INTRODUCTION

It is the main objective of this master dissertation to study on-line brands, as brands commercialized by Internet. Either pure digital brands which only use as commercial channel the Internet, or physical brands which were extended to the on-line commerce. However, studying brands in the on-line market may imply the use of a classical approach. However, this is a new field of research without a sustainable theoretical basis. As such, this study examined brands through a flexible case study approach.

The brand concept was considered according to the classic definition of American Marketing Association:

"Brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors" (1960, p. 8).

In this definition (usually used by the classic books of marketing), the sign is poor of meaning. It just refers to the distinct company, product or service without any allusion to a set of important related aspects and actions, most of them of intangible nature. Thus, the definition above presented was completed with the concept of brand equity. It is difficult to discuss brand, in a marketing context, as a simple distinctive sign without capacity of adding value.

Among the diverse brand equity definitions, the one proposed by Keller was considered:

"The brand equity is the differential effect that the knowledge of brand has on the consumer's response to the marketing of this brand. To this concept the author gives the name of customer-based brand equity" (1998, cit. in Lencastre & Pedro, 2000, p. 42).

The brand issue is becoming a fundamental issue for the implementation of successful on-line commercial strategies and, consequently, for the survival of the electronic commerce. The importance of brands to the electronic commerce is related with three

factors: customer retention, identification and localization of brands, and the offer of an added value to the companies and customers.

Currently, a customer is faced with lots of alternatives to a specific quality product. In fact, the main marketing issue is no more the product, since the technology, in particular the Internet, comes to reinforce the competition over the global market where big and small companies compete in parallel. On the other hand, it is no more so "expensive" for the consumer changing the supplier. Sometimes, one "click" is enough (Greenberg, 2001). Thus, customer retention assumes a particular importance in terms of brand strategy, namely when the main channel is the Internet.

Also, identifying and localizing brands assume a central role in an ecommerce strategy. In fact, in an environment with a huge choice as the Internet, consumers tend to visit repeatedly the same Web site and to establish relationships with such on-line brands (Carpenter, 2000). On the other hand, in the Web, the brand name facilitates the localization of the site.

Given the efficiency and transparence of on-line market, prices tend to decrease and, in some cases, this can lead to almost perfect competition. On the other hand, in a market with a high level of differentiation, prices tend to be determined by the buyers' willingness to pay (Turban, Lee, King, & Chung, 2000). So, the distinctive character of a brand can result in a benefit for the company, allowing for the use a premium price. Also, customers are likely to pay more for the commodity, since brand means a way to save efforts in getting information about products and services, as well as to distinguish them from others brands. In this sense, brands create an added value for both companies and customers.

But, branding has evolved over the past decades, accompanying the evolving of marketing field. From 50s on, the segmented marketing practice appeared. This requires a good knowledge of consumer habits, in order to group them according to criterions previously defined (C. M. Brito, 1998). With this evolution, the management of brand started to base on more selective principles, such as choose of strategically suitable market segments, which became the main target of its communication. Later, from 80s on, the loyalty, the customers retention and value of customer life cycle became the common metrics for branding (Moon & Millison, 2000).

However, with the growing importance of electronic marketing and, in particular, the on-line marketing, the buyer-seller relationship tends to assume an important dimension in branding (Moon & Millison, 2000). This change is the result of the marketing development that founds new forms of responding to the demand of the market through the relationship marketing and the one-to-one marketing. At the same time, these are the result of the development of Information Technologies that have contributed to deep changes in consumers' behavior who are now more and more informed, attentive, participant and, consequently, empowered. On the other hand, this gave to the companies the means to interact directly with customers (Reis, 2000).

In this sense, through the Customer Relationship Management (CRM) tools, a personalized management of a vast customer share was possible. Also, a more coherent behavior of the employees in their interaction with the customers might be accomplished. Such is the consequence of a better knowledge about them. On the other hand, CRM tools respond better to the customers who tend to be increasingly familiar with on-line interaction, and minimize the effect of anonymous process created by the absent of personal relations that characterizes the ecommerce (Greenberg, 2001).

Yet, studying on-line brands raises the following main research question:

To what extent the creation and development of on-line brands over differ (or not) from the traditional brand management?

We know from traditional brands that their creation and maintenance implied, in most of cases, strong and continued politics of investment, resulting in a slow process. But, the Internet shows that time and economic factors can be less important in the building of brand awareness in a ecommerce context (Diorio, 2002). In part, this comes from the fact that Internet offers low entry barriers, namely the technical ones (Carpenter, 2000). On the other hand, given that this is a recent market, it is possible that the quickness that some on-line brands built awareness is related to the "first mover advantage" factor.

Indeed, with the increase of brands in the on-line market, it is expectable the building of an on-line brand will become more difficulty. Moreover, the Internet may be a different

channel rather a complementary channel. In fact, "customers increasingly demand an on-line presence from retailers" (Dayal, French, & Sankaran, 2002, p.1). This induced many traditional brands to build their on-line version that became a barrier for the establishment of new brands.

Although the marketspace is quicker and less predictable than the off-line market (at least so far), there is a tendency of market convergence. In this sense, physical and virtual are merging in just one market which leads to the use of most effective channels in the establishment and defense of a brand (Rayport & Jaworski, 2002). This might mean that in the near future, differences between physical and virtual brand disappear, that is to be limited to the level of marketing mix's actions and tools of a particular brand.

Thus, the objective of this thesis is to study the differences and similarities between the management of on-line brands and the traditional brand management. This means that the research question initially formulated in a more concrete way:

Does a virtual brand need a different approach than physical brand? If so, in what aspects?

On the other hand, as referred before, the Internet brought deep changes in terms of consumers' behavior and in the way brands relate to them, which resulted in new challenges for traditional marketing. This carried other kind of statements that represent the second level of specific questions of this research:

Did the Internet and the consequent media convergence bring changes for traditional branding? What does the Internet mean exactly to any brand?

In short, ebranding represents a new major research area in ecommerce. This is a relatively unexplored area where a sort of questions remains without answers. Indeed, it was never so easy to build a recognized brand in the short term like now through the Internet. But, also, it was never so ephemeral. This demonstrates the Internet's ability to build a brand and, at the same time, its ability to be renovated by new brands that fast can

take the place of well-established brands. Thus, this research might shade some light to this new and complex area.

