Business use of branding strategies for e-commerce benefits

by

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Thesis submitted in fulfilment of the requirements for the degree

Doctor of Technology: Marketing

in the Faculty of Business

at the Cape Peninsula University of Technology

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Cape Town
January 2008
STANDARD OF OWN WORK

I Darlington Peter Onojaefe declare that the contents of this thesis represent my own unaided work, and that the thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsular University of Technology.

Signed

Date
ABSTRACT

This thesis identifies and examines evidence of e-commerce in three large businesses (Woolworths, Momentum and Santam) focusing on their Internet branding strategies, the impact of management actions and how those actions contribute to e-commerce success. Case study was used to assemble evidence from the three companies. The data received from respondents were transcribed, codified into thirteen key words. These were analysed using Cohen Kappa method of content analysis. The findings show different impact of management actions and prioritisation of management functions are evident at different stages of the adoption process. In addition, the application of management function differs at different stages suggesting expected changes in management competency as the adoption process matures.

This thesis argues that as we move to a more interactive mode of working with customers and competitors using Internet technology, the role of marketing is critical; within marketing, brand management is seen as a particularly important activity. The work reported is based on the evidence that brand management is indeed important, and a maturity model is presented to guide brand management activities at different stages of e-commerce adoption. Internet-related partnering opportunities with large firms remain a concern for smaller firms. It reveals that although much Internet research has taken a technical viewpoint, some experts have begun to make connections between Internet success and brand management.

This thesis shows that there are opportunities for businesses doing e-commerce but, sufficient attention should be given to the implementation of branding and brand management strategies that recognise the changes and challenges of e-commerce adoption. It also shows that the patterns of management activities and actions that will ensure success are much clearer, as well as the partnering opportunities with small businesses.
ACKNOWLEDGEMENTS

I wish to thank:

- Professor Andy Bytheway, my supervisor and Dr. Billy Coop, co-supervisor for their visionary and superior academic leadership.

- Ethel N Onojaefe and Oghenetega Z Onojaefe, my daughters for adding value to the purpose of human existence

- Colleagues at CPUT and NMMU for collegiality and moral support

- Families and friends for advice and encouragement

- Above all, to God almighty for giving me strength, energy and mercy

The financial assistance of the Cape Peninsular University of Technology and National Research Foundation towards this research is acknowledged. Opinions expressed in this thesis and the conclusions arrived at, are those of the author, and are not necessarily to be attributed to the Cape Peninsular University of Technology and National Research Foundation.
DEDICATION

This thesis is dedicated to my late father

Mr Peter Onojaefe
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Chapter 1: BACKGROUND

1.1 Introduction

In recent years, businesses have made huge investments in Internet related technologies, but often with little or no benefits. Few areas of human endeavour have led to such a rapid and dramatic change in fortunes (Rowley, 2002; Lee and Lee, 2002). Following the excitement of the late 1990's, the experiences of the early years of the new millennium caused many experts to conclude that the Internet bubble had burst and things would revert to a more traditional mode of business activity (Razi, Tarn and Siddiqui, 2004).

This has not happened, of course. What has happened is that many businesses have adopted a mixed approach, maintaining a traditional “high street” presence but supporting or extending it using the capabilities of the Internet. Hence, it has become a matter of adapting current management practices rather than undertaking radical change. The question arises: do we understand what adaptations are actually needed? This question is the seed from which the idea for this thesis grew.

This thesis is not about the Internet itself (after all, the Internet is really just the basic technologies that support the technical interconnection of networks). It is about the evolution of new business practices that take advantage of the opportunities that are consequent upon the Internet. The World Wide Web is what makes the Internet useful, through easy access to Internet-connected computers and by the elimination of distance, time, and cost in so doing. However, in this work the term “Internet” will continue to be used to embrace all of these things, most of which are important to the actual thesis.
One consequence of the Internet, that also embraces many aspects of modern business, is “e-commerce”. The specific meaning of this phrase will be discussed later, but through the closer connection of businesses (in terms of geography, time and information exchange on a scale never before envisaged) there is a new focus on the space between businesses, where new partnerships need to be defined and existing partnerships re-defined. Many aspects of external relationships need to be managed in a new and different ways. It is now common for the information systems of one business to be intimately connected with the information systems of its partners. Even consumers are now intimately connected with the information systems of progressive retailers and service providers. These businesses carry evermore information about their customers, and slowly customers and potential customers are beginning to rely on such information as consumer reviews of products, sales order tracking services, and their personal purchase histories.

And so it may be surmised that there is real change at hand, and that much of it is related to e-commerce. Business management needs to react to this new opportunity but the learning curve is much longer than was once imagined (Pavic, Koh, Simpson and Padmore, 2007). In order to gain the most benefit for sustainability, the application of management principle compatible with e-commerce would be helpful. Though not all businesses are the same; some are smaller with unique needs and others bigger with specific interest. What are the different opportunities/needs and interests of different kinds of businesses? Are small businesses facing the same opportunities and challenges as large businesses? Are partnerships and relationships really changing? In which sectors are these changes most evident, and most interesting?

This study chose to look at information intensive businesses and, where it was relevant, their relationships with their smaller business partners. It did this by examining three large businesses in detail, each chosen for its different level of
experience with e-commerce and for its dependency on smaller business partners with whom it might choose to undertake e-commerce.

The following introductory paragraphs develop a more detailed justification for the study, referencing other work and looking in turn at:

- the web as a force for change,
- the significance of business partnerships,
- the situation of small businesses today,
- issues such as channel and brand management, and
- a summary of the need for this study.

In concluding this chapter, some key terms are tabulated and explained. The chapter that follows then looks at the emergence and impact of e-commerce in more detail, before the thesis embarks on a full review of relevant literature.

1.2 The web as a force for change

Bray (2002: 281) states that the information technology on which the web is based has transformed – and continues to transform – the way people live, work and play. This transformation, according to Bray, has important consequences for the management of national economies and business activities. The commercial potential of information technology is huge and continues to attract huge investment for business needs. Organisations should endeavour to make sure that these investments are effective, especially where they affect small businesses that have limited resources and management capabilities.
The information technologies in question are generally known (and referred to) as "Internet technologies", although as mobile communications technologies increase in importance the significance of the Internet must be seen in the context of hugely increased mobile communications activity, only some of which are Internet based. Siegmund (2003:4) is one expert who has focused on the Internet before the emergence of mobile commerce, and believes that the unique interactive features of the Internet provide businesses with numerous potential benefits.

These benefits help businesses to meet their promotional needs and manage their customers' changing expectations – all critical components of what is generally termed "customer relationship management" (CRM) and "brand management". These management activities are almost universally seen as a feature of large businesses; there seems to have been little attention to the situation in small businesses – possibly those that are closely partnered with larger businesses and that strive to manage relationships using the Internet. For example, what are the relationship management issues (for example with employees and business partners) and what is the role that brand management would play in the development of business strategies?

In their early work, Poon and Swatman (1996) found that the Internet offers asynchronous communications that are impossible using telephone and facsimile. They found that the Internet had the potential to allow small businesses to gain access to information on larger businesses – making it a cost effective source of market intelligence – yet in practice small businesses tended to see the Internet as just another way to achieve human communication (Poon and Swatman, 1996). In other work, they argued that the multimedia and data transferability of the Internet make it easy to interact with a range of stakeholders such as staff and business partners as well as with customers, reinforcing the idea that the Internet will do a great deal more than offer another channel of human communication. They go on to note that consistent and continuous management enthusiasm and support for
remote relationship management is a feature of successful Internet usage, an issue that will be important in this thesis (see section 2.2.4). The importance of business partners within the context of Internet activity is an essential part of the relationship management function as it serves the needs of customers and partners alike.

1.3 The importance of business partners

E-commerce is frequently seen as a matter for individual businesses to deal with, but this is not the case. The early work by Poon and Swatman (1996) makes clear the importance of relationship management in dealing with business partners. Later work reinforces the need to take into account the views of all stakeholders involved in a business’s processes, as all must benefit from an e-commerce initiative if it is to be successful (Goldsmith 2001). By definition, e-commerce involves the activities that take place between businesses, and so internal information systems become visible externally and may require to be changed. After all, a business does not do business with itself (if it does it is comprised of different business units – unlikely in the case of small businesses), and so the idea of doing business “across organisational boundaries” will be found to be challenging.

For many businesses this is a special challenge, because in traditional business activity (not subject to forced change) it is possible to manage principally within the boundaries of the business; here the nature of the arrangements with partners is well understood, they are well established, and they are not problematic. When change is forced upon them, managers have to put aside the status quo, engage in difficult negotiations with their partners, and accept the need to change business processes and the information systems that support them.
For a small business, this will be particularly challenging, although some of the problems of managing internal change will be diminished, because fewer managers will be involved and there is generally a stronger sense of immediacy in a small business. But in any negotiations with larger businesses, the small business is likely to feel disadvantaged and disempowered to change the views and expectations of the larger business that partner with them in e-commerce.

1.4 E-commerce and small business

The growing convergence of business activities and increased interdependence of management functions are presenting some strategic challenges to all types of businesses (Rao, Metts and Monge, 2003). These activities are particularly challenging to small businesses that now have to negotiate business with their larger business counterpart (Tse and Soufani, 2003). As technology-induced convergence continues across all sectors, it is important to understand the management competency of larger businesses to empower small businesses with a suitable management solution (Burgess, 2002: 99). The e-commerce needs of small firms are understood through an exploration of the unique aspects of small businesses and their practices. Zorn (2002) argues that technology-induced convergence increases the chance of human-technology interaction. This interaction provides small businesses with the opportunities to access information about larger businesses – a cost effective source of market intelligence.

However, the real benefit of this process is not just information access but effective use of information. Whilst communication remains an important aspect of any management function, the competency needed to engage business partners for the purpose of business negotiation is and will continues to be, a vital skill for small businesses in this new business domain. The engagement of business partners across different channels (now that we have the Internet as well as established traditional channels for business) may add to the challenges of brand management.
and compromise partners’ brand identity within the various channels for different brands. Without the engagement of business partners in e-commerce, the management relationships across multiple channels would not have become the challenge it now is, especially for small businesses and their customers and partners.

1.5 Multiple channels, multiple brands

It is clear that in successfully adopting e-commerce in any business, there will be issues of relationship management. In the case of e-commerce with consumers (normally between retailers and their customers, sometimes referred to as “B2C” or “business to customer” e-commerce) this is properly seen as customer relationship management, but e-commerce also occurs in other forms, such as between businesses (B2B) and with government agencies. Whilst “customer relationship management” will deal with the customer-side issues, “brand management” is rather more broadly based and will certainly embrace issues of brand management across business partnerships, as in the case of distributors affecting the brand equity of their suppliers (such as in the building industry), or the case of component brands being stronger than the product brand (as in the case of an operating system – probably Microsoft Windows – having a much stronger brand than the desktop computer that hosts it). It is important therefore to include the broadest possible consideration of existing thinking that might assist the management of diverse relationships, and brand management is the chosen starting point here.

The existence of the Internet adds a new communication channel that has the potential to further challenge the brand management effort. It is argued by experts that because improved brand equity is a strategic driver of the marketing communications effort, with multiple brands and multiple communication channels,
success demands that branding activities are continuously managed across all the channels that are in use (Aaker and Joachimsthaler, 2000: 7).

But what is “brand management”? A “brand”, according to Aaker (1991: 17), is

“...a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors.”

This gives a rather narrow view of the concept of brand, but Aaker (1991:15) prefaced those comments with a broader view of brand equity, as

“the total sum of brand assets and liabilities, the name and symbol that add to, or subtract from the perceived customers’ value of the brand”.

This strategic view is very helpful in the current context, and is supported by Keller (2003), who sees the concept of brand equity as a strategic brand management process aimed at creating customer-based brand equity. The value of brands, in the brand building process as seen by Keller, is based on customers’ assessment of the brand. This assessment is achieved through links to secondary associations that the customer can easily identify with.

The complexities of brand management become apparent as one reflects on these definitions, (and the challenges to a small business will clearly be severe). Establishing good brand management practice that will minimise the risks and maximise the benefits of Internet investments will clearly be important to success. E-commerce usually refers to the varying degree of online business activities conducted by businesses; though this study is concerned with brand management, there are other sources of difficulties that could jeopardise small business e-commerce efforts.
1.6 Other sources of difficulty

Brand management is not the only potential problem area. There are other areas in business such as project management, human resources management and financial management that might impede the success of an e-commerce initiative. Any one of these, badly executed, will stifle e-commerce initiatives, and small businesses will be particularly susceptible as there may be just one person trying to implement all elements of an initiative at the same time. The problems of a small business may well emanate from an inability to recognise and manage business processes that then fail to link the e-commerce investment with brand equity.

Although other areas of management activities might be significant, at the early stage of the study the question of branding was considered to be sufficiently important to provide the single initial focus; other problem areas are noted and investigated as they prove to be significant in the discussion that follows.

1.7 The need for a study

This brief review has found that the introduction and subsequent adoption of Internet related technologies results in the convergence of business activities, creates increased consumer appetites for higher level of customer service, and introduces new communication channels that might raise brand awareness but, this awareness needs continuous management. The expressed views in the literature about technology and this convergence can be seen as concerned with two benefit factors. These are:

1. The integration of management functions and the alignment of business and technology strategies, and
2. The exploitation of the extended market-reach provided by the Internet to increase market share and to create a stronger brand identity.
The integration of management functions (in Gunasekaran and Yusuf’s (2002) view) means that there is a need to align management functions with technology and business strategy so that businesses are able to satisfy growing customers’ appetite for quality service. Secondly, the benefit of a converged management function is that it enhances the ability of a business to respond quickly to market opportunities. The realisation of these benefits requires a level of competency that is compatible with technology-mediated management of functional integration (Coronado, Adrian, Sarhadi and Millar, 2002).

Views expressed in another study talk about factors mitigating against benefit realization. Galliers and Leidner, (2006: 70) attributed these factors to uncontrollable external elements such as: potential, power, benefit, change and cost of technology.

In this study, an examination of the impact of management actions is conducted and a framework for branding strategies in an e-commerce context is developed. It is hoped that this framework will support and promote brand management efforts of businesses to overcome mitigating factors for e-commerce benefit realisation. Business managers today are faced with the reality of living and working in a competitive environment with a growing struggle for business and brand supremacy (Du Plessis and Smith, 2001:31) Businesses need to understand the importance of e-commerce success and adopt should adopt responsive management approaches to enhance the competitiveness of product and service marketing. The framework presented in this thesis provides additional management tools to support strategic branding of products and services.

A framework that provides strategic support to product and service branding in e-commerce is essential with growing competition and increased consumer demand for good customer service according to Earle (1998) suggesting that businesses will require brand management and branding strategies to overcome the negative impact of external factors and realise the e-commerce investment benefits. This
framework provides a tool to manage the needs and expectations of customers, staff and partners that are now virtually linked together in a converged business environment.

This framework would enable businesses to develop and manage Internet brand equity, which is important for the integration and alignment of business strategies. Small businesses in particular are vulnerable, and – as will be found – this study provides management tools to assist them understand the importance and potential of e-commerce, and of the good practices that deliver success. The study also embraces the needs of all stakeholders and not just the need of a single party. The collective interests of businesses and their small e-commerce partners are particularly important in achieving success, because in e-commerce more than one party is involved. The next section is preceded by the thesis outline.

1.8 Thesis outline

This first chapter provides background information about the World Wide Web and discusses some of the consequences of its opportunities in business. The chapter examines the importance of partners that are associated with doing e-commerce and highlights sources of difficulty that may limit the benefits that should accrue from good management of partners and brand within the context of multiple channels.

In Chapter 2, the history of two other e-commerce related technologies is introduced. These services are: Electronic Fund Transfer (EFT) and Electronic Data Interchange (EDI). The introduction of these technologies helps businesses locate the role of partners that will work in partnership with them to implement e-commerce project. This background leads to the identification of management functions relating specifically to brand and partnership management as the main theme of this chapter.
In Chapter 3, relevant academic literatures aimed at achieving effective management of e-commerce have been reviewed. This review looks at specific instances of project failure, case study and good management practice as a central theme and discusses the alignment of management activities with IT and business strategies.

Chapter 4 presents a theoretical framework to contextualise the domain of the study. This is necessary because it shows how the understanding of change factors can be used to develop a strategic framework for branding in e-commerce.

In Chapter 5, a detailed explanation of the case study research method is provided and the suitability of this method for this study is discussed. This discussion covers the process of data collection and the analysis of data using the Cohen Kappa method. A step-by-step explanation of the processes of the Cohen Kappa method of data analysis is provided. This explanation highlights the benefits of each step and points out the difficulties experienced throughout the entire study.

A snap-shot of the findings of the three company case study is presented in Chapter 6. This chapter offers vivid insights into the past, present, and future directions that were found within the three companies’ case study.

Chapter 7 discusses the findings using extracts from the raw data to illustrate instances of management actions, so as to answer the research questions and to provide an overview of the different kinds of problems. In addition, this chapter looks at common features of the case study companies and identifies some differences between them. The similarities and the differences are used to describe the three stages of the adoption process and provide insight that leads to the strategic framework.
Chapter 8 concludes this study by looking at the application of e-commerce in businesses with branding strategies in mind. An assessment of the strategic framework is provided that observes and identifies differences in approaches to e-commerce adoption, examines characteristics of businesses in relation to stages of e-commerce adoption, business size and the nature of products or services, and recommends a strategic framework for future branding activities.
Chapter 2: THE INTRODUCTION OF E-COMMERCE

2.1 Introduction

This study is aimed at management challenges associated with the introduction of new technology. These include the integration and alignment of management functions with technology and business strategies in a manner that contributes to improved market share and brand awareness. This chapter provides a brief history of two other technology – electronic fund transfer (EFT) and electronic data interchange (EDI), thereafter introduces the concept of e-commerce and examines technologies that facilitate data transfer like the Internet. This background information shows that reliable partners and strong branding will become important components of business transactions that are conducted remotely with technology. This is followed by an explanation of the terms and concepts that have been used to introduce the subject “e-commerce”.

2.2 History – EFT

The service known as electronic fund transfer (EFT) is one of the features of e-commerce that has transformed business activities. The strength of e-commerce in transforming business activities has been poorly understood. When EFT was introduced 37 years ago, it was limited to large corporations mostly within the financial sector (Turban, Lee, King and Chung, 2000: 13). There were different reactions to the introduction of this technology and attitudes changed (Alexander, Hine and Howells (1991). Smith (2006) examined the chronology of events since the adoption of EFT and discovered a catalogue of misuse. The cases of misuse, the variety of reactions and the changes in attitude have undoubtedly signalled a new direction if e-commerce is to be successful in all businesses. Electronic data interchange described in the next section works in a manner similar to electronic
fund transfer and they both facilitate easy and quick exchange of vital business information.

2.3 History - EDI

EFT was followed by electronic data interchange (EDI) which was and is used mainly for the processing of various transactions within manufacturing and financial institutions. It is business-to-business data exchange. This form of business transaction became very useful and was adopted by many businesses to improve competitiveness as it allowed easy and quick information exchange between and among partners (Vijayasharathy and Tyler, 1997). As businesses continue to partner with each other, the need for information exchange continues to increase (Seyal, Rahman and Mohammad, 2007). This increase has led to a shift in focus by large businesses towards the need to have small business partners capable of delivering EDI success. Another way to assess EDI success is to adjudge the level of its compatibility with other forms of e-commerce. These includes: e-retailing (virtual store fronts), which are sites for shopping and making purchases; e-mail and computer faxing; business-to-business buying and selling; and ensuring the security of data and transactions (Raymond, 2001: 411).

EDI is also useful for information exchange among partners as it allows access to partners’ activities and strategies (Angeles, 2000; Jun and Chau, 2002). As businesses co-operate using technology, the competitive environment and changes in consumer shopping behaviours create a new business environment – typically known as e-commerce. A review of e-commerce history to examine the gap between the management attitudes of businesses and its impact on successful e-commerce adoption is discussed below.
2.4 History – e-Commerce

Since the introduction of the Internet nearly two decade ago, goods and services are being shipped to cyber-customers “at the speed of light, at almost no cost, to anywhere on the planet” (Negroponte, 1997). Kelly (1998: 74) describes it as a new network of technology where globalization is seen as the access to goods and services by all, from anywhere, at anytime. This new dynamic of information exchange has gradually overwhelmed the old dynamics of industrialisation creating both excitement and anxiety among businesses and consumers at the same time. While it is exciting for companies to know that there is now a new business practice, they are used to old/traditional business activities. It is difficult for both businesses and consumers to change from the traditional business method to the new information age (Barnes, Hinton and Mieczkowska, 2004: 607). The view presented by these authors suggests that businesses moving into the new economy need to adopt some branding strategy to effectively respond to the challenges and changing behaviour of consumers, and to overcome misuse and negative attitudes – as in the case of EDI and EFT.

The emergence of technology has stimulated investment infrastructure with limited benefits. This initial investment strategy has allowed businesses to have quick access to information on their business partners (Poon and Swatman, 1996). At this stage, the aim is purely access to information – making it a cost effective source of market intelligence. Although information access is essential in the information age, the envisaged benefit for these businesses is an uninterrupted prospect of human communication. Information is a vital element of commerce especially with the introduction of information technology: World Wide Web has brought changes to the way people live, work and play (Bray, 2002: 281). As businesses adapt their strategies in response to the requirement of new technology, it is important to understand the consequences of this transformation so that appropriate strategies are deployed in support of business and commercial activities in e-commerce context.
2.4.1 Transformational ability of e-commerce

The perception that managers have about e-commerce transformational ability is that it is a human phenomenon and applies to other emerging technologies. Marvin (1990:32) explains that the perceptions concerning the introduction of technology mediated business transaction in the early 20th century and the perceptions about electric light and the telephone at that time were about their potentials for business transaction. They ascribed different potentials and benefits – like extended market reach, fast cheap and efficient adoption and usage. The perception that businesses have of e-commerce is how technology will transform and (probably) support the improvement of consumers’ shopping experience (Quayle, 2002).

E-commerce for example, transforms business processes, improves competitiveness and allows management additional room for strategy development and deployment (Zairi, 1997: 67). For example, when the Ford Motor Company implemented plans that interconnect its computer network with those of its suppliers for easy and quick exchange of information (Savoie and Raisinghani, 1999: 248), the plan included the interconnectivity with its dealers and customers. The ultimate aim of this strategy was to facilitate quick and easy exchange of information to improve the competitiveness of Ford Motors. While this strategy highlights the relevance of information in consumer marketing, it fails to identify the management challenges associated with the sharing of information with unreliable partners. The perceptions concerning the transformational ability of information are the same but, the benefits and the strategies to achieve success are different in the e-commerce context. As shown in the case of Ford Motors, the linking of partners, suppliers and customers with communication technology may create some kind of relationship between small and large businesses and this relationship requires some kind of management to be successful.
To understand the real benefits of e-commerce in small businesses, the experiences of larger businesses is required. Since the adoption of e-commerce is more common in larger businesses; a management strategy that seems to be similar to, but is technically different from, traditional strategy, needs to be studied and understood.

2.4.2 E-Commerce: Technical or management?

The use of e-commerce is largely thought be influenced by technical requirements within academic disciplines such as computer science and engineering (McCrohan, 2003). This technical influence is limited in scope and undermines the role of branding strategy and its importance within marketing management. While the technical competency looks at how computers operate and at the human-computer interaction, management strategy tries to understand human-computer-business interaction. This kind of interaction supports the argument for a new approach to doing business. This approach relates to existing theories on e-commerce were attention is focused on success and benefits rather than on the strategies to achieve them.

The application of technical theories to e-commerce adoption is not a satisfactory way to understand e-commerce and this makes it difficult to derive its benefits as a channel for doing business (Jones, 1995:13). The author contends that an understanding of e-commerce and the deployment of appropriate technology and strategies is an important success factor. E-commerce should be considered as an alternative business channel that is capable of transforming a business operation and its strategies whilst improving its competitiveness. The true potential of e-commerce should be understood so that appropriate brand management strategies are used to support its adoption. Businesses should use their understanding of e-commerce to identify strategies that are appropriate to its transformational ability.
The principles of management will not necessarily change with the adoption of e-commerce but the details may well need some adjustments so that e-commerce is aligned with the changing needs of business partners in a continually developing Internet environment.

2.5 Partnership management

Although the concepts of partnership management exist in traditional management practice, these can be extended to accommodate the use of e-commerce provided that the components and elements of e-commerce partnerships are recognised and managed. It is often common to see the need for partnership and the benefit they have for e-commerce partners. The following Welsh case study is an example of partnerships and their benefits: a business in Wales formed a very successful partnership with a local cybercafé at a time when the e-commerce activities in their business were gradually increasing but they were unable to spend either the time or the money to purchasing hard and software or in capacity development. Instead they found that such expertise was available though contacts and links with the cybercafé. Such contacts proved to be outside the usual business community.

The cybercafé in question provided not only office facilities and an Internet connection but also online computer gaming facilities, a rapidly increasing activity for many cybercafés (Qiu and Liuning, 2005). Making use of the gaming facilities were numbers of highly technological literate youth who were willing to assist the novice ICT users. This came to the attention of the manager of the cybercafé and over time this developed into an informal partnership where the youths would assist novice users in the café in exchange for free access. In this relationship all parties benefited; the youths obtained free access for periods of time, the cyber café obtained more customers, gained more regular traffic and provided safe storage
facilities for data, for which it made a small charge, and the small business was able to leverage more use of ICT.

Such co-operation between business and non-business entities proves highly beneficial to all parties. Indeed the business, the youths and the cybercafé were functioning, unwittingly, in a partnership that had a discernable socio-economic benefit. The business gained from ICT assistance without having to invest financially, the cybercafé benefited financially and the youths gained free use and new skills. Such co-operation is a highly desirable event. Indeed many business activities operating under e-commerce may well require management competency to manage such tripartite integration of partners' interest.

2.5.1 Need for a range of management skills

From a review of the relevant literature, it is observed that a wider range of management skills is required in an e-commerce context than is at present recognised. For e-commerce to be successful there should be an emphasis on (and understanding of) economic, social infrastructure, social and human capital, as well as, the integrated human-computer-business interaction mention earlier (Putnam 2000). The principles of partnership development and management will not change with changing modes of business interaction and partnership management within e-commerce, but the details will.

Various experts believe that the important business opportunities associated with e-commerce can be successfully grasped, but that there are risks that can obliterate the benefits to be gained (Delfmann et al, 2002; Ortega, Martinez and De Hoyos, 2007: 20). For example, one significant risk is the mix of management competencies available to a business – the interest and activities of different partners are there, not just to manage the core business but also to manage the
technology that supports it. Business interests and activities are dynamic and managing the soft issues concerned with interest of partners and the relationships between them can be complex.

As mentioned earlier in the case of the business in Wales and the owner of cybercafé, the interest of business increases from facility usage to data storage. The anticipation of partners’ needs and tastes are a necessary pre-condition for the development and management of business strategies. Adequate technical skills of one partner and managerial competency of members of the partnership are also needed to ensure mutual e-commerce investment benefits (Harris, De Long and Donnellon, 2001:12).

2.5.2 Brand management

Although, improved management of partnerships and the relationships between partners could lead to business success, the recognition of brand management as an alternative management philosophy is essential for e-commerce success (James, 2006; Hem at al, 2003; Yoo and Donthu, 2002). The framework provided here stands as a foundation that will enhance the prospects for partners, and for good relationship management in all circumstances, especially those related to the introduction of the Internet and e-commerce. Businesses are essential to the growth of the African economy, and they are taking advantage of the strategic potential of e-commerce (Williams, 1999). The marketing, promoting, buying, and selling of goods and services electronically, is a new way to do business more cheaply, better and faster than before.
2.5.3 E-commerce growth, success and failure

While the numbers of prospective customers and businesses using the Internet is on the rise, there are worries about the high rate of business failure (U.S. Department of Commerce, 1998). The growth in e-commerce adoption is directly related to the need for cost savings on purchasing, the need for more effective management of partner relationships and the need to reach an increasing number of new and existing customers. Internet technology has also made it possible for e-commerce to enable more businesses to compete more effectively in the world market.

2.5.4 Strategies for partnership

To remain competitive and to overcome the risk of e-commerce failure, businesses need to develop strategies that support the management of partners and business interest (Mandel and Hof, 2001; Porter, 2001). However, businesses need a combination of technical and managerial competency to achieve e-commerce benefit, and this requires a framework that can be used to support business and partners’ interest or the sum total of this interest – known as brand equity. Keller, (1993) describes brand equity as the traditional dimension of awareness and image. The concept of equity is based on consumer recognition and perception of the ability of business to deliver a quality product and service to its customers, staff and partners.

The task of building brand equity is important in e-commerce that is plagued with differences created through the interpretation of information about consumers’ perception of the ability of businesses to deliver e-commerce benefits. The sharing of information about strategic intentions is easier with e-commerce however;
interpretation can be difficult if there are no proper frameworks to guide management. The effective use of shared information represents the importance of brand management strategy and how it can be used positively to influence customers, and staff and to make partners confident in the ability of business to deliver expected e-commerce benefits (Page and Lepkowska-White, 2002:231).

Macgregor (2005:2) defines information as the input to, and output from, the mind, that determines individual actions; when these actions are related to management decisions, the performance of a business and its partners may be affected. Partners lacking either technical or managerial competency will likely take actions that are detrimental to other partners. The figure below shows the imperatives of business competency in identifying and managing different types of factors that threaten brand equity when managing IT investment.

**Figure 1: Competencies in business**

![Diagram showing the relationship between IT investment, business competency, partnership management, and success factors](source: Onojaefe, 2004)

Figure 1 shows how business competencies can be seen as central to successful information technology investments.
Business competencies come in different kinds: financial affairs must be well managed, production must be controlled, and procurement that is not well executed can lead to serious problems. Partnership management is seen as a new competency that is important to any business that is striving to develop new kinds of partnership, essentially driven by new technological opportunities such as e-commerce (upper right portion of the figure).

Business success is seen as dependent on a number of different competencies – possibly not all of which are currently understood in the new field of e-commerce. These individual success factors relate directly to business as well as technological competencies, and to the quality of the technological investment (central and lower left portion of the figure).

In summary, where a partnership is based in any way on technology, success requires a combination of management competency and technical skill, and the technical skills require appropriate training and support.

The changes brought about by the Internet have some impact in the way business strategy is planned, developed and managed. They also have some fundamental consequences on brand equity and how business information is shared with customers, staff and partners. Most of the popularly used information sharing methods such as, Quick Response (QR), Efficient Consumer Response (ECR), Vendor Managed Inventory (VMI) and Continuous Replenishment Program (CRP) has improved business success (Li et al, 2006: 426). Li notes further that Procter & Gamble frequently receives and sells goods and services through data received from its major customers’ distribution centres. This kind of information is vital to business and access to and proper management of quality information is an important aspect of successful business strategy.
Brand management is a new discipline and academic interest in this field is still new. However, an important theory has been formulated and academic papers have been produced with considerable attention on larger businesses but little or no attention to the peculiar needs of their small business partners (Krake, 2005: 228). According to the definition by Keller (1998) and Kapferer (1995) brand management is:

The culture of good brand management is recognized by companies that know the importance of using brand management as a differentiation strategy. This is necessary in ensuring that an implementation plan is not taken as a once-off exercise but, as a daily recurring aspect of marketing policy.

Three decade ago, researchers studied management activities of small businesses and identified marketing and brand management in particular as the most common problem facing small businesses (Cohen and Stretch, 1989). This agrees with the result of study conducted by Kraft and Doodell (1989), which found that brand management is the problem commonly mentioned by 75 percent of small businesses surveyed. This result was further confirmed by Huang and Brown (1999) with a study of 973 small businesses in Western Australia. It is now evident that brand management is a problem for businesses.

To enjoy e-commerce benefits, a branding strategy framework for businesses ought to help improve their competency to manage various business activities. This research project was initiated on the basis of the above construct and to review literature, to analyse empirical data and to make a positive contribution to the e-commerce activities of businesses for sustained economic growth in the Southern Africa.
2.6 Clarification of basic terms and concepts

Benefit: the tangible or intangible outcome of an Internet technology investment that adds value to consumer, brand equity, and market share.

Brand: some combination of: a promise made by a company to the consumer, a mark or sign which distinguishes one product from another, or a kind of relationship existing between the company and the customers.

Branding: communication process aimed at enriching a product or service with the power of brand equity.

Brand equity: the sum total of a company’s invisible assets and liabilities.

Branding strategies: long-term brand management plans and policies.

Brand Management: management function responsible for planning, co-ordination, directing and controlling all the activities of brand building processes.

Customer Relationship Management: the creation, maintenance and continual enhancement of long-term relationships with customers for mutual benefit.

E-Commerce: the process of using Internet technology to facilitate business activities for success.

Information Technology: the technical components normally organised as hardware, software and communications that are used to make up an information system.

Internet: provides access to a global distribution of databanks containing stored information, through computers connected by telecommunication links to one
another or, a system of linked computer networks used for the transmission of files and messages between hosts.

Internet Technology Competency: organisational ability to use both public and private telephonic network to maintain, enrich and extends useful company information and systems to customers, staff and partners.

Integrated Marketing Communication: is the co-ordination of various promotional elements and other marketing activities to communicate with the company customers, staff and partners.

Management strategy: long-term management plans and policies about knowing where you are, where you choose to be, and how you could get there.

Marketing mix: the four Ps – product, price, place (distribution), and promotion are elements of the marketing mix.

Marketing Communications Management: management efforts needed to ensure that all the marketing communications activity of the firms is consistent, effective and cohesive to achieve desired effects.

Marketing Strategies: refers to long-term marketing plans and policies.

Small Medium and Micro Enterprise (SMME) a company employing between one and, one hundred staff.

World Wide Web: a document delivery system capable of handling various types of non-text-based media.
Chapter 3: LITERATURE REVIEW

3.1 Introduction

This chapter starts by discussing how searches of various databases were conducted in the field of management. Through these searches, relevant literatures were obtained from databases such as (Emerald and EbscoHost) which are available on the university website. Other literatures were obtained through cross-referencing of academic materials. These materials included books, journal articles and conference papers obtained from Internet search engines. A substantial amount of the materials used in this chapter were obtained from a carefully selected collection of e-commerce and brand management textbooks. In most instances, the search focused on key branding materials within the e-commerce context. During the search, topics such as e-commerce strategies for businesses, and Internet marketing strategies came up frequently. These provided opportunities for a wider perspective of the study area and laid the foundation for branding strategies within the context of e-commerce.

The articles selected from the literature review were relevant to the key areas of the study – branding strategies for successful e-commerce in businesses. These issues are important as South African businesses continuously search for strategic economic solutions to support and grow the economy. While the review of literatures shows different aspects of this study and provides evidence to support economic development, there was a lack of evidence of a strategic brand management model that is suitable for businesses doing e-commerce. Some instances within the literature review show that brand management activities are common in traditional businesses but there is little emphasis on online brand management. E-commerce benefits and business success are commonly used when making reference to e-commerce activities of large businesses. The major focus of this chapter is therefore to understand e-commerce benefit factors of large
firms, by identifying and analysing the findings of other researchers to guide the development of a framework compatible with business doing e-commerce. The analysis of findings from a previous study is used to formulate a theoretical framework for this study.

3.2 Developmental framework for e-commerce

The use of e-commerce – especially the Internet – is changing the way that businesses, governments and civil societies work. It is challenging our managerial ability to build and manage strong online brands. Although, technology has been used to improve the quality and speed of human communication, it has not been effective in ensuring successful development of small businesses in South Africa and Africa where there is limited infrastructural and managerial capacity compared to the US and UK.

This field of research is referred to by Gurstein (1999) as community informatics – “the social appropriation of information technology for business and local benefits”. He promotes a direct approach to the problem so as to associate community development more effectively with business success using the opportunities presented by information and communication technologies. Other experts introduce other new ideas; for example, a model developed by Romm and Taylor (2000) is based on the idea that community informatics project success depends on social harmony within communities. The interaction between modern technology and human development is important and is examined and analysed in this section of the thesis.

This review of the literature examines a relevant sample of reported academic papers in the broad areas of brand management and e-commerce and the following sub areas:
- The Internet
- Brand management
- Partnership management
- Customer Relationship Management (CRM), and
- Case studies

Case studies are highlighted where appropriate, and some background evidence is used to introduce the review.

### 3.3 The Internet

The Internet is a network of networks – made up of computers connected to local and regional networks in many countries of the world (Baxevanis and Ouellette 2001:2). The authors note that the Internet originated in 1969 when the US Department of Defence at the Advanced Research Projects Agency (ARPA) launched a networking project called ARPANET with the aim of linking four computers on the West Coast, to transmit defence-related information between laboratories. They note further that a number of different project networks such as “Because It’s Time” (BITNET), Transmission Control Protocol (TCP) and Internet Protocol (IP) has so far emerged to augment information and communication of data.

The TCP and IP allow different networks to be connected to and, communicate with one another, resulting in the Internet system that is used for all kinds of communication. The Internet is now here and many in the commercial sector have capitalised on its multimedia feature for advertising and communications such as the World Wide Web. An important feature of the Internet is the introduction of new kinds of business activities. The change in business processes is now so radical that the overall effect on business communication processes now extends far beyond the original purpose of data transferability to data management Quinn, (2004). The Internet has become the agent of change in organisation, information
and societal processes – creating a new form of business and consumer interaction (Reichheld and Schefter 2000). The success of this interaction depends on two key factors, communications and management (Bytheway, 2004:3). Overcoming communications barriers (cultural background and different kinds of vocabularies) will allow managers to deal successfully with Internet-related problems.

The Internet has opened up new business opportunities, in particular access to new markets arising from the extended "reach" that comes with the Internet. This means that approaching new markets, possibly in remote places, implies that managing brand will be important and that there will be a necessary increase in branding activities. That is why the Internet and, Internet branding – communications and management that Bytheway noted, are important. There are concerns, however, about the contribution of e-commerce to business success (Stone 2003:1). This concern may be overcome with a necessary change in management strategy. It seems too early to draw conclusions though, as there is insufficient information to establish the facts about e-commerce success.

