
Original Article

Tracing customer orientation and marketing capabilities through retailers' websites: A strategic approach to internet marketing

Rodoula H. Tsiotsou

is Assistant Professor of Marketing at the Department of Marketing & Operations Management, University of Macedonia, Greece. Her research interests include services marketing (sport and tourism), branding, non-profit marketing and e-marketing.

Irini D. Rigopoulou

is Lecturer in Marketing at Athens University of Economics and Business. She holds a PhD in Marketing from the Aegean University, Greece. She worked for multinational and national companies in Greece.

John D. Kehagias

is Associate Professor of Marketing at the Hellenic Open University. He obtained his PhD degree from the University of Bradford, UK. He was Assistant Professor of Marketing at the University of the Aegean and has long experience with international and large Greek companies as a Manager and Consultant. His research interests include pricing, logistics and sales Management.

ABSTRACT The study extends the concepts of customer orientation and marketing capabilities to an online retailing context while it examines the ability of product involvement to distinguish retailers' websites. The objectives of this article are: (a) to identify the degree of customer orientation as manifested on retailers' websites, (b) to investigate the marketing capabilities revealed through their websites and (c) to examine the role of involvement as a differentiating factor in an online context. A twofold methodological approach was taken by employing content analysis and concept mapping. The results indicate that a certain degree of customer orientation and marketing capabilities are revealed through retailers' websites while the above constructs can be used to identify distinct website groups. Moreover, the degree of customer orientation and marketing capabilities as reflected on these websites differ significantly between product categories of high and low involvement. Managerial implications for managing websites' customer orientation and marketing capabilities are discussed.

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Correspondence: Rodoula H. Tsiotsou
Department of Marketing & Operations Management, University of
Macedonia, Agiou Dimitriou 49, TK 58200 Edessa, Greece
E-mail: rtsiotsou@uom.gr

INTRODUCTION

The emerging and critical role of the internet as a value enhancing business tool results not only from the implementation of several marketing strategies but from their optimization as well.

Strategies suggested that are focal for the full exploitation of the internet refer to e-service strategies,¹ customer relationship management,^{2,3} knowledge management and customization strategies.³ The common element of the above strategies is their focus on the customer. That is, all the above strategies are customer-centric where firms put their customers' interest first and aim to provide added customer value in order to gain a sustainable competitive advantage and increased performance.

Customer orientation is a strategic approach that has been linked to customer value and business performance. Although there is a considerable number of studies focusing on customer orientation in an offline context, there is limited research examining the role of customer orientation in an online environment.⁴⁻⁶ The few studies in the literature provide mixed results regarding how customer orientation functions in relation to internet. Customer orientation as a strategic approach of the firm has been proposed to act as a partial mediator in the relationship between internet and business performance.⁵ In a B2B situation, customer orientation has been found to hinder business performance of internet advertising services.⁴ Recently, Poddar *et al*⁶ reported that website customer orientation is related to perceived quality and purchase intentions.

Customer orientation has been linked to several marketing capabilities in the offline literature. Capabilities allow firms develop flexible strategies by effectively coordinating and utilizing their resources in order to enhance business performance.⁷ The internet as a stand-alone resource⁸ can assist in leveraging marketing processes and capabilities⁹ such as enhancing product selection and information, interactivity, personalization, community and customer support. Furthermore, capabilities related to customers (for example, customer linking, service quality) provide the foundation for developing a more effective retail mix and assist in gaining and sustaining a competitive advantage.^{7,10}

Traditionally, retailers have conceived internet as a parallel distribution channel,¹¹ an additional communicational tool¹² and a proactive

marketing tool that facilitates consumers' buying decision-making process.¹³ However, relatively limited knowledge exists about the strategic use of the internet by retailers in order to build effective and long-term relationships with their customers. An examination of internet marketing studies published from 1987 to 2000 revealed that from the 270 articles identified, three major gaps emerged in the literature: 'management, planning and strategy', 'consumer behavior' and 'distribution channels'.¹⁴ However, a more recent review of literature focusing on internet retailing¹⁵ classified the studies into three categories: those having a retailer perspective (where topics like internet's market potential, factors affecting the adoption of the internet and management issues are covered), a consumer perspective (emphasizing mostly the identification of consumer profiles) and a technological perspective (including topics, like website design, software tools and e-commerce infrastructure). In their review, Doherty and Ellis-Chadwick¹⁵ identified two main issues where there is substantial lack of literature: strategic management and strategic resources such as capabilities and competencies required for successful internet retailing. The authors conclude that 'whilst the strategic potential of the internet is routinely mentioned in nearly all studies of electronic retailing, there have been very few studies that have explicitly or empirically targeted its strategic management' (p. 411). Consequently, despite the volume of literature, several knowledge gaps still remain to be filled, particularly those related to the strategic use and marketing capabilities of internet retailing.

The present endeavor addresses the voids in knowledge noted above by investigating (a) the degree of customer orientation as revealed through the content of retailers' websites, (b) the marketing capabilities as manifested on their websites and (c) the role of product involvement as a differentiating factor of customer orientation and marketing capabilities in an online context. The study analyzes the content of retailers' websites because both concepts, customer orientation and marketing capabilities, are inherently under the control of the management

and are based on the design and structure of the website.

The current study contributes to the literature in four ways. First, this research responds to recent calls for more studies on the strategic use of the internet in retailing and the marketing capabilities involved. Second, it extends the concepts of customer orientation as a strategic approach, and marketing capabilities in an online retailing context. Thus, while previous research regarding marketing capabilities focuses primarily on goods and services this study extends the conceptualization and measurement of marketing capabilities to internet retailing. Third, this article examines the ability of product involvement to distinguish retailers' websites in terms of their customer orientation and marketing capabilities. Fourth, the study combines qualitative (content analysis) and quantitative procedures (concept mapping) in examining the strategic use of the internet. Although exploratory in scope, this methodological approach is one of the few of this nature that provides avenues for future research as well as insight into appropriate strategic approaches of retailers' websites.