The present study was developed around three case studies of on-line brands - two of them physical brands that were extended to the Internet, and the third one a pure digital brand. These cases were chosen in order to represent three different business models: mass marketing, niche marketing and one-to-one marketing.

Thus, this master dissertation is composted by a theoretical part of literature revision, a empirical part and the general conclusions of research.

Two chapters constitute the first part - Theoretical Fitting. The first – Electronic Commerce -makes an approach to the electronic commerce, which gives a set of concepts and tools that allow analyzing brands in the context of that channel. In this way, the new forms and consequences that electronic commerce brought to the marketing, such as: electronic marketing, on-line marketing, relationship marketing and one-to-one marketing are introduced. The second chapter - On-line Brands - starts with a classical approach to the brand issue. That is followed by the discussion of brands establishment and defense in the on-line market. Here are presented some practices and concepts commons to the strategies of recognized on-line brands.

Two chapters compose the second part – the Empirical Study. The first – Problem Formulation – presents the objectives and hypotheses of study that guided the research, as well as a description of the framework of analysis and the methodology used in the empirical study. The second – the Results Analysis – offers a comparative description of the three cases, the individual analysis of each case according to the framework for analysis, and, by the end, the cross case analysis.

Taking in account the necessity of using technical abbreviations and terms throughout the text, a glossary was built where all these expressions are explained. For a better lecture, such expressions are referred with an asterisk (*) in the main text.

FIRST PART

THEORETICAL FITTING

CHAPTER 1 - ELECTRONIC COMMERCE

1.1 Foundations of Electronic Commerce

The main purpose of this research is to study the brands commercialized by the Internet. Therefore it is important understanding its natural environment. For that, it is necessary to know this new commercial channel's origin, its evolving, rules, forms of organization, and future perspectives. In short, the foundations of electronic commerce.

Thus, this point presents a brief historic introduction to the electronic commerce. It is also introduced some theoretical notions about electronic commerce, with the purpose of establishing a set of concepts that were respected throughout this dissertation. Within this goal, a classification of the electronic commerce applications is proposed. At the end, it is presented the driving forces that have pushed this new channel, resulting in benefits to organizations, to consumers and to society; as well as its current limitations - technical and non-technical – that appear like resistance forms for its development.

1.1.1 A brief historic introduction

The first electronic commerce applications date from the early 1970s. These were electronic financial transactions such as the Electronic Funds Transfer* (EFT). At that time, its application was almost limited to the large financial groups.

Meanwhile, the Electronic Data Interchange* (EDI) was born which allowed exchanging documents like receipts, orders, approvals, etc., converted to a standard format, between business partners, through telecommunication networks Value Added Network (VAN). Here, the players were not only the financial institutions anymore. In fact, the EDI was extended to the manufactures, services and retail. However, the smallest partners could not count with this innovation, because the VAN makes EDI like an expensive procedure. Later, this situation changed through the use of Internet for running EDI, rather VAN lines.

The Internet brought the ease of access for the enterprise to any business partner, independently of its size or activity field; also gave it the visibility to a large public, beyond the frontiers. Namely, the Internet became an important commercial and business channel, pushing the electronic commerce to large amounts (see Appendix A).

1.1.2 Some theoretical notions

According to Turban et al., electronic commerce, or ecommerce, refers "an emerging concept that describes the process of buying and selling or exchanging of products, services, and information via computer networks including the Internet" (2000, p. 4).

The electronic commerce's infrastructure is a networked computing that lies several computers, or others computers networks, and any others electronic means, by telecommunications networks. However, for Turban et al. (2000), electronic commerce has the wide meaning, known as electronic business, or ebusiness, by some authors. Similarly, in this dissertation the wide scope of the term was considered, since it is not ease anymore to separate from the commercial transactions other activities that involve business partners.

According to Kalakota & Whiston (1997), electronic commerce can be assumed from four perspectives:

➢ **Communications perspective** → the delivery of information, products/services, or payments over telephone lines, computer networks, or any other electronic means;

➢ **Business process perspective** → the application of technology toward the automation of business transactions and workflow*;

➢ **Service perspective** → a tool that allow to cut service costs while improving the quality of goods and increasing the speed of service delivery;

➢ **On-line perspective** → it provides the capacity of buying and selling products and information on the Internet and other on-line services.

Moreover, electronic commerce can be considered pure or partial, concerning to the level of digitalization of the product/service, the process and the agent. Thus, if these three factors are digital then the electronic commerce is pure (in the Figure 1 the upper right cube). For example, buying software on the Internet. In the traditional commerce all factors are physical which corresponds to the lower left cube in the same figure. This approach is based on the Choi, Stahl, & Whinston's model (1997), where the mix of the three dimensions above referred characterizes the type of electronic commerce in terms of digitalization level. Notice in the case of electronic commerce, there will be at least one virtual dimension.

Figure 1 - The Dimensions of Electronic Commerce
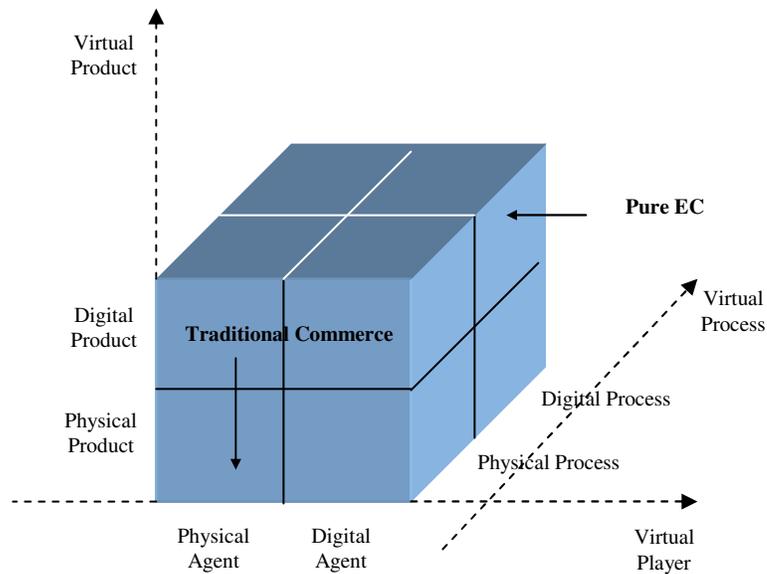
Source: Adapted from Choi et al. (1997)

According to the definition of electronic commerce and its different levels of digitalization, there is a large range of ecommerce applications, such as: buying/selling in a Web site; buying in a vending machine with a smart card; delivering the company's quality manual to its workers through an Intranet*; establishing collaborative relationships between

business partners through Extranet* or EDI; finding a job on the Web; conducting an on-line auction; buying stocks on-line; consulting the bank account in an ATM; communicate by email*.