The linking of computers to different networks – Internet – allows data to be transferred between two otherwise incompatible machines (Hamill 1997:202). Data communications have now become possible that would have been impossible a few years ago. The transferability of data through the Internet creates an opportunity for development and management of cost effective business relations, through the interpretation and management of data as information that facilitates the transaction of business between partners. A review of communications management in the Internet-dominated environment is necessary to overcome the negative impact it may have on Internet investment benefit for businesses and in particular, small businesses. This research is directed at the effective use of the Internet for brand and customer relationship management with its information transferability.
3.4 Analysis of the strategic importance of Internet usage

The emergence of the Internet has created a situation of strategic uncertainty. As a consequence of this, the strategic importance of the Internet to businesses has become elusive. For businesses entering this environment, a management strategy that defines and manages the firm as a brand could be helpful. Angehrn, (1997) argues that Internet activities can be categorised into three stages: (1) Internet presence, (2) interactive and, (3) full e-commerce. At what stage of the Internet activities do we need to involve branding? The answer to this question is provided at the end of this three-staged-analysis.

Stage one

At stage one, a business typically mounts a web page or two in order to disseminate product and service information to customers and potential customers alike. Not only is the medium new, but so is management intent, and there are basic lessons to be learned. Therefore, a lack of insight into the critical strategic issues of brand management will quickly reveal itself, at this first stage. To deliver true and consistent product and service value to customers the whole organisation and all its activities should be managed as a brand (Knox, 2004). The change in communication medium therefore, is introducing changes in the relationship between perceived organisational values and, perceived customer values to be satisfied. Even a few web pages that establish a presence (no transactional capability, no e-commerce) can convey the wrong messages and undermine efforts to establish a consistent and coherent brand identity.

Stage two

Stage two provides transactional interactivity through the web browser using forms and Application Server Pages (ASP) or Graphical Command Interface (GCI) scripts
at the server. Waterman (2000) argues that stage two has the potential for two-way communication. Even though other technologies like cell phones can be used for two-way communication, this research is focussed on the Internet and e-commerce.

At this point, a lack of trust on the part of the customer and a lack of strategic overhaul of management philosophy continues to inhibit relationship management effort (Gillen et al, 2000; Howcroft and Durkin, 2000; Durkan et al, 2003). Businesses depend on personal network and social interaction as a way of building trust and managing customer relationship. The implication is that the trust that is so important to relationship management and so traditionally dependent on face-to-face interaction, cannot be developed in a context like the Internet (Durkin and McGowen, 2001; McGowen et al, 2001 and Durkin, 2002). More research is required in the area of remote relationship management, and the building of online trust, separate from or in parallel with face-to-face relationship management.

**Stage three**

This stage of Internet activities offers more dynamic features such as bulletin boards, chat rooms as well as the use of audio and video facilities to improve the Internet activities. An improved management philosophy is needed to develop and deploy creative brand management tools for effective and efficient customer relationship management. Brand management should start from the first stage and progress with more intensity into stage three. Internet brand equity can be realised with full implementation of the branding exercise at the e-commerce stage. Branding activities increase once web-sites have become full e-commerce sites. Hays, (1997); Kelly, (1995); Angehrn, (1997); Baranoff et al, (1997) all argue that Internet branding is beyond the general focus of business which was in fact supposed to view all management actions holistically together with their ability to contribute to brand equity.
3.5 Brand management

One important attribute of brand management is the ability to react to changes in society and market dynamics so that good communication of brand essence is established and, managed. Key factors militating against brand management include changes in business environment (market complexities, competitive pressures, global forces) and information management. VanAuken (2002: 23) described brand management as a process that is concerned with a deep understanding of consumers, staff, partners and competitors. This includes the understanding of the benefits structure such as cost and differentiating elements – like functional, emotional, experiential and self-expressive attributes of products and service offering. The understanding of these benefits can enable businesses to develop and implement appropriate and differentiated strategies (Ortega, Martinez and De Hoyos, 2007). Businesses doing e-commerce need to give particular attention to ongoing changes in their quest to create a recognisable and differentiated product and service offering in the brand management process.

Companies such as America Online, Yahoo and Amazon.com have cashed in on the data transferability of the Internet to create a recognisable and differentiated offering that cuts through the clutter of the Internet environment and serves the world in the same way despite negative factors and cases of failure (Preston 2001:2). Establishing a differentiated online offering that complements functional attributes of an offline brand will reduce the risk of failure. Businesses are more likely to fail in the Internet environment as most Internet solutions are designed for large businesses and do not particularly fit the needs of small businesses (Lin, 2008). Information management that is crucial for building an online brand and for managing relationships with customers on the Internet could not a support business e-commerce initiative. (Ward and Lee, 2000) argue that unlimited information access on the Internet supports the need for building online brand to
save customers’ time and search cost. Though too much information on the Internet can be problematic to customers, small businesses need more, rather than too little information to develop and deploy successful branding strategies.

A business that is uniquely established knows its product and service offering as well as its target market. With the information provided by the Internet, managing these target market nationally and internationally will be simpler and more cost effective than without the Internet. In a highly competitive virtual environment of businesses armed with sufficient competitors’ and customers’ information could create brand association to locate and respond effectively to each target market. According to Varian, (1999) the information management ability of businesses will remain relevant despite the changes that will be introduced by the Internet. Varian argues that a unique brand strategy and up-to-date customer information accentuates the brand management effort of small businesses. For significant profit potential and customer conversion, brand management competency of small businesses should improve customers’ product-association level, (customer benefit) as a differentiation strategy.

Internet Technology has changed the traditional (brick and mortar) product development and distribution processes to a simple brick and click by recognising a customers’ taste or need throughout the product development period (Jiang, 2004). This situation provides opportunity for change in management philosophy. Such operational change should be more pragmatic and suitable for management strategies, which are currently, being adopted by various businesses. Dell’s made-to-order computers, Dunhill’s customised software and, Google that constantly tweaks its signature search product at a rapid rate, are a few examples illustrating how technology is used profitably to satisfy customers’ needs (Anonymous, 2004:47). If investments in Internet technology have not been successful, it is the result of presumed lack of dynamic business competencies or, strategic management issues needed for Internet brand success that have not been fully
developed and used to improve business-to-business, business-to-consumers and business-to-employee relations.

Despite the estimated growth in Internet sales revenue as shown below, small businesses are still struggling with their Internet branding strategies. The table below shows online sales in various industries from between 1997 and 2001.

<table>
<thead>
<tr>
<th>Sectors</th>
<th>1997 sales</th>
<th>2001 estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial services</td>
<td>$1, 2 billion</td>
<td>$ 5 billion</td>
</tr>
<tr>
<td>Entertainment</td>
<td>$ 298 million</td>
<td>$ 2, 7 billion</td>
</tr>
<tr>
<td>Travel</td>
<td>$ 654 million</td>
<td>$ 7, 4 billion</td>
</tr>
<tr>
<td>PC hardware/software</td>
<td>$ 863 million</td>
<td>$ 3, 8 billion</td>
</tr>
<tr>
<td>Book/music</td>
<td>$ 156 million</td>
<td>$ 1, 1 billion</td>
</tr>
<tr>
<td>Ticket and event sales</td>
<td>$ 79 million</td>
<td>$ 2 billion</td>
</tr>
<tr>
<td>Apparel and footwear</td>
<td>$ 92 million</td>
<td>$ 514 million</td>
</tr>
<tr>
<td>B2B sales</td>
<td>$ 8 billion</td>
<td>$ 183 billion</td>
</tr>
</tbody>
</table>

Source: Business Week (Hof and Saveri, 1998; Simeon, 1999)

With the continued growth of Internet sales (business to business) standing at eight billion US Dollar and estimated growth standing at one hundred and eighty three billion US Dollar, so is the corresponding growth of its strategic importance to all kinds of business entities. The need for Internet branding as a management tool is therefore emerging stronger and stronger. The growth in sales is expected to continue and South African and African businesses could benefit by developing adequate technology infrastructure and managerial competencies to support the e-commerce activities of businesses.
3.6 Web-site brand management strategy

Simeon (1999) developed a model called Attract, Inform, Position and Deliver (AIPD) for web-site strategy. One of the major objectives of this model is to assess the strategic potential of web-sites for competitiveness and relationship management. It is therefore imperative that at every stage of the model successful development and management of relationship is closely linked to customers’ appreciation of and support for branded products and services (Clark, 1997; Neuborne and Hof, 1998; Werne, 1998). To maximise the strategic potential of a web-site, the site should represent overall management philosophy to attract, inform, position and deliver brand benefit and value to customers.

Strategic outcome can be realised through dynamic content management of web-sites and improved quality of relationship management and brand equity. Davis (1997), Green (1998) and Hofman and Saveri (1998) argue that the importance of web-site content management is relevant for building a good customer relationship. The main reason for managing online brand is to attract all kinds of online visitors with the aim of converting and retaining them as customers.
Companies’ brand management efforts are centred on customer conversion and retention strategy. The focus on retention allows companies to maintain valuable customers and convert new ones. Mills (2000:64) argues that the growing competition in most industries is leaving customers with no choice but to increase their demand for quality products and good customer service. Firms that seek to grow and consolidate their market synergies should be able to experience a simultaneous increase in revenue but with a relative increase in marketing expense (Thompson, 2002:95). With the Internet, cost saving depends largely on efficient, consistent and coherent utilisation of the web page to access consumers, staff and partners. It might be necessary for businesses to define their unique situation and align brand objectives with technical imperatives of the Internet.
In a virtual environment (Internet) business success, particularly for businesses, could be enhanced by using brand management as a strategic management philosophy for building and managing customer relationships. The practical case of IT project management failure on (5.3.1) shows that aggressive deployment of technology-based business strategies is an organisational factor.

3.7 Is brand management aligned with Internet technology?

Pitt (1998:4) states that Internet technology provides an effective and efficient means for managing a company’s relationships with their customers, and also provides brand managers with the leverage to maintain and improve brand equity. Daniel (2003) stated that despite the above, access to and the use of Internet technology by small businesses are both limited to one-way communications. While the strategy of using the Internet for branding enables managers to combine traditional methods of branding with the Internet to create more brand awareness, management strategies in some businesses are not aligned with the capabilities of the Internet. Such alignment is needed to ensure the realisation of technological benefit – like offline/online consistency; a coherent management strategy is needed to manage all business resources in a uniform manner.

Recently, the number of brands and Internet branding activities have grown, because of the opportunities and challenges presented by Internet technology. This trend has forced out the weaker brands and opened up opportunities for others. The Internet branding strategies developed by businesses should be implemented with the overall marketing communications for effective customer relationship management (Urde, 1994:18). Urde states that a great deal of planning, creativity, ingenuity and lateral thinking skills are required to develop, structure and manage a good model of Internet branding. The branding strategies of businesses will
reverberate when properly aligned with the technological capabilities of the Internet.

Varian (1999) notes further that this approach has been adopted and used by most companies in the financial service sector to improve the quality of and the speed with which financial services are made available to their customers. Varian noted further that it is difficult when the same strategy is used for all businesses because small businesses partners that are supposed to benefit from the Internet are still struggling to use information effectively as a result of lack of management expertise.

According to Rockey (2000:59) using the Internet will improve online brand and relationship management. In this context, Internet branding can be described as more forward and progressive than that of the traditional methods. Businesses have not been so successful despite the numerous IT benefits that should accrue because research and development is expensive, the financial outlay for small businesses is large, they are not able to support business research, nor technology solutions that fit their business needs. Whilst this research is focussed on brand management as a strategy for improving the quality of customer relationship management, more research into the management of information and communications technology and its impact on other aspect of business management is considered important.

### 3.7.1 Brand management as promotion of e-commerce

E-commerce has been used to attract, retain and manage customers’ needs in different markets (Shih, 2004). To satisfy these needs, companies need to adapt their brand orientation and culture with changing technology and customers’ needs. The three companies selected for study offer insight to help the understanding of
brand management strategies at different stages. Businesses that are moving to online exposure – this is when new skills are needed to extend their product and service offering, and a different kind of management skill and competency is thought to become necessary. This scenario necessitates a new way of thinking and a new management culture to address the unique nature of online business which recognises that the interaction and transaction with customers, staff and partners now takes place remotely – requiring new strategies and skills to manage these relationships.

3.7.2 Success and failure – Critical Success Factor (CSFs)

A study of relevant literature as contained in the second chapter of this thesis reveals cases of both success and failure. It also presents insight into critical success factors such as Customer Relationship Management CRM, partnership and brand management. While these are not the only management factors affecting e-commerce here in this study, the focus is on branding and brand management strategy that contributes to e-commerce success. Three companies were selected for study for each of the e-commerce adoption: Internet presence, interactivity and full e-commerce. These three stages of e-commerce adoption form a central theme of this study, and are used to determine the relevance and non-relevance of online branding and brand management strategies.

An understanding of the three different stages of e-commerce provides sufficient foundation to determine the effect of management action at each stage (Mason, 2002). Selected questions drawn from the literature and research objectives were used as a reference point. The process of data gathering used unstructured personal interviews with senior managers of selected companies. This type of interview allows a chronological sequence of questioning; such that each question provides a lead to another question till a saturation point is reached. A saturation
point is the point at which most responses no longer produce new information (Alba, Mela, Shimp and Urbany, 1999).

### 3.8 Current issues on the Internet: the case analysis of McDonalds

Most businesses have used the extended reach of Internet technology to enter into new markets. At the same time they have improved and entrenched their promised commitment to customer service. In the best cases this has resulted in new revenue streams and huge cost savings as well as more channels to differentiate the brand from its competitors. For example, the McDonalds Internet web page provides useful marketing insight on how the Internet can be used to strengthen customer relationship management whilst maintaining an online brand promotion (Rowley 2004: 4). The author notes that McDonald uses the online brand to renew an emotional connection with customer through the “I’m Loving It” slogan. This campaign shows how people believe in their love of life and for the McDonald brand. This campaign reinforces the existing emotional connection with the brand, improves customer loyalty and subsequently, the brand equity. This case analysis supports the expanded view of Keller’s concept of brand equity, see section (4.4). Despite the successes at McDonalds, as presented by Rowley, (2004) e-commerce failures are still prevalent in other instances, notably within and among businesses.

(Schlenker & Croker, 2003: 4 and Moore, 2003:7) attributed the causes of Internet failure in small businesses to the following:

- There is a lack of commitment to building good relationships with third party businesses; technology culture, constant innovation and standard implementation methodologies that are not compatible with small business culture;
➢ The types of organisation structure, management structure and leadership style

➢ A lack of commitment to a branding strategy that is essential in achieving marketing communication objectives that are needed for good customers’ relationship management and

➢ A lack of financial resources and the commitments to the development of Internet brand strategy.

In the general case, brand management according to Moore (2003:7) improves relationships with suppliers, customers and employees: is this still true for small business partners in e-commerce? From the case study of McDonalds, the “I Am Loving It” slogan creates a positive interest and love for the brand. E-commerce opportunity is available to all kinds of businesses and should be used to improve business relations, as a poor customer relationship is no panacea for success.

According to Cloete, (2001: 75) to survive the growing competition in a dynamic e-commerce environment, small businesses operating with Internet technology will be required to gradually change their business conduct. The author further notes that since brand management activities are moving slowly from the traditional methods to a combination of the traditional methods and the Internet, then businesses should adopt change in brand strategy to survive in the new environment. It is imperative that this movement will culminate in companies changing their business strategies from the old tradition to the new one – the Internet.
3.8.1 IT project and application failure

Despite the growth in Internet sales and usage, with rising expectation of benefits, businesses continue to be deprived of these growing market opportunities. There are also many reported cases of Internet related IT project and application failures. Failure can be described as the inability to fully realise the expected benefits (Cannon, 1994) or the lack of popularity and enthusiastic support of both customers and management. Using one classical case of IT application failure, Cannon shows the example of:

“…a retailer who decided to upgrade its systems and, embarked on an ambitious plan to redesign its distribution and stock management systems. It employed consultants, established an experienced project team, had a clear, user-defined system design and utilised project management techniques to control it. In the end, the first phase of the system was abandoned after almost fifty per cent more time than planned had been taken and response times were still unacceptable”.

Three factors according to Cannon, (1994) were responsible for this failure:

1. the size of the project was far too large, larger than any one had completed before;
2. there was little real experience of this kind of system and
3. improper and obscure problem definition made the understanding of project benefits more difficult.

It is evident that failure occurred as a result of ambiguities in problem definition, lack of properly defined objectives and obscurity in managerial function rather than technical factors. The objectives of business activities need to be properly defined so that Information technology, particularly the Internet can be used to support it. According to Moodley (2002), information technology offers numerous benefits to
connected firms. Because of the envisaged benefits, organisations should be more pragmatic in the deployment and use of these applications in various business operations. Internet technology is not the only wealth creation assets. It enables the in-flow of useful information required for planning, controlling, implementing, and managing business projects and process, including, IT projects (Moodley 2002). The management of Internet Technologies, the information it brings and, the manpower required in producing the needed benefit are all-important component of success.

3.8.2 Overcoming the effect of technical factors

The Internet is a key enabler of e-commerce, yet many Internets related IT project applications continue to fail. Dhillon, et al (2001) argues that “disruptive technology” can also lead to business success or failure. Disruptive technology is defined according to Christensen (1997) as technologies that result in bad product or service performance. Within the context of a given market selling books online, for example could be profitable but the adoption of technology without careful consideration could lead to company failure. The authors, referring to two leading USA Internet book sellers, Amazon.com and Barnes and Nobel assert that disruptive technology brings in a different customer appeal which is generally not satisfactory for many customers.

The dependency on Internet technology for marketing communications requires creativity and, this dependency can be demonstrated using the interactive features of the Internet to improve Customer Relationship Management (CRM). For this reason, a structured and conducive environment is required (Husband and Mandal, 1999:6). They argue that financial institutions have used brand campaigning to sell their services and promote their image on the Internet. In the near future, this area of Internet branding could grow faster than traditional methods. E-commerce
success for businesses is vital for job creation and economic growth of the continent, particularly, southern Africa.

3.9 **The need for harmonisation**

Romm and Taylor (2000); O’Niel (2001) emphasised that the prospect of community informatics (CI) projects is directly linked to *harmonisation* of interests; they argue that a lack of social harmony is often associated with less successful outcomes in CI projects. Harmonisation of interests is assisted by a full and proper understanding of the technology-related benefits offered to those who are concerned, typically (in this area of interest) the community and the small businesses that wish to serve it, or larger businesses that might choose smaller businesses to provide selected goods and services. A total view of the harmonisation of community, business and the technology interests, all in support of the relationship between them, will help to meet the objectives of information and partnership management. The changing and challenging attributes of information and communications technologies determine that “achieving this is simultaneously difficult in theory and cumbersome in practice”.

One of the problems with Internet technology is the limitless plethora of information. We live and work in an era of information saturation that is creating difficulties for small businesses trying to deal with the information aspects of partnership management (Macgregor, 2005). In some instances, useful information has been ignored or discarded because of a lack of an effective information management regime. So, at the same time that some argue that the Internet provides information and facilitates effective management, and that the Internet can be used to improve the quality of partnership among and within partners (Mason, 2001) it seems to present quite specific problems that detract from these advantages.
Understanding the business environment is important to the successful involvement of businesses in e-commerce activities. According to Bytheway and Dhillon (1996), environmental analysis “of technology trends, competition, economic factors and socio-political aspects” is required, and they also highlight the different kinds of partnership that might prevail: adversarial partnerships have been common in conventional business, but co-operative partnerships are more fashionable (and possibly necessary) in e-commerce. The business culture that exists on either side of a partnership may reinforce or lessen the severity of a successful partnership; the process of harmonising business cultures will have a direct effect on the development and management of appropriate technology-related partnerships in e-commerce environments.

Doing business in e-commerce context is becoming ever more complex, changeable and challenging, there is a need to develop a framework that will organise the issues more easily for management, and for techniques that will enhance their understanding of the potential benefits of e-commerce for businesses. At the heart of this is the need to evaluate future benefits that might be achieved, and to understand the factors that might lead to success and failure.

3.10 Factors for success and failure

There is little or no evidence about e-commerce success or failure for small South African businesses, and in order to find original work on success factors it is necessary to cast a wider net. A long while ago, Scott, Diamond and Smith (1997) studied success factors and, and looked at the establishment of 450 public Internet access points by the Australian government. These access points were grossly under-utilised, according to the authors because they failed to provide private access. They therefore recommended that private access be provided through local Internet service providers (ISPs), supplemented by community out-reach support and training. Elsewhere it has been found that a lack of attention to the
elaborate interplay between hardware and software undermines sustainable partnerships, despite awareness campaigns, education and training (Simpson, 2005: 81).

The sustainability of partnerships is largely dependent on the extent to which partners’ interests are understood and the process by which these interests are satisfied. Sustainable partnerships demand a process of ongoing social interactions and projects or programmes that are aimed at developing and implementing change, or influencing the attitudes of partners in appropriate ways (Wilkinson, 1989). There is a distinction between the development of partnerships (including capacity building and leadership training), and the evident levels of social, education and business capacity within individual partners. While both are important from a partnership point of view, it is suggested that more emphasis should be given to the development of a partnership. The development and management of partnerships should then focus on building the capacity of partners for the purpose of business interaction and collaboration. Partners must work together to find solutions to the problems facing them, so that all effort is directed at overcoming common difficulties and establishing a co-operative regime, as identified by Bytheway & Dhillon (1996).

3.11 The nature of partnerships

National, provincial and local government efforts to promote small businesses with developmental assistance in South Africa have to deal with the complex issue of sustainable partnership, economic inequalities and change management arising from social appropriation of ICT in a business context. The traditional “horizontal” approach to problem solving through government incentives is slowly changing to a “vertical” approach, requiring expert opinion to solve business problems (Simpson, 2005:84). Effective partnership requires “bottom-up” tools and programmes that provide small businesses with the opportunity to engage with one another in
solving problems of equity, economic empowerment and networking (Onyx & Bullen, 1997). Many partnership initiatives have been widely developed and implemented, but fail to address information and communications technology inclusion and effective use. To ensure benefits, and a cohesive business management process, information and communications technology should be properly managed for effective use within a partnership, so as to overcome artificial obstacles to partnership formation (Mannion, 1996:2; Popham, 1996; and Schuftan, 1996).

According to Sher (1986), business and social partnerships are often developed for partners and not by them – clearly this will be the case in an unequal partnership where one – the stronger – insists on a style of partnership that they consider advantageous to themselves. A weaker partner is vulnerable to external factors and may be unable to sustain success by responding to the variable circumstances imposed upon them. If businesses, for example, want to develop and implement a strategy for Internet access and effective use by small businesses then they should have negotiation and strategic management skills to enjoy ICT benefits through effective use.

Then, perhaps partnerships between government, business and their immediate communities will emerge to support the initiatives of businesses. This is contrary to the strategies being adopted in developed European countries and the US, which place emphasis on self-help. A government in a developing country, that encourages community empowerment and capacity building and then reneges on funding for the acquisition of ICT, will cause small businesses to fail. For these initiatives in developing countries to be successful, harmonious government, community and business partnership is unavoidably necessary.

Early experience has indicated that this can be achieved by understanding the needs of the different stakeholders, and by providing finance, technology, hardware and the technical knowledge to support and maintain it (Wilkinson, 1986). For
example, the Australian government funded a regional telecommunications infrastructure project with total spending of $464 million, to improve both local and regional communications networks. The primary motive of the project was to ensure that stakeholders took ownership of developing and managing a healthy and sustainable community of small businesses, through partnership. It was expected that government support and funding for initiatives of this nature should sharpen the vision and will of the community to be more responsible, more responsive and more proactive to managing the achieved and perceived technology-related benefits for economic growth. Without a co-operative partnership, government projects are doomed to failure, as was found in this Australian case.

3.12 Building business and social partnerships

Another study reinforces the argument that the achievement of sustainable social stability, economic empowerment and business benefits requires the development and management of sustainable partnerships (Cavaye, 1999; Labonte, 1999). Although partnership building suffers from additional complicating factors such as security, trust and the visible and invisible costs involved, a lack of effort to build partnerships can lead to business failure and unattainable national, provincial and local government objectives (Blackwell & Colmenar, 1999).

Where adversarial business practice might even play on these complicating factors for strategic advantage, a well directed business and social partnership empowers, motivates and commits individuals to maximise their contribution to common objectives, with an open and willing attitude to adopt change (Gannon, 1998). Thus, the building of business and social partnerships requires a two-way system of individual empowerment through information and communications technologies, and the strengthening of the partnership network infrastructure (Milio, 1996).
3.13 Conclusion

Based on the literature review above, it can be concluded that the emergence and adoption of Internet technology have introduced different kinds of outcomes – producing different effects for different users depending on resources, skills and competencies available to them. This is seen to have changed and challenged the managerial ability to build and manage strong online brands. The technology facilitates the exchange of data between two individual organisations through the connection of computers to different networks (Hamill 1997:202). While the transferability of data through the Internet has created an opportunity for development and management of business relations, the expected result of these activities has been the unexpected. This is due in part to range of different skills and competencies of users that are responsible for the interpretation and management of data as information that facilitates transaction of business between partners.

In trying to understand the competency needed to interpret and manage information, Angehrn, (1997) differentiated and categorised the intensity information transferred through the Internet into three stages. These are: (1) Internet presence, (2) interactive and, (3) full e-commerce. The model is aimed at ensuring the alignment of management function with the extent of technology usage. Another difficulty observed by Yin (2008) is that small businesses are more likely to fail in the Internet environment because most Internet solutions are designed for large businesses and do not particularly fit the needs of small businesses.

Despite the above, access to and the use of Internet technology by businesses increases though, “it is limited to one-way communication” (Daniel, 2003). Simeon
(1999) saw an opportunity to increase the chances of success, he developed a model called Attract, Inform, Position and Deliver (AIPD) for web-site strategy. Despite the awareness campaigns opportunities in this model, a lack of attention to the elaborate interplay of hardware, software and alignment of business objectives undermines sustainable brand and partnerships management all critical success factors for technology adoption and usage (Simpson, 2005: 81).
Chapter 4: THEORETICAL FRAMEWORK FOR BRANDING STRATEGY

4.1 Introduction

This chapter discusses the emergence of the Internet; it examines the impact of different areas of management with focus on brand and branding strategies. The chapter provides insight into how improved management of the relationships with consumers can be achieved. Although, this study is focussed on branding strategy, it has expanded its discussion into other areas of strategic management such as the establishment and management of remote customer, staff and partners’ relationship. This aspect of management is seen as important particularly, within the e-commerce context where the establishment and management of remote relationships are strategically important for competitiveness. It discusses the growing changes in consumer buying behaviour and their impact on Internet branding strategies. A conceptual framework that highlights branding strategies and identifies the challenges that could hinder the establishment and management of the relationships between business partners is presented here.

4.2 The emergence of the Internet

With the introduction of the Internet nearly three decade ago, businesses began and have continued to adopt the technology for the benefit of its extended market reach. Internet technology allows the sale of goods and services to customers anywhere, any time at low cost. Kelly (1998: 74) described this technology as a network that has the power of global reach. This medium of information exchange has created business opportunity allowing market access to businesses and an additional shopping channel to consumers. While this market access comes with business opportunity, it also present its own unique business challenges. Some of
these challenges have been identified as, changing consumers’ shopping behaviour as well as, product and service duplication, imitation and substitution (Chen, Ching and Legorreta, 2005). The observations made by these experts exclude products and services innovation, improvement and enhancement that are used to address the challenges of changing consumer shopping behaviour. Despite these challenges, the emergence of Internet technology continues to be a strategic concern for businesses. To address this concern, branding strategies that communicate differentiated benefits of improved, enhanced and innovative products and services offering to attract and retain consumers need to be implemented.

4.3  Branding in e-commerce

The branding of products and services has evolved from mere identifying signs of registered trademark to the communication of brand essence. Brand essence according to VanAuken (2002:30) is the heart and soul of the brand. Businesses should develop innovative ways of branding innovative products and services – using technology to constantly and continuously improve, innovate and enhance product and service offerings to meet and exceed customers’ changing needs and tastes. The duplication, imitation and substitution of products and services should be aligned with brand management strategy and business objectives to realise the benefit of different stages of the adoption process. A remarkable infusion of the Internet into business in recent years has brought some changes and challenges to brand management construction (Temporal and Lee, 2000).

While the Internet has become a way of life, in that it is creating a culture of electronic commerce. – where goods and services bought and sold online, this e-commerce culture has created a situation of strategic uncertainty – such as a lack of information access on the one hand, to a limitless plethora of information on the other hand, with a potential threat to e-commerce success (Winkler, 1999; Mutula
and van Brakel, 2006). Another uncertainty relates to the interactive nature of the Internet that is seen to have had an impact on consumer buying behaviour (Hamann, Williams and Omar, 2007). These and other conditions highlight the difficulties that businesses could face as their adoption processes moves from one stage to another. Therefore branding strategies that improve and enhance relationships between business partners with a view to providing innovative and enhanced product and service offering to satisfy consumers’ changing needs are seen to be useful. The framework below identifies a gap in the relationships between partners and recognises the importance of implementing appropriate branding strategies that improve and enhance the quality of relationships between them for e-commerce success.

4.4 The nature of relationships

The conceptual framework presented here (see below) was developed so that the relationships between large financial service companies and their smaller business partners could be examined at a time when Internet-based systems are being introduced with the intention of enhancing relationships with customers, staff and partners. The framework for relationship management within e-commerce shows that branding strategies could be helpful when managing relationships with customers, staff and partners and this informed the current discourse concerning e-commerce success.

As business interactions and consumers’ shopping behaviour changes with the adoption of technology, it is important to clearly understand the relationship between technology, branding strategies, remote relationship management and return on e-commerce investment (Onojaefe and Bytheway, 2005). It is important particularly as discussions concerning the three stages of e-commerce are focused on improved relationships with customers, staff and partners. This is seen as
important to the development and deployment of a creative branding strategy for effective and efficient customer relationship management. A good branding strategy can be used to support, enhance and improve the quality of business relationships in an e-commerce context. As Internet technology creates a global business climate for extended market reach, establishing and managing good relationship with customers, staff and partners at different stages of the adoption process has become a useful part of this business initiatives (Leaning, 2004: 30).

### 4.4.1 Relationships at stage one

The relationship at this stage of the adoption is usually one-way as the businesses launch a web page to disseminate product and service information to customers without expecting to receive feedback. The medium is new for the business; it is likely therefore that a lack of insight into the critical strategic issues of branding will be revealed. This new communication medium, will slowly introduce changes to the ways relationships between product and service innovation are perceived, and the branding strategies that are able to communicate these offerings to satisfy the changing shopping behaviour of consumers. Even a few web pages that establish a presence (no transactional capability, no e-commerce) can convey the wrong messages and negatively affect e-commerce adoption benefits.

### 4.4.2 Relationships at stage two

At this stage, the Internet provides the opportunity for two-way commercial interaction through the web browser using forms and Application Server Pages (ASP) or Graphical Command Interface (GCI) scripts at the server. The two-way commercial interaction available at this stage allows businesses the opportunity to implement creative and innovative branding strategies to improve and enhance the
quality of relations with customers, staff and partners. Although other technologies like cell phones have multiple functions, the video, audio and data transfer capabilities of the Internet makes it rather than other technologies, more suitable medium for branding, as well as for establishing and managing relationships with customers, staff and partners.

In addition to the challenges identified earlier, the establishment and management of online relationships could be also hampered by a lack of trust on the part of the customer, and lack of strategic framework that could be used to support the branding and relationship management effort (Gillen et al, 2000; Howcroft and Durkin, 2000; Durkan et al, 2003). The success of business activities in e-commerce can be greatly influenced by the implementation of a strategic framework to deliver innovative, enhanced and improved products and services to meet consumers’ changing shopping behaviour. In this regard, businesses can gain consumer confidence and restore the trust that is so important for managing stakeholders’ relationships in e-commerce.

4.4.3 Relationships at stage three

With the availability of more dynamic features such as bulletin boards, chat rooms as well as the use of audio and video facilities at stage three, improved and enhanced products and services provide succinct strategic opportunities to strengthen business relationships with customers, staff and partners. This will provide management with a better understanding of factors responsible for changing consumers’ shopping behaviour and implement appropriate branding strategies to address them. As with product and service innovation, innovative and creative branding strategies can also be used to enhance the effectiveness and efficiency of business relationships with stakeholders. Although, branding activities intensify at stage three, the framework for strategic branding could be more useful
if developed and implemented from the first stage of e-commerce adoption. An example of a typical framework is presented below. This framework is developed to support the relationship management initiative of businesses.

4.5 Framework for relationship management

This relationships management framework shows a number of important principles to be observed by businesses to reduce the impact of the challenges associated with e-commerce adoption. These are presented below:

- Success will not come from technology alone, but from a wider range of management skills.

- A range of business skills will be necessary, but managing partnerships well will be a critical competency that may not be evident in businesses that are trying to take advantage of the Internet.

- Partnerships can be seen at different points in a business – in its relationship with its customers (perhaps that is the most traditional one, usually referred to now as “customer relationship management”), with its business partners (of which there are many different kinds, such as suppliers, banks and service providers) and with its staff, who require the requisite competencies if e-commerce is to succeed.

- The quality of these partnerships will be seen through the benefits that derive from them, as seen in some aggregated way, which is agreeable to all stakeholders. In addition to this framework, other observation by various experts is used to contextualise the domain of the study and this is presented below.
Business use of branding strategies for e-commerce benefits – DP Onojaefe

- In addition to this framework, other observations by various experts are used to contextualise the domain of the study and this is presented below.

4.6 Important observation and the domain of this study

The challenges of e-commerce as observed earlier by experts – product and service innovation, improvement and enhancement on the one hand, and changes in consumers’ shopping behaviour on the other hand, are important, because it is so often the case that a stakeholder will dogmatically refuse to see any point of view or perspective other than their own. But, there is one important concept in modern business that attempts to aggregate all viewpoints and use them to develop innovative and differentiated product and service offerings to attract and retain consumers: that is the concept of branding to create improved, enhanced brand awareness and ultimately brand equity.

The essence of branding is to create an environment conducive for nurturing the heart and soul of the brand to accumulate brand equity. Brand equity is therefore the sum of everything that could conceivably comprise the impression that a business creates – not just with customers but also “with those who contribute to such an impression including business staff and partners” (Head and Hassanien, 2002). In the broad field of management, branding strategy for improved customer relations is seen to be important (compared to economics and marketing, for example). Parallel to the emergence of the Internet and certainly stimulated by it, branding deserves to be taken seriously as a combination of competencies and capabilities that will assist a business to successfully deploy the Internet in its business activities not just in marketing, but in all that it does for internal and external stakeholders.

This study was done by obtaining disparate information through the review of relevant literature to formulate a tentative framework which now underpins and
Business use of branding strategies for e-commerce benefits – DP Onojaefe

informs this research project. This framework provides the platform upon which the research was developed and implemented, and summarises important aspects of the golden-thread that binds much of the work together.

The figure below can be described as follows:

- Practically, businesses undertake to establish different kinds of relationship with their stakeholders – “Customers”, “Staff” and “Business Partners”.
- Dealing with customers is often referred to as “customer relationship management”, or CRM. The relationship with partners and employees is the subject of similar thinking, and this needs to be investigated
- Two components – “Internet” and “CRM” – represent action that may or may not enhance the quality of relationships.
- “Brand equity” is seen as the sum of all the perceptions of these key stakeholders, based on mutual benefits.
- The conceptual framework can be argued to represent “conventional thinking”, before the introduction of the Internet.

The Figure 3 below depicts the framework that arises from this discussion of issues, as impacted on by the adoption of the Internet.
Figure 3: Conceptual framework

4.7 Customer satisfaction, loyalty and profitability vs technology enhanced partnerships

The framework presented above shows the relationships between customer, staff and partners within a technology-mediated context. Although the establishment and management of technology-mediated relationships are important determinant of e-commerce success, their impact can be felt within separate and distinctive dimensions (Hallowell, 1996:28). These dimensions include the perceived psychological benefits and the actual physical product and service benefits received. Various experts suggest that although brand loyalty is and can be influenced by the difference between perceived and received benefits, good relations with customers can be a useful part of product and service innovation and improvement with a potential contribution to brand equity (Anderson and Fornell,

It is interesting that the link between e-commerce success and the relationship with staff is not examined by any of these experts, but there are others who do have the broader view. For example, Davis, Miller and Russell (2006: 56) state that sustained e-commerce success is the “combination of the intangible effects of enhanced relationships with customers, staff and business partners”. Although, the views of Davis, Miller and Russel (2006:56) deal broadly with customer relationships, the relationships between business partners and staff are excluded. To overcome the challenges associated with e-commerce adoption, the relationships with staff and business partners has to be recognised and integrated into this study and this is contained in the framework for management relationships presented earlier.

The degree of customer loyalty is seen to be determined the functional elements of the brand. It would be useful for businesses to establish and manage their relationships in a way that extends these functional elements to stimulate consumers’ attention. In some instances, consumers react to product and service offerings emotionally, when product and service branding clearly communicates products and service attributes. The brand is sometimes faced with the difficulty of fulfilling these elements, on the one hand, and the managing of the expectations of consumers, on the other. This difficulty has a created service gap and it requires management attention. Also, where product and service experience equals perceived commitment to remote management of customers, staff and partners’ relationships seen as critical to success, as well as the management of the (space between these relationships) to deliver quality product and service using modern technology (Blanchard and Galloway, 1994; Heskett et al., 1990). The challenge of e-commerce adoption by businesses requires a framework to guide their activities and empower them to meet and exceed consumers’ product and service expectation for e-commerce success (Reicheld and Sasser, 1990).
The rapidly changing information technology environment is challenging existing theories and practices. It is hoped that this framework would contribute to the e-commerce efforts of business as they innovate, enhance and improve product and service offering for an improved relations with customer, staff and business partners.

4.8 Conclusion

The theoretical framework presented in this chapter is based on the intuitive knowledge of the author and preliminary reading of the literature on brands and branding strategies in e-commerce. The innovation, enhance and improvement of products and services become necessary with technology adoption and usage so that constant and continuous products and services innovation is used to attract consumers and meet their product and service expectation for long term loyalty. The chapter noted that, though product and service innovation is necessary with technology and changing consumers’ taste, the degree of technology adoption is important if businesses are capable of meeting changing needs and tastes of consumers. Also product and service improvement, innovation and enhancement can contribute to long term loyalty thus, provides a background to establish and manage good relationship with customer, staff and partners. To be seen as progressive and forward looking, businesses have should implement progressive strategy that recognises the changes and challenges of Internet adoption. A progressive and forward looking business should adopt and implement branding strategy compatible with technology and which are effective in delivering product and service offering for e-commerce success.

