the effectiveness of web 2.0 applications
- Technological view of the category of Web 2.0

It should also suggested to discover the measurement of the Social Media effects in order to offer a clear picture as to the advantages of Web 2.0 as marketing tool versus the traditional marketing approaches.

Specifically regards to marketing Mix area, following topics are suggested:

- To what extend online marketers had been applying the Mix as the sole tool of marketing planning for Internet start-ups during the booming years of the 90s?
- Is there a link between using the 4Ps as basis of their marketing planning and the demise of their firms?
- Updated marketing mix

In the context of international online business, that would be worth to investigate the impact of e-commerce on international employment.

Finally, future research should also take into account the updated international online marketing and commercial legal issues due to the fact that the part for this topic in this review is based on the findings before 2001.

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Appendices

Appendix I : Key concepts in this review

The following are the key concepts which offer the definitions for the terms in online marketing and business area.

Advertising: Any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Blogs: Short for Web logs: online journals, the most known and fastest-growing category of Web 2.0 applications. Blogs are often combined with Podcasts, that is, digital audio or video that can be streamed or downloaded to portable devices (Constantinides, E., & Fountain, S. J, 2007).

Business-to-business online marketing: Using B2B websites, e-mail, online product catalogues, online trading networks, barter sites and other online resources to reach new business customers, serve current customer more effectively and obtain buying efficiencies and better prices (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Business-to-consumer online marketing: The online selling of goods and services to final consumers (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Clicks-and-mortar companies: Traditional bricks-and-mortar companies that have added online marketing to their operations (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Click-only companies: The so-called dot-coms which operate only online without any bricks-and-mortar market presence.

Culture: The set of basic values, perceptions, wants and behaviors learned by a member of society from family and other important institutions (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Customer relationship management: The overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Customer satisfaction: The extent to which a product's perceived performance matches a buyer's expectations. If the product's performance falls short of expectations, the buyer is dissatisfied. If the performance matches or exceeds expectations, the buyer is satisfied or delighted (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Communities: Websites organizing and sharing particular types of content (Constantinides, E., & Fountain, S. J, 2007).

Consumer-to-business online marketing: Online exchanges in which consumers search out sellers, learn about their offers and initiate purchases, sometimes even driving transaction terms (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Consumer-to-consumer online marketing: Online exchanges of goods and information between final consumers (Kotler, P., Armstrong, G., Wong, V., &

Saunders, J, 2008).

Content aggregators: Applications allowing users to fully customize the web content they wish to access. These sites make use of a technique known as Real Simple Syndication or Rich Site Summary (Constantinides, E., & Fountain, S. J, 2007).

Customer value: The consumer's assessment of the product's overall capacity to satisfy his or her needs (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Demands: Human wants that are backed by buying power (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Exchange: The act of obtaining a desired object from someone by offering something in return (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Forums/bulleting boards: Sites for exchanging ideas and information usually around special interests (Constantinides, E., & Fountain, S. J, 2007).

Globalization: A process of social, political, economic, cultural, and technological integration among countries of the world (Luthans, F., & Doh, J. P. 2010).

International entrepreneurship: the discovery, enactment, evaluation, and exploitation of opportunities (Oviatt and McDougall, 2005).

Internet: A vast public web of computer networks connecting users of all types all around the world to each other and to a large 'information repository' (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Market: The set of all actual and potential

Marketing: A social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Marketing communication mix: The specific mix of advertising, sales promotion, public relations, personal selling and direct marketing tools that the company uses to persuasively communicate customer value and build customer relationships (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Marketing mix: The set of controllable tactical marketing tools – product, price, place and promotion – that the firm blends to produce the response it wants in the target market (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Multi-National companies: MNCs are enterprises comprising in two or more countries, which operate under a system of decision making permitting coherent policies and common strategy, entities are so linked by ownership that one or more of them may be able to exercise significant influence over the activities of the others particularly to share knowledge, resources and responsibilities (Luthans, F., & Doh, J. P. 2010).

Offshoring: The process by which companies undertake some activities at offshore locations instead of in their countries of origin (Friedman, T, 2005).

Online advertising: Advertising that appears while consumers are surfing the Web, including display ads (banners, interstitials, pop-ups), search-related ads, online classifieds and other forms (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Online brand communities: an online specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand

(Muniz and O'Guinn, 2001).

Online marketing: Company efforts to market products and services and build customer relationships over the Internet (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Online reputation: a perceptual representation of a company's past actions and future prospects that describe the firm's overall appeal to all its key constituents when compared to other leading rivals. Thus, online reputation is defined as the perceptual representation among online constituents (Fombrun, 1996).

Online technological capabilities: routines, prior and emergent knowledge, analytic processes, and simple rules to turn IT into customer value (Zhu and Kraemer, 2002).

Online trading networks: Huge online marketplaces in which B2B buyers and sellers find each other online, share information and complete transactions efficiently (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Outsourcing: The subcontracting or contracting out of activities to external organizations that had previously been performed by the firm (Friedman, T, 2005).

Place: All the company activities that make the product or service available to target customers (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Price: The amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Product: Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organizations and ideas (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Product life cycle: The course of a product's sales and profits over its lifetime. It involves five distinct stages: product development, introduction, growth, maturity and decline (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Promotion: Activities that communicate the product or service and its merits to target customers and persuade them to buy (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Public relations: Building good relations with the company's various public by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories and events. Major PR functions include press relations, product publicity, public affairs, lobbying, investor relations and development (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Relationship marketing: The process of creating, maintaining and enhancing strong, value-laden relationships with customers and other stakeholders (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Service: Activities, benefits or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Social networks: Applications allowing users to build personal websites accessible to other users for exchange of personal content and communication (Constantinides, E., & Fountain, S. J, 2007).

Suppliers: Firms and individuals that provide the resources needed by the company and its competitors to produce goods and services (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Target market: A set of buyers sharing common needs or characteristics that the company decides to serve (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Transaction: A trade between two parties that involves at least two things of value, agreed-upon conditions, a time of agreement and a place of agreement (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Viral marketing: The Internet version of word-of-mouth marketing e-mail messages or other marketing events that are so infectious that customers will want to pass them along to friends (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Wants: The form that human needs take as shaped by culture and individual personality (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Web 2.0: A collection of open-source, interactive and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support the creation of informal users' networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing/refining of informational content (Constantinides, E., & Fountain, S. J, 2007).

Web communities: Websites upon which members can congregate online and exchange views on issues of common interest (Kotler, P., Armstrong, G., Wong, V., & Saunders, J, 2008).

Appendix II: Key findings of “previous studies of marketing mix

Product: co-design and production; price: more transparency; place: direct contacts with customers; promotion: more control of the customer, interaction
New factors should be taken into consideration traditional 4 Ps remain backbone of online marketing



Who: target audience/market
What: content
When: timing and updating
Where: fundability
Why: unique selling proposition



Six key elements for effective web site design: capture, content, community, commerce, customer orientation, credibility
Traditional 4 Ps + New 5 Ps: paradox, perspective, paradigm, persuasion and passion
Community building, original event programming, convenience and connectivity



Product: new options for customized information; place: no time and location restrictions, direct delivery; price: price discrimination and customization, price transparency; promotion: action-oriented promotional activities are possible promotional flexibility
Product: information, innovation; place: reach; price: increased competition; promotion: more information, direct links
A new marketing mix should be based on the marketing triad marketer, employee and customer
4S: scope: strategic issues; site: operational issues; synergy: organizational issues; system: technological issues