1.1.3 Classification of electronic commerce applications

In fact, a large variety of electronic commerce applications were found. Such includes different use of domains, which require different approaches. Thus, the electronic commerce can be classified into three categories (Turban et al., 2000):

1) Buying and selling goods and services;

2) Exchange of information, communication and collaboration inter and intra-organizational;

3) Providing customer service.

The first category is usually called electronic market, which is a virtual place where the different players (buyers, sellers, intermediaries, banks, and so on) into a commercial transaction meet.

The second category could be named as interorganizational systems that refer to predetermined transactions, usually routinely and no negotiated, between at least two organizations. While the electronic market is used whether Business-to-Business (B2B) or Business-to-Consumer (B2C) applications, the interorganizational systems just is used to the B2B applications. As examples of interorganizational systems: Extranet, EDI; Supply Chain Management* (SCM).

The third category is called customer service. It includes all activities conceived to increase the customer satisfaction (see point 1.3.1), which have the goal to help buyers to resolve they encountered in any phase of the purchasing decision-making process and the product life cycle. While in the traditional service customer manages his problem, looking for to the right place for getting certain information, the electronic commerce delivers optimized service, usually by automating it (Turban et al., 2000), such as: information

available on the company's Web site, Frequent Asked Questions* (FAQ) service, on-line help desk*, and so on.

The present research focused in the retail transactions oriented to the individual consumers, that is B2C electronic market. However, this approach can not be dissociated from the delivering customer service issue, since a competitive marketing strategy focus not only on the commercial good, that is the "actual product", but also on the set of services that accompany it which constitute the "augmented product" (Kotler, Armstrong, Saunders, & Wong, 1999).

1.1.4 Benefits and limitations of electronic commerce

The electronic commerce revolutionized the way of doing business. For some, this revolution is assumed as important as the industrial revolution. Now, the business is more customers oriented, that is: it is more based in relationships, in knowledge share, in the consumer behavior study and in his preferences. However, the development of electronic business and the role that it recently assumed were the effect of the reaction to a highly competitive and fast environment, and, consequently, unpredictable. This environment is the result of a set of social, economic, legal, technologic and political factors (Kotler, 2000). On the one hand, these factors represent both the pressures to the organizations; on the other, the driving forces to the electronic commerce, since it assumes an important role as response to the pressures that the organizations are exposed (Tapscott & Caston, 1998; Callon, 1996).

Turban et al. (1999) divide the pressures in three categories: market, societal and technologic (see Table 1). To be well succeeded, or survive, the organizations respond with activities based in Information Technologies (ITs), namely with the electronic commerce.

Table 1 - Major Business Pressures

Category

Market and economic pressures	▪ Strong competition ▪ Global economy ▪ Regional trade agreements (e.g., NAFTA) ▪ Extremely low labor cost in some countries ▪ Frequent and significant changes in markets ▪ Increased power of consumers
Societal and environmental pressures	▪ Changing nature of workforce ▪ Government deregulations ▪ Shrinking government subsidies ▪ Increased importance of ethical and legal issues ▪ Increased social responsibility of organizations ▪ Rapid political changes
Technological pressures	▪ Rapid technological obsolescence ▪ Increased innovations and new technologies ▪ Information overload ▪ Rapid decline in technology cost versus performance ratio

Source: Turban et al., 2000, p. 19.

The tendency of increase that has been characterizing the electronic commerce evolution is mainly related with the benefits that it brings to the organizations, the consumers and the society in general (see Table 2). However, there is still some resistance or restrictions to its use, due the limitations that it carries. These limitations can be whether technical or non-technical (see Table 3). It will be expected, since the improvement of the technology and the experience enhance, these limitations can be reduced and, consequently, the ratio of cost to benefits decreased, what implies a major adoption of electronic commerce (Turban et al., 2000).

Table 2 - The Electronic Commerce Benefits

Benefits

Organizations

- Access to the global market: with a minimal investment effort, the enterprise can interact with more consumers, better suppliers and other business partners;
- Good capacity for a customization politics of products and services;
- Improved customer service;
- Reduced administrative, distribution and transportation costs;
- Increased productivity;
- Simplified process;
- More flexibility;
- Better information access;
- Creating highly specialized business;
- Reduced inventories, helping a just-in-time politic implementation*;*
- Reducing time period between the outlay of capital and the receipt of products and services;
- Reduced telecommunications costs;
- Reduced production cycle and delivery time of products/services;
- Improved visibility and image;
- Reducing/eliminating paper.

Consumers

- Convenience: 24 hours every day, almost every where;
- More choices to the consumer, possibility of comparing, and, consequently, finding shipper products and services;
- Faster delivering for some items;
- More and faster information access;
- More interaction with other consumer, sharing experience and information;
- Improved competition that allows reduced prices;
- Possibility of participating in on-line auctions.

Society

- Allowing to work at home, reducing the travels for shopping and, consequently, the traffic on the roads and the air pollution;
- Reducing prices for certain items, improving the standard of living for less affluent people;
- Making it more possible to access to certain products by people living in rural areas or countries where don't exist this kind of products;
- Facilitating the service public access like health care, education, etc., reducing its costs and improving its quality.

Source: own systematization.