The framework presented in this chapter recognises and identifies Internet adoption challenges and their impact on the relationships between customers, staff
and business partners. These challenges are concerned with product and service innovation, enhancement and improvement as well as, the changes in consumer shopping behaviour. A strategic framework that identifies that deals with separate and distinct issues affecting business ability to respond e-commerce opportunity whilst satisfying consumer needs are seen as a prerequisite for successful e-commerce. As businesses develop and market innovative, enhanced and improved products and services to consumers with changing shopping behaviour using technology, understanding the space between different partners and implementing strategic framework to manage the relationship between the different stakeholders in new ways may lead to the realisation of business objectives. The views of stakeholders in this instance are important in assessing the quality of partnership management. Head and Hassanien (2002) described this assessment as brand equity – refers to the sum of everything that could conceivably comprise the *impression* that a business creates while implementing branding strategies that is able to attract and retain customers.
Chapter 5: RESEARCH DESIGN AND METHODS

5.1 Introduction – nature of the research

This chapter discusses the exploratory nature of the research design and described data collection methods. This exploratory research was conducted to understand management challenges associated with the adoption of e-commerce in businesses. To this end, literature study was conducted and additional information was elicited through discussions with industry experts and academics to deepen understanding of the challenges associated with e-commerce adoption. This initial investigation reveals management challenges associated with e-commerce and identifies specific factors such as; limited finance, changing technology, skills shortages, globalisation and growing competition. The background information from this initial exploratory research shows that e-commerce adoption is a three staged process that starts with (1) Internet present, (2) interactive and (3) full e-commerce. The focus on the management challenges is important with the e-commerce adoption where attention is seen to have shifted from technical issues to management competency and this shift is closely aligned with the focus of this research.

Furthermore, this research is designed to understand the requirement needed to manage different role players (customers, staff and partners) that are technologically linked together for successful e-commerce adoption. An important issue of concern is that academic research at doctoral level should make contribution to the body of existing knowledge and this research seeks to contribute by collecting data from companies at each stages of the adoption process (Pather, 2006:84). This method will highlight management challenges at different stages. The data collection would be implemented by using case study to collect data from three large companies. This method would improve the understanding of the challenge in each stage and helps to provide a framework for branding strategy
that can be used to manage the challenges associated with e-commerce adoption, and the nature of this research is therefore exploratory.

5.1.1 Development of conceptual framework

“If you wish to know the road up the mountain, you must ask the man who goes back and forth on it” (Zenrinkusi)

This study is focussed on branding strategy through an understanding of management challenges that become necessary through the partnering opportunity that comes with e-commerce. As businesses outsource specialised services and partner with smaller business counterpart to deliver innovative, enhanced and improved products and services branding strategies that that understand consumer shopping and partners’ behaviour would become useful (Meyers, 2007). The conceptual framework for this research was developed from the initial exploratory research that includes literature study and discussions with experts. This background information was used to develop a more careful and detail approach to the research design and methods.

As the rate of e-commerce investment failure continues and though references to this failure points mostly to technical competencies and other resources, this study is focussed on brand management competencies (specifically, branding strategies). Management competency in branding is particularly worrisome especially with growing e-commerce related partnership initiatives. While other factor may be important in addressing the challenges of e-commerce related partnerships, branding strategies is seen as most important as it can be used to improve, enhance and innovate functional elements of products and services offered by business partners (Bartlett and Ghoshal, 2002: 25).
Improved product and service attributes is an essential component of partnership initiative. It is therefore necessary that branding strategies should locate key elements of this management activities and ensure that they are managed in a manner that fulfil the needs of customers, staff and partners, on the one hand, and strengthen the relationships with them, on the other hand. While this management function is expected to produce and enhance customer loyalty, the management of partners’ relationships is seen to be constrained by changing technologies and customers' needs (Stockdale and Standing, 2006). The establishment and management of the relationships between and among role players (customers, staff, and partners) require management attention and the implementation of appropriate branding strategies to ensure successful e-commerce.

As the majority of e-commerce activities are mostly conducted in conjunction with business partners, business transaction between them should be implemented with framework that is strategically innovative for sustained e-commerce benefits. It is hoped that this framework would help create conducive environment for role players to provide actual product and service experience that meet perceived needs. The provision of quality product and service can be used to ascertain the degree of commitment to the establishment and management of customers, staff and partners relationships. This commitment is essential for successful e-commerce. To increase the understanding of the different challenges, the three case studies explored management activity to locate different types of challenges at the different stages. This understanding provides insight into thirteen specific areas of management activities where benefit are realised. This thirteen management areas are would be referred to as Key Words in Context (KWIC) or benefit factors.

For example, previous research shows that large business popularly adopt telephone technology when it was first introduced, so it seems to be with e-commerce (Modahl, 2000: 32). It is generally believed that large businesses have the resources needed to adopt new business technique and acquire the technology to support it, unlike small businesses. To overcome e-commerce failure, a business
strategy that supports large businesses and compatible with the needs of role players is explored and reported in this thesis.

In e-commerce, success is seen and deemed to be influenced by technical competencies that are mostly found within disciplines such as computer science and engineering. While this kind of influence is important, it is limited in scope and undermines the role of branding and the need to apply relevant strategies. This study provides an opportunity to understand changing technology, consumers' needs and the management tools needed to overcome these challenges in support of e-commerce activities of all businesses at different stages of the adoption process. Following this, a branding strategy suitable for all size of businesses and compatible with e-commerce is developed and presented. Since the technical competency deals with computer operating systems only, its ability to facilitate the interactions amongst various user segments would need management support. The framework contained in this thesis, deals with the management of the space between different partners linked together by technology to overcome technology investment failure.

5.1.2 A study of e-commerce management with focus on branding strategies

To address the management challenges associated with e-commerce, management activities specifically, the branding strategies is seen to be of particular interest. However, the study of branding originates from brand management discipline found within marketing. It is necessary to understand the impact of management activities on the effectiveness of e-commerce management. With the growing e-commerce adoption, management activities that effective in ensuring e-commerce success increase business competitiveness. While other factors have contributed to failure of e-commerce projects, this research was focused on management competency and branding strategies that would deliver
success. A review of other factors relating to direct and indirect management actions and their impact on success or un-success of e-commerce in selected companies were used to refine our understanding of business needs and provides anecdotal evidence. Each of the company studied had a website but, not all agreed that they were actually doing e-commerce and this confirm that the selection case study company is inline with three staged adoption approach.

With growing rate of e-commerce adoption and the need overcome the challenges of competition, globalisation, limited resources and skill shortage, the need to adequately understand management challenge in each stage of the adoption process become paramount and underpin the choice of case study company. Compared to other e-commerce research, this research is new and by right would stimulate interesting academic debate and by extension promote the use of branding as a field of study (Hirschheim & Klien, 2003:282). Should e-commerce branding be known as a field of study? While there are ongoing research in this field, it is useful to note that this discipline is currently located within management specifically, marketing communications. Pather, (2006:90) adds to this view stating that the notion of s field of study should be seen to wider than a discipline and does not need academic consensus to be legitimate. Therefore the legitimacy of academic research is determined by the usefulness of its contribution to knowledge. The legitimacy of academic research is important especially for multidisciplinary research that is focussed on branding strategies to achieve effective e-commerce management.

5.1.3 Timing of the study

The focus on branding strategies for effectiveness e-commerce management may be important to the implementation this research methods and the data collection strategy. An important aspect of this research is primary data collection and the type of question that would elicit relevant data. The initial background information
has identified e-commerce as an effective and efficient means for establishing and managing relationships with role players. It is noted that e-commerce also provides brand managers with the leverage to maintain and improve brand equity. However, the benefits and challenges of adoption vary from one stage to another. In stage one, for example, e-commerce activity is limited to Internet presence with no facility for two-way communications (Daniel, 2003). While the strategy of using the Internet for branding enables managers to combine traditional methods of branding with the Internet to create more brand awareness, management strategies in partners’ businesses may not be aligned with the capabilities of a business partner in stage three. Such alignment is often needed to ensure the realisation of e-commerce benefits.

With growing dependent on role players to achieve successful e-commerce and the growing number of brands and Internet branding activities combine to make the timing of this research most appropriate. This trend has negatively impacted on the competitive ability of weaker brands, on the one hand, and strengthens the competitive ability of stronger brand, on the other hand. The branding strategies developed by weaker brand should compliments and support its ability to establish and manage good partners’ relations (Urde, 1994:18). This however suggest that at each stage of the adoption process business should plan, create deploy lateral thinking skills to establish and manage successful e-commerce related business partnership. According Varian (1999), businesses in the financial service sector have adopted a similar to improve the quality of and the speed with which financial services are made available to their customers. For businesses in other industry and possibly at stage one, the implementation relationship management systems may be impossible owing to limited e-commerce technology features and lack of management expertise.

Rockey (2000:59) evaluating e-commerce benefit and capability and argues that the adoption of e-commerce improves online brand and relationship management of businesses. In this context, Internet branding can be described as more forward
and progressive than that of the traditional methods. Business partners at different stage of the adoption would unsuccessful adopts e-commerce despite its potential benefits. The understanding of benefits by businesses at different stage of adoption process seems to require data from different stages and this provide additional rationale for choice of sample selection. This study also coincides with the implementation of expanded economic programme such as the Black Economic Empowerment (BEE) by South African government. Other important factor that supports the timing of this study is companies’ integration strategies most of which have led to outsourcing of key management functions the challenges of globalisation and competition.

Furthermore, this study comes at the time of growing uncertainty about negative economy growth and its impact on competitiveness. There is also concerned about management competency needed to support the deployment of technology for the benefits of the new business emerging from the BEE initiative. The BEE initiative is aimed at allowing Black South African access to business and economic opportunity and develops capacity to support economic growth.

### 5.1.4 Generalisation of results

The last stage of this research design and method is to determine the appropriateness of the approach that could be used to assess the research outcome. In so doing, a number of concerns are usually identified and assess to ascertain the validity, reliability and generalisability of research outcome. This discourse has received litany of interest from various communities of academics, researchers and analysts particularly since qualitative and quantitative oriented academics, researchers and analyst have disparate views on this concern. Many of those on the qualitative end of this debate maintain that basis by which qualitative research are assessed are not appropriate and their assessment does not accurately reflect the merit of qualitative research (Mason, 2002; Lewis & Ritchie, 2003; Henning, 2004). Using positivist view, Kvale, (1996) concludes that
qualitative assessment of research outcome by qualitative researchers is cynical. This means that the concept of generalisability, reliability and validity of qualitative research is flawed with numerous abstract views. The findings of this study specifically adhere to the situation observed and provide anecdotal evidence of management actions though different from one stage to another but, findings within one stage can generalised (Wilcocks & Lester, 1999).

5.2 Research questions

The development of the research question was inspired by literature study, discussion with industry practitioners and selected numbers of academics. These discussions yield useful information used to understand that there was indeed a lack of adequate understanding of the real challenges facing business that choose to adopt e-commerce. There was also little basis to understand e-commerce importance of management competency. This competency is particularly important in managing relationships with role players at different stage of e-commerce adoption. Therefore, it was necessary to investigate the impact of management competency that business can used implement their branding strategies to realise e-commerce benefits. Thus the research question for this study is formulated as follows:

(1) What management competency is needed for e-commerce adoption?

(2) How does the changing activity of management impact upon corporate relationships?

(2.1) how does the changing activities of management impact upon relationships with staff?
(2.2) how does the changing activities of management impact upon relationships with customers?

(2.3) how does the changing activities of management impact upon relationships with partners?

(3) Does business orientation impact upon e-commerce success?

5.3 Choice of method

The choice of method from the perspective of management science research is the process researchers undertake to carefully investigate, understand and promote the method used to create knowledge (Chia, 2002). To understand the impact of method of knowledge creation, the different between positivist and interpretivist approach to research in information systems are evaluated. The positivist approach is based on objectivity views. This view suggests that the researcher is independent of its research findings and therefore the result can be valid, reliable, and generalisable (Galliers, 1992). The interpretivist view simply does not rely on numerical or statistical collection and analysis of data. Interpretivist approach suggests that research can be objective through adherence to careful implementation process and triangulation of data to eliminate researcher individual bias (Myers, 1997).

Woodside and Wilson, (2003) argue that research that seek to understand complex issue related to interface between e-commerce adoption and associated challenges, businesses and management action is akin to interpretivist approach. This view may tend to recognise management research as essential means to explored and described management challenges associated with e-commerce adoption – where businesses interact with other role players (Woodside and
Wilson, 2003). A positivist method of data analysis typically analyse data to determine the pattern of selected behaviours and the interpretivist would try to understand the meaning of data and describe their impact on real life situation (Wegner, 2002: 24; Zaltman, 2003: 15). This thesis used case study to explore and describe the data as evidence to develop framework for branding.

Furthermore, the research objective of the positivist is said to have inherent attribute that exist independently while the interpretivist is interpreted in light of the meaning ascribed by the researcher. This study tries to understand management actions, determine competitive ability and manage their impact on long term relationship with role players. This understanding should be dynamic and competitive ability of role players assess independently according to the stages of e-commerce adoption. The interpretivist approach seeks to understand the need of role players independently and used them as evidence to supports the suitability of case study research.

The table below describes some of the theoretical assumptions about positivist and interpretivist and provides further explanation of Myers’ model. Bytheway (2007) gave a more detailed explanation of this model in the figure below.

<table>
<thead>
<tr>
<th>Theoretical assumptions about</th>
<th>Positivist</th>
<th>Interpretivist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontology</td>
<td>Researcher and research object are separate</td>
<td>Researcher and research object are inseparable</td>
</tr>
<tr>
<td>Epistemology</td>
<td>Objective realism exist beyond human understanding</td>
<td>Research knowledge is formulated through personal experience.</td>
</tr>
<tr>
<td>Semiotic</td>
<td>The meaning of data</td>
<td>Objective interpretation of data to produce meaning</td>
</tr>
<tr>
<td>Research Object</td>
<td>Research object has inherent</td>
<td>Research object is interpreted</td>
</tr>
</tbody>
</table>
Attributes that exist independently in light of meaning ascribed by researchers.

<table>
<thead>
<tr>
<th>Method</th>
<th>Statistics, content analysis</th>
<th>Hermeneutics and phenomenology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory of Truth</td>
<td>Correspondence theory of truth: one-to-one mapping of statements and reality</td>
<td>Truth as intentional fulfilment of research object</td>
</tr>
<tr>
<td>Validity</td>
<td>Data truly measures reality</td>
<td>Defensible knowledge is claimed</td>
</tr>
<tr>
<td>Reliability</td>
<td>Replicability: research results can be reproduced.</td>
<td>Interpretive awareness: researchers recognize and address implications</td>
</tr>
</tbody>
</table>

Adapted from: Jorgen, (2004)

### 5.3.1 Methodological options

Experts have different views about methodological options and how these views should be organised (Galliers, 2003: 406; Lee and Myers, 2004). They have found prominence as prominent academics about research methods for information systems related research, and are often cited. In information systems, whether the research approach positivist or interpretivist, it is must be concerned with social phenomenon and the need for independent evaluation of data.
5.4 Objectives of the study

To provide answers to the research questions above, the aim of this study is to conduct literature study to improve understanding of the following management concepts:

- brand equity,
- relationship management,
- the proper use of e-commerce,
the proper use of Internet technology, to support the marketing effort

5.5 Delineation of the study

The focus of this study is determined by a number of factors such as the research question, the research objective and available budget. This study is focussed on the establishment and management of relationships with role players. The adoption e-commerce has introduced new challenges to the relationships between businesses. The Internet has become a new business channel and a way of life, creating a culture of electronic commerce – were goods and services bought and sold online. The business culture in this medium needs to be adequately understood. E-commerce requires third party involvement and management of long term relationships with role players would be important to successful e-commerce. This research used interpretivist case study to evaluate three large companies. These companies were selected according to the three stages of e-commerce adoption. A detail discussion of the stages is in chapter two of this thesis.

5.6 Research design and methods

This study investigates the use of the Internet by large businesses and extrapolates the findings to understand the needs of small businesses. This according to Poon and Swatman (1997:391) helps to understand current issues and future Internet brand and marketing management strategies for small businesses. Benbasat, Goldstien and Mead, (1987:369) state that the case study approach is particularly useful to investigate certain types of problems in the field of information systems: research and theory that are at their early stages and practice-based problems where actors’ experiences are important and the context of their action is critical.
Multiple case studies tend to yield more general results when compared to a single case study. The merit of a multiple-case study is that they should be regarded in the same way as multiple experiments – producing the rationale that multiple case study are desirable when the research objective is model and/or theory building and testing (Yin, 1994; Eisenhardt, 1989). This study examines Internet branding strategies using case study to understand changing needs of customers and the challenges that come with partnering opportunities of e-commerce.

The use of case is considered to be more suitable in this particular study, because it is the most common qualitative research method used in describing the information system and its relationship with small business to determine suitable brand management model (Myers, 1997:5). Myers argues that the case study approach ensures continuous interplay between collection and analysis of data, and is more useful especially in the field of information system where attention has moved from technical matters to issues of management competency for e-commerce success.

The significance of using case study is the simultaneous analysis, collection of empirical data and adapting the research approach to response received. The reason for using this method is to ensure that the findings are relevant and fulfils the brand management need of small businesses. While one case study cannot be used to draw a generalised conclusion, findings in this thesis is not to be generalised but, it provide a general understanding of e-commerce in large businesses and a foundation for the development of a model compatible with smaller businesses. Yin (2004:25) states that findings cannot be applied in general terms using one case study to understand new phenomenon. As larger businesses partner with the small business counterpart in this case, with brokers and clothing suppliers, It is necessary that brand management process of partners fulfill this needs to sustain and strengthening partners’ relationships.
5.6.1 Sample selection

The selection of sample for this study was carried out in two phases. The first phase involved owners of 8 small businesses that make use of ICT. These businesses are based in Cape Town and they were in retail or in business-to-business service and goods provision sectors. A number of points need to be made in relation to the selection of this sample and methods used. First, the selection of sample was not intended to be comprehensive – as only 8 owner managers were interviewed to examine ICT usage and the identify the pattern/purpose of use. This kind of sample selection is useful for exploratory research that is not concerned with discerning definite “facts” about the social world or about business practices; rather it is useful in "understanding the pattern of ICT usage in small businesses" (Hammersley and Atkinson, 1992: 23). The data received from this sample is intended to draw out the main issues facing small businesses as they reached for e-commerce.

The second phase involved the selection of the sample for the case studies which was limited to larger businesses within the retail and financial services sector. The two insurance companies selected for this study are depended on broker services and the retail company is dependent on clothing supplier and suppliers of other goods. The number of staff in this businesses ranges between One and Hundred employees and thus falls within the categories of small businesses according to South Africa Department Trade and Industry (DTI, 2008). These two sectors are important and have good potential for economic growth and job creation. While the retail industry is providing numerous business opportunities for small businesses and promotes innovative use of e-commerce for competitiveness, the financial sector has a long and successful history of technology adoption. These two factors are important to job creation and small business developmental and mentoring opportunities in selected sector. The selection of three South African companies in retail and financial sector was based on the three stages of e-commerce adoption.
It was anticipated that within a case study, specific instances of Internet technology being applied to marketing and brand management activities should be identified and examined. This means that, from only three case studies, a much larger number of instances of technology mediated partnership were found to be common features in the companies themselves. This is an important revelation since the “unit of research” is not the three large companies but, the many and several decisions and actions they took to satisfy customers’ needs and build long-term customer, staff and partners relations.

5.6.2 Limitations of the case study approach

Case study research approach has some weaknesses that could possibly affect research outcome. Although qualitative methods such as grounded theory, phenomenology and ethnography generate useful data, the outcome of such studies cannot be generalised (Easton, McComish and Greenberg, 2000: 703). This study has identified various shortcomings. These shortcomings include the lack of generalisability of findings, content analysis focused on Thirteen Keywords and the focus on larger businesses. Despite the limitation identified in this study, the study works assiduously to meet its objectives through the analysis of data on partnership opportunities associated with e-commerce.

The information received were analysed with interpretivist concepts – assign meaning to data independently. The assigned meaning of data is used to identify the impact of data analysis on research outcome – though there are differences in partners’ needs, the process of fulfilling these needs are the same. The problems addressed in this thesis are more practical and the interpretivist approach is used to describe management competency. This case study research is concerned with management action and how those actions contribute to e-commerce success. It assembles data and uses them as evidence to understand management phenomenon and describe the impact of this phenomenon on e-commerce.
Case study: this involves the use of the results generated from secondary sources and descriptive research to monitor the probability of the relationship of different variables.

Multiple case studies – new problem domain

Multiple case studies tend to yield more general results when compared to a single case study. The merit of multiple-case study suggests that they should be regarded in the same way as multiple experiments – producing the rationale that multiple case study are desirable when the research objective is model and/or theory building and testing (Yin, 1994; Eisenhardt, 1989). Research that examines Internet branding strategies is relatively new and challenging especially in the area of brand management strategies and the adoption of new communications channels.

To show the scientific relevance of the method used in this study, two approaches (deductive theory testing and inductive theory building) were applied (Perry, 1998: 786). The two approaches are scientifically different. The deductive approach represents the positivist view and the inductive approach represents the phenomenological view (Esterby-Smith et al, 1991: 24). The process of brand building and relationship management in e-commerce is importance for success. The phenomenological aspect – collects and analyse qualitative data for inductive theory building and the positivist aspect (deductive) theory testing using empirical data (Tsoukas, 1989) has been applied in this study.

The conduct of research into management actions and their effects on e-commerce success are seen as an important managerial issue (Remenyi and Lubbe, 1999:147). The analyses of management actions and their effects on brand equity, CRM and e-commerce investment are seen as relevant issues that were researched in this thesis. The case study research was considered suitable in this situation because it enable the researcher gain access into instances of various
management actions that are important for successful e-commerce for small businesses in particular.

5.7 Selection of case study subjects

The sector from which participating companies were supposed to be selected was identified as retail, financial, and manufacturing. This sector was considered relevant due to their impressive history of technology adoption and usage. For example, the EFT, EDI were reported to be widely adopted in this sector (Turban, Lee, King and Chung, 2000: 13).

Based on the above, companies in this sector were contacted using purposive random sampling technique to select one company at each stage of e-commerce adoption. This brings the total number of companies’ case study to three. These companies are expected to supply relevant information to address the research question. The selected companies agree to participate and subsequently, they nominate knowledgeable officials in the following capacity and departments as interviewees:

- General Manager, e-commerce operation with responsibility of successful management of e-commerce project.

- Brand Manager, with responsibility to manage online and offline brand promotion

- IT Manager, with responsibility to manage e-commerce infrastructure

- Communications Manager, with responsibility to manager online marketing communications
Customer Relationship Manager with responsibility to manage relationships with role players

The experiences of these officials were also enhanced as the invited other staff at entry management or professional level to contribute to the interview. Although these invited officials are decision makers, they made positive contribution to the research. These entry level managers supplied useful information on wider range of management challenges facing their e-commerce compared with senior managers over-concentrated on strategic management issues facing e-commerce. Therefore, they were able to provide anctedotal evidence of the challenges of management competency and its impact on relationship management.

5.7.1 Selecting large businesses – choice of three

This case study was conducted with three companies’ selected using purposive random selection technique. This exercise gives companies the opportunity to nominate knowledgeable employee for the interview. The employees nominated were those involved in e-commerce project and could provide relevant information on e-commerce activities of their company. Through this exercise, two insurance companies and one retailer were selected for the study. These two sectors have good history of e-commerce adoption as well as potential for job creation and economic growth.

The objective of this case study was to explore how management competencies, branding strategies are used to improve the quality of CRM and brand equity in e-commerce. It also examines management actions through in-depth interviews with a total of 14 companies’ representatives. Considering the exploratory nature of this research, the management of brand and the relationships management challenges, management actions aimed at improving relationships with role players were explored. Management actions in e-commerce context, requires analytical case
study approach and this was considered appropriate (Yin, 2003; Klein & Myers, 1999). The procedures for the data collection (personal interviews) and the process of data analysis (content and semiotics) were used to identify and classify variables (Miles and Huberman, 2002). This analytical method was use to gain in-depth understanding of direct and indirect management actions and their impact on e-competencies that are relevant for commerce success.

5.8 Data collection and analysis

The next consideration is the collection and analysis of data to identify themes and concepts that appropriately respond to the research question and objective. The study collected two types of data. These are the primary and secondary data. Although these data were collected differently, they played a complimentary role in findings used to develop a strategic framework for branding in e-commerce.

5.8.1 The procedure for primary data collection

Personal interview consist of a detail structure questions. The interview process can be described as semi-structure with some brief questions used as guidelines. These guidelines conform to that proposed by Struwig and Stead (2001:100) which are:

- The interview schedule consists of questions that were used to guide the process of interview.
- The interviewees were allowed to go into detail on the management of e-commerce activities in their respective companies. All relevant areas were covered broadly and the extent of coverage depends on the experience and knowledge of the interviewee in e-commerce management.
- All information received through consistent with e-commerce activities of participating companies, interviewees insist that viewpoint should not necessarily be attributed to companies.

5.8.2 Procedure for secondary data collection

This study consists of literature reviews as contained in chapter two of this thesis. This part of the research was executed with visits to the website and physical premises of selected companies to collect secondary information such as companies’ annual report, internal news letters, brochures and other relevant documents that reports on e-commerce activities of these companies. The insight gained on their e-commerce activities and the importance attached to management competency needed to manage CRM, partnership and brands, provides useful background company information. To fully understand the meaning of data, various steps in content analysis was followed and these steps are discussed below.

5.8.3 Procedure for data analysis

The information received from the case studies were analysed with a specific mode of analysis called Semiotics. One form of semiotics according to Myers is the use of content analysis to draw valid reference from empirical data to instances of management actions (Myers, 1997:8). This kind of analysis allows the researcher to search for uniform patterns of actions leading to the implementation of brand management strategy and its impact thereof, so that valid references are drawn to determine problem areas within brand management. Another kind of semiotics analysis that was employed in this research is conversation analysis. This analysis
was carried out at the beginning of the case study through conversations with brand managers of selected companies and this conversation provided useful background information on companies’ e-commerce activities and strategic objectives. The content analysis and background information helps to refine the understanding of management practice and provides insight on relevant issues addressed in this thesis.

The analysis of responses received was carried out simultaneously to locate the gaps between relationship management and the implementation of successful e-commerce. There are different model that can be used to analyse these types of data. These are: Grounded theory, Bayesian and Cohen’s Kappa models. In considering the suitability of these models, the Cohen’s Kappa appears to be more suitable for exploratory study. Gelman (2004:756) provides the following benefits of data analysis models for exploratory study:

- The models should provide explicit identification of a comparism to stimulate replication of data for use in further exploratory research.
- Provide asymmetries in the underlying model that can be used to develop exploratory process easy to interpret without the need for comparism.
- Provide inclusion of imputed missing and latent data to allow more understandable complete-data exploratory process.

The Cohen’s Kappa provides a clear model to conduct content analysis of huge volumes of textual data that is explicit, understandable, and inclusively useful to this study. Unlike other content analysis models, the Cohen’s Kappa provides a clear perspective to clearly understand the best way to conduct this study. This understanding helps to formulate data collection strategy – the link between interview, data and analysis in advance.
5.8.4 Content analysis – Cohen Kappa

The Cohen’s Kappa model of content analysis is used to identify the degree of themes’ agreement from data received (Grayson and Rust, 2001: 72). This is done through classification and coding of data into themes of frequently recurring management terms and concepts. These terms and concepts are then placed into first and second order constructs. The classifying of data into first and second order constructs produces thirteen themes referred to as the Key Word in Context (KWC). This KWC are the most frequently occurring themes from interviewees. With the interpretivist process of data collection and analysis, the researcher was able to refine questions, and adjust the research focus to produce more instances of management actions (Miles & Huberman, 1994). Content analysis requires replicable techniques to compress data, the findings of this study are contemporary in nature and the outcome provides an important understanding to support the design of a strategic framework for e-commerce effectiveness.

Mayring (2000) stated that replicable techniques to compress data can be done using three assumptions. The content analysis for this study was conducted using these three assumptions to guide the data extraction process. These are:

- **Sampling units**: the sampling unit is concerned with the meaning of different management related phrases and sentences in e-commerce.

- **Context units**: the context unit is identified as e-commerce adoption stages with separate choice of management activities according to each stage and therefore contains different coding units. The coding of data was limited to instances of management action in each company. The table of the KWC is presented below.
Recording units: the recording unit looks at the role of branding and its impact on the relationships with role players. Thus a phrase like… “It is more an impersonal relationship” in appendix A is recorded in the KWC as CRM

5.8.5 Number of responses (management actions)

The next step in the process is the data analysis. This process allows the researcher the opportunity to extract short and clear sentences from the responses based on their importance and understanding of their meaning in relation to the key words listed below (Peer and Nesbitt, 2004:2). The extraction of data is followed by the identification of sentences that are closely aligned in terms of meaning. The alignment of key words with carefully selected sentences produced 291 instances of possible scenario conducive for management action. Since the key words were identified as the most frequently used words or phrases by the respondents, the 291 instances represent areas of management where proper action should be taken (Stemler, 2001:9). These are commonly referred to as the Key Word in Context because the way they are used in the identified phrase show signs of consistencies and commonalities.

Table 3: Keywords and phrases

<table>
<thead>
<tr>
<th></th>
<th>Keywords and phrases</th>
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<tbody>
<tr>
<td>1</td>
<td>Customer Relationships Management</td>
</tr>
<tr>
<td>2</td>
<td>Brand Management</td>
</tr>
<tr>
<td>3</td>
<td>Channel Management</td>
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<tr>
<td>4</td>
<td>Marketing Strategy</td>
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<td>5</td>
<td>Partnerships</td>
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<td>6</td>
<td>Change Management</td>
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<tr>
<td>7</td>
<td>Marketing Communications</td>
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<tr>
<td>8</td>
<td>Customer Satisfaction</td>
</tr>
<tr>
<td>9</td>
<td>Customer Service</td>
</tr>
</tbody>
</table>
5.8.6 **Content analysis using Cohen’s Kappa formula**

The assessment of reliability in content analysis was determined when two researchers rate the nominal value of coded qualitative data (Erlbaum, 2001:71). This is used to establish the degree of agreement. The Cohen’s Kappa formula is applied in this analysis to determine the agreement between the rated data values of the two raters. This formula draws on the analogy between rater agreements represented by the value of rated data (Lemon, 2006: 2). The rating is based on raters’ corroboration of the thirteen keywords often refers to by respondents.

The assessment of reliability in content analysis is done when two researchers rate the nominal value of coded qualitative data (Erlbaum, 2001:71). To establish the degree of agreement, the Cohen’s Kappa formula is applied in this analysis. This formula draws on the analogy between rater agreements represented by the value of rated data (Lemon, 2006: 2). The rating is based on raters’ corroboration of thirteen keywords often refers to by respondents. This simultaneously estimate reliability of rated data and validate coded statement using class system (Hughes and Garret, 1990). This is also used to measure the reliability of percentage of agreement between raters (Fahy, Crawford, Ally, Cookson, Keller and Prosser, 2000:86).

The information received from the case studies were analysed with a specific mode of analysis called **Semiotics**. One form of semiotics according to Myers is the use of content analysis to draw valid reference from empirical data to “context” (Myers,
This kind of analysis allows the researcher to search for uniform patterns of direct and indirect management actions and its impact thereof, so that references can be drawn to determine problem areas within business’ Internet branding strategies. Another kind of semiotics analysis that was employed in this research is *conversation analysis*. This analysis starts at the beginning of the case study through conversations with management about companies’ background, activities and strategic objectives.

### 5.8.7 The use of Internet – unit of research

Within a case study, specific instances of Internet technology being applied to marketing and brand management activities were identified and examined. This means that, from only three case studies, a much larger number of instances of the application of technologies-related brand management strategies were found (in partner organisations as well as in the three subjects themselves). The “unit of research” is therefore not the three companies, but the many and several decisions and actions they took in order to apply the Internet to their marketing and brand management activities.

**Implementation**

The implementation of this study starts with the first phase which was based on convenient sampling method. The initial interviews with 8 small businesses were exploratory in nature and sought to identify problems associated with Internet usage for business purposes. Following initial analysis, a number of respondents were re-interviewed and specific partnerships opportunities and branding strategy issues were raised and clarified. The initial interviewees were identified through personal contacts of the authors; later interviewees were then reached through ‘snowballing’ (Heckathorn, 1997; Salganik, 2004) from the first contacts. The finding on partnerships opportunity and the use of branding strategy for Internet oriented business activities (e-commerce) were mixed: in some instances, there
was extensive Internet usage, with one business trading primarily online. In other instances (the majority for that matter), and of particular interest to the subject of this study, Internet usage was found to be quite small but still key to business success. Nevertheless, it was a common practice that those businesses that made partial use of Internet for a particular business task, such as sourcing cheap materials, the most economical means of accessing the technology was through Internet cafes.

The second phase of this study starts with an initial e-mail contact with randomly selected companies. This contact was necessary to ensure that the right companies were selected for the study. This approach is to ensure that in-depth personal interviews of companies' representative were conducted. Some problems were envisaged and contingency plan was developed to reduce their impact on the research outcome. Some problems and activities undertaking during the implementation of this study are presented below;

5.8.8 Kinds of problem – transcription

A problem of transcription error was encountered in this research. Others are equipment failure and environment hazards. Though this research does not encounter any major equipment failure; there were instances of poor audio based on noise from outside the interview venue. There were also verbatim and error typing. In some instances, these were crossed-checked with respondent and corrected. In other instances were it was difficult to locate respondent, the transcription error and disagreement were noted and corrected by the researcher. This process takes approximately Six months from the date of interview.
5.8.9 Contacting respondents after interviews – access to documents

The researcher used e-mail and telephonic contact with respondent after the interview to get proper understanding of inaudible data. These clarifications are to ensure that all data are reliable, valid and relevant to the research. In addition to this, empirical data, written documents such as annual reports, mission statements and newsletter were collected as secondary evidence. The objective was to use this evidence to locate various area management strategies and how different actions help realize e-commerce benefits.

5.8.10 Progress of the work – nomination of participants based on responsibility

Site visits were made to case study companies and data were collected using unstructured personal interviews. Participating companies nominate respondents for the interview based on knowledge and responsibilities. The participants were managers responsible for the implementation of various e-commerce projects within marketing and brand management, as well as the IT managers. These respondents are responsible for managing the processes before and after adoption. Prior to site visit, an outline that explains the objectives of the study, process, methods of data collection, and potential respondent was developed and circulated to selected respondents on request. This was followed by telephone and e-mail contact to arrange for the interview. During the interview session, permission to record the interviews were obtained and the recorded interviews were transcribed verbatim. The transcribed interviews were sent back for confirmation and verification of content. Each interview lasted approximately 60 minutes.

Preliminary study and background to the literature review led to the development of a conceptual framework in chapter two. It is hoped that the framework could help to improve business’ e-commerce investment benefit through an improvement in brand, relationship and partnership management and proper use of management strategy in support of e-commerce effort as the research objectives.
5.9 Conclusion

In this chapter, three important issues concerned with the research methods were discussed. These are (1) the nature of the study, (2) the timing of the study and (3) the choice of method. This study is exploratory and it tries to understand management challenges associated with e-commerce adoption. The challenges associated with e-commerce adoption were identified as; limited finance, changing technology, skills shortages, globalisation and growing competition. The initial background and growing need to establish and manage relationships with role players, makes the timing of this study appropriate. This chapter provides an account of research method that seeks to understand e-commerce success at three stage of adoption process. The also provides a description of the research strategy that was used to explore the usage of the Internet by owners of eight small businesses followed by an in-dept three companies’ case study. This therefore creates a platform for a detailed presentation of findings that is presented in the next chapter.
Chapter 6: RESEARCH FINDINGS

6.1 Introduction

This study investigated the e-commerce experiences of three companies by means of case study analysis. These companies are: Woolworths, Momentum and Santam. This chapter presents the findings and a detailed discussion of findings is presented in the next chapter, Chapter 7. This presentation starts with an introduction and brief history of each company. This background information contains a description of their e-commerce with an insight into their future intentions. What follows is based on interviews with fourteen senior managers: six from Woolworths and Santam, and two from Momentum. The three case studies are summarised before progressing to the detailed discussion and analysis of findings in the next chapter.

6.2 Case study One – Woolworths

6.2.1 Introduction and history of the company

This company was established in 1931 and is generally perceived to have built a reputation for innovation, quality, value and professional integrity over 77 years of operation. The respondents in this company were carefully selected based on their individual role and activities within the company. The company sells a wide range of food products, clothing and homeware in two hundred stores nationally. The General Manager, E-Commerce Operation noted one of the most important assets of the company is its employees. He said that the employees, “protect the brand in everything they do by upholding the highest standards of business practice and corporate governance in all areas of the business”. The company strives to ensure
that it acts responsibly to all stakeholders including customers, suppliers, employees and shareholders.

source: [www.woolworths.co.za](http://www.woolworths.co.za)

Figure 5: Woolworths online shop

6.2.2 The introduction of e-commerce

In 1998, Woolworths set up a project team to investigate the opportunities of online retail services offering. The then CEO of a sister company played a vital role in this initiative, that drew for implementation on the expertise of an IT company called **Definitive-Logic**. In 2000, an operating company known as **Inthebag** emerged,
following the sale of the sister’s company assets to Woolworths. At that time, the investment in the e-commerce project had already consumed a reported R30,000,000; newspaper reports some three years later reported steady, but not remarkable, growth, and therefore there is still some caution in the about the success of the project.

6.2.3 The situation today

Inthebag (Pty) Limited is now responsible for providing commercial e-commerce services to Woolworths and manages the online contract with customers for selected merchandise. The e-commerce operation of the company in South Africa today is under the leadership of a General Manager, E-Commerce Operations.

He explains that all core activities of the company are divided into three categories: operational management; process management and brand management. The brand management function runs through other management activities including the online services that support operations. All these functions are separated organisationally but they are tightly aligned to one another for consistency and coherence.

