

Using Web Technology as a Means to Strengthen Competitive Advantage

Many firms underestimate the value of using their websites to gain significant competitive advantage in their given markets. Most businesses only utilize their website as a means of displaying their corporate profile, list of products as well as things like their contact details and email address. At the risk of “preaching to the converted” I thought I would highlight some of the ways that a firm’s website, when used as an effective Internet Marketing Channel, can enhance competitive advantage.

It is fairly safe to say that managers should always view web technology in light of the whole marketing mix instead of merely as an extension of their existing advertising efforts. I have seen this happen again and again and therefore feel it is my duty to attempted to highlight some of the ways that a website can positively impact each of the these marketing mix elements:

Distribution (Place)

Ways to enhance your distribution networks may include using the web portal to enhance logistics, create new marketing channels (for example affiliate channels) or provide better or faster product access for customers.

Be careful however when creating new e-commerce sites as it is important to conduct a thorough online market analysis of your product to ensure that you are also competitive as far as other Internet based competitors are concerned. Internet retailers such as Amazon are growing in size and dominance and should be taken into account when planning any online strategy. Affiliate marketing channels may also be something to look into in terms of gaining more traffic to your site. New incoming marketing and information channels can be easily established by creating an affiliate program which entails other firms listing your site URL on their pages which in turn can equate to more traffic for your site. Look at your existing business referrers; can you enhance or strengthen these channels through the use of effective and relevant hyperlinks?

Promotions

The growth of the Internet’s accessibility is inevitable and firms would be well advised to start the web advertising function as soon as possible. The reason for this is that “staying power” is paramount with more and more people starting to use the web. Firms that have been around the longest and which have high levels of interconnectivity will always maintain a pretty big competitive advantage over newer entrants. Once a firm’s web page has established a decent ranking and is featured on other related sites, the ability for

firms to utilize this coverage to reach out to new domestic and international markets can be quite powerful. The success of large Internet advertising campaigns is well documented. For me the last US election was a real eye-opener as Internet marketing played a dominant role in key advertising campaigns with staggering amounts of marketing messages being delivered via the Internet to target audiences.

Email marketing lists are also a great way to stay in touch with your customers and their effective use can provide a valuable marketing and information channel. The benefits are two fold with the ability for marketers to use them to heighten brand awareness whilst strengthening customer relationships. Newsletters and other marketing can be used to let customers know about new products or services as well as provide segment relevant information to them designed to offer value and a “good read”. A word of caution though, make sure you clearly outline your privacy and anti-spam policy so as not to breach any anti-spam laws. You will need to get your customer’s consent first as well as provide an unsubscribe link so that they may choose whether they want to receive your communications.

Product

Whilst observing the product part of the marketing mix, an Internet portal can substantially strengthen your firm’s current product offering. Ways that a web site can enhance your product offering are many, ranging from offering new web related products through to establishing outgoing affiliate programs. Giving customers better services that bolster the appeal of the core product is a great way to effectively relate products to customer needs. This usually involves the creation of secondary or ancillary products that can either be sold or provided for free. These additional offerings can help to generate higher, sometimes passive, earnings as well as increase a firm’s potential differentiation. Ways in which your firm can do this include:

1. Setting up a knowledge base that your clients can have access to that includes a FAQ or query function allowing your clients to query you for information. This helps them to use the service better or more efficiently.
2. Using a feedback form where clients can offer their input as to their needs and product suggestions can help you to determine valuable information about your customer’s needs
3. If you have a product that is hard to operate, providing free or subsidized training can assist your customers to overcome difficulties.

Many firms actually charge their clients for the support component you will have to refer to the existing competition situation to determine whether this is something that you can implement. Either way product enhancements could include increasing the availability of products and services by putting order forms and support forms on your website.

Price

The automation of some of the firm's functions using web technology usually equates to a significant saving of operational costs – that's if you are doing it right of course! For instance having an effective inbound ordering form can reduce sales staffing costs. Because ordering online doesn't require a sales representative to take the call and then effectively turn it around this costs the firm a certain amount per enquiry in staff time. Encourage clients to use the web form as opposed to other methods of product ordering may be an effective means of reducing these costs. Ways that a firm may wish to do this is to reflect the reduced staffing cost in the price by offering a "better deal" to Internet customers. Also, this can help to establish a pattern of online behavior in your customers that can sometimes be translated to other online firm functions such as support pages.

These are just a few of the ways in which an effective online strategy can turn your small web site into a virtual cost saver and income-generating machine. I challenge you to make the most of what is available and remember that constant revision of new web technology is always beneficial if you decide that it may or may not be for you. Naturally, not all web technology is suitable for every firm and it is important that you are conscious that ongoing development can be costly both in terms of time and other development and infrastructure expenditure. Effective development research as well as cost, change and market analysis is paramount to ensure that the benefits of any change out way any given realistic investment cost.