Table 3 - The Limitations of Electronic Commerce

LIMITATIONS

Technical	**Non-technical**[a]
▪ Lack of system safety and reliability; ▪ Insufficient telecommunications bandwidth*; ▪ High evolution and fast change of the software development tools; ▪ Difficulty integration of certain existing applications and data bases with EC; ▪ Necessity of investment in special Web servers and other infrastructures, in addiction of network servers; ▪ Incompatibility of EC software with some operating systems and hardware.	▪ Implementing cost which sometimes is very high and difficulty to justify due lack of experience errors or difficulty to measure certain benefits; ▪ Security and privacy of transactions continue to be a critical issue, although the efforts for convincing consumers that they are, in fact, very secure; ▪ Lack of trust and use resistant to the virtual stores and electronic payments; ▪ Impossibility of touch and feel items; ▪ Lack of implementation of legal issues, and certain government regulations and standards are not adequate for many circumstances; ▪ Lack of support service for the transactions; ▪ Lack of profitability for certain areas because there are not enough sellers and buyers; ▪ EC might result in extinguish of human relationships; ▪ Difficulty of Internet access for many potential consumers due to it is expensive and inconvenient; ▪ The language could represent a barrier for many potential consumers whom are not familiar with the English.

Source: own systematization.

[a]The non-technical limitations are based, with the exception of the last, on a survey conducted by Internetweek (1998, cit. in Turban et al., 2000) and coming by decreased order of percentage of answers.

1.2 Electronic Marketing

The history of electronic commerce as a scientific discipline is still very recent. However, it has a multidisciplinary origin, since its foundation is supported on disciplines such as: marketing, computer sciences, consumer behavior and psychology, finance, economics, management information systems, accounting and auditing, business law, etc. (Turban et al., 2000). In this manner, these disciplines have also taken new directions, as a result of the new research brought by electronic commerce. Marketing was one of the areas most influenced by electronic commerce. This brought new concepts as electronic marketing, on-line marketing and the development of direct marketing.

The objective of this study is to analyze brands in the marketspace. Such implies the necessity of knowing the bases of concepts as electronic marketing and on-line marketing, their practices and advantages. These questions are presented here along with others related, such as: the sub-models of electronic marketing, the typical on-line consumer (his characteristics and behaviors), and the development of direct marketing.

1.2.1 Electronic marketing and on-line marketing

Currently, it is possible to talk about electronic marketing, or emarketing, like a new specialization area which fundamental purpose is sustaining an ecommerce strategy. In particular, the on-line marketing term allows narrowing this concept, suggesting that the channel is the Internet. The on-line marketing can be conducted by several manners (Kotler, 2000):

➢ creating an electronic presence on the Internet through either an own Web site, or a link* to an emall (see point 1.2.2), or renting space in the computer of an on-line commercial service;

➢ making on-line advertising;

➢ participating on on-line discussing forums and opinion spaces such as newsgroups*, bulletin boards*, chat rooms* and, in a more general way, in virtual communities (Chapter 2);

➢ use of email service for promoting the dialogue between customers and potential customers, through answering their questions and claims, and collecting their suggestions[1]; and webcasting services*.

The practices that Turban et al. (2000) classify by off-line electronic marketing (in contrast with on-line electronic marketing) do not assume yet a relevant expression. For instance, the interactive kiosks*. These might be put inside the stores, allowing customers to order products that aren't available at the store, which will be delivered later to an indicated address (Kotler, 2000).

On the one hand, the on-line marketing is based on the principal foundations of the traditional marketing, as segmentation analysis, position options and differentiation practices. On the other hand, the principles and convictions that guide the on-line marketing should not be forgotten in a current management of marketing, even if the main commercial channel doesn't use the Internet. In fact, an on-line marketing strategy might present important benefits to both consumers, and sellers.

1.2.2 The models of electronic marketing

There are some general notions, which must be taken on oneself in establishing an electronic marketing model. These permit to characterize the model and distinguish it among the others. Turban et al. (2000) consider the following dichotomies which allow understanding each concrete situation and, then, composing different electronic marketing models:

➢ **Direct marketing vs. indirect marketing**

There is direct marketing when the products and services are promoted and delivered directly to the customers by the producers, without intermediaries. In contrast, indirect

---

[1] Such allows the creation of a contact list which will allow direct email* actions, such as spread of news and events, products or services promotions, newsletters, etc. (Kotler, 2000).

marketing concerns to the case where intermediaries make the commercialization of products and services.

➤ **Full cybermarketing vs. partial cybermarketing**

The first refers to the Internet companies where the main channel or even the only channel is Internet. The second refers to the companies where the Internet has a secondary role and the main channel is the physical stores.

➤ **Electronic distributor vs. electronic broker**

An electronic distributor has the responsibility for responding to the order, deliver the item and guarantee, while an electronic broker, or ebroker, only establishes the tie between the consumer and the supplier. In some cases, the broker may receive the payments.

➤ **Electronic store vs. electronic shopping mall**

Usually, the electronic store, or estore, refers to a unique distributor, while an electronic shopping mall, or emall, refers to several distributors. Actually, this distinction is not always clear.

➤ **Generalized store/emalls vs. specialized store/emall**

The distinction of the concepts above presented is based on the categories' variety of the commercialized items, as well as the traditional distribution channels.

➤ **Proactive vs. reactive posture toward cybermarketing**

An enterprise has a strategic proactive posture when the Internet represents its preferential distribution channel, and its internal management activities capitalize the cybermarketing's potentialities. On the other hand, the enterprises where the physical distribution channels assume the principal role, even if they use the Internet as a distribution channel too, and the management of internal activities is done by the traditional way, present a reactive posture toward the cybermarketing. Usually, the

enterprises in the pure cybermarketing category exhibit a proactive posture, while the enterprises in the partial cybermarketing category exhibit a reactive posture.

➢ **Regional vs. global marketing**

It distinguishes situations where marketing is practiced only inside a region (or a country, depending) or, in contrast, it capitalizes the Internet ability as global communication mean. Notice that it is impossible sometimes to take advantage of this potentiality due such factors as: perishable items; distribution costs which may be very high from certain limits; differences on the legal systems of the countries or borders' restrictions which do not allow the supply of certain services, such as banks and insurance companies.

➢ **Sales vs. customer service**

Many of the companies use their Web sites only to deliver customer service, improving the customer satisfaction by this way, and lowering the costs related, for instance, with a call center*. In contrast, others use them to sell products and services.