There is a history to brand management at the company. With 77 years in business (at the time of data collection), the company has developed and has established strong relationships with many customers. Extending these customer relationships to the online (remote) environment is considered to require a great deal of trust between the customer and the Woolworths brand. The General Manager, E-Commerce Operations understands that they rely on this trust to drive the e-commerce operation forwards and break through the barriers that are usually faced in the online environment. He affirms that it is truly an innovative challenge that requires an innovative and progressive solution.
6.2.4 Future intentions

The enhancement of customer service means that customers’ use of telephone enquiry is seen to compliment e-commerce and provides support for online information access. This is a primary concern in Woolworths that seeks to take advantage of technology in rendering innovative products and progressive services to customers. The availability of reliable product and service information on the web serves the needs of customers across geographical boundaries. Because an important factor in the life of consumers is good customer service, and the use of e-commerce is fulfilling this need, it becomes a timely solution for the online shopper. As the needs and tastes of the online shoppers’ changes, so is Woolworths’ plan to implement innovation and a progressive ordering and delivery solution that is convenient to their needs and lifestyles. So why worry about the future? A combination of technological innovation and strong retail brand is being used to support the existing ordering and delivery system improves the online shopping experience. It is hoped that a technology solution that is aligned with brand strategy will conveniently meet and exceed customers’ changing tastes and needs.

In addition to improved customer service, management is concerned with the development of strategies to attract and retain customers. This concern is part of the company’s strategic e-commerce thrust to increase brand loyalty. There is no tangible benefit in the form of increased profit, the intangible benefits offers an incentive that has captured the company’s essence and its future objectives, which are improved customer service and increased brand awareness. These benefits are the strategic driver of the e-commerce operations at Woolworths. It is expected that Woolworths would continue to invest in modern technology to sustain its long term e-commerce benefits.
6.3 Case study Two – Momentum

6.3.1 Introduction and background of company

This company was established in 1966 as a small life insurance company. As a result of acquisitions and mergers, Momentum has now grown to be one of the largest life insurance companies in South Africa. The company sets out to differentiate itself from competitors by striving for the highest levels of service and innovation. This has encouraged the development of a management culture that believes in total transparency in management actions. Recently changing perceptions and market realities have made the company embark on a re-branding exercise – they believe they can achieve this by enhancement of the graphics and auditory features (brand essence) of the company for competitiveness. This involved given the company a new image by identifying key visual and auditory features such as, logo and graphics that resonates to its core value. The intangibility of insurance products and growing competition compelled Momentum to different itself from competitors. In this regard, the brand becomes a symbol of differentiation. The brand essence is important for competition as companies strive to protect and defend their brand position.

The management of the company has undertaken to extend this new brand identity into a new marketing channel, the Internet, providing brokers with online assess to company website.
6.3.2 Introduction of e-commerce

The introduction of e-commerce at Momentum is based on its vision internally known as “building block”. This vision pitched information technology as the basis of a system that is used to create a foundation on which other company’s activities are built. It is envisaged that a fast and effective response to changing market needs and competitive pressure is only possible with technology. As has been seen in the insurance industry, technological solutions are used to monitor specific trends – to provide an early indication of changing shopping behaviour so that accurate and effective branding strategies are deployed.

source: www.momentum.co.za

Figure 6: Showing front page of MOMENTUM
Since Momentum was still at the interactive stage of e-commerce, two elements where thought to be crucial to their unique operation. These were:

- the increased number of specialised products and
- the reliance placed on the services of professional financial advisers.

These kinds of product and the mode of delivery require the services of specialists who are able to use information to deliver quality service. The dependency on these two factors signalled the need for modern technology to ensure consistent and continuous service to customers. In this instance, an investment in technology to support the delivery of information intensive financial services emerged as the best choice for Momentum. This has led to the development of a solution-driven system called "Myriad". This system enables financial advisors (brokers) to perform risk analysis of their clients and design personalised products to meet individual client needs, whilst making new products immediately available to existing clients.

6.3.3 The situation today

Currently, Myriad is said to be the only online risk product in South Africa providing brokers' with a useful tool with which to serve the changing needs of old and new customers. The re-launch of Momentum’s existing website for brokers’ is an evidence that technology as an important feature of the company’s competitive strategy. This strategy, according to the marketing manager involves two functional stages: first giving brokers access to the complete portfolio of a client’s policies under the Momentum products categories; second allowing brokers to interact with clients via marketing advisor to determine their individual needs. The product portfolio is distributed online via marketing advisors to brokers. The range of products and services offered on this channel depends on the complexity of customers’ information requirements. A more complex product would be left out and delivered to customers via the traditional means. The online access given to brokers is aimed at consolidated portfolio management and enhances the brokers’
ability to offer personalised services to customers. Since core business activities are structured around brokers, managing relationships with brokers using technology becomes a strategic priority for the Momentum brand.

6.3.4 Future intentions

The business of Momentum is heavily dependent on services delivery using brokers. This business model is common among insurance companies. The brokerages businesses are run separately form Momentum. Small brokerage businesses are suitable for the provision of specialized financial services. As this industry depends on brokers and the need to adopt cost-effective management system Momentum plan to invest in technology solution that support and enhance relationships with brokers and other stakeholders. They also plan to invest in human capital to provide sufficient technical support for systems like Myriad. The e-commerce manager noted that Momentum gave brokers information access to enhance the level of interaction between them. The relationships between the company and brokers as well as the relationships between the brokers and clients are enhanced with information access.

6.4 Case study Three – Santam

6.4.1 Introduction and background of company

The company was established in 1918. Since then, the company has undergone various mergers and acquisitions as well as internationalisation of operation that came into effect in 2003. As a short term insurer with computer-based accounting systems dating back to 1957, this indicates that computer technology has and continues to be used to support business functions. With the emergence of Internet technology, it becomes more possible to provide marketing information about their financial services to more market segment.
The healthy economic conditions of the past few years have created an opportunity to review medium and long-term strategies. Following this review, a project known as 2010 emerged to take a fresh look at the company's future. Of the six managers interviewed, five insisted that there is an atmosphere of commitment and enthusiasm throughout the company structures and a belief that this project will position the company to be more responsive and innovative as they prepare to meet growing consumer needs. The project has identified e-commerce both as a marketing channel and a platform to raise brand awareness.

Source: www.santam.co.za

Figure 7: Santam front page
6.4.2 Introduction of e-commerce

The introduction of e-commerce in this company starts with a vision contained in a project code-named ‘Project 2010’. This project was launched by top management as part of a strategy to be a global player in the insurance industry. Following this initiative, a project team consisting of various departments was set up to evaluate the prospects for successful realisation of the vision. This team included representatives from marketing, IT, human resources, finance and the CEO. At this stage the objectives were clear but, they were faced with the practical issue of how they could be realised. They started by investing in the redesign of the corporate website and engaged the services of an IT consultant to improve visibility of the web site. The investment in this project was very small since the website does not have interactive feature. Although, there is limited contact and interaction with some (go direct) customers, most new business comes from brokers. The Santam website site only serves as a one way channel of communication with customers (mainly brokers) staff, and partners. Although, communication with customers is done through the brokers, the website complements and fulfils the branding strategies of the company.

6.4.3 The situation today

The communication manager now manages the information content on the web to ensure timely and clear communication of relevant information with customers, brokers, staff and partners. This includes the management of information about existing and new products and services. Though the site does not support e-commerce, limited interactions (for example claim registration) can takes place. The Brand Manager noted that materail from media campaigns are published regularly on the website for for staff and brokers that missed the campaign materail in newspapers and TV or who wish to study it in more.
He explains further that Internet technology should complement existing channels. E-commerce should work in a way that makes communication easier for the company. According to him, the rush to e-commerce adoption makes it possible for companies that were not fully prepared to lose fortunes. But as the traditional channel gets more expensive, the online channel becomes a good communication alternative for companies in the insurance industry that have previously rely on advertisement and promotion as a means for product and service marketing. Informations from the CEO’s office is regularly posted on the website. This kind of personal communication with staff is cheap compared to television campaign. With the availability of most information on the website, the site is thus regarded as a powerful medium of contact between customers and the Santam brand.

6.4.4 Future intentions

Like Momentum, the business of Santam depends on brokers. Santam branding strategies are focused on brokers than the (go direct) customers. This company is the largest short term insurance provider in South Africa, with brokers spread across the country and rely on brokers for new customers. The geographical spread of brokers makes it easier for customers to access a wide range of financial products within their local environment. The company’s brand manager noted that Project 2010 aims to use technology as means of extending brand presence to new market segment and one key ambition of Santam is to have online connection with all brokers. This ambition has its limitations as some of their brokers are said to be well established and well equipped and others are not. Despite these resource limitations, technology is still seen as the most effective and affordable means of managing relationships that are heavily dependent on specialised financial brokerage services. The communications manager noted further that they hoped to add more functionality to allow online requests for insurance quotation.
6.5 Summary of case study findings

The findings from this three case studies show that all three companies believe in the potential of e-commerce but, only one (Woolworths) had achieved fully operational e-commerce. Although, there is a general belief and interest in e-commerce, the degree of adoption varies and falls into a pattern of different stages. This variation is due to two main reasons: (1) the degree of e-commerce adoption (2) the functionality of each stage. The first reason and the second reason justify the need for Woolworths to implement full e-commerce. The driver of the e-commerce efforts at Momentum and Santam is based on the functionality and its contribution to product and service marketing. For Woolworths, the aggressive implementation of e-commerce makes available products (like clothing and food) to a broader market segment. The three companies all believe that e-commerce is an alternative channel to raise brand awareness, improve relationships with staff, customers and partners. The result of this finding can be summarised as follows:

- The benefit of e-commerce investment is both tangible and intangible. The tangible benefits are seen as access new market segment while the intangible benefits are new channels to raised brand awareness. The growing customers, staff and partners’ appeal for improved customer service has created increased demand for e-commerce technology.

- The companies interviewed have adopted e-commerce to support existing product and service offerings. They devised varied solutions and models based on their specific products and customers’ needs. This ranges from online transactions to web present used to disseminate product and company information.

- This study also observed that though online transaction activity has grown some products are too technical and may not be suitable for sale online.
The brand management strategies of all three companies are customer and service focused, except two companies that show little effort to harness e-commerce potential for mass marketing.

There is emphasis on low cost advantage and e-commerce is used to experiment with this strategy. In the case of Woolworths, e-commerce is periodically assessed to determine its effectiveness and contribution to variety of assessment criteria. These criteria are: brand awareness, customer retention and conversion, differentiation and market positioning.
Chapter 7: DISCUSSION OF FINDINGS

7.1 Introduction

This thesis started by introducing the elements of e-commerce and it described how the understanding of these elements is used to support effective branding strategies and the benefits of establishing long term relationship with e-commerce partners. This chapter discusses the findings which are derived by analysis of the data from the three case study companies. These discussions provide a detailed explanation of respondents’ perceptions of e-commerce in their respective companies, and it locates specific instances of management actions. It provides an overview of common features of the case studies and their impact on the management of e-commerce. This discussion comprises evidence of success and failure as well as branding activities in the three companies.

The discussion of findings in this chapter is concomitant to the method of data analysis used – Cohen’s Kappa. The chapter discusses common features and common differences of the three case studies and this is immediately followed by the meaning of data – qualified analysis of data that delivered 13 key words and their relevance to branding strategies in e-commerce context. The discussion also includes the presentation of table of normal frequency, normal probability and expected probability of the 13 key words.

7.2 Common features of the case studies

The need to become more customer oriented is evident in the three case study companies. As a result of the need for customer orientation, the introduction of e-commerce facilities has been seen as a strategic organisational imperative in the insurance and retail sectors of the economy. The introduction of e-commerce in the
three companies introduces change to the way in which CRM, brand management and marketing communications function are seen and how they are perceived them at the different stages of e-commerce adoption.

Table 4: Business perception of CRM at each stages of e-commerce adoption

<table>
<thead>
<tr>
<th>CRM, brand management and marketing communications</th>
<th>Stages of adoption</th>
<th>Woolworths</th>
<th>Momentum</th>
<th>Santam</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3</td>
<td>High</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>High</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>High</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

These functions are perceived basically in the same way across the three companies but; the situation and context in which they are applied are different. According to the e-Commerce Manager of Momentum, the brand management function in the company is not just about creating brand awareness, it is also concerned with the relationships the company has with brokers. This relationship is aimed at e-commerce success which relies on management actions and their impact on the different kinds of services offered to brokers, and the quality of company information uploaded to the Momentum website.

The Brand Manager at Woolworths noted that the company was mostly concerned with the extent of interaction between customers and the Woolworths brand. This interaction enhances the quality of CRM, brand management and the marketing function between the company and its customers.

This is further confirmed by the Customer Relationship Manager who stated that...the company offers convenience services to its customers by providing
alternative marketing channels…as some of the convenience services of doing e-commerce. This (according to him) includes the offer of convenient shopping for customers and whilst creating additional income stream for Woolworths. The ultimate benefit of e-commerce in this context is that it facilitates long term brand-customer relationship as oppose to a once off customer relationship. This view is shared by other respondents from Momentum and Santam. The Communications Manager and the Marketing Manager at the two companies acknowledged and noted that the use of Internet continues to eliminate boundaries, creating a seamless kind of service that is now offered to customers across borders. This innovative business channel is and continues to transform business strategies and companies’ orientation toward branding. It has also presented a serious challenge to the relationship management effort, requiring new branding strategies that are aligned with a new management approach to CRM, brand management and marketing communication activities so as to ensure e-commerce success.

7.2.1 Customer relationship management: issues and concerns

CRM practices in the three case study companies feature strongly in the in-depth interviews with respondents. According to the CRM Manager: Woolworths, Communications Manager: Santam and Marketing Manager: Momentum, this management function is used to develop competitive advantage and improve business performance. This practice is similar to findings in studies by Price and Arnould (1998) and Lindgreen & Antioco (2005:139), which concluded that the CRM function is useful in establishing and managing long term relationships with role players. This study explored management actions to understand the needed for relationship management and present instances of the need for online customer relationship management at Momentum. According to the marketing manager…

…relationships with customers can be developed for specific channel and specific market segment. For example, the relationships with intermediary are developed for brokers who are regarded as primary customers. These types of relationships
with brokers are important for the company as they seek more understand of the needs and the requirement of individual customers. With high level interaction between brokers and customers, momentum could have personal knowledge of individual customers. To help the brokers achieve this objective, the company constantly interacts online with brokers to assess how they plan to serve their client. This CRM approach works to identify areas of needs and respond with adequate information to these needs via the Internet.

Baum et al (2001) argue that the impact of management approach and the actions taken to implement CRM can be identified and used to describe the nature of management activities and business orientation. Business orientation is essential to CRM success and can be used to understand the level of management competencies.

With growing competition in the insurance and retail industry, companies' success will depend on the management competencies and how they implement CRM activities that are seen as vital business success. The three companies involved in this study have designed and implemented CRM programmes that include customers, staff and partners, using personal information to monitor lifestyle and online shopping behaviour. This management is approach is seen as an innovative and progressive way to engage, network and partner with customers, staff, brokers and business partners for long term mutual benefit, whilst providing improved service offering to new and existing customers. The table below shows management approach to CRM activities.
Table 5: An overview of management approach to CRM activities in the three case studies

<table>
<thead>
<tr>
<th>Woolworths</th>
<th>Momentum</th>
<th>Santam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationships are impersonal</td>
<td>Indirect relationships with final consumers</td>
<td>Indirect relationships with final consumers</td>
</tr>
<tr>
<td>E-commerce enhances trust</td>
<td>Facilitate interaction with brokers</td>
<td>Creates outsourcing opportunities</td>
</tr>
<tr>
<td>Goods delivered while customers are away</td>
<td>Indirect management support</td>
<td>Facilitate communication of marketing materials</td>
</tr>
<tr>
<td>Customers are discerning (always asking for more)</td>
<td>Creates outsourcing opportunities</td>
<td>Seeking improvement opportunity</td>
</tr>
<tr>
<td>Customers expect quality and excellent services (complain about wine quality)</td>
<td>Encouraging specialisation in specific CRM function</td>
<td></td>
</tr>
<tr>
<td>Check for product expiry dates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>We need someone who think like customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Give customers the ability to navigate the site</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Understand the purpose of the visit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Find a balance between picture and site speed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make the site more faster</td>
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</table>

The recurrence of CRM as a theme in the interview with respondents highlights the importance of CRM in their mind. This theme provides (amongst other things) that a new approach to CRM and branding strategies, to support CRM initiatives. The change in management approach to CRM requires renewed commitment to customer-oriented business management and the application of branding strategies that are required to make e-commerce a success (Rado and Kotorov, 2003). In this study, CRM is shown to be a strategy that requires management commitment and action to be successful. Novicevic et al, (2006: 312); Bull (2005) found that customer orientation is important in achieving a successful CRM
strategy and this should be a priority for companies doing e-commerce. The three case study companies are found to be highly customer focused and interact constantly with customers and this interaction enables them to provide regular and timely product and service information. However, the extent of interaction is different from one company to another and this difference is based on the different stages of e-commerce adoption. Despite the different level of interaction, CRM in all three companies is aimed at achieving competitive advantage with increased customer satisfaction.

7.2.2 Brand management in e-commerce

Branding and brand management is a discipline within marketing and not every business fully understand how to develop and manage it. However, the term image and personality and all the emotional feelings and consumer loyalty associated with a strong brand is understood by most businesses. Although branding is poorly understood, most businesses regard brand management as the management of business image. With globalisation and growing competition, the image of a business becomes very important and determines business success. To be competitive therefore businesses are looking for every opportunity with which to develop and promote business image. Most businesses according to the Brand Manager, Santam decides to...

...investment in ecommerce to compliments the existing channels of distribution that organisation has. Ecommerce channel adds to existing channel and hopefully compliment it. My understand is that there was a big rush for everybody to come and have e-commerce face that could not necessary enhance brand management effort of businesses. I think for the insurance company, the channel of Internet or ecommerce works effectively as a brochure site to raise brand awareness. However, this has not been fully utilised to be describe as ecommerce.

Apart from the management of business image, e-commerce can be used to enhance the relationship between brands’ attributes and corporate brand image.
good brand image is so important for brand building and brand positioning as well as improving the competitive ability of businesses (Da Silva and Alwi, 2006). Also, a good brand image can improve the relationship between business and its customers. This relationship can be relied upon and used to influence customers’ behaviour and to determine the extent of customer loyalty.

For example, the images and messages that are transmitted about a companies’ brand should provide sufficient information on which consumers and investors determine their degree of association. The value of this association can be determined further by the quality of product, service and public image of the brand (van Osselaer and Janiszewski, 2001; Keller, 2003). The development of customer loyalty can be influence by consumer-brand association as presented in the figure below. This process requires exposure to and the exchange of information between the brand and the customer.

Adapted from, Anthodines and Van Raaij, (1998: 110)

Customer's alignment is based on the information exchange and exposure and confirmation of loyalty should be monitored based on customer buying behaviour.
Though, not all three case study companies have comprehensive information exchange functionality, the use of internet has increased brand awareness and exposure to customers. Information exchanges between brands and customers as found in all three companies. The E-commerce Manager at Woolworths noted that information exchange, on the one hand, allow customer access to company’s information, its products and services and the other hand provides the personal information of individual customer to company. This information is necessary in assessing company’s integrity and reputation and the shopping behaviour of customers.

The emergence of the Internet has thus created a cheaper alternative for insurance and retail brands to improve their corporate image and gain competitive advantage. The Brand Manager: Woolworths noted that…the Internet is the cheapest marketing channel. When compared to other channel, the Internet allows a company to position itself strategically by disseminating consistent products, services and company information on the website. The E-commerce Manager: Woolworths noted that the information uploaded on the Internet is accessible to all customers visiting the site. This information is easily managed and is updated regularly, so that customers’ cam make purchasing decisions based on current products and service offering. Another feature of electronic commerce is the content management functionality which allows easy and cheap correction of any information that is in public domain compared to offline channel. He noted further that the content management functionality eliminates the…”hassle of having to change a poster that is printed with spelling errors, as well as, it can be seen any time anywhere by prospective customers or investors”.

### 7.2.3 The relevance of marketing communication

Though academic literature acknowledges that communication plays an important role in channel management, it fails to provide an integrated model for communication between channels (Mohr and Kevin, 1990). In a recent study on
integrated marketing communication practice by Gurau (2008) it was found that businesses now used the interactive feature e-commerce to implement responsive online branding strategies that are consistent and can be customised to meet changing consumer shopping behaviour. While the e-commerce is seen to be cost-effective, this study found that effective implementation of communication strategy remains a challenge to the marketing activities of businesses. This is echoed by the Communications Manager of Santam when she state that…

…the primary channels are the call centre and the brokers. As the brokers can give quotes on insurance policy through Santam website using a special password. But they are working to ensure that customers use the Internet to request quotation on policy in future. This plan if implemented will allow the company to have more functionality to support marketing functions including, the issuing of online quotations.

At the moment we are working on technology solution to improve the visibility of the website in various searches, for example, a search using catch-phrase like Santam should produce result with Santam appearing in the first ten items. But, we're busy working on a technical formula that could ensure that when Google search is done using the word insurance, Santam website should appear on top of the search result. This is partly because of our interest in making sure that we embrace technology-oriented methodology of ensuring high visibility of Santam website by exploring all technical benefit of Internet technology to create online marketing channel

Before going deeper into the discussion of communication, a model is presented below to guide this discussion.
This figure shows a graphical representation of communication model and explores various indicators like, frequency, direction modality and content (internal) and structure, climate and power (external). This indicator provides alarm signal requiring changes that are necessary to ensure the effectiveness of messages. The management function, like coordination, direction and commitment is used to develop a contingency framework on which performance can be measured based on the evaluation of quantitative outcomes.

As customers get exposed to companies' information through multiple channels, the role of company in management of this communication is increasingly necessary and this is challenging the communication effort of most companies. For example, Woolworths, Momentum and Santam through their e-commerce
activities...believe that *exposing more people to their respective companies and its product is a good management practice*.

Similarly, companies with access to more channels are more likely to effectively communicate with their target audience. But a badly managed communication channel will send wrong signal to customers and confuse the essence of good management. Woolworths, Momentum and Santam have a strong national and international brand recognition and awareness. According to respondents the online activities have further increased their brand profile and they are now firmly positioned in the minds of consumers as market leaders in the retail and insurance business sectors. Their online marketing and communication strategy enables consumers to have more product and service information as well as information on other companies’ activities – such as online franchises and job vacancies.

The Internet as a marketing communications channel has been and still is a topic for current debate amongst academics and practitioners. The adoption of the Internet offers business the opportunity to develop new branding strategy to reach new market segment. This channel has created an opportunity to improve the communication of marketing materials with customers (Morath, 2000; Kleindl, 2001; Gurau, 2008). *One respondent noted that …If you are on the Web, you can easily market all the products.* With multiple channels businesses can attract more consumers for conversion and retention purposes compared to a single channel.

Online retention and conversion strategies could be achieved through proper e-commerce management. A useful opportunity to develop a marketing communication model would help to achieve maximum channel benefits. The Communications Manager for Santam stated that such a “*marketing communications model can be used to promote new company’s products to consumers without going through newspaper to search for product and service information*”. 
An online information portal that has transactional capability is only possible with e-commerce. This kind of information portal would allow online business transaction with a company and will reduce the number of phone calls received from customers. The cost of searching for new product and service information by consumers is reduced with an incremental improvement on online over traditional channels (Viswanathan, 2005). For example, if you need information about any product or service offered by Woolworths, Momentum and Santam, the information is available on the Web and can be accessed any time from anywhere...they noted that it allows customers the opportunity to conduct online shopping for personal consumption and family members who are far apart as well as serves the information needs of potential investors.

7.3 Differences in the case studies

From the findings of the three case studies, some differences are evident. These differences start with corporate vision and progresses to the degree of adoption and nature of products and services. While all three companies have an interest in doing e-commerce, the degree of adoption varies according to the three stages of e-commerce adoption. These differences depend on the nature of products and services offered, and on the corporate vision in each case. The implementation of full e-commerce by Woolworths is driven by corporate vision and business needs. And due to the information intensive nature of insurance products and services, Momentum and Santam may not implement full e-commerce as has been done in Woolworths. For Woolworths, the aggressive implementation of e-commerce makes products (like clothing and food) available to new and different market segment. The three companies understand that e-commerce is an alternative channel that should be used in tandem with others to raise brand awareness. Other differences observed in this case study are presented in tabular format below:
<table>
<thead>
<tr>
<th>Differences</th>
<th>Woolworths</th>
<th>Momentum</th>
<th>Santam</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-commerce adoption stage</td>
<td>stage three</td>
<td>stage two</td>
<td>stage one</td>
</tr>
<tr>
<td>Industry/sector</td>
<td>Retail industry</td>
<td>Insurance</td>
<td>Insurance</td>
</tr>
<tr>
<td>Nature of product</td>
<td>Tangible (clothing and food)</td>
<td>Intangible (insurance policy)</td>
<td>Intangible (insurance policy)</td>
</tr>
<tr>
<td>Company orientation</td>
<td>Customers</td>
<td>Customer</td>
<td>Customer</td>
</tr>
<tr>
<td>Brand orientation</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>e-commerce investment</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Partnerships</td>
<td>Semi-dependent</td>
<td>Dependent</td>
<td>Dependent</td>
</tr>
<tr>
<td>CRM</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Corporate vision</td>
<td>Technology focused</td>
<td>Technology focused</td>
<td>Technology focused</td>
</tr>
<tr>
<td>Strategic objectives</td>
<td>Consolidate brand position</td>
<td>Differentiation and brand positioning</td>
<td>Increased brand awareness</td>
</tr>
<tr>
<td>Situation today</td>
<td>Build online brand loyalty</td>
<td>Enhanced partners’ relationship with modern technology</td>
<td>Information portal to increase brand awareness</td>
</tr>
<tr>
<td>Future intentions</td>
<td>Improved customer service</td>
<td>Human capital development</td>
<td>Online connectivity with brokers</td>
</tr>
</tbody>
</table>
From the table above, the adopted of e-commerce is seen to depend on the nature of products and services offering. Therefore, e-commerce projects of a business should be aimed at specific products, customers’ needs and corporate vision. Of the three company case study, Woolworths' products and services offering are found to be more suitable with e-commerce than the highly specialised financial service offered by Momentum and Santam. Woolworths however is faced with the challenge of offline trust and loyalty as it tries to extend its product to the online environment. Santam and Momentum is faced with challenge of creating more brand awareness and brand positioning respectively.

7.4 KWC - Management actions evident in the case studies

Following the introduction and background provided in the previous chapter, and the general discussion of the case studies above, this section of the thesis proceeds to develop a table of thirteen key words from the case study data, by means of content analysis – these are referred to as the “keywords in context” or KWC. It starts by presenting some extracts from the responses received. These were analysed in relation to the KWC supported by evidence from the companies’ documents. The KWC are found to be the key drivers of strategic initiatives that are aimed at enhancing competitive advantage and promoting innovation and creativities in e-commerce. The analysis of these KWC was guided by the assumptions based on:

- **Sampling units**: the interpretation of KWC that described management actions relates to individual companies.

- **Context units**: the KWCs were identified within the context of e-commerce adoption stages the evidence of management activities found in each adoption stage. The rating of KWC was limited to instances of management action in each company.
Recording units: the role of branding and its impact on the relationships with role players is examined in the recording unit. Thus a KWC/phrase like… “It is more an impersonal relationship” shown in appendix A is recorded in as CRM. Table 6 presents a list of thirteen KWC.

Table 7: Key word in context and normal frequency

<table>
<thead>
<tr>
<th>N</th>
<th>Key Word in Context (KWC)</th>
<th>Normal Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer Relationships Management</td>
<td>43</td>
</tr>
<tr>
<td>2</td>
<td>Brand Management</td>
<td>68</td>
</tr>
<tr>
<td>3</td>
<td>Channel Management</td>
<td>29</td>
</tr>
<tr>
<td>4</td>
<td>Marketing Strategy</td>
<td>34</td>
</tr>
<tr>
<td>5</td>
<td>Partnerships</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>Change Management</td>
<td>14</td>
</tr>
<tr>
<td>7</td>
<td>Marketing Communications</td>
<td>30</td>
</tr>
<tr>
<td>8</td>
<td>Customer Satisfaction</td>
<td>6</td>
</tr>
<tr>
<td>9</td>
<td>Customer Service</td>
<td>17</td>
</tr>
<tr>
<td>10</td>
<td>Infrastructure Management</td>
<td>15</td>
</tr>
<tr>
<td>11</td>
<td>Process Management</td>
<td>20</td>
</tr>
<tr>
<td>12</td>
<td>Safety and Security</td>
<td>2</td>
</tr>
<tr>
<td>13</td>
<td>Cash Rich Time Poor (Segmentation)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>291</strong></td>
</tr>
</tbody>
</table>

Furthermore, the KWC provides evidence of management action using content analysis to analyse instances of various management actions. This analysis uses the experiences of three large companies to have a better understanding of e-commerce activities. The understanding of large companies’ e-commerce is important in building a framework and/or model to support small businesses doing e-commerce. Responses from all 18 respondents in the three companies have
been analysed for first and second order constructs, leading to thirteen KWC provides a basis of best management practice that can be used to develop a management framework suitable for businesses doing e-commerce (Jun and Cal, 2001:281).

Below is an illustrative table of selected responses from participating companies. This table illustrates the procedure used to analyse the qualitative data. The original evidence received from the in-depth interviews was coded manually into concepts and themes. The manual coding provides a better understanding of KWC and enhances the analysis of data. A complete table of empirical results can be found in the appendix A.

Table 8: Sample of empirical results

<table>
<thead>
<tr>
<th>N</th>
<th>Original evidence (1st order construct)</th>
<th>Concept (2nd order construct)</th>
<th>Theme</th>
<th>Analysis of concept</th>
<th>Int. no</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The way business is structured</td>
<td>Business structure</td>
<td>Change management</td>
<td>Successful e-commerce depend on business structure</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Who manages catalogues, procurement and customers</td>
<td>Responsibility</td>
<td>Brand management</td>
<td>The quality of action is determined by managerial experience</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Customers move moving away from brick to click</td>
<td>Marketing channel</td>
<td>Channel management</td>
<td>Increased customers’ shopping experience</td>
<td>2</td>
</tr>
</tbody>
</table>

The findings are discussed based on the thirteen KWC and this analysis permeates the management activities represented by KWC. The normal frequency of KWC shown in table 6 described the data as rated by two raters. Brand management is
rated higher than other management function and table 8 shows evidence of management actions starting from stage one.

Table 9: Management actions according to key word in context at different stages

<table>
<thead>
<tr>
<th></th>
<th>Key Word in Context (KWC)</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer Relationships Management</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Brand Management</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Channel Management</td>
<td></td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Marketing Strategy</td>
<td></td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Partnerships</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Change Management</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Marketing Communications</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Customer Satisfaction</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Customer Service</td>
<td></td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>10</td>
<td>Infrastructure Management</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Process Management</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Safety and Security</td>
<td></td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>13</td>
<td>Cash Rich Time Poor (Segmentation)</td>
<td></td>
<td></td>
<td>✔️</td>
</tr>
</tbody>
</table>

The need to develop a strategic framework for branding determined the choice of research method used here, so as to understand how existing principles and good practices in e-commerce management can boost e-commerce investment. This thesis shows evidence of management actions that have been grouped under the thirteen key words. These key words are used in a discussion of the research questions and develop a framework for branding strategies to address management challenges that comes with e-commerce adoption.

An overview of the importance of KWC on which managers take direct and indirect actions is shown in the normal frequency table. From the responses, it is shown that the main concern of managers was the importance of various actions concerning CRM and brand management. The KWC enables us to understand the key concerns of managers involved in e-commerce projects. The CRM and brand
management activities in e-commerce are a phenomenon that takes place *between* businesses (or entities) not within them. To understand the challenges of e-commerce adoption therefore, there is a need to undertake this analysis of qualitative data based on the different kinds of relationships that exist between business partners, staff and customers. Hence, the normal frequency of KWC shown in table 9 applied to all three companies at the different stages of their e-commerce adoption. The KWCs were evident in the three case study companies with varying degree and intensity of application according to stages one two and three respectively. Therefore some management phrases/themes of KWC are attributes of ALL organisations but, this study has revealed the management activities that are most important at each stage.

In order to assure the reliability of the KWCs, the rating was undertaken by a second person independently (as described in the research design section (pg, 99). The outcome of the two independent ratings is shown in the table of normal frequency below, where the KWCs are coded (in the same sequence as in the table above (pg, 99) with one rater down the rows and the second across the columns.
The data in the table of normal frequency are represented by the abbreviation of KWC. The total numbers of the frequency of KWCs were 291 and this is calculated by adding-up the value of frequency of KWC shown in the diagonal. This figure shows the normal frequency of brand management with the highest proportion of rated value of 41. This is followed by 28 for CRM, marketing strategies and marketing communications were rated 22 respectively. Change management is rated the fifth most frequently used phrase. From this rating, the frequency of some phrases attracts higher rating than others as found in the three companies’ case study. The reliability of the rating of these KWCs is important to content analysis and especially this study.

7.4.1 The importance of interrater reliability to the findings

The management of the KWCs are found to be important in the three companies’ case study and the reliability of KWC rating could be determined by evaluating the extent or degree to which raters reach the same conclusion. Although the the meaning of the phrases used may not be consistent, Lombard, Snyder-Duch, and Bracken (2002) argue that content analysis should be more concerned with the
consistency of interrater agreement. They noted that reliability could be based on the analysis of variance indices that assess the degree to which ratings of different raters are seen to be the same when presented. The presentation of the independent rating for this study calculate the degree of raters’ agreement which is seen to more important in evaluating the extent to which the raters assign exactly the same rating to each phrase. This interrater agreement assesses KWC and phrase at the point of differences by calculating the actual agreement of the expected probability value of 0.64071689.

7.4.2 The concern of interrater reliability and its impact on the findings

This study is concerned with interrater reliability and acknowledges its importance to content analysis. Although interrater reliability establishes reliability, the reliability of data is subject to raters’ interpretation of phrases. Neuendorf (2002) noted that the objective of content analysis is to identify and record phrases objectively to ensure reliability. The study is concerned with quality outcome and rating of phrases in this study was done carefully to enhance the degree of interrater reliability by providing the independent rater a clean copy of the first and second order construct. The clean copy of the first and second construct given to the independent rater excludes the themes. The exclusion of the themes from the first and second order construct was done to ascertain the strength of disagreement between raters. With the expected probability value of 0.64071689, the strength of agreement is between 0.41-0.60 which is moderate according to table 7 (the benchmark for Kappa). A substantial agreement depends on the decision between rater and the quality of this study is not in any way affected by the probability of rating errors (Rust and Grayson, 2001:72).
Table 11: Benchmark for Kappa

<table>
<thead>
<tr>
<th>Kappa Statistic</th>
<th>Strength of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 0.00</td>
<td>Poor</td>
</tr>
<tr>
<td>0.00 – 0.20</td>
<td>Slight</td>
</tr>
<tr>
<td>0.21 – 0.40</td>
<td>Fair</td>
</tr>
<tr>
<td>0.41 – 0.60</td>
<td>Moderate</td>
</tr>
<tr>
<td>0.61 – 0.80</td>
<td>Substantial</td>
</tr>
<tr>
<td>0.81 – 1.00</td>
<td>Almost Perfect</td>
</tr>
</tbody>
</table>

Source: (Stemler, 2001:6).

The normal probability in table 10 was calculated using Cohen’s Kappa (k) calculation formula. The formula is:

\[ k = \frac{(F_0 - F_c)}{(N - F_c)} \]

Where: \( N = 291 \) the total number of rated phrases made by each rater

\( F_0 = \) the number of rating on which raters agree

\( F_c = \) the number of rating for which rating is expected.
Table 12: Normal Probability

The degree of agreement is calculated using the following Kappa formula:

1) \( (Po - Pc) / (1 - Pc) \)

\( Po = 0.64071689 \)
\( Pc = Q13 \)

\( K = Po - Pc = 0.57 = 0.64071689 \)

1 - \( Pc = 0.89 \)
Table 13: Expected Probability

### Expected Probability

<table>
<thead>
<tr>
<th>RAT 1</th>
<th>RAT 2</th>
<th>CRM</th>
<th>BM</th>
<th>CM</th>
<th>MS</th>
<th>P</th>
<th>CM</th>
<th>MC</th>
<th>CS</th>
<th>CS2</th>
<th>IM</th>
<th>PM</th>
<th>SS</th>
<th>CRTP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
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<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>CRM</td>
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<td>0.01</td>
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<td>0.00</td>
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<td>0.00</td>
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</tr>
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<td>BM</td>
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<td>0.03</td>
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<td>0.02</td>
<td>0.02</td>
<td>0.00</td>
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</tr>
<tr>
<td>CM</td>
<td>3</td>
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<td>0.00</td>
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<tr>
<td>MS</td>
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<td>0.00</td>
<td>0.00</td>
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</tr>
<tr>
<td>P</td>
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<td>0.00</td>
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<tr>
<td>MC</td>
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<td>0.01</td>
<td>0.00</td>
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<td>0.00</td>
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<td>0.01</td>
<td>0.00</td>
<td>0.01</td>
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\[ \begin{align*}
\text{Pa} &= 0.68041237 \\
\text{Pc} &= 0.11
\end{align*} \]

\[ K = \frac{\text{Pa} - \text{Pc}}{\text{Pc}} = 0.57 \]

\[ \text{D} = 0.0137457 \]

7.5 Total number of interviewees and interview method

As indicated in the previous chapter, eighteen respondents from three companies were interviewed in this study. In some instances, one-on-one interviews were conducted but group interviews were conducted in others, depending on the nature of the department and the duties of respondents. The one-on-one interviews were conducted with middle and senior managers responsible for the following management functions: brand, marketing, communications, customer relations and business analyst; group interviews were conducted with managers overseeing the
technical aspect of business. These were: IT, e-business, software analyst programmers and database management.

The interviewing process was highly unstructured and subsequent questions were aimed at probing deeper into responses received. The quote below is examples of the types of questions ask on the benefits being expected from e-commerce. All interviewees were asked more than seven questions on e-commerce benefit and using their answers to probe deeper.

Question No. 1

*What kind of benefit would you expect from your Internet investment?*

Response to Question 1

*Our Internet is not a marketing site and we do not make much Internet investment as yet to justify any form of benefit because, is not a primary channel of communication with customer. This is partly because of our interest in making sure that we embrace technology-oriented methodology to improve website visibility. This could be achieved by exploring all technical benefit of Internet technology to create online marketing channel.*

Question No. 2

*How is this possible*

Response to Question 2

*Since two years ago, we have been in contact with staff from a company called Net Position. This company has come up with a proposal to improve website visibility between three and six months.*

Question No. 3
If you have 50 insurance companies, all trying to be on top of the list, how is this possible?

Response to Question 3

I am not sure maybe Net Position can have answer to this question.

Question No. 4

Do you regard the Santam website a branded site at the moment?

Response to Question 4

Yes, it is a branded site.