In the sections to follow, we present the review of literature on customer orientation and marketing capabilities, and on product involvement. The article proceeds by presenting the methodology and the results of the study. Finally, we discuss the theoretical and managerial implications and conclude the article with the limitations of the study and directions for future research.

CONCEPTUAL FRAMEWORK

The role of customer orientation

Customer orientation constitutes the most important component of market orientation^{16–18} and refers to a cognitive, behavioral and cultural aspect of a firm's marketing concept that puts the customer at the center of the organization and its development.¹⁹ Deshpande *et al*'s¹⁶ theoretical framework to market orientation considers customer orientation focal and supports that market-driven organizations are characterized by

a set of cultural values and beliefs that put the customer interests first.

Customer-oriented firms are able to create superior customer value²⁰ that results in enhanced customer satisfaction²¹ and strong brand loyalty.²² Increasing customer satisfaction and loyalty prevent customer switching behavior, require less marketing effort to attract and retain customers,²³ increase cash flow and firm value, and consequently lead to higher profits.²⁴ Thus, customer orientation provides the foundation for a sustainable competitive advantage and contributes to financial performance.^{16,17}

Compelling evidence in the literature supports a linkage between customer orientation and performance.^{25–27} A customer-oriented firm is able to better determine the needs and wants of target markets in order to satisfy them more effectively and efficiently than its competitors. Thus, comparing to less customer-oriented firms, a customer-oriented firm is more capable in obtaining organizational goals such as increasing market share, higher profits and a sustainable competitive advantage.

Linking customer orientation with marketing capabilities

A factor that acts as a mediator in the relationship between customer orientation and performance is marketing capabilities. According to Day,²⁸ capabilities are 'complex bundles of skills and collective learning, exercised through organizational processes that ensure superior coordination of functional activities'. Capabilities perspectives maintain that customer orientation creates superior capabilities, improves their processes and subsequently leads to differential advantage.^{28,29} Day²⁸ supports that customer orientation influences a firm's market capabilities and specifically, market sensing, and customer linking. Indeed, Vorhies *et al*²⁹ provide empirical findings where customer orientation is positively related to marketing capabilities such as market research, product development, promotion, marketing management and others. A recent study by Tsiotsou³⁰ reports that customer-oriented services firms develop marketing capabilities such as service quality, service variety,

customers' service, marketing support, technology usage and product promotion. Consequently, a combination of appropriate business strategies and superior marketing capabilities should result in a competitive advantage and improved performance. Slater and Narver³¹ propose customer service and innovation as the two core-value creating capabilities that drive the customer orientation and performance relationship.

Customer orientation is associated with innovative activities and specifically, with technological capabilities. Ramsey and McCole⁹ report that customer-oriented firms are more responsive in adopting internet-based technologies that enable them to satisfy customer needs and counteract competitors' actions. The literature justifies the existence of a plethora of competitive advantages resulting from the incorporation and use of internet marketing in the application of marketing capabilities.^{32,33} Recently, a study examining the role of customer orientation in an online context reported that website customer orientation has a positive and significant impact on consumers' website perceived quality and purchase intentions.⁶ Brodie *et al*³⁴ found that the adoption of internet marketing is positively related to marketing capabilities such as customer acquisition and retention.

Because of their importance in the offline environment, the degree of customer orientation and marketing capabilities developed and reflected on the websites of retailers are examined in this study.

Websites of low-high product involvement

Involvement is a primary determinant of consumer behavior and specifically, of information processing, search behavior³⁵ and purchase intentions.³⁶ Involvement is 'a person's perceived relevance of the object based on inherent needs, values, and interests'³⁷ (p. 342) and 'the amount of time and effort a buyer invests in the search, evaluation and decision processes of consumer behavior'.³⁸

The marketing literature distinguishes involvement into 'product involvement' and 'consumer involvement'. When referring to

'consumer involvement', the subject of investigation is the 'actor' and his/her behavior. To the contrary, 'product involvement' refers to product classes which evoke interest or internal drive influencing consumers' cognitive and behavioral responses to marketing stimuli.³⁹ Traditionally, when referring to product involvement, marketers imply high and low involvement products and product categories.⁴⁰ The level of involvement (low-high) differs according to the product importance, utility and value, perceived risk, as well as effort and uncertainty. There is sufficient empirical evidence that relates involvement to the type and intensity of customer's perceived product risk (financial, physical, psycho-social and/or time-generated), the expression of one's personality and hedonic value. Because, 'risk' and 'effort' stimulate involvement, product involvement positively correlates with the perceived product importance to the consumer. Literature reveals⁴¹ that fast moving goods are product classes of low-involvement, while durable goods (for example, cars and electronic appliances) are product classes of high-involvement. Under the same point of view, credence services (for example, life insurance) are high-involvement products, while experiential services (for example, vacations and entertainment) are low-involvement product categories.⁴²

Previous research has examined the impact of product characteristics (for example, interest, involvement and tangibility) on the adoption of online shopping,⁴³ on its perceived usefulness and on customers' trust in the online vendor.⁴⁴ In particular, studies on product involvement reveal that the product involvement level is related to online purchase intentions⁴⁵ and to the relative importance of factors affecting e-customers loyalty.⁴⁶ All the above studies focus on online customers and do not investigate the role of product characteristics (for example, involvement) from the retailers' perspective. Although the extant literature shows that product involvement provides important implications for strategy development (for example, advertising strategies⁴⁷), no empirical evidence exists regarding internet marketing strategies. As a

result, this research takes a retailers' perspective and examines the role of product involvement on their strategic orientation, namely customer orientation, in internet marketing.

Research links high and low involvement product categories to customers' high and low information search respectively, and different buying decision processes³⁵ in the offline environment. Because in high involvement product categories, the perceived risk, effort and time are high, consumers engage in extensive information search and are more demanding.^{35,38,47} In order for retailers of high involvement products to satisfy their customers, they need to be more responsive to their customers' needs and desires by offering them added value. Thus, it is likely that website customer orientation is higher in high involvement than in low involvement products.