1.2.3 The on-line consumer

Kotler (2000) characterizes the common on-line surfer as younger, richer, better educated and more male than the general population. However, the Internet population is becoming diversified. In fact, some studies done in the middle of 2000 indicate, for the first time, that 52% of Internet users are women, fact that provoked an increase of on-line purchases (Greenberg, 2001). The future of on-line marketing depends on this capacity to bring more and different populations to the Web. Namely, younger population often uses the Internet for entertainment and interacting, while a more advanced age group will have more ability to use this channel for doing business and investments. However, the most populous the countries (as India and China), the lowest the economic and education levels which implies a lower Internet access rate. On the other hand, the language may be another

Internet usage barrier, since the English is the most common language used in the digital contents*.

The on-line marketing empowered the consumers, allowing them to initiate and control the interaction with the vendors. But, this new role implies more effort, and a more active and responsible posture as consumers. Kotler (2000) considers that the consumers won the following capabilities:

➢ obtaining objective information for different brands about prices, costs, characteristics and quality, without need to trust in the manufactures and vendors;

➢ initiating information requests for information from manufactures;

➢ designing the products and services which they desire;

➢ using software agents* to find and attract offers from multiple vendors.

The purchase behavior in the on-line market

For building strong relationships with the clients it is necessary to understand the consumers' behavior. That is, what are their motivations, what are their restrictions, how they distinguish among the others, in what they base their purchase decision. On the other hand, understanding the consumer behavior in the on-line market implies to know the medium on-line surfer. In fact, according to a survey realized by the Graphic, Visualization, and Usability Center at Georgia Tech University (1998, cit. in Turban et al., 2000), it was observed that the higher Internet usage experience, the higher inclination for doing purchases on the Web. In another survey realized by the same entity, it could be verified that the most important Web users' demographics variables are gender, age, marital status, education level, ethnicity, occupation and household income. Also important is the usage profile, that is the Internet access options, length and frequency of Web use and access cost. Knowing these variables can be a power tool for featuring out the consumer habits.

In the on-line market, the consumers can be either individual or collective. But, the individual consumers are the biggest players, influencing the "design" of the on-line systems and capturing the most part of attention from media. Since their purchases are for self-consume, their personal characteristics are decisive. The collective consumers designate the organizations. The behavior of those consumers is less complex since the

purchase decision process is usually based in a set of objective and well-determined factors. This group represents the most part of the Internet purchases. This tendency should maintain.
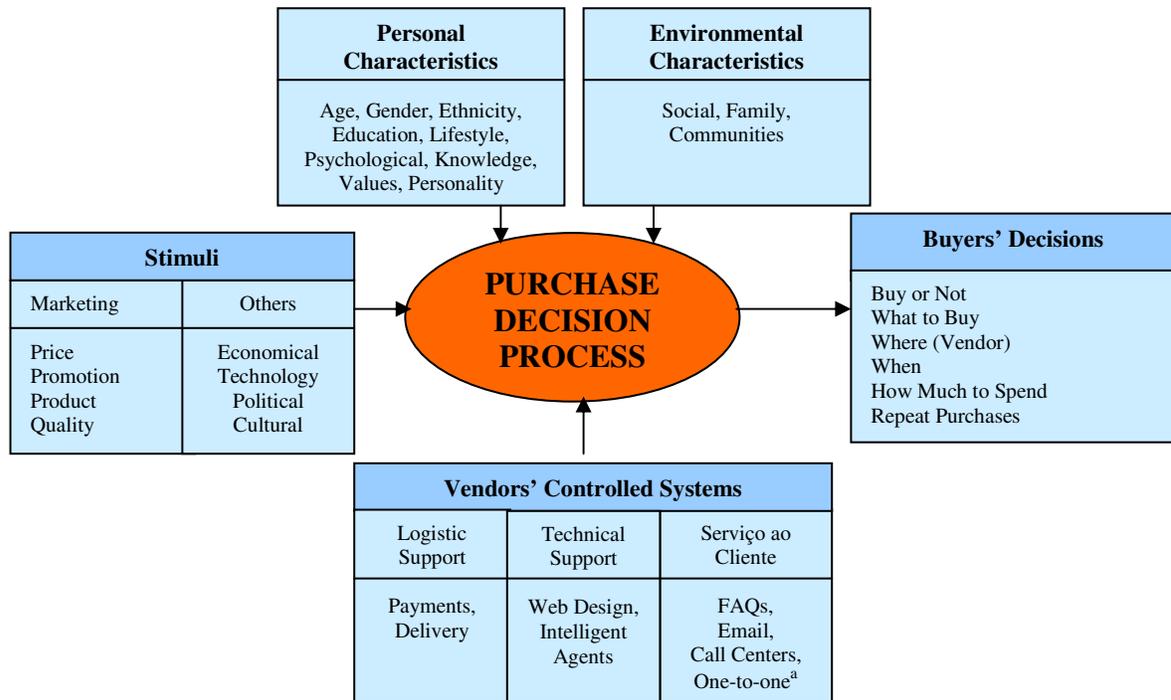
The individual consumers can be classified in three types (Turban et al., 2000):

> **impulsive buyers** who buy quickly;

> **patients buyers** who buy after establishing some comparisons;

> **analytical buyers** who make a substantial research before taking a decision.

The patient and analytical consumers present higher tendency to shop on the Web, since they are more willing for spending time with researches and comparisons. For instance, the case of BabyCenter, the consumer faces not only with a large variety of specific products for babies, but also with a huge list of different brands for each product. This example requires a patient buyer interested in doing some research before taking a decision. For the analytical buyer, the BizRate is a good example, where is given a ratting to the on-line stores according to a lot of attributes as the price, service, Web site performance, product selection, etc. This allows analytical buyers establish huge comparisons between merchants based in direct consumer surveys. On contrast, according to Turban et al. (2000), the impulsive shops are not so typical to on-line purchase behavior. However, eBay can be referred as a Web site able to captivate this kind of buyer.

Figure 2 presents a consumer behavior model for the electronic commerce. The model assumes that the purchase decision process is supported on the consumer's reaction to stimulus, influenced by the characteristics of the buyer, the environment and the vendors' controlled systems (logistics, technical and customer service).