Question No. 5

Is the website used for marketing activities?

Response to Question 5

Yes, I think we need to find out from a client what that feel about our site and how the site can be used to deliver better insurance service. The trend in the industry toward this is that though we deal with brokers, we consumers information to develop customised services. For example, research has shown that 67% of client in the UK insurance industry uses the Internet to get insurance quotation and consumers’ personal information.

Question No. 6

Who is responsible for the content management?

Response to Question 6
I have access to the content management. That includes changing of published product and service information. This information is managed from-time-to-time to ensure the dissemination of relevant and current marketing materials.

**Question No. 7**

*Does the content management improves or facilitate CRM?*

**Response to Question 7**

Yes, because we try to make the site client-centric or customer-oriented. Though as mentioned earlier we deal mostly with broker and call centre. But we also have interaction with them through the site. There is also a great deal interaction with shareholders and prospective investors via the Santam website. As you can see from the site we have some limited function with which client can even interact with Santam (like making an online claim).

### 7.6 Research questions revisited

In order to develop a management model that is appropriate for businesses doing e-commerce, the following research questions were developed:

(1) What management competency is needed for e-commerce adoption?

(2) How does the changing activity of management consequent upon e-commerce adoption impact upon corporate relationships?

(2.1) How does the changing activity of management impact upon relationships with staff?
(2.2) how does the changing activity of management impact upon relationships with customers?

(2.3) how does the changing activity of management impact upon relationships with partners?

(3) Does management action impact upon e-commerce success?

7.6.1 Management competencies

The three case studies show that the types of management competency presently needed in an e-commerce context are: brand, customer relationship and partnership management. For e-commerce to be successful, there should be an emphasis on (and understanding of) these competencies to enhance the relationships between stakeholders. The principles of partnership development and management will not change with the changing mode of business relations and partnership management within e-commerce, the details should.

Respondents from all three companies are unanimous concerning the business management competencies needed to achieve benefits associated with e-commerce. Despite the concerns about the changing consumers’ shopping behaviour and competitive challenges associated with e-commerce, the variety of management competencies to manage the core business and the interest and activities of different partners as well as the technology that supports them are all found to be important. With changing business interests and activities, dynamic management competencies that support the management of the soft issues concerned with partners’ interest and the relationship with them are required. The interest of Woolworths has increased from brand awareness to brand extension. Santam and momentum anticipate brokers’ needs and tastes as a necessary
condition for strategies development and management. The provisions for technical competencies of partners are found to be useful for e-commerce.

7.6.2 Management of change

The core challenges found in the field of change management in all three companies’ case study are competency need to implement KWC and present a framework to support the adoption of e-commerce. Effective implementation of KWCs is determined by the management action that meets the changing needs of role players. The adoption of e-commerce introduces a new marketing channel to complement the traditional channel (Gabrielson, Kirpalani and Luostarinen, 2002; Wikstrom, 2005). E-commerce is found to be useful in ALL three companies’ case study to be cost effective channel to monitor consumers shopping behaviour and develop customised products and services to satisfy them to improved business competitiveness. The e-commerce manager at Woolworths noted that the decision to develop and use the online channel is both strategic and cost-effective as it provides efficient means to serve niche markets across national borders.

While this strategy has its challenges, the change from traditional channel is found to inevitable the e-commerce manager said…just prior to and post Y2K, there were lots of talk about whether Clicks will replace mortar, these bricks and mortar and Clicks and Mortar stimulated discussions on future customers’ shopping preference. This made most analysts to believe that customers are going to move away from Mortar to Clicks and businesses would need to change their strategy to satisfy potential changes in consumer shopping behaviour.

In response to this, the Business Analyst at Woolworths anticipated that future consumer shopping habit would continue to determine the use of alternative channel to support effort aimed at increase profit and to create more brand awareness. The main resources needed by the consumer to engage in shopping are time, information, money, energy and space (Kaufmann and Lane, 1996:142). These authors thought that these resources are interactive and interrelated, such
that they can be exchanged, substituted, or complementary. This kind of relationships depends on the individual’s preferences, abilities and skills in using online resources. A change in technology also affects the kind of relationships that exist between businesses and thus requires appropriate management strategy to ensure successful e-commerce implementation. The Marketing manager and the E-commerce manager at Momentum provide the following instances of change management...

I: What is nature of the relationship between Momentum and intermediaries?

FR: One of our strengths is the type of relationships existing between us and our business partners. There is an element of human factor and this needs management attention to address them. I think it’s very important to also make mention that we do not wish to replace any human relationship with technology, but we wish to enhance it and we wish to give service to our intermediary by his choice. So you will still have the various categories of intermediaries that will pick up the telephone and phone a branch and that is one of the ways that it used to work. The broker, or the intermediary would pick up the telephone and phone the branch, speak to a broker liaison officer and ask them to facilitate all the information processes that they are now able to get on the Internet, or via online, our website.

I: How is the Momentum online brand protected?

FR: We protect our brand through the corporate website. This is a self-servicing information port from where the brokers are given access. This access point provides marketing information about the Momentum brand the different products and services. The complexities of these are that, it presents a big challenge for us to channel all role players via the corporate website. Access to this website is not centralised to allow log in from different areas, but it just branches onto the different websites of individual product houses.
I: Does online access to services improves business relationship with brokers?

FR: I don't think it's something that we have measured in terms of service, experiences. But, the benefit in doing it when you want to and where you want to makes the Internet. This flexible business opportunity gives the brokers enough leeway to improve the quality of information which is available. In the past there was interaction with one of our branches, awaiting either a fax or an email for the information and if the broker wanted it now, it he could get it within three minutes. So I think an experienced broker will respond much faster to queries using the Internet. It was a big process in terms of change, because people change slowly and the Change Management process took us a while. I would state that it takes approximately two years to get the website up with products and services.

It is found in this case study company that e-commerce adoption enhances the relationships between companies. Momentum has decided to change their business model to provide brokers with online access to products and services information. At this instance, “the process of change” is managed in line with business requirement and the need to improve relationship with role players. Not all the brokers are web-serviced at the moment, but the numbers of brokers with Internet access is found to be growing. There is also a noticeable interest in e-commerce and the need to improve business relation for competitiveness.

With over 90,000 online shoppers with access to Woolworths’ e-commerce portal, only 19 per cent of them do online shopping. To improve online shopping, Wooworths decided to develop a system to monitor behaviour and activities of visitors. The information from this monitoring process is used to development customised product and service offering for this customer segment. This marketing strategy utilises the potentials of online channel to create brand awareness, build interactive relationships and to improve relationships with customers, staff and partners. E-commerce as a new marketing channel provides interactive, accessible, ubiquitous opportunity through which companies interact, access and
customize product and service offering. It also allows the integration of marketing communications with commercial transactions (Rowley, 2004: 24). The integration of marketing communication with the need to influenced customers shopping behaviour needs to be management differently in a different channel. At Woolworths, attention is paid to the management of the behaviour of online customers and the needs of this role players is balanced with the capability of e-commerce to overcome the challenges of change management in e-commerce. According to the E-commerce Manager noted that the Business Analyst is responsible for this management function…

... We have competent business analyst that think like a customer and set up the site to fulfill to needs/lifestyle of the most customers. This set-up gives the customers the ability to navigate the site. If the site was built without this ideal, the site could be creative but, fails to fulfill the need of online shoppers. The ease at which the customers navigate the site to locate what they are looking for is important in e-commerce environment and tries to address behaviour factors that influence customers. For example, when a customer log-onto Woolworths sites, to buy foods, the department is clearly marked and easy to navigate. There is a need to intuitively understand how the customer thinks and the purpose of their visit and you need to find that fine balance between beautiful pictures, which take time to load versus a transactional capability of site. In a traditional shop, this requirement is not so necessary.

The efficiency of e-commerce activities could be improved through the introduction of online promotional concepts such as banner ads, click through, affiliate networks, Uniform Resource Locator (URL) and portals. The role and value of brands would take on new dimensions with an improvement in the activities of online channel (Hanson, 2000:21). A well developed online channel has the potential to build and manage relationships inherently related to online and complementary to offline transactions. The business analyst collects and analyses customer data to know customer-purchasing profiles by collecting personal customers' information online. This information is used to develop customized
products and services and they represent an important management function in managing customer shopping behaviour in different environment. This includes changing the look and the feel of the online voucher in line with the Woolworth’s brand. It is hoped that the new look and feel will start driving the marketing activities and deliver on the companies’ promised commitment to good customer service.

Similarly, companies with access to more channels, communicate more effectively with their target audience. Woolworths’ online promotion attract online shopper and the increased online visitors create more brand awareness. It is argued that the Internet does not offer any new business models, or new opportunities for creating customer value (Morath, 2000; Kleindl, 2001). This assertion fails to recognize the benefit of having additional channels. It also negates the importance of Internet-facilitated marketing and relationships management as an invaluable asset in modern business activity.

Channel strategies are important personal and inter-personal element of business and the development and dissemination of consumer information. Amongst other things, channel strategies must acknowledge and deal with the important personal and inter-personal element of business relationships with all role players, and in particular with the development and dissemination of consumer and customer information to those managers who are responsible for customer relationship management. The use of multiple channels incorporate and deal with business opportunities associated with e-commerce (Buttle, 1996).

An online information portal is only possible with e-commerce. It also enhances the kind of engagement that you have with your customers. It also reduces the cost of searching for new product and service information by consumers. If you need information about any product or service offered by a company, the information is available on the Web and can be accessed any time any where…allows customers
the opportunity of shopping relative and family members who are far apart – a friend in Johannesburg – Joe’s wife buys on Woolworths site every month for her husband in Johannesburg. A business model that improves this kind of services and creates marketing opportunities using this category of consumer segment is important in ensuring sustainable customer relationship management.

7.6.3 Business orientation

The orientation of each case study company depends on a combination of internal and external factors. For instance, the degree of e-commerce adoption is based on corporate vision, staged-managed internally in response to external influence, and changes in the competitive and technological environment as well as increased demand for improved service quality by consumers. While all three companies have interest in e-commerce, the degree of adoption varies according to three stages of e-commerce adoption. These differences depend on the nature of products and services offering and corporate vision. The orientation of business involved in this case study

A business orientation that is not well defined and aligned with corporate vision has the capacity to truncate a well crafted management strategy and ultimately lead to e-commerce failure. The effect of business orientation makes it clear that the degree of adoption varies according to the different stages owing to the alignment of corporate vision with business strategies that will deliver results (Stacey, 1996:331). For example, e-commerce at Momentum and Santam are driven by the nature of product and service and Woolworths’ need is to reach a broader market segment. At the heart of this is the opportunity for an alternative marketing channel to raise corporate brand awareness, and improve relationships with staff, customers and partners.
7.7 E-commerce success factors

E-commerce provides competitive advantage to companies despite the risk associated with its adoption. Overcoming this risk requires the development and deployment of strategies that support the delivery of partners and business value. The three case study companies have deployed technical and managerial competencies to achieve their individual business objectives. There is also evidence and traces of the establishment and management of relationships with brokers and business partners to create value and brand equity. All three case studies have brand identity that is well recognised by consumers and their product and services are perceived as valuable and qualitative.

While brand equity is important in e-commerce this function is plagued with misinformation and a lack of knowledge among consumer created differences in understanding through incorrect interpretation of information about the delivery ability of business. This is why the sharing of information about strategic intentions is useful and easier with e-commerce so that correct interpretation of information is relied upon by all stakeholders to ensure successful e-commerce.

To achieve mutual benefit with partners, a process of ongoing business interactions aimed at developing and implementing strategic change would need to be understood by all through appropriate interpretation of shared information. There is a distinction between the development of partnerships (including capacity building and leadership training), and the evident levels of social, education and business capacity within individual partners. While both are important from a partnership point of view, Santam and Momentum have given more emphasis to the development of a business model based on brokers. In this case study, the relationship with brokers is focused on collaboration to deliver specialised financial services.
7.8  E-commerce failure factors

Despite the potential competitive advantage offered by e-commerce, the risk of failure is high and costly. Some of the factors that contribute to failure in e-commerce can be attributed to a lack of appropriate technology, strategy and the management competencies needed to implement an e-commerce project successfully. Though the deployment of technical and managerial competency as evident in the three case studies has led to success, there are cases of failure owing to their inability to achieve other business objectives. As with success, the causes of failure are also evident through the establishment and management of poor relationships with brokers and business partners. Other failure factors evident in the case studies can be summarised as follows:

- Poor management of the space between business partners;
- Limited budget to implement e-commerce project;
- Incorrect interpretation of partners’ intention;
- Poorly defined e-commerce objectives;
- Limited business interactions between different business units;
- Poorly communicated e-commerce objectives;
- Lack of human capacity to support e-commerce project and
- Inadequate technical and managerial competency.

7.9  Management of brand equity in an e-commerce context

The integration of the Internet into business is challenging the brand management function. As this integration continues to challenge management function, brand equity in this new environment is faced with a situation of changing consumer
buying behaviour. This has led to the establishment of business objective which is used to determine appropriate strategies needed to fulfil the changing needs of consumers.

The successful performance of business activities depend on business process and process management. While this activity is critical in ensuring efficiency, it recorded 20 point in the normal frequency table. Business process according to Zairi, (1997) is an approach that is aimed at converting inputs into outputs. The object of this process in e-commerce is focused on adding value to improve the customer shopping experience. Though management actions sometime fail to deliver a good result, effective e-commerce process management can contribute to overall business objectives.

One respondent noted further that... technical aspect is looked after by technical staff, so that faults are easily identified and resolved. In this regard, a communication channel between staff in the business unit and those in the extreme technical unit becomes imperative. This allows smooth, flexible and responsive business activities that satisfy changing customers’ tastes and needs. Furthermore, it is noted that...there have been benefits, but they are not the same compared to opening a new store. I am sure that our e-commerce activities make less money nationally and internationally. It also makes less money compared to an average store. However, you've got to be present on the web and that is the biggest benefit that monetary value cannot be attached.

To create and extend brand awareness to actual and potential customers a business should have an online presence. The e-commerce adoption in a company can move progressively through the sages according to business or consumers' need. While access to companies’ product and service information is a strategic benefit in e-commerce, online presence also enhances the brand promotion efforts of a business. This (online) channel exhibits many properties that are similar and compatible to the needs of service companies because; it is intangible, perishable, and requires simultaneous consumption and production of services at the same time (Wymbs, 2000:463; Watson et al., 2000:13).
Insurance products are particularly complex and require the services of financial experts. The information intensive nature of insurance product makes the Internet an attractive channel on which this information can be made available to clients across borders. The benefits of e-commerce are both tangible and intangible. While the tangible benefit comes in form of increase in sales, market share and profit, the intangible benefit is it ability to create a dynamic business process and provide a platform for strategic communication and enhances information dissemination ability of companies doing e-commerce.

Companies request personal information from visitors and this is stored in their database. This information is used to profile customers for customization of product and service offering. The process of online application forms allowing visitors to upload their resume have been introduced in this company. Though this extra activity does not constitute financial benefits, it contributes to brand promotion and positioning.

Adapted from MacCormack and Rauseo, 2005
These case study companies request personal information from visitors and store them in database. The process of change applies to both human and business and managing change is increasingly relevant for all kinds of business. A job applicant today is a potential customer tomorrow. A business process that recognises and includes this in process management is aligning business strategy with economic reality (Box and Platts, 2005). The introduction of this process shows increasing emphasis on the value of human resource and its effort to attract the best talent from outside. Though this extra activity does not constitute financial benefits, it is a collective activity to achieve the objective of brand promotion and positioning (Shaw et al, 2007).

7.10 Comparison with other research

Smits, van der Poel and Ribbers (2003:80) conducted a study on the IT strategy of insurance companies in the Netherlands. These authors found that all three case studies, information strategy are not well understood by insurance companies in operating in the Netherland and that the strategy for technology adoption is a shared responsibility between top and middle management. This study found that though technology strategy is a shared responsibility, middle managers are responsible for day-to-day management of e-commerce activities. Top management in ALL three companies’ case study understand that e-commerce adoption is driven by the challenges associated with each stage adoption and the competency needed to management relationships with role players. E-commerce is found to be an innovative channel that can be used to enhance business competitiveness through proper management of relationships with role players. Smits’ study investigated information systems strategy and its alignment with corporate strategy, this study focuses on management actions on
their impact relationship with role players. Below is a table that compares this study with Smits’.

Table 14: Compares two studies on strategies for technology

<table>
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<tr>
<th>Assessment of information strategy (Smits et al, 2003)</th>
<th>Small business use of branding strategy</th>
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<tr>
<td>1 Requires the involvement of staff from various unit</td>
<td>Requires the involvement of specialised staff from the business unit</td>
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<tr>
<td>2 More focussed on Information management</td>
<td>More focussed on brand and customer relationship management</td>
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<tr>
<td>3 Organisations needs for technology driven by internal factors</td>
<td>Organisation needs for technology driven by external (market) factors</td>
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<tr>
<td>4 Well established linkage between information strategy and corporate strategy</td>
<td>No clear linkage is established</td>
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<tr>
<td>5 The strategy are more information systems and service oriented</td>
<td>The strategies are brand and customers’ oriented</td>
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<tr>
<td>6 Information strategy awareness is high among general and functional managers</td>
<td>The enhancement of customer relations and brand using technology high</td>
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<tr>
<td>7 Strategic influence is historical and personal</td>
<td>Strategic influence is in response to growing competition</td>
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<tr>
<td>8 Technology scanning is not always done formally</td>
<td>Analysis of needs is based on feedback from customers.</td>
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<tr>
<td>9 Technical support for partners</td>
<td>No technical support partners</td>
</tr>
<tr>
<td>10 Limited partners’ influence on strategy formulation and implementation</td>
<td>High partners’ influence on strategy formulation and implementation</td>
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</table>
In summary, this exploratory study explores branding strategy while the study by Smits’ investigated IT strategy. The findings presented here, though very similar to the previous study, they are focussed entirely on different issues. While the previous study by Smits looked at the entire organisation’s technology strategy, this study is focussed on branding strategies for e-commerce success. The next chapter presents the framework for branding in e-commerce.
Chapter 8: Conclusion and recommendation

8.1 Introduction

Following the introduction of management actions and the examination of its impact on e-commerce project, the analysis of findings in Chapter 1 and 2 showed how branding strategy was used to support e-commerce. The chapter provides some instances of the benefits of long term relationships with e-commerce partners. An overview of theoretical framework looks at the practical relevance of brand, relationship and partnership management and presented the benefits in Chapter 4. The views and opinions of other academics about e-commerce failure in the literature chapter means that the choice of method used for this research and the rationale for the choice of method used was dealt with in Chapter 5 and the findings is presented in Chapter 6. While the literature review in Chapter 2 discusses various management frameworks and models, it was observed that existing management frameworks do not necessarily support brand management function in an e-commerce context.

Based on the above, content analysis was considered suitable and was used to understand the experiences of the three companies. The findings from this analysis were discussed in chapter Seven. The content analysis examined responses, classified and coded these responses using first and second order constructs.

This chapter concludes the study...
8.2 Objectives of the study re-visited

The objectives of this is to develop a framework that would assist businesses (large as well as small) to successfully implement e-commerce through appropriate attention to branding strategies. In fulfilling this objective, three companies case study was used to understand brand management strategies. This exploratory research also examines management actions through in-depth interview of fourteen respondents to determine the impact of management action on the relationships with role players. The framework presented in this chapter was developed based on an improved understanding of:

- brand equity,
- relationship management,
- the proper use of e-commerce,
- the proper use of Internet technology, to support the marketing effort.

8.3 Limitations of the work

This study is concerned with the e-commerce activities of large businesses so that understanding of their experiences is used to develop appropriate brand management framework for businesses. It was necessary to limit the investigation to the three large companies as brand management activities are more common in larger companies while the application of management concept can be extended to support the e-commerce effort of businesses. The analysis focused on management and the actions of individual companies. While this was initially considered to be a comprehensive exercise, the number of respondents and the level of cooperation from participating companies are not the same. While there was high numbers of senior and middle manager participating from Woolworths and Santam, only two managers from Momentum participated.
Other limitations of this work are concerns about the lack of generalisability of content analysis in case study research. While qualitative methods such as grounded theory, phenomenology and ethnography are thought to be useful methods, their outcome cannot also be generalised. Other limitations encounter in this study includes equipment failure, environment hazards and transcription errors. Though this study encountered the problem of equipment failure, which was due to poor audio based on noise from outside during interview, larger part of the recorded interview was. There was also verbatim and error typing. These errors were later cross-checked with respondents and corrected where possible; other instances of transcription error and disagreement could not be corrected as respondents were too busy to respond to e-mail and telephone messages.

8.4 Contribution to knowledge: branding strategies framework

This research scientifically plans to develop a strategic branding framework to support successful e-commerce adoption. A detailed literature study in Chapter 2 and 3, and the exploratory case study of three companies provides sufficient information to support this study and the framework development plan. The information from both literature study and the three companies’ case study shows the challenges associated with e-commerce adoption and this framework is developed to help businesses overcome these challenges. The framework is presented below.
This study shows that a range of competencies might be necessary for e-commerce adoption. The analysis of management practice shows that marketing communications, brand management and customer relationship management are essential features of success or failure of e-commerce adoption. These management activities are essential to stage 1 and should be applied with other activities through stage 2 and 3. The fundamental principles of branding and brand management may change with the changes and challenges associated with e-commerce. This framework adds a new dimension to e-commerce adoption that recognises the dynamics and characteristics of management activities that supports e-commerce at the different stages of its evolution. A description of this framework shows that one or more of the management activities can be applied depending on, the intervention required by the adoption stage, the time and project maturity.
The branding strategies framework shows that strategic intervention within marketing communications, customer relationship and brand management activities may be important at stage one and should be continued along with others through to stage three. The findings of this study which are accommodated in this framework suggest that increased management activities are necessary at stage two. It has certainly make some contribution to the body of knowledge in the field of marketing specifically, brand management strategies for companies doing e-commerce.

Following the analysis of empirical data on the challenges associated with e-commerce adoption and the interpretation KWCs. This study develops and presents strategic branding framework for e-commerce in the three stages. This framework supports management activities related to the management of business relationships with role players. The framework supports management activities as they engage and transact business with suppliers and customers. At the first stage of the adoption process, the framework is concerned with the strategic use of KWCs to create brand awareness, improve relationships with role players and implement good marketing communications to enhance business engagement and transaction.

Figure 12: Branding strategies for e-commerce 1
In stage 2, the engagement and transaction activities now require the application of the KWCs to sustain and extend the initial brand awareness and relationship for long term benefits. This requires that branding strategies at this stage should recognise the dynamics of process management, infrastructure management, customer satisfaction and partnerships and change management. The e-commerce activities at this stage will experience an increase and deploy appropriate strategy to address the challenges of anticipated increased in management activities.

![Figure 13: Branding strategies for e-commerce 2](image)

At stage 3, management activities in stage 1 and 2 will be leveraged and consolidated. This consolidation of activities shows that business and role players will be concerned with establish relationships and need innovative service to position and different products and service offering to ensure continuous loyalty. In this regard, customer service, safety and security will become a strategic priority for business. To address these needs, market segmentation within the concept of ‘cash rich time poor’ is featured at the top left corner of this framework.
Figure 14: Branding strategies for e-commerce 3

8.5 Application of the strategic framework

The development and presentation of product and service offering is an important management activity in e-commerce. Product and service branding can be used to understand the pattern of consumers shopping behaviour as role players are depend on product and service branding to hear about new product. However, the application of branding campaign is a strategic decision with set objectives. The realisation of these objectives depends on timeframe that is suitable to management priority and nature of business. This study found that e-commerce in stage three is a priority of retail strategy at Woolworths. Because of the products and services offered by Santam, and Momentum, strategic priorities of these companies is the implementation of online request and issue of insurance policies. Table 15 below is a branding strategy for e-commerce in the three companies’
case study. This information in table is extracted from the analysis of empirical data.

Table 15: Branding strategies for e-commerce

<table>
<thead>
<tr>
<th>Branding strategies for e-commerce</th>
<th>Stage 3</th>
<th>Stage 2</th>
<th>Stage 1</th>
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<td><strong>Where are we now?</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Developed database of online customers</td>
<td></td>
<td>Strong brand</td>
<td>Dependent on brokers</td>
</tr>
<tr>
<td>Maximised systems and processes</td>
<td></td>
<td>Developing infrastructure</td>
<td>Strong brand</td>
</tr>
<tr>
<td>Developed infrastructure</td>
<td></td>
<td>Managed systems and processes</td>
<td>Analysing e-commerce benefit</td>
</tr>
<tr>
<td>Strong brand</td>
<td></td>
<td>Dependent on brokers</td>
<td>Limited infrastructure</td>
</tr>
<tr>
<td>Customers focused</td>
<td></td>
<td></td>
<td>Analysing systems and processes</td>
</tr>
<tr>
<td><strong>Where do we want to be?</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>To be innovative and progressive leaders in customer service</td>
<td></td>
<td>Increased e-commerce investment</td>
<td>Identified intangible benefit of e-commerce</td>
</tr>
<tr>
<td>Strong brand equity</td>
<td></td>
<td>Developed e-commerce systems and processes</td>
<td>Establish systems and processes</td>
</tr>
<tr>
<td>Expand market reach</td>
<td></td>
<td>Developed infrastructure</td>
<td>Invest in e-commerce</td>
</tr>
<tr>
<td>Global retail brand</td>
<td></td>
<td>Improve partners’ relationships</td>
<td>Expanded market opportunities</td>
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<td>Partners’ assisted delivery of customer service</td>
<td></td>
<td>Offer differentiated insurance service</td>
<td>Regional player in short-term insurance</td>
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<tr>
<td>Stronger brand equity</td>
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<td></td>
<td>Stronger brand equity</td>
</tr>
<tr>
<td>How to get there?</td>
<td>Strong brand equity</td>
<td>Customer relationships management</td>
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<td>---------------------------</td>
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<td></td>
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<tr>
<td>Incentivised customers</td>
<td>Increased market share</td>
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<tr>
<td>to stimulate online</td>
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<tr>
<td>purchases</td>
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<tr>
<td>Improved online</td>
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<tr>
<td>branding activities</td>
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<tr>
<td>Encourage online trail</td>
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<td>of new products</td>
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<tr>
<td>Convenient website</td>
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<tr>
<td>navigation</td>
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<tr>
<td>Encourage banner ad</td>
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<tr>
<td>by popular brands</td>
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<tr>
<td>Improve business process</td>
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<tr>
<td>Implement channel strategy</td>
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<tr>
<td>Manage partners</td>
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<tr>
<td>expectation</td>
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<tr>
<td>Change Management</td>
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</tbody>
</table>

This strategic framework supports the introduction and subsequent adoption of e-commerce. The purpose of this framework is to ensure that management function is aligned with branding strategies at different stages of the adoption process. This framework supports management challenge that has become necessary with the increase in consumer demand for quality products and services within e-commerce context. In the interest of brevity, understanding of the challenges of new channel and its benefits, management style in the fashion of the Boston Box is presented to show potential advantage at different stages (Remenyi and Brown, 2002: 153).
Electronic commerce management style in the fashion of the Boston Box

<table>
<thead>
<tr>
<th>Rising star</th>
<th>Problem child</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Electronic commerce](Stage 2)</td>
<td>![Electronic commerce](Stage 1)</td>
</tr>
<tr>
<td>Stage 2</td>
<td>Stage 1</td>
</tr>
<tr>
<td>![Cash cow](Stage 2)</td>
<td>![Dog](Stage 3)</td>
</tr>
<tr>
<td>![Electronic commerce](Stage 3)</td>
<td>![Electronic commerce](Stage 3)</td>
</tr>
</tbody>
</table>

Figure 15: Electronic commerce management style in the fashion of the Boston Box

E-commerce at stage 1 are similar to activity seen as attractive and growing rapidly and company has little involvement (Stacey, 1996: 164). Cost-benefit analysis of this activity shows it requires huge investment and may not entirely be profitable for businesses and their products/services. This is normally referred to as question mark – problem child, as business’ activities are reviewed at this stage. This review or evaluation is aimed at aligning business activities with objectives.

At stage 2, business’ activities and its strategic objectives are aligned to long term objectives. The cost-benefit analysis at this stage could suggest that e-commerce would require huge investment which may produce long term benefit. At this stage, the business may decide to invest heavily in line its long term objectives.

At stage 3, e-commerce activities is matured and it is gradually contributing to increased market share and profit for the business. It is particularly important that companies should try to stop further investment in e-commerce instead; it should
start counting the benefit of their previous investment. But negative profit result at this stage could be associated with both internal and external factors that are normally outside the control of business managers. This situation can be referred to as stage 4 and the signs of red (danger) would be sufficient to alert the company to withdraw from doing e-commerce. However, with increase competition, changes in consumers’ taste and lifestyle, the Boston box have been seen to be too simple for developing strategic framework for evaluating potential benefits from e-commerce adoption (Lee, 2005). The author notes that the framework places greater emphasis on cost-benefit analysis, and it has conspicuously undermines differentiation strategy which has become popular with e-commerce business. The performance of e-commerce businesses could be enhanced with branding strategies that support and promote differentiated product and service offering.

By applying this strategic framework in support of management function; e-commerce could become a cash-cow at the third stage of the adoption process. This business objective could be achieved if the dynamics of internal and external factors discussed in Chapter 7 are recognised and used to support branding strategies that identify and communicate differentiated features of product and service offerings. As businesses converged with e-commerce, their competitive ability would benefit from the application of a framework for branding strategies presented in this thesis.

This framework for branding strategy recognises the benefit of differentiated communication of product and service offering from stage one. In this regard, the launch of a basic website can be used to differentiate the business from its competitor and also act as a platform to attract, inform, position and deliver product and service information to customers. This medium is fast, cheap and allows dissemination of personalisation messages to different customer segments simultaneously. For example, Woolworth has used digital print to communicate differentiated product and service offerings to different market segments. While this is a new application in South Africa, it adds creative spin to an online
communications effort, such that targeted messages are sent using Dart mail to specific target audience. A vegetarian for example would receive relevant information about the nutritional value of various vegetables and would not receive information about meat. Similarly, information about children’s clothing will be sent to parents with children. As the number of companies adopting e-commerce grows, they would need to implement their branding strategies in line with the requirement of this new framework to support management function.

One of such instances in e-commerce is the ability of managers to develop and manage business partnerships effectively. Though, the development and management of partnership is not very simple as it involves a complex mix of factors such as inequality, differences in management style, the influence of internal and external environmental changes need to be identified and recognised for it to be effective and sustainable (Onojaefe and Leaning, 2008:103). For example, some business related problems (internal factor) could be solved easily and quickly using expertise of person(s) outside (external) the business. Effective and sustainable partnership can be achieved by providing a platform to stimulate the engagement of partners.

This has been demonstrated in the partnership between Woolworths and its technology partners known as “Acceleration” that uses Dart Mail to communicate new product and service offering. In this partnership, Woolworths identify the importance of communicating differentiated product and service offering to different target market. Instead of developing new systems that would require more investment in infrastructure and personnel, it decided to enter into partnership with Acceleration to provide this service. The company – Acceleration uses dart mail technology to support the strategic communication objectives of Woolworths so that, effective and personalised online messages are communicated to consumers. This technology regularly updates customers’ e-mail contact and this is used to grow the database of customers’ names and addresses.
8.5.1 Application in large businesses

The adoption of e-commerce and the application of the branding strategies in large businesses are found to be useful for managing relationships with role players. As was seen in the three case study companies are sometimes dependent on small businesses for service provision. This study is focused on the establishment and management of the relationships with role players using branding strategies to support management activities. As businesses struggle to achieve the customer side benefits, they could be drawn into a review of the merits of e-commerce on the supply side, where (it is important to note) they have far more influence over whether their partners will join in; customers can choose to shop elsewhere and frequently do so – suppliers are far more interested in doing what the buyer would like them to do.

Owing to the extensive use of cell phones, wireless communication technology, the adoption of e-commerce in large companies now looks at the benefit of using complementary technology to enhance customer shopping experience by implementing promotion campaign on the wireless network. This application can be included in the web and packaged to support online shopping. For example, Woolworths at one time had used this technology aligned to its brand management strategy to fit the slogan “Woolworths everywhere”. This strategy enables the company to act like a service provider. Though, it was later abandoned to ensure that more attention is given to the core retail business that the company is known for. The corporate site is used to market the company as a retailer, not as an IT company.

The most important thing for consumers is for them to have unlimited access to relevant product information. Therefore it becomes obvious that the use of technology that is aligned with management strategies and complement e-commerce and provides more scope for interaction between businesses (Kervenoael et al, 2006: 200). The World Wide Web provides the information and
e-commerce provides the transactional capability that allows access to online shoppers. The transactional capability of e-commerce makes it possible for online shoppers to save time and search costs by searching for products and services and choose their preferred shopping channels. One distinguishing feature of this service is that it involved having intangible experience – psychological, instead of tangible experience. The intangible shopping experience works for customers of both channels as they are served in the same way even though they have different needs at different channel. When a customer goes to the shop, he/she might need different products than when she goes online. The ultimate objective of this strategy is to improve sales and CRM.

There are also different customer segments and there will be predictive CRM scores needed to determine the (attrition) rate, store needs and knowledge of customers. This knowledge is used for segmentation so that valued customers are categorized as platinum, gold, silver and blue for easy identification and marketing. New customers are recognized for appropriate marketing plans and strategies. Currently, there have been segmentation issue to identify different customers and develop customised product and services to meet their needs. This segmentation enables businesses to develop customer loyalty programme to reward loyal customers according to their individual profile. Following this objective evaluation and segmentation, individual customer can be classified as gold, platinum or silver. This classification is used attract and retain customer based on loyalty and long term relationship. While this kind of segmentation and target marketing is easy and possible with online channel, it is difficult and somewhat impossible with offline channel (Savoie and Raisinghani, 1999).

8.5.2 Application in small businesses

It is pertinent to recognise that business practice in a large firm is different from that in a small firm and that the e-commerce needs of a small firm are understood through an exploration of the unique aspects of small business and their practices.
For example, large businesses are often presumed to have the resources to achieve difficult things, and yet it is possible for a small business to be much more “professional” than a large business – a large business is frequently hampered by cumbersome processes of debate and decision, a small business can move quickly and more easily assess the impact on customers and other partners. It is hoped that the strategic framework presented in this study would support implementation of e-commerce in businesses.

The merit of quick decision making is important in planning and it could help in realizing the benefit of e-commerce; this understanding is recognised and implemented in the three companies’ case study and support business activities of brokers. Though, there is still room for more individual planning by the small business partners, so as to mitigate against e-commerce project failure. The anticipation and anxiety for embarking on new project sometimes overshadows other important responsibilities. This includes, environmental scanning that are aimed at identifying resources and developing strategies to address shortfall (Koa and Decou, 2003: 228). However, the application of e-commerce requires constant and continuous planning to achieve successful e-commerce in businesses. Although planning is important management function, the adoption of e-commerce needs the cooperation of role, consolidation of management competency to achieve functional e-commerce hat is aligned with business objectives (Damanpour, 2001:16).

8.5.3 Application to relationship management

One of the benefits of e-commerce is found to be the establishment of long term customer relationships. Certainly, a long-term customer relationship enhances the monetary benefits of e-commerce with an increase number of online shopper and a culture of online shopping by registered customers will be helpful in developing product and service offering. In additional to the traditional channel, e-commerce
adds a non-traditional medium that allows flexible access and interaction with customers.

Ultimately, e-commerce is used to create online brand awareness and loyalty through consistent promotion of marketing materials. In this regard, frequent and constant exposure the brand has resulted frequent brand-customers engagement. As the use of Internet continues to eliminate boundaries, a seamless kind of service is now being offered to customers across borders and transforming business strategies and processes. This is presenting a serious challenge to the relationship management effort, requiring the application of this branding strategy to support and promote CRM effort. Novicevic et al, (2006: 312) state that the relationships with customers can be enhance with the implementation of creative online campaign to attract and retain customers.

The effectiveness and efficiency of businesses is being challenged by growing competition and consumers’ appetite for quality service. The Internet can be used to support companies’ innovative business processes for effective and efficient business performance. When compared to the traditional channel, e-commerce is considered to be a cost-effective marketing channel that can provide fast and flexible product and service information to consumers. It also allows companies to position themselves strategically by disseminating consistent product, service and company information using the companies’ websites. This information can be conveniently accessed by registered online customer. When it is available, content management functionality allows easy and cheap correction of information errors that have been made public and thus eliminates the hassle of changing posters that have been printed with spelling errors. The CRM practices at Woolworths are very evident in the in depth interviews with their senior managers. This management function, CRM, is used to develop the competitive advantage that is so important in achieving the desired level of business performance (Price and Arnould, 1998; Lindgreen and Antioco, 2005:139).
The importance of CRM in this study is that it provides useful evidence of CRM activities in understanding organizational patterns and processes. In the case of Woolworths, the design and implementation of the CRM programme involves customers' participation remotely. They request personal information from online customers and monitor their purchasing habits. The identification and use of CRM as a theme in this thesis highlights the importance of this concept among respondents from the three companies. It suggests, amongst other things, that they are committed to occasional changes in strategy and the introduction of support techniques that are required to make e-commerce a success (Rado Kotorov, 2003; Baum et al., 2001). The commitment of senior management is essential in promoting the concept of customer relationship management within and outside this company.

Woolworths, on the one hand, provides information about the company, its products and services. Role players can use this information to assess company’s integrity and reputation. A company’s reputation can act as a barrier to online shopping. Customers on the other hand, provide personal details such as credit card, ID number, date of birth and residential address.

The strategic branding framework presented in thesis can be used to support management activities to achieve e-commerce benefit. Though, there is still room for validation through practical application of the model, the anticipation and anxiety for embarking on new project sometimes overshadows other important responsibilities. This includes, environmental scanning that are aimed at identifying resources and developing strategies to address shortfall (Koa and Decou, 2003: 228). However, e-commerce is about doing everything faster, better and cheaper and this can be achieved through cooperation, consolidation and the provision of differentiated product and service offering (Damanpour, 2001:16).
8.6 Assessment of the framework for branding strategies

All three companies are committed to use of the Internet, but the degree of adoption and level of maturity differs according to the three stages. There is no hesitation in their belief that the Internet can contribute to the improvement of brand management, customer service and customer relationship management. However, this study found that management functions could be improved with e-commerce, but, there seems to be little consciousness of the importance of the relationship with role players (or the unimportance of them).