RESEARCH METHOD

To accomplish our research objectives, we took a twofold methodological approach: content analysis and concept mapping with the utilization of Multi-Dimensional Scaling (MDS). Following, a detailed description of our analyses is presented.

Stage 1: In order to establish a reliable procedure for the interpretation of the variables under investigation, we employed content analysis. Several studies examining the utilization of websites have used content analysis in order to identify the promotional mix activities,^{48,49} to examine strategic aspects⁵⁰ and to investigate the degree of interactivity within websites.⁵¹

Stage 2: Concept mapping is a promising technique, not only for its contribution to the structuring of the conceptualization process, but particularly because it lends objectivity to the results of a qualitative approach.⁵² This is achieved by projecting the findings on a perceptual map, which assists in highlighting the more important relations among the variables under investigation. The use of the MDS technique enabled us to reach an objective measure of similarity across the entire set of the analyzed websites. In general, MDS is perceived

as a valuable tool because it enables the researcher to determine the relative perceptions of a set of 'objects' and then, to represent these perceptions visually in a way that valuable interpretations can be made. Finally, based on our analyses (content analysis, MDS and hierarchical cluster analysis (HCA)), we formed an 'informal' cyclical concept map to represent the investigated constructs and their relations. All constructs were put together to form a concept map that depicts their flow in the context of retailers' internet marketing.

Research instrument

The research instrument consisted of three parts. Part I gathered data on websites components, company information and marketing mix elements, Part II referred to customer orientation and Part III collected information on marketing capabilities as revealed through retailers' websites.

The coding sheet generated by Perry and Bodkin,⁵⁰ which has a reported inter-coder reliability of 93.8 per cent, was selected as our research platform for examining the marketing mix elements of the retailers' websites. By using this measurement instrument, we gathered data on the four aspects of the marketing mix as well as on company information, market information, internal customers (employees) and customer services.

In order to gather information on customer orientation, the study employees Deshpande *et al's*⁵³ measurement scale comprised of six items. This scale has been developed in the context of qualitative interviewing with a reported reliability of 0.83.

To measure marketing capabilities, the study uses Webster's⁵³ scale of marketing culture. According to Webster, marketing culture is a multidimensional construct comprised of service quality, interpersonal relationships, selling task, organization, internal communications and innovativeness. Although never called 'a capabilities' scale', the dimensions of Webster's scale are in line with a capabilities perspective. In addition to the two marketing capabilities which Slater and Narver³¹ propose (service quality and innovativeness), the other dimensions included in Webster's scale such as interpersonal relationships, selling tasks, organization and internal communication can be viewed as other 'skills

exercised through organizational processes²⁸ (p. 38). This approach has been supported in the literature by Hooley *et al*⁵⁴ who state that ‘the Webster’s framework offers much potential for understanding and delineating marketing capabilities’ (p. 261). In line with this reasoning, a modified version of Webster’s⁵³ scale was used (the original scale was reduced from 34 to 24 items) to measure marketing capabilities as reflected on the retailers’ websites. The reliability of the modified instrument reached 0.83, well above the recommended value of 0.70.

Sample of websites and research procedure

The sample of the study consisted of 64 websites of retailers with the highest spending in advertising/promotion according to the Greek Publicity Guide. Ten research assistants (five male and five female), all university students and experienced users of the www, browsed the selected sites individually using the internet explorer browser. Each assistant was asked to devote at least 1/2h on the site during which he/she should explore thoroughly the whole site. In order to increase the reliability in the evaluation process, each website was evaluated by two research assistants. When their opinions differed, even slightly, the two assistants examined the sites together and determined the final ratings. Following this procedure, we managed to account for inter-coder reliability, which is ‘the amount of agreement or correspondence among two or more coders’. This is in line with Neuendorf’s⁵⁵ approach which suggests this process as necessary for improving reliability when human coders are involved in the research process.

Finally, our sample included 64 retailers of services (banks, insurances, telecommunications and hotels) and goods (food/beverages and durables). The websites were categorized as high and low involvement based on previous categorizations of product categories made in the marketing literature.^{40,41} This taxonomy of product involvement (high and low) is well documented in the marketing and advertising literature^{35,38,42,47} and therefore, it has been

adopted in our study. Thus, the sample consisted of 38 websites of high involvement products and 26 low involvement product categories.

RESULTS

Description of the sample websites based on their marketing-mix elements

Initially, we examined thematically the content of websites in terms of their coverage of the marketing mix and other market-related elements in order to gain a basic overview of the websites. The analysis of the websites’ content, apart from the general components, is comprised of two parts. The first part includes elements that relate to the company and the market whereas the second part covers elements of the marketing mix (Table 1).

All the company elements examined were present in the websites (coverage from 47.6 to 100 per cent). Regarding company information, the two most covered elements are the ‘history of the company’ (87.5 per cent coverage) and the ‘divisional buttons (departments)’ (80.4 per cent coverage). The remaining nine items present lower percentages of coverage with the last (‘law issues’) accounting for only 37.3 per cent. The market information items present the lowest coverage ratings ranging from 22.2 to 38.1 per cent.

The scores of the marketing-mix elements show that ‘product’ and ‘customer service’ were the most often utilized components (coverage above 80 per cent). It is worth to mention that although traditionally, a website is considered a communication and/or a distributional vehicle, the most frequently used element of ‘promotion’ (catalogues: 79.7 per cent coverage) was slightly less utilized comparing to ‘product’ and ‘customer service’.