Figure 2 – Electronic Commerce Consumer Behavior Model

Personal Characteristics	Environmental Characteristics
Age, Gender, Ethnicity, Education, Lifestyle, Psychological, Knowledge, Values, Personality	Social, Family, Communities

Stimuli

Marketing	Others
Price Promotion Product Quality	Economical Technology Political Cultural

PURCHASE DECISION PROCESS

Buyers' Decisions

Buy or Not
What to Buy
Where (Vendor)
When
How Much to Spend
Repeat Purchases

Vendors' Controlled Systems

Logistic Support	Technical Support	Serviço ao Cliente
Payments, Delivery	Web Design, Intelligent Agents	FAQs, Email, Call Centers, One-to-one[a]

Source: Turban et al., 2000, p. 74.
[a]See point 1.4.

1.2.4 The development of direct marketing

According to the work of Bloch & Segev (1996), the growing of direct marketing can be considered as one of the most important impacts of electronic commerce, in a value-added perspective. In fact, the electronic commerce through the improvement of direct marketing brought new sources of value to the organizations, such as:

 ➢ **Direct products/services promotion:** through direct information-rich and interaction with customers;

 ➢ **New sales channel:** an alternative distribution channel for the existing products;

 ➢ **Costs savings:** as the cost of delivering information to the consumer and the distribution costs for the digitized products/services;

➢ **Reduced cycle time:** of delivering the digitized items and, also, of the physical items due the reduction of administrative work for them (namely across international borders);

➢ **Improved customer service:** by delivering specific on-line information, responding fast by email to the questions, or, for instance, by a help desk on-line service.

➢ **Brand or corporate image:** the Web allows quickly establishing new enterprises' corporate image, as well as affirming traditional companies' brand image and corporate identity[2];

➢ **Customization:** the Web facilitates the implementation of mass customization politics of products and services and, consequently, the personalized marketing. This can be very competitive for certain types of consumer goods;

➢ **Direct or one-to-one advertisement:** this revels itself more effective than the mass advertisement and can be extensible even to the items commercialized by the traditional way;

➢ **Direct ordering systems:** taking orders directly from customers can be done on-line in a very efficient manner, saving time and reducing expenses for the involved parties;

➢ **Markets:** change of traditional markets as the marketplace (physical market) that gives place to the marketspace (virtual market), making selling and delivering goods more efficient, mainly for digitized items. The appearing of new selling models and new ways of marketing (for instance, Web based advertisement, direct email and re-creation of relationship marketing[3]); as well as other aspects that allow increasing the sales: more convenience to the consumer, greater availability of goods and lower prices.

The concept of direct marketing is very large, since it inter-lies with several concepts and terms as personalized marketing, or one-to-one marketing, relationship marketing, data

---

[2] Notice that the thrust is fundamental in the direct sales, this implies the recognition of the brand or the corporate identity for the consumer.
[3] See point 1.3.

base marketing (see point 1.4.3), etc. (Reis, 2000). The Direct Marketing Association gives the following definition:

> "direct marketing is an interactive marketing system that uses one or more advertising media to effect a measurable response and/or transaction at any location" (n.d., cit. in Kotler, 2000, p. 650).

So far, the traditional direct marketing used mainly three means: sales force, the mailing and the telephone. The first takes the form of face-to-face selling which is the oldest form of direct marketing (Kotler, 2000) The second form is the direct mail that designees the sending of letters, flyers, foldouts, leaflets, catalogs, coupons and, sometimes, audiotapes, videotapes, CDs and computer diskettes, to a selective address lists. The third form refers to the telemarketing that consists in using telephone operators to attract new customers, and contact existing customers with the purpose of either detecting satisfaction levels or getting orders. The catalog marketing must also be referred, which means the sending of product catalogs to a selective public. The catalogs can be physical, in print form, or digital through videos, CDs or on-line.

The Internet pushed the direct marketing like it had never seen before. Indeed, three quarters of catalog marketing companies are, also, selling by the Internet through on-line catalogs, which became, in same cases, their preferential channel (Horovitz, 1998). According to Turban et al. (2000), the estimates for the purchases by mailing and telephone, by 1998, in the USA (the leader of direct marketing), represented about 75 billions of dollars. In the same year, also in the USA, the shopping by computers (B2C) rich about 2 billions of dollars. This value becomes significant, since it means a growing of more than 1000%, in less than four years.

Yet, the improvement of direct marketing shall not be just considered as a direct consequence of the electronic marketing's potentialities, but also as the result of a set of factors that reveal economic, social and environment tendencies of nowadays. Kotler (2000) consider as the more relevant the following factors:

- ➢ Growing of the number of market niches as the result of market "desmassification";

- ➢ Encouragement for making purchases at home due the high financial and environmental costs, the traffic congestion, parking difficulties, lack of time, a shortage of retail sales help and lines at checkout counters;

- ➢ Convenience to the consumers: 24 hours a day, 7 days a week (whether through Web site, or free telephone lines), better availability of items with the possibility of quickly delivering, information about the commercialized items inside the Web sites where the consumer can make researches and pay with credit card or another electronic payment mean;

- ➢ Commitment to customer service through, for instance, help-desks, or other services that ensure to help customers in all phases of the purchase process.

1.3 Relationship Marketing

The relationship marketing is based on the ITs' application to the marketing for recreating an old concept. In fact, the management of personalized relationships has been a current practice, namely with companies with a sort customer's share, where it is possible to interact with each one of them. But, for a company with a larger public, with many customers and workers, it is impossible to manage those relationships through traditional means. It is the case of many dotcoms that must deal with clients from everywhere in a consistent way, without using the human relations.

The relationship management implies the establishment of close (if possible) and lasting relationships between brands and customers. In this manner, becomes easier to establish learning relationships and, consequently, mutual trust relationships making safer and cheaper for the consumer to remain with the supplier instead moving to the competition. Only with the appearance of the Internet and the use of tools as the marketing databases, data mining technology (see point 1.4.3), and others management tools as CRM (see point 1.4.4), was possible knowing and interact with a large number of customers.

Thus, afterwards it is focused the role of relationship marketing in customer retention. Also, it is focused the new concepts of disintermediation and reintermediation as consequences of on-line marketing which establish new forms of relationships between brands and customers.