A more complex range of relationships might be affected by the introduction of the Internet and e-commerce, this case study fully justifies the focus on marketing and brand management as an important, even critical, feature of successful e-commerce implementation. E-commerce success and hard evidence of brand equity are apparent at different stages of e-commerce in the three companies’ case study.

8.7 The future for branding strategies

An important attribute of the branding strategies is that it can be used to respond to changes in consumers shopping behaviours and market dynamics. This can be achieved by developing and deploying appropriate brand campaign to communicate brand essence and create brand awareness. Key factors mitigating against e-commerce success include, rapid changes in the business environment (market complexities, competitive pressures, global forces, changing consumer behaviour) and the challenges associated with e-commerce adoption. Establishing online brand recognition that complements the offline brand will reduce the risk of e-commerce failure.
The General Manager of e-commerce at Woolworths is clearly committed to further use of the Internet and he recognises the pros and cons of extending brand management to enhance customer relationships. This sentiment is also shared by Momentum and Santam as respondents from both companies state that their brand would benefit from an increased brand exposure on the Internet.

Others in the management team include Anthony Dean (brand manager), Sean Smith (customer relationship management), and Phila Ndara (e-commerce manager). When asked, they all stressed that online brand success and customer relationship management is an important managerial function. They believe that only a professional, innovative and progressive company can work to overcome the trust barriers that might prevent e-commerce success. Brand management will therefore continue to be an important function in e-commerce.

This common commitment suggests a high level of strategic awareness of both the opportunities and the risks of e-commerce. Trust is clearly in their collective consciousness; they consider that a growing increase in online trust, arising from their strategies, has created an atmosphere of confidence in the whole e-commerce operation. Out of the 90,000 registered online customers, 17,000 are active online shoppers (very similar figures to those reported by other comparable retailers such as Pick 'n Pay). This represents 19% of prospective online customers will be converted and committed to active online shopping and – just as important – retained as online shoppers in the coming years.

8.8 The future for e-commerce

This e-commerce channel will continue to attract business attention, providing business strategic opportunity to extend brand, manage relationships with role players and satisfy the needs of existing customers. Customer retention is a huge strategic challenge that requires progressive application of management function
and e-commerce is one way to achieve this, through continuous and consistent delivery of service value that is innovative, professional and convenient for customers.

However, the present scenario of high cost and low volume is worrisome, but the companies consider that they cannot reneg on their commitment to ensuring customer retention with good Internet-enabled customer relationship management for that segment of the market that does actually value Internet-based services. It is hoped that effective customer relationship management will ultimately lead to improved brand equity.

8.9 Closing remarks

The fundamental principles of branding strategies will probably remain unchanged, despite the challenges associated with e-commerce adoption. This thesis has found that business opportunities created through the Internet are seen as potentially beneficial, provided that adequate attention is given to the implementation of branding and brand management strategies that recognises the dynamics and characteristics of e-commerce adoption, and though it is clearly still early days, the patterns of management activity and action that will ensure success are much clearer.

Large businesses are sometimes dependent on small businesses by outsourcing of specialised product and service. Where this study has focused on the relationship with role players, it is possible that e-commerce on the supply side will be equally interesting to explore. As businesses like Woolworths and others struggle to achieve the customer side benefits, perhaps they will be drawn to review the merits of e-commerce on the supply side, where (it is important to note) they have far more influence over whether their partners will join in; customers can choose to shop elsewhere and frequently do so – suppliers are far more interested in doing
what the buyer would like them to do. The analysis of data shows evidence of e-commerce investment benefits from customer-side – the convenience and of online shopping, this evidence indicates that the benefits of e-commerce investments will have a lot to do with branding strategies and brand management.

The understanding of management activities presented in this study reveals the importance of strategic framework for branding. This framework will enhance the prospects for success through good branding and good customer relationship management, especially in those challenging situations related to e-commerce.

As the technology dictates business and economic management activities, the role of information and communication technologies (especially the e-commerce) as part of this management framework has become increasingly important. The success of businesses relies on relationships/partnerships with role players. This relationship is particularly interesting as it is, in the end, both the driver of all businesses (through consumer demand) and the source of human resource for all businesses.

Although the concepts of partnership management exist in traditional management practice, it can be extended to the management of e-commerce provided that the components and elements of e-commerce partnerships are recognised and managed. From the analysis of data, a wider range of management competencies re seen to be essential than is at present recognised. For it to be successful, there should be an emphasis on (and understanding of) economic, infrastructural, social and human capital (Putnam 2000). The principles of partnership development and management will not change with changing technology and online partnership management, but the detail will.

Furthermore, this study has found that brand strategy can be used to mitigate the e-commerce related challenges. However, there are risks that may threaten
successful deployment of e-commerce especially if there is no appropriate model to guide the businesses. Small businesses in particular need management competencies and model to manage the technology as well as the changing technological environment. Where a lack of technical and managerial skills is evident, good partnership and relationship management should be developed to support weaker partners. An improved partnership and relationship management initiative could contribute to business success. The strategies presented here show that brand management can be used as a business philosophy to overcome the challenges of e-commerce. A new research project is required to validate this model and determine the prospects for partners, and for good relationship management in all circumstances, especially those related to the introduction of the Internet and e-commerce.

By embarking on e-commerce, companies should adopt a management strategy that supports organisational change from traditional product orientation to online customer service orientation (Miao and Bassham, 2007). The success of online marketing strategy is based on business philosophy that recognizes all companies’ activities and manages them as a brand. An interaction that improves customer-brand confident is created in that process. A company with huge financial and human resources is able to improve the degree of customer satisfaction (Kaliski, 2001). The marketing strategies of a company should determine the requirement of customers' needs and tastes and this information should be used to create satisfying products and services.

The next issue of strategic importance is the provision of good customer service in the retail markets. At this phase, companies should realise the importance of using various business strategies to attract participants and gain market share. This usually requires a set of e-commerce portal with relatively similar functionality combined to improve customers shopping experience and attract online shoppers with similar lifestyle (Zinelding, 2005: 335). Online products and offline services are should be designed to enhance trust that is so important in CRM. As online
shoppers enjoy increased comfort with online markets, this market would continue to attract more customers to this channel (Rohm et al, 2004:375). If customers enjoy online products and services that are well sorted, for specific market segment and reasonably priced the level of online patronage would increased (Halepete et al, 2005:82).

One of the benefits of e-commerce is said to be the establishment of long term customer relationships. Certainly, a long-term customer relationship enhances the prospect of increased numbers of online shoppers. In additional to the traditional channel, e-commerce adds a non-traditional medium that allows flexible access and interaction with customers. Ultimately, branding can be used to e-commerce adoption with the potential to improve brand-customer relationship as opposed to a once off engagement with customers. As the use of Internet continues to eliminate boundaries, a seamless kind of service is now being offered to customers across borders and transforming business strategies and processes. This is presenting a serious challenge to the relationship management effort, requiring the application of this branding strategy to support and promote CRM effort. Novicevic et al, (2006:312) state that the e-commerce adoption challenges can be overcome through the provision of improved products and services to satisfy the needs of role players.
BIBLIOGRAPHY


**ADDITIONAL SOURCES**


## APPENDICES

### Appendix A: Figure 1, Sample of empirical result

<table>
<thead>
<tr>
<th>N</th>
<th>Original evidence (1st order construct)</th>
<th>Concept (2nd order construct)</th>
<th>Theme</th>
<th>Analysis of concept</th>
<th>Int.</th>
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<td>1</td>
<td>The way business is structured</td>
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<td>Change management</td>
<td>Successful e-commerce depend on business structure</td>
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</tr>
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<td>2</td>
<td>Who manages catalogues, procurement and customers</td>
<td>Responsibility</td>
<td>Brand management</td>
<td>The quality of action is determined by managerial experience</td>
<td>2</td>
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<tr>
<td>3</td>
<td>Customers moving away from brick to click</td>
<td>Marketing channel</td>
<td>Channel management</td>
<td>Increased customers’ shopping experience</td>
<td>2</td>
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<td>4</td>
<td>Some people never got into it</td>
<td>Adoption</td>
<td>Change management</td>
<td>Beneficial to some business</td>
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<td>e-commerce benefit is not the same as opening new store</td>
<td>Different benefits</td>
<td>Brand management</td>
<td>Tangible and intangible benefits</td>
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<td>Brand management</td>
<td>Kind of benefits</td>
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<td>Apply for franchise business online</td>
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<td>20</td>
<td>Example, customer return a bottle of wine saying this is not good quality</td>
<td>CRM</td>
<td>Handling queries</td>
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<td>21</td>
<td>We gave her another bottle wine</td>
<td>CRM</td>
<td>Meeting expectations</td>
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<td>22</td>
<td>On the web, no human intervention of this nature</td>
<td>Change management</td>
<td>Query type compared</td>
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<td>Complains about slow web site</td>
<td>Brand management</td>
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<td>In the traditional business, we can go</td>
<td>Brand management</td>
<td>Query type compared</td>
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<td>Improve site speed with cutting edge technology</td>
<td>Strategy</td>
<td>Brand management</td>
<td>Technical strategy</td>
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<td>Make sure site speed is stable</td>
<td>Management</td>
<td>Brand management</td>
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<td>We need to be very careful of ISP partners that we do business with</td>
<td>Selecting Partners</td>
<td>Partnership management</td>
<td>Partnership development and management</td>
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<td>Make sure that good information is put on the web</td>
<td>Web content</td>
<td>Brand management</td>
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<td>We don’t have to put too little information</td>
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<td>Brand management</td>
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<td>It is more an impersonal relationship</td>
<td>Relationship</td>
<td>CRM</td>
<td>Remote relationship</td>
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<td>e-commerce enhances trust</td>
<td>Trust</td>
<td>CRM</td>
<td>Trust factor</td>
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<td>Delivery to customers at home while they’re away</td>
<td>Earn trust</td>
<td>CRM</td>
<td>Earning a different kind of trust</td>
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<td>Creating another kind of shopping experience for the customer</td>
<td>Improved service quality</td>
<td>Customer satisfaction</td>
<td>Improved customer loyalty</td>
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<td>To achieve brake even and make profit over time</td>
<td>Expected benefit period</td>
<td>Brand management</td>
<td>Short, medium and long term</td>
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<td>So there is that monetary benefits needed</td>
<td>Types and benefit period</td>
<td>Brand management</td>
<td>Long term increased profit</td>
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<td>The benefit of convenience customer service offering</td>
<td>Benefit type</td>
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<td>Improved customer service</td>
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<td>Online purchase to be delivered on arrival from holiday trip</td>
<td>Convenience shopping</td>
<td>Customer service</td>
<td>Increased loyalty and sales</td>
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<td>37</td>
<td>Lifetime relationship between Woolworths and customer</td>
<td>Relationship CRM</td>
<td>Customer relationship management</td>
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<td>We can reduce the number of late deliveries</td>
<td>Delivering on promise Customer service</td>
<td>Commitment</td>
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<td>reducing the number of out of stock</td>
<td>Stock control Brand management</td>
<td>Stock management</td>
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<td>I think it is the cheapest marketing channel</td>
<td>Cost saving Channel management</td>
<td>Cost effective</td>
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<td>Consistent message goes to everybody on our site</td>
<td>Uniformity Marketing communications</td>
<td>Consistency messages</td>
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<td>Spelling mistakes can be changed easily</td>
<td>Error control Marketing communications</td>
<td>Cost effective error control</td>
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<td>Easy access to all market segment</td>
<td>Wider market access Marketing strategy</td>
<td>Wider market access</td>
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<td>What goes into our product</td>
<td>Information exchange Marketing communications</td>
<td>Kind of information exchange</td>
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<td>What we are as a company</td>
<td>Information exchange Brand management</td>
<td>Company information</td>
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<td>They allow us into their house and give us their personal information</td>
<td>Trust CRM</td>
<td>Building trust for long term relationship</td>
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<td>Trying to increase bandwidth</td>
<td>Improved service Customer service</td>
<td>Improved service quality</td>
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<td>Getting bigger server and reduce</td>
<td>Management Brand management</td>
<td>Management technical</td>
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<td>We monitor site performance strategies</td>
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<td>Try and get 99.8% uptime and make the site faster</td>
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<td>Considering the benefit of using cell phone</td>
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<td>Woolworths everywhere Strategic e-commerce</td>
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<td>It's integrated with supply chain Business strategy</td>
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<td>Trying to reduce the number of late delivery</td>
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<td>The call centre is our other channel Support service</td>
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<td>It allows ordering system for corporate customers</td>
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<td>Current they phone and fax Channel management</td>
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<td>We’re busy changing the look and feel Redesign web</td>
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<td>We don’t have to make promise that cannot be delivered</td>
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<td>You place an order and we contact you for additional information CRM</td>
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<td>65</td>
<td>We almost divert it Not diverted Brand</td>
<td></td>
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<td>We process all orders in-house to a third party. We manage Order management and Brand management. Order management 1</td>
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<td>There is a third party involvement at the moment. Managing partnership CRM Partnership management 1</td>
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<td>The sales were linked through third parties who process orders, but that has changed with online. Change management Change management Managing changes and challenges 1</td>
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<td>You can personalise your online voucher (Happy Birthday). Personalised marketing Marketing strategy Personalised client needs 1</td>
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<td>Customers pay postage cost of vouchers. Sharing sales responsibility Marketing strategy Customers involvement 1</td>
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<td>Deliveries are only possible on selected areas. Delivery location Channel management Selection of delivery location 1</td>
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<td>There are some technical changes required. Technical requirements Change management Managing technical requirement 1</td>
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<td>The gift vouchers are loaded in-house in Stock Keeping Unit (SKU). Technical tools Infrastructural management Utilization of technical tools 1</td>
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<td>This application is uniquely design for gift vouchers. e-commerce application Process management Features of e-commerce application 1</td>
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<td>The SKU is linked to product description. Product location Process management Product location linked 1</td>
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<td>76</td>
<td>The delivery of our online service is limited to Channel management Selection of target market 1</td>
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<td>Line</td>
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<td>77</td>
<td>This seamless way of placing order enhance customer relationships</td>
<td>Enhanced CRM</td>
<td>Improved quality of CRM</td>
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<td>So there is brand and customer interaction</td>
<td>Improved brand awareness</td>
<td>Improved brand equity</td>
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<td>It is an additional channel for customer to interact with the brand</td>
<td>Increased access</td>
<td>Increased market access</td>
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<td>There is cost involved by going to third party</td>
<td>Cost advantage</td>
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<td>And you’ve let the process out of control</td>
<td>Control process</td>
<td>Brand management</td>
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<td>Our Inthebag call centre facilitate CRM</td>
<td>CRM facilitation</td>
<td>Managing CRM facilitation</td>
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<td>It generate new customer</td>
<td>Attract customers</td>
<td>Marketing strategy</td>
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<td>It increases the frequency of existing customers</td>
<td>Increased sales</td>
<td>Customer satisfaction</td>
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<td>Improved sales and store efficiency</td>
<td>Improved performance</td>
<td>Marketing strategy</td>
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<td>It makes shopping experience easy and pleasant</td>
<td>Customer experience</td>
<td>Improved shopping experience</td>
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<td>Site speed could be a barrier</td>
<td>Slow speed site</td>
<td>Infrastructure management</td>
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<td>Avoid customer frustration</td>
<td>Customer satisfaction</td>
<td>Satisfaction for customers</td>
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<td>Incentive are used to encourage online shopping</td>
<td>Encourages online shopping</td>
<td>Increases online shopping</td>
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<td>Worried about credit card going through shopping</td>
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<td>91</td>
<td>We need someone who thinks like customers</td>
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<td>92</td>
<td>Give customers the ability to navigate the site</td>
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<td>Understand the purpose of visit behavior</td>
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<td>94</td>
<td>Find a balance between picture and site speed</td>
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<td>The site should be text-based and links only</td>
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<td>This make the site more faster</td>
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<td>97</td>
<td>Customer intelligence analyst is a vital role</td>
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<td>98</td>
<td>Considers the Internet as a strategic branding tool</td>
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<td>For example, high numbers of customers shop for car online</td>
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<td>100</td>
<td>And final transaction are made at dealership</td>
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<td>It comes in as brand category brand/marketing tools</td>
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<td>102</td>
<td>Customers now Style shopping</td>
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<td>Page</td>
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<td>103</td>
<td>Secure portion of the site are encoded using SAFE 128 bit encryption.</td>
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<td>104</td>
<td>Need to provide quality service to the customer.</td>
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<td>105</td>
<td>Looks at existing customer behavior and drive additional behavior.</td>
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<td>106</td>
<td>Remind customer its mother’s day and give them incentive to shop.</td>
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<td>107</td>
<td>Reinforce the importance of birthday celebration.</td>
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<td>108</td>
<td>Drive customer loyalty to encourage shopping among existing customers.</td>
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<td>109</td>
<td>Raise brand awareness to attract new customers.</td>
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<td>Link with other sites to related links. Useful links.</td>
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<td>111</td>
<td>Be visible.</td>
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<td>112</td>
<td>Woolworths is a trusted brand.</td>
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<td>113</td>
<td>Target market are business woman.</td>
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<td>114</td>
<td>They've got money and family but have time is money, cash rich, time poor.</td>
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no time for normal shopping

Use online promotion to drive sales traffic

Automating the process around customer behavior

Look at more strategic partnerships with companies

SMS is not yet implemented Compatible technology

You’re knowing the customer anywhere, anytime

IT budget will not be increased

We try to ensure efficiency of the existing budget

We need maximum return on existing IT investment

There is problem when new customers cannot be retained

The store manager does the picking and delivery

Looks at what is happening in the market

Who buy from which store and what kind consumer

Sales strategy Marketing e-commerce tactics

Customer oriented management Social systems

Developing relationships Partnership management

Infrastracture management Deploying compatible technology

The role of time in marketing strategy

Investment Infrastructure management No additional investment

Maximization Infrastructure management Return on Investment (RIO)

RIO Brand management Returns

Losing customer satisfaction Low retention rate

Responsibility Customer service Responsibility

Market analysis Marketing strategy Environmental scanning

Examine CRM Identify buyers need
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<th>Page</th>
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<tr>
<td>127</td>
<td>They’re probably got time but, not cash rich. Target market <strong>Time rich,</strong> <strong>cash poor</strong>.</td>
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<td>128</td>
<td>Online marketing are done separately from direct marketing. Strategy alignment Channel management <strong>Alignment of strategies</strong> 10.</td>
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<td>129</td>
<td>These business units must come together. Coordinating management effort Channel management <strong>Holistic management approach</strong> 10.</td>
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<td>130</td>
<td>The ultimate objectives is to improve CRM. Management by objective (MBO) Brand management <strong>MBO as driver of strategies</strong> 10.</td>
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<td>131</td>
<td>Align business model with objective to satisfy needs. Customer satisfaction <strong>Customer loyalty</strong> 10.</td>
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<td>132</td>
<td>Segmentation on age and lifestyle Communication efficiency Marketing strategy <strong>Efficient and effective communication</strong> 10.</td>
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<td>133</td>
<td>Make them to buy or retain existing buyers. Retention Marketing strategy <strong>Retention strategy</strong> 10.</td>
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<td>134</td>
<td>Look like gold or platinum customer. Grading CRM <strong>Customers graded according to frequency</strong> 10.</td>
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<td>135</td>
<td>There is one-to-one marketing but, done in segment. Segmentation CRM <strong>Personalization</strong> 10.</td>
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<td>136</td>
<td>Currently working with a company called <strong>acceleration</strong>. Partnership management <strong>Partnership management</strong> 10.</td>
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<td>137</td>
<td>Really gets clever because of e-space. Innovation management <strong>Innovation and dynamic</strong> 10.</td>
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<td>138</td>
<td>They haven’t got enough time and can’t go into the store. Time <strong>Time factor</strong> 10.</td>
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<td>139</td>
<td>The big picture Knowledge of CRM <strong>Customer intelligence</strong> 10.</td>
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<tr>
<td>No</td>
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<td>140</td>
<td>Customer can shop anywhere, anytime</td>
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<tr>
<td>141</td>
<td>modern SA company, appealing to modern SA families</td>
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Appendix B: Interview with Lientjie Potgieter: Group Communications Manager – Santam

Question No. 1
What kind of benefit would you expect from your Internet investment?

Response to Question 1
Our Internet is not a marketing site and we do not make much Internet investment as yet to justify any form of benefit because, is not a primary channel of communication with customer. The primary channel is our broker and that is the primary entry point of contact with our potential client. You can't get policy from the site, not at the moment. The primary channels are the call centre and the broker. The broker through our Intranet can give a quote on policy using a special password. But in future, we are working hard to ensure that our customer can use the Internet to request a quotation on policy. It will also have more functionality then to support marketing functions including, quotation, as mentioned earlier. At the moment we are working on visibility of the website in various searches, for example, when you do a search using catch-phrase like Santam, it does not appear within the first Ten. But, we're busy working out a technical formula that could ensure that when you do a Google search by typing the word insurance, Santam website would definitely appear on top of the search list. This is partly because of our interest in making sure that we embrace technology-oriented methodology of ensuring high visibility of Santam website and exploring all technical benefit of Internet technology to create online marketing channel.

Question No. 2
How is this possible

Response to Question 2
Since two years ago, we have been in contact with staff from a company called Net Position. Net Position, has come up this morning with a proposal and going through this proposal, I cannot confirm how the content of this proposal will be achieved - whether technical or financial and for how long (say three months or six months).

Question No. 3
If you have 50 insurance companies, all trying to be on top of the list, how is this possible?

Response to Question 3
I am not sure maybe Net Position can have answer to this question.

Question No. 4
Do you regard the Santam site a branded site at the moment?

Response to Question 4
Yes, it is a branded site.

Question No. 5
Is the website used for marketing activities?

Response to Question 5
Yes, I think more and more that we need to find out from a client what that feel about our site and how the site can be used to deliver better insurance service. What is the trend in the industry toward this? We do not need the answer to this information from our broker rather we need them from our client. For example, research has shown that 67% of client in the UK insurance industry uses the
Internet to get insurance quotation. This is then process by the relevant personnel assigned to this function.

Question No. 6
who is responsible for the content management

Response to Question 6
I have access to the content management. That includes changing of product and service information published on the website. All the information published on the website is managed from-time-to-time to avoid a situation of having outdated information on the corporate website.

Question No. 7
Does the content management improves or facilitate CRM?

Response to Question 7
Yes, because we try to make the site client-centric or customer-oriented. Though as mentioned earlier we deal mostly with broker and call centre. But we also have interaction with them through the site. There is also a great deal interaction with shareholders and prospective investors via the Santam website. As you can see from the site we have some limited function with which client can even interact with Santam (like making an online claim).

Question No. 8
Isn't that a marketing function?

Response to Question 8
Yes, but too limited. The ideal situation is to have a functionality that allows client to make quote and receive feedback within Ten minutes. The online claim form that we have at the moment is very long and can take approximately Ten minute to fill in and send off, the ideal online quote should be very short, easy to complete with basic customer information to save customer's time and cost (staying long on the Internet).

Question No. 9
Will the basic customer information like name, ID number, address and contact details are sufficient for insurance policy

Response to Question 9
As part of our project 2010, one of the key aspects of the project is to be technologically advanced as much as possible by getting you policy through your cell phone or through the site. This is good for good customer relationship management and it is part of our effort to build good customer relationship with technology. This is much more progressive and faster way of doing business especially with growing competition.

Question No. 10
How do want to ensure continued customers loyalty?

Response to Question 10
The language use in providing product and service information should be simple for customer to read and understand easily. Insurance terms are complicated sometime and are required to be simplifying when they appear on the Internet.
Question No. 11
You normally have business relationship with intermediary or brokers, what is their role with regards to claim query?

Response to Question 11
Yes, some of our broker have their administrative infrastructure and administer claim query from start to finish. They process policy application for client and render the whole insurance service from their offices. This is usually costly to the client because of brokerage commission and other hiding charges. The major role of the brokers is to help Santam find customers and maintain the existing customers' base through their administrative support.

Question No. 12
Who deals with claims?

Response to Question 12
Some of our client uses the broker by phoning to report and accident and this is process through our claim department. There are other client who phone-in directly to report any accident and these are process between the company and the client. You can also register your claim sometimes through the emergency claim helpline or phone other centre nationwide.

Question No. 13
Do you prefer dealing with broker or going directly to customer?

Response to Question 13
In my own view and the younger generation, will prefer to go directly to avoid all the hidden cost and get a good insurance policy at no extra cost. But, this is contrary to views of the older generation who are too traditionally inclined to the old way of
doing things. Though the broker has its own benefit as they give you the administrative support necessary for getting a cost-effective insurance quotation. They also provide other services like sound financial advice so that the customers are better informed before making any financial decision. With a policy document that is so complicated, the broker will provide the financial expertise required to simplify the policy terminology for the customer to understand before making any decision is made. It is not necessarily cheaper to go direct (like Outsurance go direct) as they spend so much money on advertising and this are transferred into the cost of the policy indirectly.

Question No. 14
Do you think the Internet could be useful to company-customer direct transaction?

Response to Question 14
Yes. Definitely, because the Internet allows you to do everything and you could get your quote and even track your claim online. The only risk is that you’re responsible to any wrong financial decision made by you, the client. This medium does not provide you any kind of protection from wrong advice or wrong financial decision. The new Financial Intelligent Act (FICA) act provides customer the opportunity to embark on legal recourse if you feel that a broker has given you wrong financial advice. Or you could go to the Ombudsman to complain should you feel dissatisfied with a broker.

Question No. 15
What benefit do you expect from Internet investment?

Response to Question 15
At the moment the Internet is more like secondary entry point as we are not investing so much money on the Internet. Rather, we are using the Internet as
channel to information with brokers, shareholders and prospective investors. There are no real benefit as such until will enhance the features of the site and make more technologically advanced.

Question No. 16
If Santam is spending Ten Thousand Rand per annum on the Internet, don't you expect benefit form this expenditure?

Response to Question 16
We need to get something back. But, not at the moment the site is just an added value to our brokers, shareholders and prospective investment as mentioned earlier. The site is not our primary channel of doing business; it is used mostly for the provision of useful products and company information. But if the technological features of the Internet are enhanced we will expect a bigger return on capital investment.

Question No. 17
If it was designed to be a primary channel, what benefit would you expect?

Response to Question 17
Then we will expect more than Ten Thousand hits a day, people getting online quote and actually writing business from the site. Getting online policy that is doing real business and growing the market share. That will be benefit.

Question No. 18
Do you expect any other benefits?

Response to Question 18
Admin cost will definitely be less and in the end, management overall cost will be reduced.

Question No. 19
Will this also enhance brand equity?

Response to Question 19
This is difficulty. I don't know or I am not sure.

Question No. 20
How can you achieve the abovementioned benefit?

Response to Question 20
This can be achieved investing more money on the Internet and making the site more technologically advanced to support the process of writing policies and processing claims.

Question No. 21
Do you refer to this as technologically advanced or more user-friendly, more accessible and easier to navigate?

Response to Question 21
What I mean by technologically advance is that you can click on a button and do a quote without wasting time. Or you can send SMS to the email to get insurance quote for your car or other items through the site; this can not be done at the moment. I suppose the site can be made more user-friendly, in a way that it attract more hit and get more customer for the company with easy navigation.
Question No. 22
What of management function like content and response management?

Response to Question 22
That’s right. There are employees that are responsible for the management of the e-mail coming directly from the site.

Question No. 23
Did you have an instance of poor relationship due to online transaction?

Response to Question 23
No. there is a staff member that is highly qualify that handles all the online transaction query and management and there has not been any incident of complains from clients and brokers alike.

Question No. 24
Do you consider the Internet as a strategic branding tool?

Response to Question 24
Yes, very much so. The umbrella and the colour yellow on the site represent our brand identity. This is further re-enforced on the Internet to ensure consistency and coherence. We will continue to do so in future.

Question No. 25
What does the logo (umbrella stand for?)

Response to Question 25
Santam was the first insurance company in South Africa to launch an umbrella (comprehensive) policy that covers all the belonging of the policy holder (cars, cell
phone, furniture, electronic and jewellery…etc). This happened in 1974. From this
day on, the umbrella sign becomes synonymous with Santam and was adopted in
1981 as the company's logo. Since then, the logo became synonymous with
flexible policy that can cover everything with one policy.

Question No. 26
Do you regard the Internet as strategic branding tool?

Response to Question 26
Yes.

Question No. 27
Why has it taken so long for Santam to increase Internet investment?

Response to Question 27
I think they have not realised the importance of the Internet. But, one of our
strategic objectives for project 2010 is technological advancement. That is using
the Internet to get everything. This includes, getting a quote and policy online.

It is definitely on the cards it has to be ready by 2010.

Question No. 29
What kind of information exchanges do you have with your customers presently?

Response to Question 29
The internet look at how to cut insurance premium, how to submit claim and also to
write letter on new accounts premium increase and insurance guide explaining
insurance terms in easy language (like a brochure) and more like a consumer education at the moment also explaining to them in very simple terms like a questionnaire, if you don’t understand something, to familiarize customers with insurance terms and all the terms they struggle with. Complaints department they get the reports to establish on what people are struggling with there are using the report to compile the brochure post it to the internet

Question No. 30
What additional information do you have on simple value chain?

Response to Question 30
The chain below should demonstrate the line advertising to clients informing them about the policy of our products. The product at the best price best (cheap) cover and claiming stage of the clients. The cheapest is not important what is important is the best product and we have to make sure that everything is covered and when you claim you get the money back or the client is paid back: (The product at the best price and but the best cover and the claim….)

Operations: Broker consultants, which is like an agent between the brokers and Santam in the middle there is a broker-consultant. Santam liaise with the broker and give them more information. The broker can also call with broker consultant for more information on a product or any problem encountering you can go to broker consultant which a can take you to the correct person in Santam.

Communications department: We have electronically news reader issue send out on monthly basis to the brokers that contain Santam specific news and economic news and the quarterly magazine which also has economic news and Santam specific news. There are also quarterly magazines specifically for our brokers; we have more than 8000 brokers. These brokers are not only working for Santam they are can also work for Auto & General, etc. We don’t have communication with
clients directly as we communicate through brokers and they communicate to our clients because it's their clients with our insurance policy which we started to there a need for consumer education and that is why we are starting now, to communicate directly with our clients.

Question No. 31
How can the internet enhance this process of communication?

Response to Question 31
It makes it user-friendly, by using easy language and other kind of interactive communication. We market our website more actively, embark on media awareness.

Question No. 32
What benefit do you expect from your internet investment?

Response to Question 32
I have to get the quotes in 5-10min

Question No. 33
Do you think that the internet is capable of growing market share?

Response to Question 33
If you can go to our insurance website, you will get four quotes, e-quotes in 10min then you can compare and you can make your decision and you will get workable one for you.
Question No. 34
Do you think that the Internet is useful tool for marketing?

Response to Question 34
Yes, as I said before younger generation they like do their own affairs, everything they need to know on the internet, they don't have to ask anybody what they can really do they can do it by themselves and make sure that they understand that is why we are promote user-friendly language, so information channel yes it is. People are lazy to read but I think when they want to know more on a certain topic they will read everything they can get and make empower themselves.

Question No. 35
What do you mean by saying that people are lazy to read?

Response to Question 35
In our internal publication, like in our intranet I can see by the questions people ask, they don't concentrate when they read all they need is the heading but they will ask you the question whereas it's in there, they are too lazy to read to the extent that even the first paragraph is a problem. But I think when you know you are responsible for your own choices like I said you can't blame anybody if you make wrong financial choice and you will definitely make sure what are the facts and you will read everything.

Question No. 36
Do you think that it is very good tip for people like you who write to make sure you write concisely?
Response to Question 36
Yes, definitely that the key cause you have to think of auditing account and all your readers and assured, concise as possible and with bullet points that will be easy to read.
Appendix C: interview with Jonathan Cherry: Brand Manager – Santam

Question No. 1
What kind of benefit would you expect from your Internet investment?

Response to Question 1
For the company like us, any investment in ecommerce has to compliments the existing channels of distribution that we have as an organisation. Ecommerce channel just that add to what we've already have and hopefully compliment them and make them work that we have those channel a bit much easier. My understand is that there was a big rush for everybody to come and have e-commerce face and that could not necessary work out because people did not quite understand what they should do. I think for the insurance company, I see lot of insurance company they don't really use the channel of Internet or ecommerce very effectively, as this is just like a brochure site for them. I don't think we fully utilise it properly but surely we do a lot out of ecommerce.

Question No. 2
How is this possible?

Response to Question 2
Respondent Did Not Answer

Question No. 3
If you have 50 insurance companies, all trying to be on top of the list, how is this possible?

Response to Question 3
Respondent Did Not Answer
Question No. 4
Do you regard the Santam site a branded site at the moment?

Response to Question 4
Respondent Did Not Answer

Question No. 5
Does it mean also that the site actually fulfil some marketing function?

Response to Question 5
Respondent Did Not Answer

Question No. 6
Who is responsible for the content management?

Response to Question 6

Question No. 7
Does the content management improves or facilitate CRM?

Response to Question 7

Question No. 8
Isn't that a marketing function?

Response to Question 8

Question No. 9
Will the basic customer information like name, ID number, address and contact detail is sufficient for insurance policy

Response to Question 9

Question No. 10
How do want to ensure continued customers loyalty

Response to Question 10

Question No. 11
You normally have business relationship with intermediary or brokers, what is their role with regards to claim query

Response to Question 11

Question No. 12
Who deals with claims?

Response to Question 12

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Response to Question 13

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Response to Question 14
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Response to Question 15

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Response to Question 16

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Response to Question 17

Question No. 18
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Response to Question 18

Question No. 19
Will this also enhance brand equity?

Response to Question 19

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Response to Question 20

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do you refer to this as technologically advanced or more user-friendly, more accessible and more easy to navigate

Response to Question 21

Question No. 22

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Response to Question 22

Question No. 23

did you have an instance of poor relationship due to online transaction

Response to Question 23

Question No. 24

Do you consider the Internet as a strategic branding tool

Response to Question 24

Question No. 25

what does the logo (umbrella stand for)

Response to Question 25
Question No. 26
Do you regard the Internet as a strategic branding tool

Response to Question 26

Question No. 27
Why has it taken so long for Santam to increase Internet Investment?

Response to Question 27

Question No. 28
When is the implementation date for 2010?

Response to Question 28
This company is moving very fast to increase their investment in internet technology because it's been seen as one of the cheapest market tools and medium for enhancing relationship with staff, partners and customers.
Appendix D: interview with Vanessa at Momentum

I: Interviewer
FR: Female respondent
(word in brackets): Uncertain transcription

I: Is there any evidence of change management for e-commerce project success?

FR: Okay, so let’s just first start then with successes and I’m just going to take it back over the past 18 months. I think our first success from an e-commerce perspective, was almost the re-launch of our existing website for our intermediaries. That involved, that involved a couple of functionalities. The first one was where you can almost, Momentum, if he logs onto the website, he’s able to see a portfolio of his client’s policies under the Momentum umbrella, which means, we distribute via our marketing advisors to our brokers and obviously, at the end of the day, to our clients, a whole range of financial solutions, which makes it a complex offering and I think it’s one of the main strategic reasons we decided to give our intermediaries a consolidated portfolio view of all his clients’ policies under the Momentum.

I: Are the intermediaries the same as brokers?

FR: Yes, They are also referred to as Brokers, but in the industry, they are referred to financial advisors, financial consultants, financial planners, brokers, corporate brokers, independent brokers. In Momentum, we have made a decision to call them brokers and not Intermediaries. The brokers are middle man between the customers and Momentum. We wish with our customers through the brokers. Although, we have a services division that help clients, but we preferred doing business via brokers.

I: What is nature of the relationship between Momentum and intermediaries?
FR: One of our strengths is the type of relationships existing between us and our business partners. There is an element of human factor and this needs management attention to address them. I think it's very important to also make mention that we do not wish to replace any human relationship with technology, but we wish to enhance it and we wish to give service to our intermediary by his choice. So you will still have the various categories of intermediaries that will pick up the telephone and phone a branch and that is one of the ways that it used to work. The broker, or the intermediary would pick up the telephone and phone the branch, speak to a broker liaison officer and ask them to facilitate all the information processes that they are now able to get on the Internet, or via online, our website.

I: How is the Momentum online brand protected?

FR: We protect our brand through the corporate website. This is a self-servicing information port from where the brokers are given access. This access point provides marketing information about the Momentum brand the different products and services. The complexities of these are that, it presents a big challenge for us to channel all role players via the corporate website. Access to this website is not centralised to allow log in from different areas, but it just branches onto the different websites of individual product houses.

I: Does online access to services improves business relationship with brokers?

FR: I don't think it's something that we have measured in terms of service, experiences. But, the benefit in doing it when you want to and where you want to makes the Internet. This flexible business opportunity gives the brokers enough leeway to improve the quality of information which is available. In the past there was interaction with one of our branches, awaiting either a fax or an email for the information and if the broker wanted it now, it he could get it within three minutes. So I think an experienced broker will respond much faster to queries using the Internet. It was a big process in terms of change, because people change slowly and the Change Management process took us a while. I would state that it takes approximately two years to get the website up with products and services.
This I think the experience for a technology orientated intermediary, would be that’s it faster now. You have to change your business model supporting this. You cannot have all the existing business models running, because then you will create inefficiencies in your business process, so you have to almost close the one down and open the new one, otherwise you will not have, it will not be a profitable and sound business decision for me to make to vest with the resources in Town, to create something like an Internet website and also still have to maintain all the costs on your other business processes, like your branches. So yes, I think, we’re still in the process of change and it will be a constant process. You know, we’re not in a position to say that all intermediaries are only web-serviced at the moment. We get new take-ons of intermediaries, there’s a process, there’s previous experiences that you have to manage and then obviously, manage your own business processes in terms of how you would like these intermediaries to obtain the information to do their business with Momentum from a web perspective, or the enquiries. We're not, we haven't got any transactional capabilities as such as yet, but like I said, it's an information portal where the intermediary can obtain his information from of his clients.

I: Can client register online claim?

FR: From our corporate website, we branch into a client environment. Now that client environment is where Paul Manson will give us some more insight later on when he joins us. From that environment you can enquiry – that's from a Momentum perspective. As a client, you can apply for a loan online. You can, I think, change an address online and you can, you can a couple of things. We can go through the list when Paul is here. From an intermediary perspective, I don't have any transactional capabilities. What I mean by that is you can't capture a new business application, life insurance, online and have it integrated into a workflow process, where it will be automatically either underwritten, or accepted, or etc. What you can do is you can get the information that you need to get there, to get an application form, you can track your New Business Outstanding requirements online, you can register for Communication Services online and you get all your practical information online and then obviously, a whole lot of Business Reports which you can give, that's dynamic, live, up-to-date Business Reports that you can get online, but nothing transactional like I put in a Risk amount and I say I want it for that term and this is going to be my premium. We don't have any online quotes,
any online applications. We are however in the development phase of doing that, but it's not live as such yet.