Regarding the websites of high versus low involvement products, 23 out of the 64 cases present statistically significant differences between the two categories. Because of the use of binary data, the Mann-Whitney *U* test was employed to examine these differences. Most of these differences refer to ‘market information’, ‘company information’, ‘internal customers’ and the ‘other’. More precisely, statistically significant differences between the two groups of companies

Table 1: Coverage of company and marketing-mix-related components through websites (adopted from Perry and Bodkin⁵⁰)

Component of websites*	Per cent of coverage	
	Yes	No
Logo	100	0
Pictures	96.9	3.1
Email/contact us	95.3	4.7
'About us'	92.2	7.8
News related	87.5	12.5
Divisional buttons*	86.2	13.8
Search	84.4	15.6
Tag line	75.0	15.0
Links to other sites	73.4	26.6
Site maps*	64.1	35.9
Drop down menu	63.9	36.1
Continuous words*	55.6	44.4
FAQ*	47.6	52.4
<i>Company information*</i>		
History of the company	87.5	12.5
Divisional buttons*	80.4	19.6
Privacy policy*	76.6	23.4
Vision/mission statement	65.1	34.9
Financials*	54.7	45.3
Annual reports*	53.1	46.9
Health/safety issues	50.0	50.0
Shareholder info*	48.4	51.6
Stock quotes*	40.6	59.4
'your opinion about the site'	39.3	60.7
Law issues*	37.5	62.5
<i>Market information*</i>		
Segmentation data*	38.1	61.9
Sales analysis*	33.3	66.7
Sector analysis*	22.2	77.8
<i>Marketing mix</i>		
Product list buttons	90.6	9.4
Brands	82.8	17.2
Other services	80.6	19.4
Positioning statements*	58.3	41.7
<i>Customer service</i>		
Customer services	88.9	11.1
Membership password	85.2	14.8
'club of customers'	82.5	17.5
<i>Price</i>		
Offers	70.3	29.7
Pricelists	68.8	31.3
<i>Distribution</i>		
Dealer network	56.3	43.8
<i>Promotion</i>		
Catalogues	79.7	21.3
Press releases*	68.8	31.3
General promotions	63.9	36.1
Direct marketing activities	62.1	37.9
Spots (visual – audio)	59.4	40.6
Key take away messages	49.2	50.8
Sponsors	38.1	61.9
Free gifts	23.8	76.2

Table 1 continued

Component of websites*	Per cent of coverage	
	Yes	No
<i>Internal customers*</i>		
Careers*	65.6	34.4
Educational material**	32.3	67.7
Special topics*	31.1	68.9
Training center*	29.7	70.3
<i>Other*</i>		
Other	25.6	74.4
Kids*	21.8	78.2
Games*	18.5	81.5
Quizzes*	9.3	90.7
Sweepstakes**	1.9	98.1

*Significant difference at 0.05 level.

**Significant difference at 0.10 level.

Differences between websites of high and low involvement products (Mann-Whitney *U* test).

(high versus low involvement products) were found for the following:

Components of the website: divisional buttons [$U=258.0$ Sig=0.017], site map [$U=270.0$ Sig=0.005], FAQ [$U=251.0$, Sig=0.003], continuous words [$U=210.5$, Sig=0.022].

Company-related information: divisional buttons [$U=242.0$, Sig.=0.032], Privacy policy [$U=316.5$, Sig.=0.024], financials [$U=249.0$, Sig.=0.002], annual reports [$U=230.5$, Sig.=0.001], shareholder info [$U=253.5$, Sig=0.002], stock quotes [$U=299.5$, Sig=0.024], law [$U=281.0$, Sig=0.009].

Market-related information: sector analysis [$U=264.0$, Sig=0.002], sales analysis [$U=227.5$, Sig=0.001], segmentation data [$U=283.0$, Sig=0.020].

Marketing mix-related information: positioning statements [$U=227.5$, Sig.=0.006], press releases [$U=265.5$, Sig.=0.003], careers [$U=307.0$, Sig.=0.029], educational material [$U=325.0$, Sig.=0.083], training centre [$U=290.0$, Sig.=0.008], and special topics [$U=140.0$, Sig.=0.047], kid [$U=244.5$, Sig.=0.021], quizzes [$U=214.5$, Sig.=0.001], sweepstakes [$U=-1.991$, Sig.=0.052].

Adoption level of customer orientation and marketing capabilities

Table 2 presents the mean scores of marketing capabilities and customer orientation.

The mean scores of these constructs indicate that the design elements (for example, organization, mean=1.26) are more leveraged in comparison to the content elements of the websites (for example, customer orientation, mean=1.10; communication,

mean=1.06; quality, mean=1.05; interpersonal relationships, mean=0.94; innovativeness, mean=0.88; selling task, mean=0.70).

MDS results are presented in Figure 1 and show how the various websites (pointed in figures as 'VAR') are being placed in relation to marketing capabilities and customer orientation. Although initially the results confirm the goodness of fit of a two-dimension model

Table 2: Marketing capabilities and customer orientation on websites

Item no.	Marketing capabilities (adopted from Webster ⁵³)	Involvement		Asymp. Sig. U-test
		High	Low	
		Mean	Mean	
	<i>Quality</i>	0.73	0.62	0.08*
Q1	The site reflects the firm's image	0.92	0.91	0.94
Q2	The site reflects commitment to providing quality service	0.87	0.76	0.37
Q3	The site reflects a focus on customer needs, desires and attitudes	0.82	0.71	0.46
Q4	The firm specifically defines (in the site) what exceptional service is	0.87	0.64	0.05**
Q5	Systematic, regular measurement and monitoring of site performance	0.21	0.05	0.11
	<i>Interpersonal relationship</i>	0.65	0.58	0.17
IR1	The interaction is possible	0.76	0.73	0.93
IR2	The site gives the opportunity for opinions	0.70	0.68	0.99
IR3	The site gives the ability to communicate online	0.67	0.59	0.71
IR4	Treats each visitor as an important participant in the cyberspace	0.65	0.59	0.82
IR5	The existence of intranet	0.50	0.20	0.03*
	<i>Selling task</i>	0.53	0.35	0.01*
ST1	Gives emphasis on product demonstration and related benefits	0.92	0.81	0.27
ST2	Gives emphasis on new business	0.78	0.50	0.05*
ST3	Creative approaches to selling	0.57	0.48	0.46
ST4	The firm provides skill-based training	0.41	0.09	0.01*
ST5	The site presents employees' rewards	0.27	0.05	0.03*
ST6	Recognition of high achievers in selling	0.27	0.05	0.03*
	<i>Organization</i>	0.90	0.72	0.09**
O1	The site is well organized	0.97	0.77	0.02*
O2	There is a sufficient space management	0.89	0.73	0.14
O3	Clear priorities through website content and construct	0.84	0.64	0.11
	<i>Communication</i>	0.75	0.64	0.19
C1	Clearly stated messages	0.92	0.73	0.07**
C2	Set of policies and procedures available through the site	0.73	0.59	0.37
C3	Encouragement of getting involved	0.62	0.55	0.73
	<i>Innovativeness</i>	0.65	0.43	0.04*
I1	Technological advances	0.78	0.40	0.00*
I2	Receptive to ideas for change	0.54	0.50	0.71
	Overall Scale Mean Score	0.68	0.54	0.01*
	<i>Customer orientation (adopted from Deshpande et al¹⁶)</i>			
CO1	Emphasis on product/service differentiation	1.0	0.77	0.00*
CO2	Demonstrates product/service values	0.89	0.82	0.50
CO3	Site development based on customer information	0.81	0.81	0.91
CO4	Emphasis on product/service superiority	0.92	0.64	0.01*
CO5	Customer's interest come first	0.86	0.68	0.13
CO6	Routines or regular measures of customer service	0.24	0.19	0.55
	Overall scale mean score	0.89	0.75	0.07**