1.3.1 Customer retention

Relationship marketing implies the practice of direct marketing, since there is the need of obtaining direct responses from customers, which allow measuring satisfaction levels as well as to learn with their necessities and expectations. On the other hand, through a direct relationship, the company can influence his customers. However, there are companies that practice direct marketing but do not invest in relationships.

Relationship marketing was considered according to the following definition:

"is the overt attempt of exchange partners to build a long term association, characterized by purposeful cooperation and mutual dependence on the development of social, as well as structural, bonds" (Mowen & Hinor, 1998, p. 540).

Relationship marketing takes for granted the following statement: building a stable and lasting relationship with a customer become more profitable than sporadic purchases with non-loyal customers. In fact, a loyal customer represents not only the value of what he buys, but also the transaction costs reduction, for instance administrative and stock costs; as well as wining of effectiveness due, for example, the simplification of the planning activity and a better purchase conditions (C. M. Brito, 2000). Moreover, a set of loyal customers means a inaccessible market share to the competition and less investment effort to build awareness for gaining new customers (Greenberg, 2001). This takes to the application of different terms as customer instead buyer, management of company's customers instead management of company's market share.

All these aspects take particular relevance for the creation and maintenance of a brand on the Internet. In fact, the differences among products are becoming relatively less important. Then, brands must gain other associations besides the products' specificity and quality, such as the image of an interactive communication channel with the ability to understand the consumer and to satisfy his necessities, and, in this way, to provide superior service in all customers' interactions. According to the Figure 3, the relationship marketing develop itself around four categories:

➢ Customer acquisition;
➢ Customer selection;
➢ Customer retention;
➢ Customer extension.

The relationship marketing, through the ecommerce's functionality, has the objective of supporting all of them in the most effective way.

Figure 3 - Relationship Marketing Model
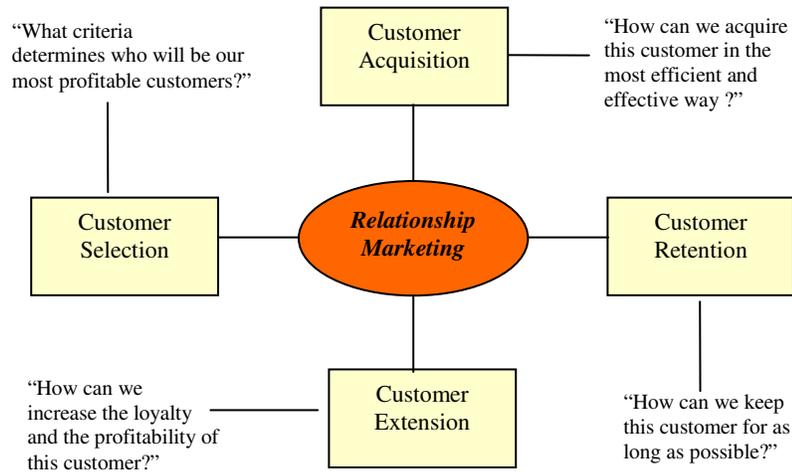
Source: Turban et al., 2000, p. 312.

The question about the cost of acquiring a new customer versus the cost of retaining a customer assumes a fundamental role in the brand management. According to a study published by The Industry Standard (2000, November, cit. in Greenberg, 2001), the cost of acquiring a customer is five times higher than maintaining him. In this sense, the Gap dotcom example demonstrates the importance of this issue. In fact, Gap.com spent about $100 to $120 dollars in acquiring a new customer who could just spend $75 dollars in a sale cloth. But, if he returned a second time the company obtained value (Greenberg 2001).

It can be conclude that the main objective of relationship marketing is to gain loyal customers (see Table 4). But, such rises the question: How is possible to make a customer to get loyal? To answer this question, it is necessary first distinguish between "satisfied customer" and "delighted customer". The first refers to a customer that "bought a product or service which corresponds to his expectations"; the second is "that one whose expectations were surpassed" (C. M. Brito, 2000, p.74). Thus, making a customer to get loyal passes fundamentally for "enchanting" him. If this first step is obtained it is easier to expect a loyal posture from the customer. Then, it is necessary to reward his loyalty in order to maintain a good relationship. There are many support techniques for improving a

relationship, such as: customer card emission, personalized services, free services, special promotions, personal gifts, prizes, lotteries, etc. Usually, those techniques constitute the loyalty programs.

Table 4 - Traditional Marketing vs. Relationship Marketing

(under company's point of view)

Traditional Marketing	Relationship Marketing
From potential buyer to a buyer	*From buyer to a customer*
Objective: selling, e.g. attracting the potential buyer	**Objective:** building loyalty, e.g. retention of the buyer
Mean: informing, motivating, persuading, convincing	**Mean:** enchanting, e.g. surpassing the expectances
Encouraging the buy through the following supporting techniques: merchandising, shopping promotions, personal sales, etc.	**Recompensing the loyalty through the following supporting techniques:** customer card, personalized service, personal gifts, etc.

Source: C. M. Brito, 2000, p. 74

Loyalty programs

According to C. M. Brito (2000), the implementation of a loyalty program passes for seven main phases:

1) Market segmentation (based in psychographic factors in many cases);

2) Establishing of partnerships which bring value to the customers;

3) Definition of the benefits set whose value to the customer surpasses the cost of being loyal to the brand;

4) Realizing an easy and clear scheme of obtaining the benefits to the customer;

5) Effective communication with two phases: first at the company's internal level; second at the target public level;

6) Permanent renewing the benefits set;

7) Constant reevaluation of the company's benefit/cost ratio, comparing the rewards of retaining customers with the costs of providing the benefits to the clients and managing the program.

But, for implementing a program of this type or, in a general way, a relationship marketing politic, is necessary to distinguish the clients according to the value that each of them provides to the brand. This rises questions such customer lifecycle value, its value and its management.

Customer lifetime value

Increasingly, the "quality" of company's customers determines its success level. That is, the value of each customer. To determine that value it is necessary to know: how much did the customer buy, or the value of his purchases; how much will the next future customer's purchases represent; and how much does it cost to the company to serve the customer (Greenberg, 2001). But often it is not easy determining that value. For that it will be necessary to know and to analyze the customer lifetime which includes the historic of customer's purchases among other information. Finally, the Customer Lifetime Value (CLV) is calculated that designates

"the customer's value measured in function of the profits generated by him throughout the relationship with the company" (C. M. Brito, 2000, p. 70).

