

The Throes Of Revolution

By Jerry W. Thomas

The strategic implications of the Internet are far reaching—for global marketing, global advertising, and global marketing research. The full direction, scope, and impact of the Internet are clouded by the confusion and crosscurrents attendant to the birth of a new technology and the competitive struggle it has launched.

No one is clever enough to accurately predict where all of this will lead, or what the end result will be. It is the second- and third-order effects and the counterreactions that make prediction almost impossible. But we can speculate about the future of the Internet from the shape of its shadows and the echoes of its distant thunder.

Internet shopping will be increasingly substituted for traditional retail stores, although this transition will occur slowly and many Internet-only retailers will go bankrupt this year and in 2001. Virtual stores can be created online that replace, or have the potential to replace, conventional retail stores for many products. Consumers can shop for cars, furniture, houses, groceries, books, drugs, and even clothing without ever leaving the comfort and security of their homes. As Internet shopping grows in sophistication and popularity, many traditional retail stores will be negatively impacted. Some types of retail space and retail real estate will

face declining demand and falling prices as consumers replace retail shopping with online shopping. Conversely, shipping and delivery services, especially those with worldwide networks, will experience booming business as they deliver the products sold over the Internet.

The Internet will increasingly become a vast new distribution system for anything that can be “shipped” electronically (i.e., most intangible products). Financial services, insurance services, travel reservations, information services, all types of data, computer software, computer games, music, videos, and movies are all products or services that can be wholly or largely distributed via the Internet. Consumers all over the world will be able to buy intangible products and have them delivered almost instantly over the Internet. This logistical function of the Internet is well developed and continues to expand rapidly.

Another major impact of the Internet is, and will be, its role as a worldwide advertising media for companies and brands. Naturally, the Internet’s advertising value and role will vary greatly from product category to category, but the Internet will not replace traditional media. Rather, the Internet will best be used as a complement to traditional advertising media. The Internet’s primary advantage in advertising is not so much in attracting attention and conveying a brief message (the tasks assigned to traditional advertising media), but lies instead in delivering in-depth, detailed information—once initial interest is triggered by conventional advertising. Certainly, at times and for some markets, the Internet can be valuable in attracting initial

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consumer interest with cursory advertising messages—but its real power is the ability to provide almost infinite layers of detail about a product or service, interactively, at the behest of the user. The Internet will teach us again the importance of branding and of traditional advertising.

The Internet will increasingly become a worldwide data collection vehicle for many types of marketing research, including business-to-business as well as consumer research. It already provides a cost-efficient medium for conducting international consumer research in Canada, Western Europe, and some parts of Asia. The majority of upper-income, better-educated households around the globe (and these households account for the bulk of worldwide discretionary income) will subscribe to and use the Internet within the next two years. Currently, in the United States over 50% of the adult population has access to the Internet at home or at work. Internet penetration levels are equally high in Canada and in the Scandinavian countries. Internet penetration levels continue to increase in the U.S., but are increasing even faster in Europe and many other parts of the world. For the past three years, we have been building one of the largest Internet panels in the world (currently numbering over eight million consumers around the globe) to serve as a platform for the conduct of worldwide consumer research.

The types of consumer research most relevant to advertising can be conducted over the Internet quickly and economically:

- Early-stage qualitative to help stimulate the creative process.

- Screening of advertising concepts to determine the best strategy.
- Copy testing of rough and finished commercials.
- Tracking of campaigns once they go “on air.” We can download ads and commercials to measure “ad recognition.”
- Name and logo testing.
- Evaluating package graphics.
- Testing promotions.

The ability to conduct these types of research rapidly and inexpensively over the Internet often gets more attention than the fact that Internet surveys usually provide higher quality data (i.e., more accurate results) than the telephone or mall-intercept interviews. Internet data is better because the respondents are willing participants (they get paid), because they complete the survey at home when they can give it their full attention, and because they can see and study the questions and the answer choices (as opposed to trying to listen to a long question read by an interviewer and then attempting to remember the answer choices).

We are in the throes of revolution—in marketing, advertising, and research. The Internet represents a major paradigm shift that will dramatically change the marketing and advertising landscape, but it has also brought forth new research capabilities to help businesses adapt to and exploit the tectonic changes now underway.

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Decision Analyst is a leading international marketing research and analytical consulting firm. The company specializes in advertising testing, strategy research, new product ideation, new product research, and advanced modeling for marketing-decision optimization.



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