($S=0.22$ and $RSQ=0.78$), we proceeded with a three-dimensional solution which provided a better model fit ($S=0.16$ and $RSQ=0.85$). Based on the dominant characteristics of the websites falling within these three dimensions, we named the first dimension ‘*Organization orientation*’, the second dimension ‘*Communication orientation*’ and the third dimension ‘*Sales orientation*’. Because a three-dimensional map is hard to interpret, the use of stimulus coordinates could assist in this matter. In this stage of analysis, a regression-based technique, called Property Fitting (PROFIT), could be useful in responding to additional questions like ‘what particularly characterizes the different areas of the space?’ or ‘what does exactly mean for a particular website to be pointed on a specific position in relation to marketing capabilities and customer orientation?’ Nevertheless, since the nature of our data (dichotomous variables) did not allow for such an

elaboration, an HCA was implemented. In HCA, using the average linkage between groups, the agglomeration schedule was obtained leading to three-cluster solution. Based on how the websites scored in the above dimensions, the clusters were named based on their most developed marketing capabilities. In Figure 1, the three clusters of websites are presented: cluster 1, ‘*Product-company/ quality*’, cluster 2, ‘*Advertising - promotion*’ and cluster 3, ‘*Sales*’ websites.

Involvement as a differentiating factor for customer orientation and marketing capabilities

Following the retailers’ websites were categorized based on product involvement. Thus, the websites were divided into those of high involvement and those of low involvement products. Figure 2a and 2b shows how the two categories of retailers’ websites can be pictured

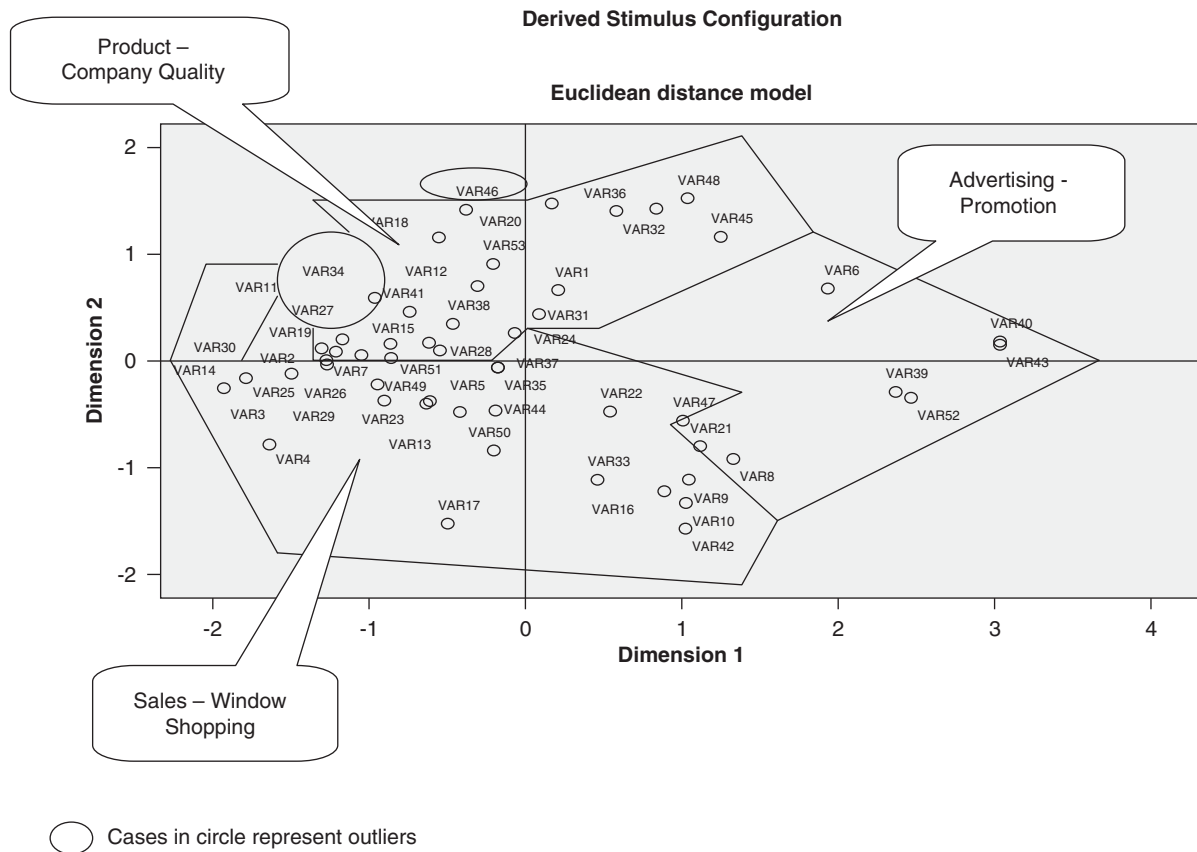


Figure 1: Dimensions and clusters of retailers’ websites based on customer orientation and marketing capabilities.