I: Does the e-commerce contribute to improved market share?

FR: Once again, I'm not sure if, Darlington, I'm not 100% sure if you can almost measure market share by technology. For us, I think it's almost, it's one of our cornerstones is the service and we run our technology on our service principle, but if you say, "market share", I think there's a myriad of categories under market share which you can, which you can almost identify, so it's either market share by product, or market share by distribution channels, or market share by revenue, or income or profitability, or you know, how do you measure marketing, how do you define that, but we believe that technology will enhance our offering and by doing that, it will enhance our relationship which we believe will increase our market share in terms of being favourable to the intermediary and being a ::: client to the :::

I: Do you believe that the online services have the capability of attracting any customers from new markets segments?

FR: Yes, a certain type of customer. From a new market – yes, a certain type, most definitely. Any online service has that capability. It depends on your offering and it depends on your target market.

I: And Momentum's Online Services has not done that?

FR: Yes, we, you see, we have, if you say, "Momentum Online Services", we obviously won't have a client that don't have an email address, but will access the website to do an online loan, because the client hasn't been exposed to Internet Banking even, you know, so it will attract a certain type of client. From an intermediary perspective, if there's also a certain type of intermediary that embraces the technology and our challenge is to do the Change Management and to market the benefit to make it attractive for the other type of intermediaries. So it's almost more a case of highlighting the benefits to the other type of
intermediaries that doesn’t embrace technology as such, but it, any online service could definitely, could definitely enhance your offering and it can also attract different types, it depends on your target market.

I: What you currently have is heavy reliance on Agents, what percentage of reliance on agent?

FR: If you say, “Agent”, what do you mean?
I: The intermediaries.

FR: Yes, we rely a hundred percent

I: So what you are saying is the online operation would be wrong in parallel

FR: Sorry?

I: Would be unparallel with the traditional relationship that you already have with the intermediary?

FR: Can you just pose your question again?

I: I’m saying that the online operation will be wrong in parallel with the traditional relationship that you already have with the intermediary? Is that what you’re saying?

FR: Yes, yes, most definitely.

I: That’s what you’re saying – correct. So in other words, the function of the online activities is just to improve the quality of the relationship that has been in existence.
FR: Yes.

I: Good and then handle clients online, is there an intention to do that?

FR: “Ja”, like I said, almost from a financial perspective, which would probably be our next step. Currently, we offer a loan process directly to the client, but from Internet functionality, part of our future planning is for the intermediary to transact on behalf of his client by means of a mandate. In other words, the client will sign a mandate to the intermediary, saying that I give you a level of authority to transact on my behalf in a certain capacity. So say for instance, the client only wants him to change his address details, but you’re not wanting to maybe switch monies into different funds, you will give him that mandate and based on that mandate that we will carry centrally, that broker will transact online, claim switching of funds, etc., so in terms of our future plans, that is definitely part of it. So if you, if we’re talking about what is we now and where we’re moving towards, there’s for us, quite a big difference and our view and our vision is that we’re going to be doing a lot of transactions online and claims I see under that.

I: Vanessa, you handle a very good and exciting portfolio within Momentum and then as portfolio, we're looking at, you are Momentum as a company, are you as a head of that section, the person that benefits from the Internet investments?

FR: Has personal benefit?

I: No, corporate benefits, or business benefits?

FR: From what?

I: From the Internet investment, what kind of benefit would expect from the Internet investment, for instance?
FR: Well, I think one of the main benefits that we do expect, is efficiency, creating efficiencies. So creating efficiencies at the end of the day. The other thing is to ::: our offering In terms of almost giving it, you know, on a platform that's global. It's up to the intermediary to decide when he wants to transact - not by office hours, not by awaiting human answers, human intervention, so enhancing the offering as a package, I would say, it would be from a service perspective, enhancing the complete service offering. I think there's a myriad in, you know, that we can list.

I: How can you achieve these benefits?

FR: You know, it's like a recurring question on the first question I think, but obviously, by implementing a very sound Internet strategy for Momentum first as a whole and then I think to align that from Momentum as a company, I think our success will be to align that vision and strategy within the various profit centres.

I: Do you consider the Internet a strategic branding tool?

FR: Yes, we've actually defined the Internet as a strategic branding tool for Momentum. One of the branding tactics in terms of vesting and communicating our brand.

I: What kind of information exchanges do you have with your customers?

FR: We have various kinds. I think, currently there's two; there's three main players in terms of exchanging information. The one is through our Call Centres, the one is through the Internet and the other one is through our distribution channels. We have different categories in our distribution channels. We have our::: Sales environment, which typically involves Marketing Advisors that services intermediary in his office. We're now going to have an Agency Division, so an Agent being a Momentum employee, if I can call it that and does the majority of his business, or the biggest deal percentage of his business for the Life company, which would be Momentum and then we also have agency franchises, which is
more for the Entrepreneur, so via all those channels, either the client, or the intermediary, can obtain information and that's how we exchange that currently.

I: Do you have a special service for employees online?

FR: Yes, we do. we have an internal service or information portal that we run on Lotus Notes and it entails everything from “A” to “Z”, from an employee perspective and we also have departments in Momentum that takes ownership for internal communication and information and one of the main, or two that I can mention, maybe two and think of more later, in terms of tactic that we have, internal newspapers and we also utilise email to a great extent to exchange that information.

I: In what different ways does the online medium compliment the communication processes?

FR: I think once again, it enhances your offering of any existing channel that you do use. I think if you, in terms of, you know, I think the first thing that comes to mind, is reference from a communication perspective. You know, it's much easier to access previous versions or volume issues of standard communication on an Internet site than what it is for you to try and structure your own filing structure to keep these things up to date, just in terms of reference, so once again, I think it enhances that offering greatly.

FR: I think, I'm also comfortable to say that we must run these questions by a couple of other role-players in Momentum, I actually wanted to mention that just now, especially from a branding perspective and also from a, almost an Internet and strategy perspective. In terms of that, Momentum as a company, our philosophy is to utilise our existing resources and we don't easily outsource :::. I think that to enhance those resources and those skills, we're sustaining Internet future for Momentum within the company. I think if you look at a very sound strategy, an Internet strategy
I: what about skills?

FR: We house development and strategic skill inside Momentum as a company. We do not outsource.

I: is this a sustainability strategy for the Internet?

FR: Well, it's one of our development strategies just to develop in-house and to develop the skill to stay with the latest and the greatest development on the Internet.

I: When you talk of skill, what kind of skill?

FR: Human Resources, Technical and Managerial skills?

I: A problem to Internet investment, because when you have maybe a very good idea, like when you talk about maybe having policy online, isn't that an issue of cost?

FR: It is, there are obviously costs. I mean, the skill, to obtain the skill, does cost, but I am more comfortable if we refer those questions to the person in IT, for him to answer.

I: How can you advance Internet Marketing ability?

FR: I think you should truly know your customer, first of all.

I: How will you know your customer when you don't have a relationship with your customers?
FR: But I do

I: You have a relationship with your intermediaries. Those are not your customers.

FR: They are my customers.
I: Those are agents, third party agents.

FR: For me, the intermediaries are customers for distribution services.

I: What of employees?

FR: Of course.

FR: If you develop for that specific channel. So when I refer to it as a customer, I mean, the intermediary, so it's to really get to know exactly what it is, to really understand the need, the requirement from that person. I think it's not for you to determine what is that the intermediary wants to do. It is for you to truly understand his business process and define where you can add the value and facilitate that from an Internet point.

I: How will you do that?

FR: By research? Definitely within the Marketing division, the research will be on that.

I: That as the best part of the marketing strategy to enhance online marketing ability

FR: Yes.
I: Okay, what other electronic components are compatible with Internet?

FR: What other electronic components are compatible with the Internet?

I: “Ja?”

FR: Darlington, I'm not sure what the electronic component look like. I mean, I'm sure in a few years' time; we can make sure that the microwave is compatible with the Internet if it's not already. So I mean, electronic component is very, very huge. You know, the question is very wide.

I: Radio is compatible at the moment. You can have a radio jingle of Momentum advertisement and load it on the Internet.

FR: No, I know that.

I: And your customer can play it.

FR: No, I know that. What I'm saying is, you know

I: Like instead of your customer now tuned into Radio Metro to get your advert which you do not know the title of. You can just log onto the same website and play your advert.

FR: I know that. What I'm saying, I can sit here for four hours and I can list all the electronic components that are compatible, so it's a very wide question.

I: It’s a wide question, but within the Momentum context?
FR: Within the Momentum context, we have a communication tool that we have implemented for distribution services and the – inform product name, communication engine.

I: Inform, okay.

FR: We utilise the Internet and its infrastructures to facilitate the registration process of this communication and this entails various selections of how the intermediary wants to be seen, his business process. So just to mention, there's email, there's fax, there's sms, so I can't exactly, I think we have certain workflow processes that we run on our System which is also currently compatible to our offering on the Internet.

I: Okay, that's good, so you have a very strong background of your job portfolio and within Momentum; you have a very good understanding of your job activities. Is that true?

FR: Yes, I would think so. I've been with the company for 14 years.

I: Do you have plans to increase future Internet volume?

FR: We'll have to check that with our IT team.

I: Do you -

FR: I'm sure there will have to be an increase in the budgets and things.

I: “Ja”, since you managed Marketing activities, if there is any project that you want to be included within the portfolio that you manage and you don't have budget for it and you saw that it has a strategic marketing potential, how would you do that?
FR: Well, you know, just to take an existing example, like I said, we do in-house development. In terms of our cost for these kinds of projects, we have a product development team that uses certain criteria that we prioritise the value of that project to Internet arena, so for us it's not necessarily more a development cost, because we carry those resources and the skill and the salaries in any event, but I understand for other companies, that's not true. Other companies who outsource, will maybe get for that specific project, will get a quote for R500,000.00 to do development, which is not true in Momentum's case. We do all our in-house development, but when you take, when you get to the marketing component of that, I think, taking it out, communicating it – you know, I think there's many ways and many tactics to use, but “ja”, we have a very open door policy. If the value to the intermediary and the value to the client is seen and sold, we will assign the fund to it.

I: Good.

FR: Because you need to. If the benefit is to be there and if there is someone with a passion to take the ownership for that specific project, we will make sure that we take a very sound business decision around that. We don't build anything, or do anything in Momentum without a very well thought through business plan.

I: Good, now I'm happy with that response. You mentioned earlier that you don't have the capability to process policy online.

FR: Yes?

I: You said that it is actually part of your future Internet strategy.

FR: Yes.

I: Isn't that a justification, or a sound business strategy that requires increased audits?
FR: Increased?

I: Audits?

FR: Yes, definitely, definitely. What we do is we will take an annual approach on that from a Momentum perspective. We will plan a year ahead and we will shine that project.

I: “Ja”, of course

FR: Based on the Business Plan.

FR: Yes, most definitely, most definitely, but if you want to extend, we'll have to check that with the Head of IT.

I: Now if you do have that plan, so justifying the existing Internet investment and justifying the future Internet Investment project interest, will require improved market share bottom line? Do you think so?

I: Yes, you also mentioned earlier that market share cannot be measured, so how will you justify that kind of decision?

FR: By measuring the saving, the efficiency.

I: You said before that market share cannot be measured, so how will you justify future increase in Internet budgets?

FR: I didn't say that market share cannot be measured. I said, in terms of the Internet and the value that it adds in terms of the various target markets, it is
difficult to measure it and almost put a measurement down to say what is your market share on the usage of the Internet, based on the usage of the Internet, but if you say that you measure efficiencies, it will obviously have an impact on your bottom line. I didn't say that you cannot measure market share. You can measure anything you've got.

I: Okay, if you

FR: But from an Internet perspective, the question was posed, “Has the Internet increased your market share?” as I said, it is very, it depends on what section you measure. There are different components.

I: Okay, let’s say, let’s use maybe a very simple example to illustrate our understanding of the measurement issue around market share, with the introduction of Internet. Prior to the deployment of Internet capability within Momentum, five years down your line, maybe the bottom line was ::: and now that Internet has been deployed, the bottom line is, even less than one million, or slightly above one million, would that, an indication of measurement?

FR: Yes and I'm very comfortable to say, “Yes”. It has on that basis and that very simple example has increased the market share.

I: Okay, so now at this stage, will you agree that the online services of Momentum is benefit and therefore, justify increased investment within the Internet in future?

FR: Yes, if the Business Plan is sound.

I: “Ja”, so it's not -

FR: Definitely
I: The one you have presently is sound, of course.

FR: Yes.

I: And even the one you anticipate is also a very sound business policy, because you said you want to enhance service offering online

FR: Yes

I: Making it easy one time, maybe anytime, anywhere for a customer to just make a policy out

FR: Yes

I: Would that have him to half all the ::: of time and moving around

FR: Correct

I: Yes, which is for me, is a resource that add value to market share

FR: Yes, most definitely, from that perspective, most definitely

I: Just look at this picture there and see where you can have, whether you agree with it, or you think it should look different (0:4042)

FR: Just take me through it?

I: Okay, I said – here, for example, is the Momentum Insurance Company, on the right – left and the customer sits here, but you don't deal with customers, right?
FR: No, we do have instances where we do, like I told you, the Client Services

I: Okay

FR: So we do have instances from a Momentum perspective that we do.

I: Okay, so you don't just have a hundred percent business activity from agent or brokers?

FR: No, we do in terms of, you can say, 99%.

I: 99%, so one percent to make policy out through the Call Centre

FR: You do have a scenario where a client doesn't want to deal with a broker.

I: “Ja”

FR: And we have to accommodate that, but in terms of our strategy, where the intermediary funds come

I: Yes, I understand that, so even the 1%, you don't have a strategy for them?

FR: Yes, I'm sure. No, there's obviously a service strategy for them.

I: What service strategy do you have?

FR: They go direct to the Client Services Call Centre and there's qualified Agents to assist with the process
I: And you don't have anything to accommodate them online?

FR: There are some servicing capabilities on the corporate website for the clients.

I: Okay.

FR: Your policy information, register for our royalty programmes, like I said, you can do your Loan Application online, etc.

I: So the client is at the extreme right. This is product offering to the client, through the Internet. That Internet, the Agent, or the Call Centre

FR: Yes

I: and then the client now sends by proposal through the same, any client that is suitable, back to the company. It can also send a claim through each of these channels to the company and then I have here, premier :::s made by the Internet, composition payment is made by the Internet company to the client. I look at this as a simple diagram or value chain, a form of communication that already is operating, but using these three channels. You have the Call Centre

FR: We don't have a Claims process on the Internet.

I: You don't have the, so that is why I said that, okay, the proposal which is a product offering, you have on the Internet.

FR: No.

I: You don't?
FR: That's one of our :::  

I: What do you have on the Internet?  

FR: It's crucial for this position. We can't, from a Momentum perspective, we utilise a Momentum corporate website to branch into the various other websites. One of them, is ::: Online. ::: Online is an intermediary focussed website. On there you can see client information, you can get business reports, okay and you can see register on personal information, you get information like (brochure ware), application forms, etc. I can send you a whole list of stuff that we can go through.  

I: That means, Internet will not be here in this diagram, or it shouldn't be here?  

FR: On Product – it can stay there. On Proposal and Claims – it can go off, from a (NBS) side  

I: Okay?  

FR: From a Momentum side, it's a different picture.  

I: You know why I intend to absorb it here, is that production information, you said, is Online, which is product offering, in my view.  

FR: Yes  

I: Because based on the reliable, comprehensive product information that the client can access online, he can make a proposal through the agent or through the Call Centre. Do you agree with that?
FR: Our view from an (investment) perspective is a little bit different, because the view is that a client will make his choice about the product, based on the sound financial advice that an intermediary has given the client. The client then goes and reads up on a product and decides by himself, he doesn't need an intermediary to make those decisions in terms of his financial :::. So the technology and the process will only support the business decision. It will not be the business decision. The business decision

I: It supports the business decision of the client and Momentum?

FR: The client and the intermediary in terms of his financial plan and the technology will support that business decision

I: Of the client and the intermediary

FR: Yes, because the intermediary will advise the client of what you do in terms of his Financial Plan.

I: This is an impressing Case Study of Momentum E-Commerce. If you use the online activities of Momentum to improve or enhance the quality of the relationship and the quality of service that you mentioned, how does that impart on brand equity?

FR: I think like we said, the mother brand will always Momentum and that's why the strategy to utilise the corporate website as a parent was such an important strategic decision for us and I think that coming from the mother brand, almost the parent route, I think that enhances it by itself. We have very aligned initiatives and I think that also enhances the offering, because the experience of the intermediary and the customer ::: is pretty much the same :::, although there are six different areas of development. So I think that was one of our biggest challenges and one of the greatest grand building initiatives in terms of the experience of the user at the end.
I: Because you know that the issue of trust has been a very negative issue when it comes to online activities and online activities

FR: The issue of?

I: Trust and privacy? Is that an issue in many?

FR: Not to date, but I think it's something that we are taking a lot of time with and thinking about and I think that we are planning to implement very sound security models when it comes to our whole mandate concept where the client will give certain permissions for the Broker to, for the intermediary to facilitate online processes. Currently, it's an information, as I explained it to you. We haven't had real case studies or scenarios where we needed to be concerned in terms of people logging that weren't supposed to log on, or fraudulent cases, etc., but it's definitely something, when we start moving to a complete online transacting environment, that we're taking a lot of time in thinking about and planning.

I: I think I'll stop is.
Appendix E: interview with Paul and Vanessa at Momentum

I: Interviewer (Mr Darlington Onojaefe)
MR: Male respondent (Paul)
FR: Female respondent (Vanessa)
FV: Female voice
(word in brackets): Uncertain transcription

I: So we just start off and so just give the :::, so this strategy you are talking about is?

MR: I think what it is at the moment -

I: Contents – Marketing?

MR: It starts off at Contents

I: Contents

MR: I’m starting off at a content level

I: Okay

MR: And also trying to define who we’re actually aiming at. The multitude of sites, that’s above and a multitude of target markets So actually we need to define exactly who we, rather go for a definite target market and the others will glean information from it. So at the moment, like Momentum pose at a, this is all over, we’ve got Press information, we’ve got too much product information, because our distribution is through intermediaries, so the problem we have there is we try and people say, “Okay, we need to put that on, that on, that on, because possibly
someone could come along and that’s not the aim. I want to get to a point where we say, “This is our primary concern, it's our primary target market, so we're like a perspective, fine. So what do they need to know? Knowing that our strategy is to go through intermediaries, so you don't want to give them too much information, because they can't purchase our product. You can't buy our product at a price, so you've got to go through an intermediary and you don't want to take that relationship away from the intermediary, so I think, possibly we've given too much information, we need to sort that out. “Ja”, so it's going to be prospective client, client and partner – the three people we're going to aim at and your partner is your intermediary, because at the moment, we've got this sort of like, it's, if you really, if you sat and wrote it down, we'd have 10 to 12 groups of people that we're trying to inform on our side, which I think isn't correct.

I: I think Vanessa also mentioned that. It means that 100 % of your attention is paid to intermediaries?

MR: 99

I: That's what she said.

MR: “Ja”, no, okay. Now, it is interesting to note that there are ongoing interactions with intermediaries to determine “product and service quality” inside Momentum and the sales team facilitate this process. Momentum sales team or whatever it can be called. Their primary role is intermediary. Now I sit in Service, we service intermediary clients, so we've got to brief at the client's needs. We must never go out with, if you want to call it, “Functionality” to a client, prior to going out to an intermediary. Our distribution :: intermediary, so if we take out e-commerce's functionality, we take it out to the intermediary first. Then, possibly at a later stage, you roll it down to your client. It will save you Call Centre calls. So that's how we want to roll it, so your intermediary also benefits first. There will always be Internet users and non-Internet users on our client base, especially on our life products and that, you've got your older group. The product defines how much interaction there is from a client's point of view. Don't change your life policy, come and change your banking details, or your client details, so that you won't go on the Internet for. Our wealth products, investment products, you go onto the
Internet for, so we need to, once a client comes in, we need to start defining who the client is and what action they need. So it's very interesting.

I: I like what you said, when you said there are too much information, yes to the intermediary at the moment, to the client

MR: Or prospective client

I: Or prospective client. Now you want to manage the kind, or the content of that. That's very important

MR: “Ja”

I: Specific information that gives specific product definition is not easy.

MR: We at the moment, unfortunately, we never had that focus and we just call and regurgitated brochure ware onto the Web for product information. My aim is that we're going to go out with a definite content strategy on how we're going to compile content and to the point that we're going to look at mostly getting a true Web Author, a person who knows how to write.

MR: So we're going to define who we're writing for, right upfront and that's the aim and style we'll write for. You can't do everything – it's impossible and “ja”, so that's, that's – there's a lot of research on it at the moment, it's actually very interesting.

I: And that means the kind of content that you, the content standard that you shared now would be managed a long time?

MR: “Ja”, I think the interesting thing is we've never had, we've also never had the tools. I'm implementing like a whole File Management system now and the end result is if anyone loads, what you call it, contents or a brochure, or whatever into
the system, there is a final point that someone has to approve it and that's where I see a person who implements these files, that is the point. That will never go out into a public domain, tell that person said, so we've never had that tool. Someone will say, “Here, let's put it on” and it would go on, so we never had the tools to, to manage it. Now we're going to have them and we've never had the standards, so I think, “ja”, the last, the next six months are going to be very, it's going to be a very sort of maturing process for Momentum.

I: When you talk of strategy for the improved customer service, right?

MR: “Ja”

I: And you say you are doing a lot of research now

FV: Sorry, can I offer you coffee? Tea or coffee?

MR: No, just water is fine.

FV: Water?

MR: Yes.

FV: Sorry, I know it's recording now, but please can you give us business cards? Fantastic.

I: When you talk about strategy

MR: “Ja?”
I: You mentioned, you are assessing a lot about strategy now. What kind of research are you doing?

MR: Funny, I'm just, I've just basically gone up; I'm not focussing on anything at the moment. It's difficult, because I'm trying to say, “Okay, let's sort out” and when I say, “content”, I don't mean written content. It's what goes on. Full stop. What do we put there, what functionality, what makes that user, (1) come back and (1) transact. The other side we've done for improving customer service as we've got people who are looking at all the issues within the Call Centre, what are the most common calls, what are the most common transactions, how can we put those, first of all – can you put them on an interactive basis, like on the Web for people to do, will they choose that route to go rather than a telephone call, because this is not easy, just to phone to change your address, rather than log in on and then what will, the bigger thing is what will get someone to come back? Why will defined log on? You go to the bank, your bank account, because you need to log on to find out and pay your bills, but why will you come to Momentum? Up until now, no real reason, but we've built our, we've got the health product which is your health scheme which is a recurring requirement to come and see where your claims. So that causes interaction for a lifestyle programme, but you use your online benefits, ::: them online, but there needs to be more, I don't know what that thing is, but it's obviously got to be an offering within the company and I don't think we've got it, we haven't got that, that draw card that brings people back. I don't know what it is.

I: Did you do little research about customers' needs, or?

MR: We haven't done any

I: Yes, because ::: and it's dynamic

MR: Yes

I: It's changing rapidly
I: And to deal with Internets, that is so interactive. It means that the lifestyle activities of the Internet itself to be fluid and dynamic.

MR: Yes

I: So like you've mentioned whatever you think is an incentive to draw the customers online, is going to be a useful part of the strategy in development itself.

MR: "Ja"

I: So that you don't just have a site, or an E-Commerce project that is not productive and is not beneficial.

MR: "Ja"

I: Or you don't have your website, targeting a specific market and it's dormant, because you don't have money to waste.

MR: "Ja"

I: And you don't have time to waste developing strategy that is not relevant.

MR: "Ja"

I: So part of the job that you need to do is to have maybe, you say you have, the assessment, maybe do some kind of targeted research.
MR: Luckily enough, we've got tools so that we can do online stuff

I: Online stuff?

MR: Online research

MR: But, “ja”, that's the big thing that's also coming up – you've got to get a user group, if you're sitting with them and work out what they need, but “ja”, it's that draw card I think we're missing from a client perspective, why will he come back.

I: You already have a good relationship with your intermediaries, right?

MR: (Mm)

I: How do you think your strategy will develop an enhancement service to improve the relationship, for further improve the relationship?

FR: By a comprehensive offering and understanding his business process and building and developing around those needs truly, around the business needs of the intermediaries. I think that will further enhance the relationship and almost defining what is the value-add from Momentum to their office.

MR: One can be very selfish in development. You develop what suits the company and not the, you know, the intermediary. It comes down to ease of use. I think we battle with, South Africa is battling with the user accepting it.

FR: “Ja”, the whole Change Management

MR: I think that's the biggest
I: Momentum is not battling with that.

MR: No, I said the country. “Ja”, the country is battling with it. I don't think South Africans are.

I: Momentum interact nothing with that. Momentum is a strong brand.

MR: No

I: I think joint kind of respect

FR: “Ja” and not that -

I: From their intermediaries

MR: I think it's getting people to actually rather use the Internet than a telephone to rather, you know – if you could put all the functionalities on that, “ja”, Consult Service, I think that is a big mindset we've got to change. I think your younger intermediary coming through, your new agency is great – you'll do it. It's your sort of middle, older, the person who has been around. You'll battle to get him to convert. (0:11:28)

I: Is brand promotional management not only part of your Strategic Development?

FR: I think our brand is so incorporated in everything that we do, it's almost our culture

MR: “Ja”

FR: that it naturally fits in there, you know.
MR: I think, “ja”, brand promotion in my mind would be the, like I said, we've got three, in my mind, we've got three target groups and the first target group is the brand promotion, the prospective client. At that level and I'm looking at sort of trimming out everything we've got there and basically coming down to, who are we, why are we and we're part of this bigger group. We've got the strength, we've got the knowledge, you know and you're not making the wrong decision in choosing. That's what I want to do to prospective clients. Your intermediary did not do the wrong thing recommending us because we're a strong company. I think once you're a client, it's maintaining a brand. You know, you don't have to build that brand.

FR: The awareness

MR: “Ja”, it's not the awareness, “ja”, you don't build brand awareness. It's saying, “We're still who we said we are. We haven't slipped.” With an intermediary, my focus is post log on. I don't, I'm not looking at trying to attract intermediaries. I think that's Momentum, whatever we're calling ourselves, we're called service now. It's their task to attract the intermediaries and maintain intermediary, increase the business through it. We're concerned with once he comes, once he is an intermediary. How do we service him from a functional point of view, not brand, but he would be able to see what we're doing from a brand perspective on momentum.co.za, he says, “Okay”, so when he recommends Momentum, the person has already heard about us, so from an, “ja” - fortunately, to date we've never supported brand awareness, because we've sort of created our own on the Internet. It hasn't been a tight link between us and the corporate branding, so

FR: Although we've taken corporate almost as the mother

MR: “Ja”

FR: And having all of these, because I said, no, when we spoke, I think, just now you said, you know, it's quite complicated. It is, because we have different small little companies within this organisation and to align all of that, I think, is one of the
other benefits in terms of making the experience one and that’s why we’ve almost positioned corporate as a parent unit

MR: (Mm)

FR: for all of the others to leverage off. It doesn’t mean that they’re not doing their own thing, but it still means that we follow certain set guidelines, in terms of brand and what do we do as a company for the experience of the user at the end of the day to be similar. Preferably at the end, well, ultimately, to be the same, but currently, to be (similar)

MR: Presenting it :::

I: What will the new strategy do with regard to your inability to have goods online, :: online and policy online?

MR: Well, the aim at the moment is to put it on :: intermediary self-service. I still, I think we’ve got that line of cross – I think we’ve got to be very careful we don’t cross it where we empower the clients more than we empower the intermediary. That’s the problem I have and actually, if we take the transactions where at the moment, we’ve got more transactions for the client than we have for an intermediary, so

I: Will you be having a specific code for the intermediary to assess specific information?

MR: As in?

FR: Like in user, log in authentication?

I: “Ja?” Because if you are going to segment
MR: “Ja”, we're segmented at the moment. Your intermediary has the overview of his client base.

I: And then if you are going to segment in a way that empowers the intermediary

MR: “Ja”

I: Then the ability of using the online to process client policy and

MR: “Ja”

I: Should now be coded in a way that is accessible to the intermediary only.

MR: “Ja, ja”, no, we have, we have roles and that's how we're going to run. At the moment, we actually run three separate sites, totally separate. You've got a client and you've got the intermediary one. We're actually going to merge them over time. Basically, it will be role-based, depending on the role you come in, it depends on the functionality you see. It's not as if your client has your base role. Above that, your intermediary sees all his clients

I: Yes

MR: So yes, we do have that functionality.

FR: So the business rules that we apply at authentication stage, will determine what is that either intermediary or client at the end of the day, will be able to see and transact in terms of the authority that we give them, but that's all based on the business rules.
MR: Actually, for the first time as well, I think it started this week, we're starting to share code which is quite nice.

I: You should be having a large pool of intermediaries, up to 50,000

MR: What?

I: Intermediaries

FR: Sorry, there should be, what?

I: Your intermediaries

FR: “Ja?”

I: Is it up to 50,000 people? (0:17:04)

MR: I don't know now if the new

FR: Well, if you look at the total, if you look at all the channels of people that would utilise the services and functions, you've got a total possible base of probably 10 – I'm including Marketing houses, Regional Managers, Franchisers, Franchise Agents, traditional Agents, NBS Brokers – we should have a potential base.

MR: A potential, “ja”

FR: A potential base of about 10.

MR: “Ja”, we've got about

I: Okay

FR: And we currently have supporting 2½ in terms of business support, not Internet supporters, but if you look at the volumes in terms of Sign-on, we had in April on our website, our intermediary website, 35,000, so 35,000 times

MR: Log-ons

FR: Log-ons, “ja”

MR: But there are multiple. I don't know how many

I: That's reasonable

MR: “Ja”, active actual persons

I: Because I'm just looking at your strategic portfolio. If you know the total number of people, you can segment those to a number of intermediaries according to specific capacity needs and develop a strategy for individual needs, or individual segments. It's possible, because intermediaries are actually well-established and bigger

FR: Yes

I: Than orders
MR: “Ja”

FR: From a business perspective, we have those segmented strategies in place in terms of our, our growth for the next three years. From an Internet perspective in terms of delivery of functionality on that, that's part of the whole initiative to do the research with that segmented base or channel of intermediary

I: And do you try, do you maybe have any plan to expound marketed expansion strategy in your, as part of your strategy? Market expansion, or is it market retention strategy that we'll be talking about? (0:19:51)

MR: Yes, that was a nice curve or a pretty preventative strategy to us, okay, it's nice to know that. Now I can do my research, it's too cold

FR: “Ja”, it's a bit of a

MR: I don't know, I still grapple with the thing going through the, how do you expand your market if you focus :::ly? Your distribution strategy, how do you have control over that?

I: Maybe you will have more intermediaries in more places

MR: “Ja”, well, how do you control, you see

FR: That's possibly also why you said it's twofold, because

MR: “Ja”

FR: you know, you can't, you don't always create revenue or profitability from new, you can also create it from existing.
MR: I don't, okay, from the Internet perspective

I: Yes

MR: we'll never sell to a client online, because we're not going to acquire a client, a brand new client, until, unless the strategy of the company changes. Okay, we're not dealing through intermediaries, we're now going direct. So current, we will never acquire a client from completing a transaction on the web. The possibility of expanding a book, post log-on from a client, is high. We can do that. Now we can aim to say, "What can a client do online in order to expand their book (with us)?" And how do we -

FR: And what can we do without financial advice, or what can he do on his own

MR: “Ja”

FR: And on what basis do we determine that?

MR: My concern is how we deal with the intermediary if the client is given that opportunity and which intermediary we deal with.

I: And then strategy is planning. The word, “strategy”, means, “planning”

MR: (Mm)

I: And you have been, vested with the ::: claim, short-term and long-term marketing activities of Momentum online service. If you say that the traditional belief or focus of Momentum is to deal with the intermediary, are you having any reason to change that to include the customers, go direct and intermediary, because of course, you could do research on that, I suggest that, yes, we need to
concentrate on the intermediary as well as open our business to individual customers who we :::

MR: “Ja”, I think the difference here is you've got, it's the company structure and I'm not saying, “You stick to your structures.” That would be something that distribution would actually need to say, “Yes, that's where we need to go, how are we going to go about it?” I think you can do a Current Client Book on Marketing, but how do we deal with the intermediaries, because one person could have multiple intermediaries. That's a big question from a, if you want to call it, a systems point of view – do we actually do that? But in my mind, I want to start empowering the client who has logged on, with more knowledge of other products available and, “ja”, where he takes that everything is going to lead, “Here's more information, you don't have a healthy product. Here's more information, but contact your intermediary. Here's his telephone number.” So everything will lead back to the intermediary. I want to get that question mark starting in the client's mind and say, “Hang on, this is a better product I get from my workplace. I want to take this out” and he phones the intermediary.

I: Vanessa, you mentioned the other time about Strategic Alignment and Paul now mentioned that there is a constraint on Strategic Alignment. When there is a specific strategic decision that relates to a different division which is distribution, are you saying there is no alignment or is it a problem of communication?

FR: No, I don't think it's a problem at all. I think underlying our strategy is that we are an intermediary focussed company. I don't think that's unclear

MR: No

FR: at all. I think you can never stare yourself blind with that. I think, that is our culture to question things and to make sure that that is still found, so if it is divulged, should we offer the client these things or these services, or functions? That's just part of our culture – we ask those kinds of questions. It's not that we're questioning the :::, it's just, how can we make it better, how can we make it more cost-effective, how can we create a presence, how can we market via these
channels and if the answers to all of those questions come to say that we need to expand our functionality in terms of our offering to our client direct, we need to then say our underlying there, we're an intermediary focussed company, how can involve you and what are the complexities of involving that intermediary and communicating to that intermediary and how do we enlarge his offering then, because you can always find the benefit in everything, or anything, if you look into it. So now I don't think that there's an alignment issue, or you know, that there's a communication issue. I just think it's a complete different view in terms of our initial discussion, because my discussion is very much distribution focussed and always very service focussed.

I: Will you now say, corporate culture is an impediment against Internet success?

FR: “is an impediment”? 

I: against Internet success?

MR: Success - no.

FR: Oh, success, no.

I: Because if you say, your corporate culture limits you

MR: No, it doesn't limit us.

FR: No, it doesn't limit us.

MR: What we're saying is our distribution, our strategy from a corporate level, is intermediary focussed, so at the moment, if you want to say, a short-term focus for us over the next three years, would be to ensure that they are and have the online source.
I: What will be the

MR: We don't -

I: The potential of the Internet is that it offers a wider reach to a wider audience. It allows more people to see the product. Now if that happens, if that feature is there and you ascribe to that, at the same time, prevent people who have contacts with the brand online transaction ability

MR: You're not preventing it.

I: You are not accommodating them also?

MR: “Ja”, but our – the financial industry we’re in, is not a product you buy online

FR: It's not a book, it's not a

MR: You don't want to open a bank account

FR: It's not a bank account

MR: You have to and it's the way the industry is going and it's the way we need to go, because we need advice, so everything we're going to do is guide people to, they realise they have a need, okay and how do I go about this? Maybe they think they have a need and they don't. Maybe they underestimate their need, so you need a financial advisor, but you need one that meets certain criteria, legally and also that meets the person's criteria and we're going to guide them down that road. Say, “Okay, this and this and this. Do you now think you need someone?” And we put someone in contact with them. Our products are not something you, you can't just go and buy a financial services product off the shelf
I: Okay

MR: And I don’t think that the level of person in, well, the Internet user, will never be able to distil enough information for them to make that choice.

I: (0:27:55) Okay, let’s say, the corporate court is not an impediment, it's not a buyer. Let's say, the industry or the kind of products, is a buyer drove. Internet regiment or Internet success. Do you agree with that?

MR: In selling directly to the open market?

I: Yes? (overlapping of speaking) the kind of industry

MR: The complexity of the products.

I: The complexity of the products

FR: And I think that's one of the main

I: So we will agree that certain kinds of products are not compatible with the Internet basis.

MR: “Ja”

FR: Not without the sound advice of an intermediary, not without that. That's why our strategy
I: You cannot render financial services online, can you?

MR: Well, I still think there are too many outside factors, unless someone was totally 100% honest when they completed the 30-page information form which you'd need to ask, I'm sure. You don't know the outside, the other policies, the other companies are involved in. Firstly, you don't have to go through that whole process and gather that and then get to the point where you can advise them on where they are. So, yes, you could build an online system, but will someone go to a brand, who manufacture if you want to call it, of a product and give them information of the products they buy from another manufacturer, they won't. So you will always be isolated outside of the financial plan. You will only be dealing with what information you've been given. The end result is you might give them correct information, putting an independent person in the position, they will gather, yes, they have this, they have that policy, and they've got this.

FR: independent advice, “ja”

MR: They gather that and then say, “Here's the whole (missing).” So I think you could, but you'll have to be an independent, you'd have to be an independent online solution, so you'd actually have to be a brokerage where someone will openly, give them all the information they need and no-one's going to load information to us to say, “Yes, I have four Old Mutual policies and an investment here and an investment there and I think it’s, people are very wary of what you're going to do with the information even if you've got as many privacy things, I would not load, if I've gone and open a bank account, I don't tell them I've got a bank account somewhere else, because why should they know? So I think that's the barrier we have. It's actually, it's not the industry, it's the type of products we've got. You need that independent person, the, can you call it, the distributor who can gather that department. We can build those new -

I: Do all those follow-ups require kind of technical advice, or some kind of advice?
MR: “Ja”, I think it's the advice, but it's the person who someone will open up to and give them all the information they need to know and a person who knows, you can ask for the information online, but your end-result is very reliant on what is put in

FR: (Mm)

MR: and that's why we haven't gone. You can do like very brief lifestyle questions and they can get to a result, but they still will withhold the information.