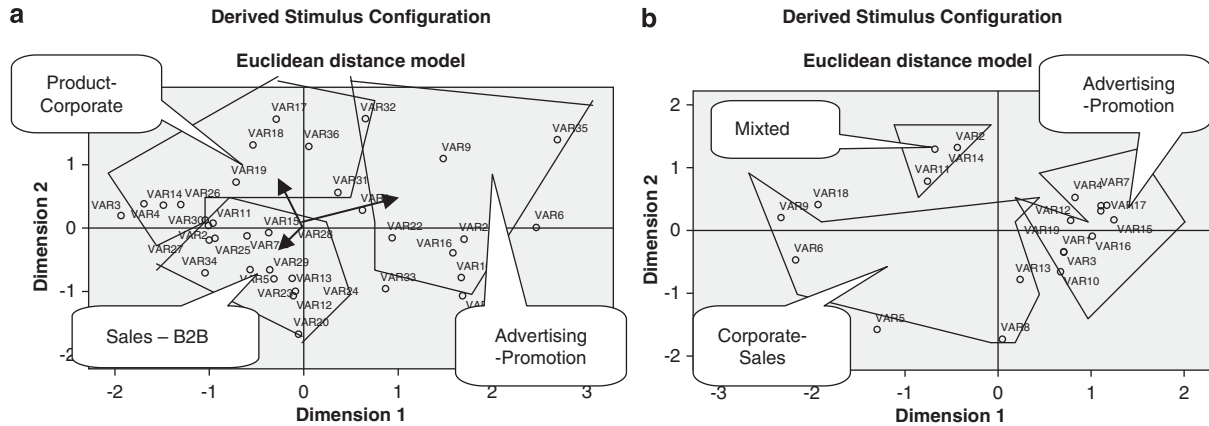


Figure 2: Dimensions and clusters of retailers' websites on high and low involvement product categories. (a) High Involvement ($n_1=38$); (b) Low Involvement ($n_2=26$).

based on their overall customer orientation and marketing capabilities. The produced models scored satisfactorily with the fit indices meeting and/or exceeding the recommended cutoff values. In the two-dimensional solution for the high involvement products, the fit statistics were $S=0.21$ and $RSQ=0.78$. However, when a three-dimensional MDS was conducted, the fit was improved ($S=0.14$ and $RSQ=0.86$) and as a result this model was accepted. In the low involvement product category, the respective measures of the two-dimensional solution were $S=0.20$ and $RSQ=0.82$ which were substantially improved in the three-dimensional solution ($S=0.12$ and $RSQ=0.90$). As it can be seen, the model for the low involvement group exhibited a slightly better fit.

Furthermore, we performed the Mann-Whitney U tests in order to identify mean differences in the two product categories (high/low involvement). A comparison between the websites of high and low involvement products indicates that they two differ significantly in terms of several customer orientation items as well as in several items of the marketing capabilities dimensions.

More precisely, significant differences were found for the following items of the *marketing capabilities* scale:

Quality: 'The firm specifically defines what exceptional service is' [$U=335.0$, Sig. = 0.054],

Interpersonal relationship: 'The existence of intranet', [$U=273.5$, Sig. = 0.027],

Selling task: 'Gives emphasis on new business' [$U=282.0$, Sig. = 0.049],

'The firm provides skill-based training' [$U=289.0$, Sig. = 0.012],

'The site presents employees' rewards' [$U=291.0$, Sig. = 0.035],

'Recognition of high achievers in selling' [$U=304.0$, Sig. = 0.030],

Organization: 'The site is well organized' [$U=335.5$, Sig. = 0.020],

Innovativeness: 'Technological advances' [$U=228.0$, Sig. = 0.003],

Finally, in terms of *customer orientation*, websites of high and low product involvement differ significantly in two out of six items:

'Emphasis on product/service differentiation' [$U=324.0$, Sig. = 0.004],

'Emphasis on product/service superiority' [$U=297.0$, Sig. = 0.014],

DISCUSSION OF FINDINGS

The present study attempts to respond to the recently raised calls for more research on the

strategic management and marketing capabilities of internet marketing.^{14,15} From a research perspective, the primary value of this research lies in the provision of a timely and objective assessment of current strategic orientations employed in internet marketing. Specifically, this research investigates the degree of customer orientation and marketing capabilities revealed through retailers' websites. Based on these concepts, we identify and describe strategic groups of retailers' websites. Moreover, we propose product involvement level as a differentiation criterion for marketing strategy and capabilities development in the internet. This product typology provides important practical guidelines for a better exploitation of retailers' websites and for leveraging internet marketing. Furthermore, the research presents a robust, objective and rigorous method for studying strategic orientations through websites, which future investigations can replicate.

Overall, the study reveals that the majority of the retailers under investigation made only limited leverage of their websites. Specifically, the findings indicate that retailers do not fully exploit internet capacity in implementing their strategic orientation and further developing their marketing capabilities. We took a customer-oriented approach to delve deeper into the strategic use of internet marketing. Thus, our study brings additional knowledge and understanding on how strategic orientations are reflected on retailers' websites under the scope of customer orientation. This research reveals that retailers' websites reflect a certain but rather low degree of customer orientation. The results of the individual items of customer orientation indicate that retailers emphasize more product/service-related aspects than customer-centered features. In relation to marketing capabilities as reflected on the examined websites, retailers put emphasis on the organizational aspects of their websites and have developed mainly communication and service quality capabilities. In contrast, capabilities such as selling, innovativeness and building interpersonal relationships seem to be underdeveloped. Given the synergetic role of these marketing resources, a more aligned

deployment of all usable capabilities could enhance the effectiveness of the websites.

In addition, the results of our study indicate that there are three strategic orientation groups of retailers' websites. The first strategic group, 'Product/company quality', includes well-organized websites focusing on the firm's image by emphasizing product/service superiority and product/service value (product/service aspects of customer orientation). These websites are addressed mainly to groups of visitors called stakeholders rather than to individual visitors. The second strategic group, 'Advertising – promotion', consists of websites that use promotional activities (for example, TV spots, games, sweepstakes, contests) to communicate and increase interaction with their visitors while they endorse a 'fun and pleasure' image. The third strategic group is 'Sales' oriented with clear priorities and well-organized websites. This segment concentrates on product demonstration and information related to prices while service quality and focus on customer needs/desires are mainly used to support sales.

Furthermore, this research detected differences in the strategic orientations between high and low involvement product categories as expressed through retailers' websites. The study results show that retailers of product categories with different involvement levels do not make the same use of marketing capabilities or share the same degree of customer orientation. Specifically, retailers of high involvement products scored higher in all items and dimensions of marketing capabilities and customer orientation indicating that these firms implement and exploit the marketing concept much more than the firms of low involvement products. Moreover, the study reveals that compared to retailers of low involvement products, retailers of high involvement products are more customer oriented, are more receptive to innovation, make more use of their website as a selling vehicle and emphasize more the organizational aspects of their websites. However, the websites of the two involvement levels did not differ significantly in terms of the interpersonal relationships and communication capabilities.

Various strategic orientations were also detected on the two levels of product involvement. Specifically, in the high product involvement group, we identified the 'Product – corporate', the 'Advertising – promotion' and the 'Sales – B2B' oriented websites. The first strategic group consists of websites that are very well organized; put emphasis on the firm and product image by stressing product/service superiority, status and product/service value and differentiation. They are addressed to several stakeholders (like shareholders) and to different customers (B2B and B2C). The second cluster of websites, 'Advertising – promotion', is oriented to be more informative rather than sales driven. Advertisements, supers and other eye catching (although 'noisy') extras appear often although in not a well-organized manner. The third strategic group of websites, named 'Sales – B2B', is sales oriented (especially B2B) and uses quality features and customer orientation aspects to 'smooth' its selling orientation.

In the low involvement product category, the strategic groups are not as clear as in the high involvement products. We name the first strategic group as 'Mixed' because no clear orientation was revealed through their websites. Thus, advertising, promotion and sales appear almost at the same level while quality, interpersonal and technological aspects are almost absent. Identifying and satisfying customer needs/interests do not seem to be important in these websites which are mainly used as product/service demonstration vehicles. The second strategic group, 'Advertising – promotion', is communication oriented with advertisements, supers and other eye catching elements playing a central role. The third strategic group, 'Corporate sales', consists of websites that are structured around a clear sales orientation. Product demonstration and information related to prices or other customer-oriented messages characterize this strategic cluster. Clear priorities and well-organized website stand out, again under the scope of a sales orientation.

Another contribution of this research refers to the methodological approach taken. Social desirability bias, a common phenomenon

associated with self-reports such as surveys, is possible in research. To avoid social desirability bias and take a more objective approach, this study uses a combination of methodologies (content analysis and concept mapping) to provide a more comprehensive perspective of firms' strategic orientations as they are reflected on their websites. The combination of the two methodologies provides useful insights regarding the extent to which retailers are using the internet to communicate their strategic orientation and further develop their marketing capabilities. Following a comprehensive approach to concept mapping technique, we created a cyclical concept map to depict the sum of our study's results (Figure 3). The cyclical concept map presents the role of each construct under investigation and its interrelation with the remaining constructs. This cyclical concept map provides a holistic understanding of internet marketing useful to both, academics and retail managers.

MANAGERIAL IMPLICATIONS

The results of the study indicate that retailers use their websites mainly as 'information kiosks' rather than as transaction tools or even as distribution channels or proactive marketing tools. Definitely, they are far away from reaching e-services that has been proposed as the ultimate strategy in internet marketing.¹ Firms do not use websites as resources where knowledge and business processes are employed to create added customer value⁵⁶ and as such, they do not consider them as vehicles for further creating and exploiting marketing opportunities.

Internet marketing provides unique opportunities for growth by reducing the costs associated with customer service, improving relationships with customers, and responding to competitive actions. In order to fully exploit this medium, retailers need to have a clear strategic vision which should be transferred and reflected on their firms' websites. Customer orientation as a strategic direction could benefit retailers in many ways. By adopting a customer-oriented strategy on their firm's website, retail managers will be able to develop interactive communications