FR: You can almost facilitate if there's a quick fact find, but you can't facilitate the complete business process

I: “Ja”

FR: If you look at where we are as a company, the company wants to play in all financial products. Now financial risk complicate the complex risk product, is completely different to a straightforward retirement annuity, but our strength is in our complete offspring as a Company. It's not just in the retirement annuity, but just in this, because we offer the biggest spectrum and our aim is for our clients, our existing clients, to obviously have a portfolio of all these products in terms of their portfolio. Now once you start playing the one off against the other – yes, it requires technical advice, because at the end of the day, you want to retire and you need so much to do so and you have these liabilities and you have these incomes and you have these businesses and, etc. and each and every person's scenario is different. Each and every client out there has a different set-up, a different income, requirements at Retirement and only truly knowing the person like Paul mentioned and having your financial advice around that and the relationship and the trust around that, will you determine the true picture of that and you plan then for your future ahead, so it's not in isolation, a complex product, to get back to the original questions. It's not, a Retirement Annuity is complex. That's not what we're saying, because if you take it from our view, that's not the only service offered by Momentum. It's the complete solution at the end of the day.
I: Okay

FR: And the planning process.

MR: You could take it to a simple scenario, if you're going through the process and the person says, you know, they might be working for an employer who only has a particular medical aid and that's who they aspire, but on an online process is, "Have you got a medical aid?" "Yes". "Would you change?" They say, "Yes" and we give them an option for Momentum Health. Out comes their portfolio. They go back to the employer says, “No ways”, but now they could have completed that process online and for the product

FR: “Ja”

MR: So the Financial Advisor would say, “Well, you're in the company. Can you change?” “Oh no, I can't.” “Oh, okay” and they'll ask the right questions, then there’s a limit to how many questions you can ask interactively and I, “Ja”, I don't think it's, it's not our (sort of scheme)

I: What are clients?

MR: Clients?

I: Yes?

MR: “Ja”, we've got them.

I: To buy the product is complicated

MR: “Ja”
I: And what are online clients?

FR: Servicing

MR: The Servicing side we are aiming towards. What we’ve got is, I haven’t seen the spreadsheet – 60, no 80 something processes that can happen, once you own any of our products, so we want to take the high end usage at the moment through the Call Centre, take those, but also weight them against what is easier. Would you actually go through a whole registration process online to become a user, to change your address details on your life policy? No, so that will stay with

FR: I can quickly pop an email for that -

MR: It will do it, but it will say on the Call Centre

FR: “Ja”

MR: People phone and constantly find out their fund value on their wealth contract, the unit trusts. Let’s put that on. So we’ve got to go through those. A guy changes his banking details, but hangs on – he’s got five policies with us. So it’s weighing up the product to the transaction, but obviously, if you say, “Change your details”, it might be more effective for one type of client, but if you implement it, we implement it across the board, so we’re weighing those up at the moment and that’s what the service team is doing at the moment. What can we put on to, to speed up this and get the calls out of the Call Centre – that costs us money? You know every call that comes in, the Call Centre Agent holds you on for more than a minute and a half and up goes the commission of the Call Centre Agent, so it’s fighting that fight, but we need to, they’re looking at a few logs on. The numbers of online visitors have increased because we’ve got the health product. That’s very attractive. We come on monthly to check your claims. Also, what is the draw part? It’s your budget
I: Is your strategy going to include skill development?

MR: Skill Development?

I: In-house Skill Development that will service

FR: (Mm) Continuous, to continue as the need requires it, we require the skill and the knowledge

MR: I must admit, I don't see that as part of, to be honest, it's not part of what I need to put down. If we say, "That's where we need to go", we then need to say, "How do we get there?" Now I'm doing, that's where we're going

I: Is it Market Strategy?

MR: From my point, it's where we do take the web as a tool for our customers. Customers are intermediaries. So you'll be looking at customer relationship strategy, market expansion and retention strategy

FR: Functionality

MR: Functionality

I: Service quality strategy

MR: "Ja", in a way. To be honest, this started two weeks ago. So it will be a nice building block to get

FR: "Ja", I also just told Darlington, it's all just a month-old
MR: I've got a very short-term

I: Oh, this one, it's a new portfolio this one, the one you are talking about.

FR: We've just gone through a complete restructuring.

MR: The whole company, I sat here a month ago. I'm now down on a whole new (development), so it's very interesting

I: Okay

MR: But the role's gone

FR: We're still formulating our plan

MR: The role has expanded, which is nice.

FR: I think, Darlington, sorry, I see that we're running out of time. I've got an 11 o'clock as well

FR: Can I just quickly say, just for the Interview's sake, it is important and I want you to record that -

FR: It is very important that whatever research we do, we do run through corporate, before there's any

FR: So from a corporate branding perspective, I mean, “ja”, we had a nice chat now and all of that, but it will not, I mean, you know, it's very, we need to make it
very clear and very – everyone must understand around this table that none of this will be used until it's approved by corporate

FR: Our complete corporate, you know, PR Team.

FR: Alright?
Appendix F: interview with Mr. Anthony Dean at Woolworths

I: Interviewer
R: Respondent
(word in brackets): Uncertain transcription

R: Do it through the online space and what we’re hoping, we’re going to do in the near future, is allow for an Ordering system for our corporate customers to go in and order vouchers, instead of phoning – you know, currently they can phone and fax us, but we’ll have a system where they can actually order the bulk vouchers from us

I: Online?

R: Using online, it is essentially the same thing like walking into a physical store. They come through, pop up our screen and we process. The rest of the process will happen the same way

I: Okay and then, are you getting the current online customer at the moment, or?

R: Not yet, no. We’re sort of, from a departure perspective, we’re busy changing the look and the feel of our voucher. The old one is very old and we’ve made it a lot more in line with the Woolworth’s brand and we, are in the process of starting to drive the marketing activity by offering beautiful product for the customer. So we’re almost settling in with our existing customers now, we’ve got a big season coming up, so we’re not going to – I don’t want to and over, you know, promise and under deliver.

I: Can the gift voucher be bought telephonically?

R: Well, you just phone our Call centre and then it will be delivered, or if you’re doing a single, smaller voucher, you phone our on-line Call Centre and they’ll process the order.

I: Would you see as a complimentary service to E-commerce initiative of Woolworth’s?
R: Well, what I’d say, more E-commerce would compliment our channel offering, our offering to :::. You know, the offering is same, whether you email us, phone us and go into a store and order a voucher through till points or drive sales on line, you know, so I think for, for our perspective and our, not our biggest portion, but our biggest function here is to support our bulk customers, which are mainly corporate, all are corporate, so for them, they’re online all the time anyway and the online I think would facilitate, you know, an easier ordering process, because they don’t really, you know, so used to our service and they’re now, they go on line, place a order and we'll contact them if we need anything additional

I: How easy is the process, the ordering process – online ordering process, how easy is t?

R: Well, it's a bit difficult to say, because we don’t have for the actual gift vouchers it, the current one. It's, our current gift voucher process is, if you have our online in-the-bag groceries, home ware, clothing that runs on a, on a particular ordering process, the gift voucher sits separately at the moment in that we almost divert it to an outside third party thing, we process it, the things are ordered through to us and we process the finalisation, the actual putting the voucher in the envelope with the message and we'll post it off and it's only from history that that’s happened. We've never, we've never incorporated the gift vouchers into our normal online ordering process.

I: Is there any third party involved in this gift voucher

R: Well, from an online perspective, there is at the moment, but it's purely a, it's purely a hosting perspective

I: Okay

R: It's not a, it's not a transaction stall, I think, close to as we fulfill the order. It's purely just from olden days where Woolworths had a site, the Woolworths site and it was more a marketing thing and I think they offered gift voucher sales and that linked through to the third party who did all the processing and everything and when online came in, we took back the processing of the delivery and all that kind of stuff, but for some reason, they left that leg. Now I started speaking to Keith, for example, who is now looking after online. I'm saying, we need to (1) Incorporate
gift vouchers into the normal ordering process, you flag it as a gift, choose your cards. The fulfillment almost happens from a store perspective and it follows the normal navigation that you would find on, on our site at the moment and we cut out the third party – redirect, if I can put it that way, so

I: what kind of collaboration do you have with outside companies?

R: No, no, well, essentially, so that perspective, the gift vouchers is in the product – on, in the bag, shopping side, it becomes a product. So if you want, if you go online and you want to buy a gift for somebody and you want it delivered to that, you, you go and you say, okay, you want a gift voucher, you want and you'll have R500, R300, R400, R300, R200, R100 vouchers and you can select the denom-, you know, the quantity which you want for that and you go through the normal check-out process, use your card, you flag it as a gift, you choose a, a gift card, where the voucher can go into and you type in your message, say, “Happy Birthday” and that will be literally closed in-store and delivered to the customer

I: Okay

R: Anything, you know, we'll have to set up the process so that anything outside our delivery area, comes through to a central point and we then have a different service of delivering – we courier it. You know, we courier the envelope to the customer, the recipient

I: At whose costs?

R: At the customer's costs. Like, like if you currently order a hamper online and you're paying a delivery fee of R35, R45

I: Okay

R: So there you're still paying a delivery fee, you know, you're having your gift delivered to the recipient.

I: Okay
R: But we'll just have to work a, a process internally, because currently, we can only deliver to a Gauteng area, you know, the Gauteng mid-, KwaZulu, or Durban area, PE, Cape Town. So there are hubs which we deliver to, which, for all intents and purposes, is 80% of the country. A population, well, not population wise, but our target ::::, but we do get requests for Upington, Kimberley and wherever. There are, you know, some strange places which will need to have a process so we can get that to them.

I: Will you say that there is no technical or managerial problem in relation to the implementation, or the process of the gift voucher online ordering system?

R: I'm not sure I understand the question?

I: There, is there any technical, or managerial difficulty that you encounter, or experience?

R: No, look, I think there's – no, I think it's a matter of just getting it done and there's a process, there are some technical changes which need to happen. I think, loading a gift voucher is purely loading a SKU, which we can do.

I: What's SKU?

R: It's a Stock Keeping Unit

I: Okay?

R: So this will be a little different, but the difficulty in that is

I: Is that software, or a system?

R: No, no, it's a, for example, if we load water onto the website, like this ::::, we all load that product, SKU, which is unique to this thing, “Against water”, that's the SKU, so when customers are ordering it online, they order, that SKU is linked to this product description. They want to order that and they want to order two units, let's say. When the guys in Stores pick, they pick against that SKU. For us, we'll have to create a Product Code – an SKU, or a product code for the gift voucher specifically, for a specific denomination, so when it prints out on the Picking Sheet,
they know that they need to print a R500 gift voucher, or a R200 gift voucher, but we do airtime currently – cellular airtime, so it's good for and relatively, the same aspects. I'm saying, that's relatively easy, the difficulty or the uniqueness or the difference, is that currently we deliver gift vouchers anywhere in SA, but our delivery footprints of our online service is limited to, to metropolitan areas. If we want to deliver outside that, we need a seamless online thing that customers don't really notice the difference, so if you come online and you order for Cape Town, you go through the normal process, if you come online and you want to deliver it to Upington, where we don't deliver currently, from an online delivery perspective, you should go through the normal process, but there's a way that you, you input your address and maybe, that is slightly different to our current system. So there is a variation [Okay] in how that ordering process is going to happen. So we need to map how that looks and technically, our IT guys need to code that. So there is a, there is a bit of a change.

I: And it does not affect the Managerial strategy that you use to market the product

R: No. It would help us, in fact, because it opens up channels for us and currently, we've got specific ways of ordering. We've just got this extra, seamless way of placing orders, giving gift vouchers.

I: Would you say, this online gift voucher ordering system is there any way that it creates or enhances the consumer relationship?

R: I think it does, it enhances your customer relationship. I think, first and foremost, your customer relationship has got to sit with, would sit with the brand, so your interaction – there needs to be a personal interaction with the brand This interaction enhances business relations because, it becomes simpler for customers to have advantage of additional shopping channel.

I: And then, there is no way you can have that Gift Voucher Order System through an Agent, or a third party?

R: We can, but if it's something that we can do in-house, because if you go to a third party, there's a cost involved
R: Some way, because that third party now needs to make money out of it, so depending on how that model works, it will depend, but we could. You've got a few things out of your control then, which you need to make sure that are in line with the delivery to the customer — the quality of that delivery, the value that they add, the customer interaction that they had, if they close with the customer. All of those kind of stuff, have got to be at a Woolworths standard and by giving it to a third party, you've now got to manage that, whereas if it's part of your existing process, you already know that it's happening, you're already managing something that. Now, the third party, you've got an additional thing that you've got to, so it's dependant on how, how it works, or, but rather do it in-house, if you and if it's not your expertise, then sure, start working on it.

I: If you do it in-house, do you need order departmental, or order service support within different departments and if you do, how is the relationship working (0:16:29)

R: I'm trying to think of — seeing a lot of — in our current process, I couldn't really, you know, we don't really rely on much. I mean, our in the bag Call Centre, performs a lot of the smaller gift voucher orders and that's seamless, the relationship between, it's been made a proper service, it essentially wouldn't change that much, although we would need a relationship, I suppose from an online perspective and a gift voucher: so the link flows in together, because they would need to manage the online portion of it and I would need to make sure that it's running to our, to a Woolworths standard, our standards, that they're also working to those standards, so we just need to manage how that, how that would run and I don't think it would be an, it would always be a seamless relationship, it wouldn't be an issue.

I: What benefits do you expect from your Internet business, for instance, if you are to make an investment in the gift online voucher?

R: Okay?

I: Which is an Internet transaction process, what benefit would you expect from that investment?
R: Well, it's equated to more the online stuff

R: Don't worry about Gift Vouchers. So if you're looking at a Marketing investment, or a

I: And it will assist the Marketing or the operation of the online gift voucher service, which is marketing, perhaps, so what kind of benefit will you from that? I suppose, I mean, any investment that you place - whether they be marketing or investing a new process which incurs item costs, you want a return on that investment, you want additional sales from, essentially there and there are various ways of getting that. It generates new customers, you increase the frequency of your existing customers, or you increase the basket size of your existing orders, so that's the kind of benefit in any one and if we can do across all three, if we drive the sales, with an increase in all three areas, I mean, we've got such a, the return on investment will be so amazing and that you would want those kind of aspects to happen. An increase in customer base, an increase in your regularity of your existing customers and increase in the basket size.

I: Okay, when you say, “basket size”, what is that?

R: A “basket size” is, your average customer comes into a, a store, or online and they buy a trolley of goods, or a basket of goods. On average, we work out on average what that, what that is and if you start increasing it, you get your investment allows you to increase that. The overall sales become a lot better, where efficiencies in stores become a lot better, because now you're picking one order, it's just become bigger instead of having two, three orders that are all the same size.

I: Okay.

R: You know what I mean? So your efficiency, it's easier to pick one order that was R500.00's worth of goods, now it's R800.00 as opposed to picking two different orders that are only R400.00 each, okay? That's the kind of -

I: Well, that's a good answer.

I: How can you achieve these benefits? (0:21:41)
R: Okay, from a and we specifically are online, from I think your, most important is your ease of, ease of shop, okay, so that's the first thing that customers, when they come in to you, to interact. If it's difficult to, to navigate through your site, to place your order, they're going to, they'll walk away, okay? Speed is involved there as well, so all the barriers to entry, you need to kind of smooth out as much as possible.

I: And what are the barriers?

R: Well, your navigation, your speed of your site. If customers can't find the product, so if it's not, if your whole initial upfront things is not intuitive, it becomes, the customer gets frustrated and remember, from an economist perspective, it's quite a new, a new thing in South Africa, so a lot of customers, the normal way of shopping, is going into a store. They know how long it takes them, they know the shelves, and they know where to go, so that is barriers to online shopping. All of these things, stop them from doing it, or if they become too much, then the customer's going to drop the mouse, switch it off and go into a store and send a short transaction. Ideally you need to have fairly good way to overcome this difficulty. What we do to overcome that is we offer an incentive for online shoppers.

I: What kind of incentive?

R: Essentially, when you register with us, you get a R35.00 voucher towards your next, towards your first order. So when you shop, you know that you're getting, there's a little bit of money off, so you either use your first purchase and we found that on the, through the history is customers who purchase with us for the first time, their average order size, or their basket size, is relatively lower than our average. Okay, the average is sitting around R500.00. The first purchase is around, I think it's about, about R300.00, it's around there, so it's relatively low and that's indicative of the fact that they're trying the service out. So they'll do a smaller order, they're worried about their credit card going through, so they'll either do a gift order, or they'll come in and do just a small grocery order, testing the service, seeing what it's like, seeing what the delivery is like and we can just trust that it's going to get delivered at the end of the day, so that's what they, so that's the kind of thing we'd look at.
I: What have done to overcome the challenges of change management in e-commerce?

R: We have competent business analyst that think like a customer and set up the site to fulfill to needs/lifestyle of the most customers. This set-up gives the customers the ability to navigate the site. If the site was built without this ideal, the site could be creative but, fails to fulfill the need of online shoppers. The ease at which the customers navigate the site to locate what they are looking for is important in e-commerce environment and tries to address behaviour factors that influence customers. For example, when a customer log-on to Woolworths sites, to buy foods, the department is clearly marked and easy to navigate. There is a need to intuitively understand how the customer thinks and the purpose of their visit and you need to find that fine balance between beautiful pictures, which take time to load versus a transactional capability of site. In a traditional shop, this requirement is not so necessary.

I: One of them that, if I can remember what you're saying now, you're thinking of creative competency and strategic competency?

R: Absolutely, absolutely. I mean, if think of the experience of being Brand Manager of Online Service

I: Who is that?

R: Me, from being the Brand Manager of that. I think it's just having read a lot of stuff around the Internet and the environment. In the motor industry for example there are incredibly high percentages of people who shop cars online. They investigate for car online but, transact in a dealership. And that is a pure example of where your branding comes in. In this regard, the Internet becomes a branding and marketing tool and that's important for Woolworths. From a marketing perspective, if I think of our own site, where we look at the areas of our site that were visitors are able to shop more often, or the most in a particular period in our clothing and home sites. The clothing and home sells fewer products at times. Just telling you that customers are coming in to browse what is available from Woolworths, what is the latest, what's new, what's happening and that again tells
me that it's, the guys are browsing from a branding perspective, seeing what's, new and then transacting in traditional store.

I: What kind of information do you need from online shoppers?

R: Multiple points and I'm not sure what you picked up from Keith, but you know, we, when a customer to our site first, obviously, there's an interaction – they initiate an interaction. If they register with us, we'll send them an email automated, just to confirm, “Thank you for registering with us, R35.00 voucher”, you know, that's the initial thing. When they start ordering with us, you know, if they place an order, we'll send them an email – an order email, confirming what they've ordered and once the order has been fulfilled and transacted, we'll send them another email what happened and those are the electronic versions of their interactions with us. Again, if they interact with your Call Centre, there are interactions there and we'll require these personal information.

This requires they come and register with us and give all the information – other than their payment details or banking details, they'll give us as much information as we need. So they'll give us their name, surname, address, contact details, the – currently we just ask whether they want more marketing information and promotional information from us, going forward, that list is extended, so we ask, do they want information on clothing, do they want information on food, you know, those kinds of things, so we've expanded that, but it's not in yet. So we get information from, enough information. Most personal is probably the ID number from a point of view that we deliver, or we can order alcohol on our site.

R: Alcohol, so we just need that for a, from a legal perspective

I: Okay

R: So, but other than that, we don't, we don't ask, we don't ask for their credit card number at that point, we don't ask for

I: And how secure and :::: is your

R: That information?
I: Transactional sites?

R: All transactions take place by registering via check-out, I mean, on secure pages, a secure portion of the site, which are encoded using the safe, I don't what it's called, but is a 128-bit encryption which was a standard, I think, even banking encryption for transacting online, so all of that, it happens, we don't store the, you know, some places for example, some sites, if you go back to them and you put in your contact details and all those kinds of things, for example, it automatically populates those fields. We don't, for check-out purposes, we don't really populate that. So every single time you check-out, we don't store your payment details for the next time you come and pay, you have to always input your same details. We don't store that and also all customer data is stored inside our file, or on our database, so, “ja”, there is security around that.

I: What are you doing for enhance and sustain internet users?

R: This is a difficult one. There are a few things – I think, one from a service, internal service, you need to provide a quality service to a customer. If you don't do that, you're not going to get the returned customer. You then kind of need to look at the existing customers and drive additional behaviour from that, so what Justin is doing, one of our Business Analysts, is, he's been running campaigns to drive behaviour. For Mother's Day, for example, we'll send an email to all the customers who placed a gifting order last year for Mother's Day, we'll send an email to them with an offer. Say, “Here's R20.00 towards your, you know, Mother's Day order. Spoil your Mom, “du, du, du, du, du, du” and in that way, if one reminds customers it's Mother's Day, it gives them an incentive to shop with us and again it reinforces the fact that maybe they have a birthday in each month. They'll send a birthday gift in the same way, because they're used to using the service. They will then realise that we do grocery orders. They'll come back and they'll, they've used our service before and they know we deliver, so they've used that, so it's driving those customer loyalty campaigns to get our existing customers to spend more and then it's to drive awareness, to drive acquisition of new customers and so from a marketing perspective, that becomes very important, is you're linking on other sites that have like-minded to your target market, that may come across your, your, you advertise and say, “Well, great. That's what I, I actually need to buy all this stuff now, let me go and shop online, click through, place an order and now shop, so you've got to consistently, continuously have visibility somewhere doing marketing.
I: So do you have a banner ad in order sites?

R: “Ja”, we've got, we've set up some relationships with people like M-Web on Shopping 24 and on Tiscali, or old Tiscali, that's now new M-Web and on Women 24, we do quite a bit on, so those sites where somebody is coming and they drive a lot of traffic of people with one topic and they may come in and just have a look. “Actually, I need to do some grocery shopping, where can I shop?” Then they see, “Oh, Woolworths, they trust Woolworths and they like through to us.” So it's those kind of things we all do. Women 24 we often do campaigns where our target market is, is women. They are businesswomen, they've got families and they're time strapped, so and they hire LSM. Women 24 have a very similar target market, so by advertising on them, using promotional email campaigns to their base, it drives traffic to our site, okay? (0:35:15)

I: Good. How can you achieve, how can you advance Internet marketing in :::?

R: I think internally there are two things – Internally, there's an opportunity around not, in a way, automating a lot of the process around customer behaviour, for example, the Mother's Day example I gave you on Justin sending an email out. There's a lot of manual work around that and there are things around, if the customer regularly shops on a monthly basis, but then doesn't shop, is there an automated way that we can email the customer and say, “Send them a voucher, so, you know, here's R20.00 for your next order, us knowing that they, not saying, “No, we see you haven't shopped”, but putting it in a nice way of saying, you know, “Come have a look at our new products, here's R20.00 for your next order and so just incentivised them. They may have forgotten about you, they may have been on holiday and come back, but haven't quite remembered to use you, just to bring them back in again and then they'll start using you and it like carries on, so that the petrol reminders for the customers to shop, so there's a way of driving that. Externally, you’re possibly looking at more strategic partnerships with companies. You know, we've got some stuff on the Shopping 24 and those kind of things, but is, is driving offers to a specific offer to a specific target market and having a relationship with that other interface and just, not joint ventures, but alliances and you have a reciprocal offers to them, so you work with both.

I: What other electronic components are compatible with the Internet?
R: Woolworths currently? If I think of, if this is what you're asking, if I think of the Panels in which you can transact with us, either online, telephonically, via call centre, fax and email – those are the only other channels that we can really transact with. We haven't implemented SMS stuff yet. What else? You can't place an order, even if a small order via SMS and we also haven't started using SMS technology to remind customers to inform them that their deliveries, to remind them that the delivery is coming. You know those kinds of things. We haven't incorporated that into our portfolio yet, so

I: Okay, do you have plans to increase future Internet budgets?

R: Internet budget from what perspective? Marketing, or

I: Like for example, now you have, what is your (0:43:02), for instance, you have a plan to integrate that ::: into the online transaction

R: Which would increase the transactions that happen online?

I: So and then you cannot just integrate that without anybody to support or manage it.

R: Essentially, what do plan do we have to increase our overall Sales?

I: “Ja”, no, the product that have to improve in marketing and sales activities.

R: Okay, so what budget do we have?

I: No, what plan do you have to increase those budgets and why do you think you have that plan?

R: An Expense Budget. IT expense to improve our service? I think that one particularly is more a key question, to be honest. We don't have, you know, we won't increase our budget specifically. We'll be trying to get efficiencies out of our existing budget. So that's more, you know, we can't spend more and, but of what we do spend, we need to make it work better for us and we need to make sure that
we spend it on, on aspects that are going to give us a return, a bigger return. So the question is, do you use your budget to, let's say, do a radio ad, for example, which is very, it's broad, you've got no guarantee that anybody's going to come back and use you, versus would you rather take that money and invest it in customers that have shopped already, they know your service, have shopped you a couple of times, but you want them just to shop more and you can do that by incentivising your :::, so you can use probably less money than what it would cost to do a radio ad and you'd probably get more, a better return on that. So it's those kinds of things. An example, from the IT perspective, you know, do you put a system in place that improves your look and feel, or do you put a system in place that gives the ability to sell more products, or sell different types of products, or those kinds of things. You're going to sell, you're going to want to sell more products, because it increases your turnover, it increases your bottom line. It's those kinds of things that have become more efficient at and becoming more focused on.

I: If you, when you talk about increased market share and increasing the size of the budget, for instance. Is there a way you could do that without increasing the (borders) to correspond with increasing market share?

R: It's a bit of a, it's a difficult one. I think if your service is world class and it's easy and you have value to add to the customer's life, to the end-user's life, then you can work a lot on, "Those customers will tell others", so there's a lot of word of mouth there and your, you need to do, so your market share will grow just completely because of your service. If you start meaning to do a lot of marketing, because your, to drive customers, but you're not retaining them, that becomes a problem. I think it all stems around, well, it all stems around what value you add, you're offering to your customers and what service you're offering to them. If it's not going to benefit them and it's not adding value to their life, what, why, what reason do they have to come back to you? So you can advertise as much as you like, like blow R10 million, but they'll come and use you once, you're not efficient, you're not adding value, so why must they come to you again? If you're offering a balance, there's word of mouth. It becomes extra, they use you more often. They send gifts to a friend who then sees it. They'll use it, because they've experienced the receiving of a gift. Those kinds of things and that generates more as such. Okay?
I: Do you have sufficient IT budget?

R: The budget we have now is very limited. It, possibly it hasn’t been efficient at all. I think we’ve, but we’ve gone through a stage of, from an internal company perspective, which is now hopefully sorted out, so some restructures have happened, moving your reporting areas and those kind of things, which allows us to allocate responsibility. I think Keith may have one ::: where the stores are doing the picking, okay and now the responsibility of that picking process, is on the Store Manager. He's there every single day, he needs to manage that. Previously it wasn't, so he never got buy-in from, from them, he never got support from them and now the guys, that will become a lot more sufficient and he has to answer for when it's not, so you know, that's sort of changes, so delivery to customers is a lot better and you know, internally head office will be able to focus a lot more on the selling on the Internet, the layout and how the navigation happens and all those kinds of stuff, we'll become a lot more efficient in the things that we need to do.

Appendix G: Interview with Phila Ndarana- Woolworths

DPO……With regard ecommerce activities……from your perspective you … ecommerce
PN.....Yes technically so the way the business is structures, we have business people who look after procurement, who manage customers, who manage catalogues in term of what need to be sold, and transacted so all transactions at the business level are managed by the business. The man who manages that is Keats Scott; he makes sure that all the business analyses are going fine. On the other side we look after the technical environment, so if there is something is wrong on site, Lolo and I are the link between the business and extremely technical people to make sure that things are up and running, if these guys have got any needs if they want to change anything or add anything on the site they talk to us other than cataloguing. Technically we are ecommerce department; I'm the manager ecommerce manager.

DPO.......Will you say the unit which you are managing with is the ecommerce activities at Woolworths, are there any benefits do far?

PN....... If you remember just prior to impost Y2K, there were lots of talks that whether clicks will replace mortar, you know these bricks and mortar and clicks and mortar. People were saying lots of customer will go away from doing mortar and do internet shopping. Some people therefore never got to it, and I'm one of those who never got into it. I read a study once that in America even buying school uniforms customers are still prefer to go to the shops, even if you know what size of your kid, you will still there and buy personally. Purely because of the experience and you got a wider choice; you've got the range, you want to touch and fell. Benefits wise, yes there are benefits but would never be benefits as some as new store. I'm sure our ecommerce side even though its nationally and internationally makes less money than an average Woolworths store, however you've got to be present on the web, so that is the huge benefit that you can’t put in monitory turns people have got to know about it. On the web we have, if people want to apply for franchise business, so to put something there so that they can enter their names they can go to our database, we put our contact details. We now in the process of
putting applications forms so that people can apply for the jobs, those are the benefits, so we’ve got to be there. The financial benefits will not be the as much as opening a store but there is intangible benefits which can not be put on monitory basis.

DPO……..If give an example of the intangible benefits.

PN.........It is the presence in the web, it the fact that people know about you, is the fact that we want to open franchise store in certain areas of the country and people don’t know how Woolworth works. People don’t know the quality effects of Woolworths or what it means to be a franchise all that kind of information is been put there and if you are the web you can market your products easier and also people can see what new products are bringing in and all those staff rather that going to the newspaper.

DPO…….. Would you say that because you’ve ecommerce present now the kind of customer engagements that you’ve with your customers and stakeholders it enhanced? Can you elaborate on that?

PN.........It would be enhancing in the sense that a customer does not have to make a phone call to Woolworth to say, I want to know about something. If that information is on the web, then they can be used to enhance customer shopping experience. That customer be it a Western Cape or Gauteng or international customer, mostly it will be international customer if that want certain kind of products when they visit the country they know what kind of food/ products they can buy from Woolworths. eg. I have a friend who’s in London she buys (Groceries) on our side every month for her family in Durban, this is a person who is sitting so many kilometres away from us and she can make purchases on behave of her parents. We ourselves we’ve got staff from valentines’ day, as I from Durban originally, if I want to buy something for them I just buy her and they deliver.
Lolo: And as well you can go away from holidays and place an order within two weeks, so that when you come back from holidays we deliver on the day of your arrival. So you don’t have to go to the store to buy some staff you can get it on the door step.

DPO……..You have been able to touch on benefits in terms of intangible. One of the tangible benefits that you’ve talk about is improve customer relationship management and improve awareness of Woolworths brand to all stakeholders. Is it the, when we look at the traditional structure as it suppose to be online environment. Do you see any differences in terms of customer relationship management and the traditional store and customer relationship management in the online store? and if there is any differences, is there any way that we can enhance the online environment relationship management so that to attract more customers.

PN.........This I'll attempt to answer we'll give best possible answer and this question is more of a business question than an IT question. When you are a Woolworths customer, when customers goes into Woolworths and then they expect quality and excellent service. If at a competitor a customer would accept that this milk was suppose to be sold yesterday, but it’s still on the shelves today, they must accept that and move on to another product, so I’m not going to buy this but will go and but another product. The same customer comes to Woolworths and that customer really 8:48?? To say is on the shelf when it should have been sold yesterday? One customer for an example bought a bottle of wine, and he was entertained and he drank it and left a bit wine and he brought it back to me and said I was with a wine master in my house and he said to me this wine was not a good quality wine, so what are you going to do about it? I actually had to give her another bottle of wine of her choice so, your Woolworths customer expect service all the time and we’ve people bringing clothing that they bought in the 80’s say you said this was going to last me forever but and then you give then whatever it is or
you replace that product with the equivalent or you give them their money back. So the exact customer services, whereas on the web, there isn’t that human intervention I mean obviously if somebody is not certified about the speed of the network of the site they will say, you know going to Woolworths and I asked them to give me a free bottle of wine because I didn’t enjoy the other one, now here are these guys having a slow site so what do I do?

And obviously they will call and report and complain but his fact is if even a competitors side is magically slower that ours or our site is faster that the competitors but because in the mortar? Business we go quiet an extra mile that extra mile to service a customer that what they will expect on the web as well. So obviously the improvement that have to make is to make sure that we are at the very close at the cutting edge of IT to make sure that our site is stable, our site is fast so we need to be very careful of the internet service provider as we going to partnership with and we’ve to make sure that whatever information is put on the web is good quality information you know you don’t overload the customer at the same time you don’t put in too little. It’s more of an impersonal relationship but we want to make that impersonal relationship a relationship of quality.

DPO……..So far did you experience any problems of trust accepting the kind of relationship that you want to establish with your online customers?

PN..........In my 12:02…? I said, I've a very short te..12:05? In this field, they've not really been that many problems that I'll say had broken fast. I can’t think of any problem that we had, that we can say
Lolo: I would rather say it enhances the trust because what normal happen in some customers now, drivers go to theirs house and pack the groceries and while the customer is not even in the house, that the enhancement of trust and some people buy cell phones over the internet and then the driver takes that cell phone and deliver to the person directly to your house your vouchers, and its like a cash in
your hand they buy voucher over a wire and the driver will take the voucher and
airtime, as far as I’m consent it enhances the trust.

DPO………Its like building another kind of trust and kind of shopping pleasure for
the customers. What benefits do you expect from your internet investment? If you
look at Woolworths investments on the internet, what benefit would you expect to
justify that investment?

PN……….I’m sure you are not talking about the monitory benefits. Obviously you
are not asking rand and cents at the moment, you are not asking how do we make
and how much is the investment? I’m not sure if we are at liberty to say what our
investment was in terms of rand and cents. Yes on both, investment and benefits.
I’m not sure if we are at liberty to say that but what I can say is that obviously like
any other business when you make an investment we want at least break even and
over time make profit. So there is that monitory benefit that we want. The second
one is actually the benefit of offering convince to our customers. The fact that we
can go into a customers’ heart and unpack the groceries for that customer, the fact
that the customer can say I’ll be on holidays for two week but when I come back I’ll
be at home by12noon and can you deliver by 17:00. and we’ll deliver at 17:00 the
customer is tired and does want to go to the nearest Woolworths, and that is
convice, so they are those benefits that the investments must sure realise that the
customer coming to Woolworths and this is money making for Woolworths and
we’ve got to make some and we’ve got to offer convenience to our customers. Because
that build lifelong and lifetime relationships between Woolworths and
customer because we value the relationship that we’ve with our customers and we
do not want the relationship to be a once off thing, it not a cotton or not a one night
stand that you want the customer we want to have a lifelong relationship. Its like a
good solid marriage it’s like Sisulu marriage that you know it’s there and its part of
life that what we want.

DPO………How can you achieve these benefits as a company?
PN........firstly we can reduce the number of visitor coming to a store, so that when the customer say at 10am so we can be there at 10am. Secondly the number of orders for the jumble you’ve short at times and you’ve out of stocks and try to reduce the number out of stocks, thirdly if the customer wants substitute for each groceries at least we must close what he/she wants, the customer wouldn’t order a beef stock and we sent condensed milk for example that would build a trust and well as experience.

DPO........ If I can understand you clearly you are saying that, Woolworths must respond to the customers’ needs all the time.

PN........And if we can not meet those realities which is the reality of life, at least we do the best effort and our best efforts must be the best effort the customer can buy anywhere else in the country and in the world.

DPO........Do you consider the internet as a strategic branding tool?

PN........Definitely, I mean the internet it’s the cheapest mood of marketing and I know I’m talking on dangerous ground because I don’t know how must the poster cost but I do know that if you want people of the Western Cape to see a poster you got to make sure that it is strategically positioned and you probably have to make more that one. Whereas from the internet you know that everybody who goes there will see you so you sent a consentient message to everybody who goes on to your site. If you’ve made a mistake around the title it is a matter of going and changing that mistake. You didn’t make any printing and you’ve to go around the country and changing poster all over. As I said a person who is in London and it’s a personal experience has got a same view of Woolworths as a person who’s sitting in Cape Town.
DPO……..What kind of information exchanges do you have with customer presently.

PN………..Information that we exchange with the customer and we are talking about what we get from them, but on the Woolworth side what we’ve talked to them about is the what goes to our products, what we are about as a company, the quality is more interested in offering consumers good quality product and services. This strategy has worked for the company you would see how serious we would take quality it’s not something that is said taken for granted. It is done as said and we live up to that. The information that goes from Woolworths to customer and this information is about the product and the company.

Lolo: Customers give us their credit cards, should a person give you her/his credit card shopping to monitor shopping behaviour. On top of that they allow us to their accounts as well but the information they give us, their credit card, their address their and their ID number what more can you want.

DPO…….. Its actually enhance the trust element, between the company and the client. What are you doing to enhance sustain internet operations in the future?

Lolo……..Obviously you will look at things like try to increase your bandwidth but, unfortunately we still have only one service provider which is Telkom. Telkom control of the bandwidth makes it more expensive. If there were other ways of doing it, we would do it but we’ll try other alternatives like getting bigger servers, reduce the amount of size of their pictures that we send via wire but if we’ve better service provider we would go to enhance…. so that our site is much faster than it is now.

PN……….and we are quite persistent in making sure that the site is fast enough as Lolo has mentioned. We’ve got an email yesterday actually from the someone saying something that we had to look at and to see if we can my the site fast like it
is, so it is not like we are waiting for problems to happen we are actually sit and monitor and make sure. Even the up-time and down-time of the site its something that we are monitor actively to make sure that we’ve 99.8% uptime and to make sure our site is fast for the customers and its something that we do all the time.

DPO.......I can you enhance your internet marketing ability?

PN.......That is also a business question.

Lolo....... The thing that like to use now extensively is your cell phone, things like 3G’s which they provide faster internet access and then when we sell a cell phone we can include that in a package, and you can do your shopping via the site for a transport like cars you can register them as well with a Woolworths site completely slow.

PN.......Because you can get into a deal with a new internet service provider and say make us a new home page, there was a time when we had a strategy called Woolworths everywhere, were we say we might end up being a service provider type might have a division like that but that was kicked out because we are primary a retailers; the site is there to market Woolworths as a retailer not Woolworths as an IT company because we are not an IT company.

DPO....... What other systems do you integrate with the internet?

PN.......It’s integrated with the entire supply chain of Woolworths, which is very sophisticated so it’s fully integrated with the highly sophisticated Woolworths supply chain. The fact that we can deliver to the customer as Lolo said we tried to reduce the number of lattes it shows that we are fully integrated with the Woolworths customer. And then as I said and banking people give us credit cards and you can use Woolworths’ card as well which is integrate with our cards system.
DPO.......I want you to go through this value simple chain, and see whether it should reflect a good value chain or need modification.

PN.........The only thing that I would remove from this is the call centre because the call centre is really outside the challenge of the customers. It is the challenge for customers for their complaints but it’s not a channel where they get product and get the actual service.

DPO.......It becomes a support service for this channel and this channel 
.........The rest of the conversation was upon the value chain which was in front of the interviews