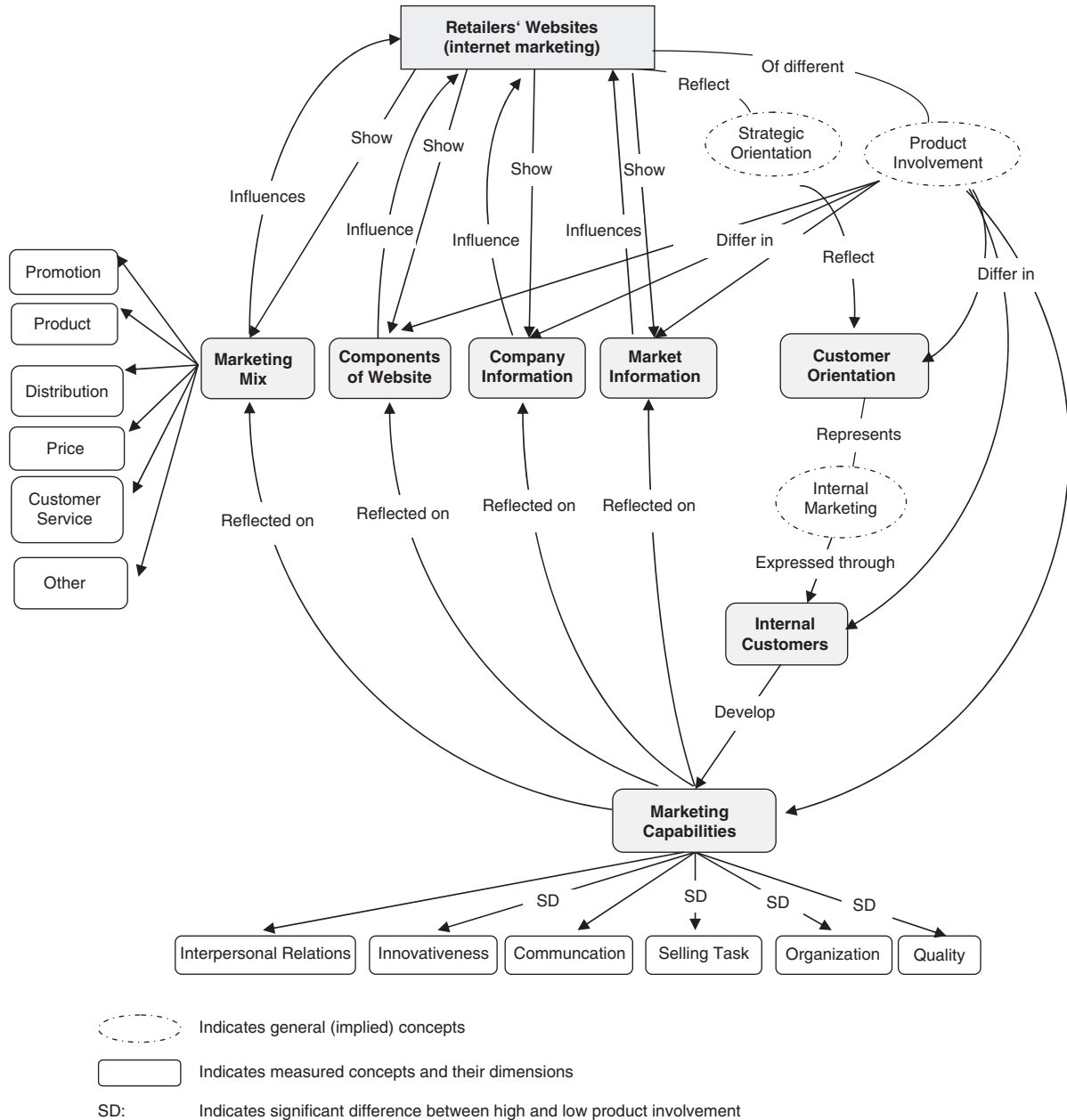


Figure 3: Concept map of retailers' internet marketing.

with their customers, gather valuable information about them, track their most profitable customers and products, disseminate all this knowledge throughout their firm, develop offerings with added customer value and build profitable customer relationships.^{6,9,25,29,30,57} Managerially speaking, retailers need to realize that the online

environment requires a customer-focused approach to become more efficient and effective in meeting customer needs and remaining competitive. Because websites' orientation affects customer behavior,⁶ we advise retail managers to regularly measure customers' perceptions about the degree of customer orientation as reflected on

their websites. Moreover, retailers can utilize the scales used in this research to benchmark their website customer orientation and marketing capabilities *vis-à-vis* competitors to identify their comparative strengths and weakness from their customers' perspective.

This study reveals that all websites reflect varying degrees of customer orientation while firms develop different e-marketing capabilities according to the level of product involvement. From a managerial angle, we recommend that retailers of high involvement products should treat their websites in a different way than retailers of low involvement product categories.

Consequently, retailers of high involvement products should use their websites to: (a) increase their communication with customers, (b) improve interpersonal relationships (for example, communicate online, ask customers their opinion about product/services and the website), (c) increase transactions (for example, sell products, product demonstrations and make product orders available) and (d) embrace innovations to increase internet marketing efficiency and effectiveness. Accordingly, they should give emphasis to core principles of internet marketing, namely target customization, customer's active involvement and intra-companies networking. In any case, emphasis on increasing relational functions (for example, ordering, selling and payment, after sales services) via websites is imperative to achieve superior business performance.⁵⁸

Regarding low involvement products, we propose that retailers should enrich their websites not only in terms of the provided information but of their interactivity as well. Previous research reports that website design features,⁵⁹ ease of use⁶⁰ and enjoyment⁶¹ influence customers' trust in online vendors. Presuming that all the above factors are more relevant to low involvement products, retailers should try to make emotional appeals by using music, attractive designs and focusing more on the entertainment aspects (for example, games, quizzes, sweepstakes) to increase customers involvement with their website. Retailers of low involvement products should keep using

their websites as a supporting 'shopping window' and 'convenient information kiosk' but they should also strive to optimize these strategies by further developing their marketing capabilities in order to offer added customer value and increase their business performance. Moreover, they need to focus on the organizational structure and design of their site in a way that enhances the unique personality of their corporate/product-brands so that customers are able to gather information easily and improve their web experience.

In sum, if retailers decide to treat the cyberspace as an autonomous but complementary to the traditional offline space, they need to recognize that this 'new world' requires careful planning and design, optimum utilization of resources, and a strategic marketing vision.

FUTURE RESEARCH RECOMMENDATIONS/LIMITATIONS

Theoretical value and practical relevance could be derived from the findings of this study though some limitations that point to directions for further research need to be mentioned. First, we studied only firms operating in Greece and having websites in the Greek language. Because some of the investigated firms are international, comparing the strategic orientations of their websites with retailers' websites across countries and cultures would be a valuable asset. Second, the results of the study reflect only a few Greek websites and one should generalize the findings with caution. Until other studies validate these results, it would be prudent to consider them as exploratory. However, in addition to product category involvement used here as a discriminating factor, other factors such as firm size, export activity and type of sector should be used to identify differences in strategic orientations. The third shortcoming of the study refers to its focus on one strategic orientation, customer orientation. Additional research is necessary to investigate the degree of other strategic orientations (for example, a competitor, technological or learning orientation) reflected on the retailers' websites. Identifying the most

appropriate and effective strategic orientations in internet marketing constitutes another promising research agenda. Fourth, researchers can use measurement scales developed offline to study the websites developed by companies. Although this study modified the scales used to reflect the online environment, it did not provide evidence of their validity, convergent and discriminant validity in this context. Therefore, future studies should focus on developing customer orientation and marketing capabilities measures in the online environment. Moreover, future research initiatives should compare customer orientation and marketing capabilities online and offline, and identify differences and similarities.

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