This concept is based on the fact that "the customers' value lasts all their lifetime and is not confined to the moment of contact in the purchase occasion" (Reis, 2000, p. 87). Thus, in adoption of relationship marketing strategy, the enterprise must be aware of customers with the biggest lifetime value. This implies the necessity of identifying those customers and the application of distinct relationship politics.

In this sense, the management of the lifetime of the company's customer set is currently a common and fundamental activity to many businesses and it must come before implementing a relationship politic with customers. Also, this must be the main reason of

adoption of CRM tools. According to Greenberg (2001), there are some factors to take in account in determining a lifetime value of a specific customers group. Such as:

- ➢ actual customer retention rate;
- ➢ the average dollar value of an order per customer;
- ➢ the average number of orders per customer per year;
- ➢ the costs of customer acquisition;
- ➢ other direct and indirect costs;
- ➢ profit per order;
- ➢ net present value (NPV) considerations.

The determination of these factors provides both the CLV for each customer and a global vision of the customers group.

1.3.2 Disintermediation and reintermediation

At present, the management of relationships is fundamental for a competitive marketing practice that has been carrying more commitment among brands, manufactures and consumers. This development brought deep changes to the traditional retail systems. In fact, the on-line marketing allowed brands to interact directly with final consumers. For instance, Boston Coffee Cake[4] (a coffee cake manufactory without physical stores that sells its cakes through different types of retailers in the USA) through the electronic commerce it get an own store: an on-line store. This allowed Boston Coffee Cake both to sell directly to the final consumers and to interact with them in a more effective way, by email service and surveys. Furthermore, the Internet gave it the chance of making business outside USA.

In this sense, the marketers anticipated a new phenomenon called desintermediation that can be defined as follows:

"it is a new term that refers to the removal of organizations or business process layers responsible for certain intermediary steps in a given value chain" (Turban et al., 2000, p. 63).

---

[4] Boston Coffee Cake is one of the three case studies which based the empirical study of this dissertation (Chapter 4).
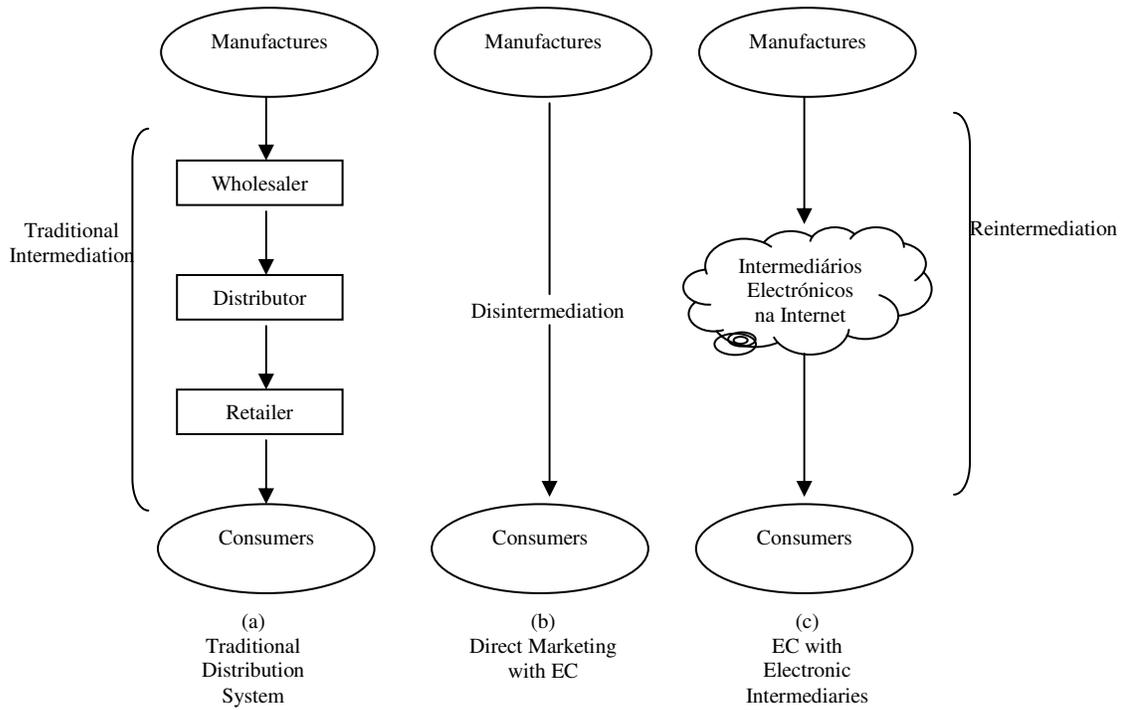
The disintermediation avoids, in this way, the intermediaries resulting in cost decreasing and better knowledge of customers. This actuation may get easy with recognized brands. In fact, the removal of intermediaries results in benefits for the customer such as a more effective system due to advantageous prices and convenience and, also, the customization of goods and aid services. However, so far, this remains a theoretical concept not yet assuming a significant dimension in practice.

On the other hand, for unknown brands that want to go alone, the on-line marketing will not easily be successful. Indeed, without knowledge about the brand and trust in its quality, the consumers will rarely visit those Web sites. Indeed, according to a study realized by Newsweek (2000, cit. in Carpenter, 2000), 82% of the respondents affirmed that had more confidence in well-known brands' Web sites than little recognized or unknown brands' Web sites.

This brought another new phenomena called reintermediation. It refers to the transfer of traditional tasks of intermediation to the electronic intermediaries, such as emalls, ebrokers, directories and search engine systems*. These can provide better prices and convenience besides the entertainment that has the distinctive function too (Turban et al., 2000). The Figure 4 shows those phenomena and compares both with the traditional intermediation.

Also, in the case of electronic intermediaries the consumer's behavior is the key for success. Consequently, the generalized emalls and ebrokers are often unsuccessful since the consumer has other more advantageous alternatives as the specialized estores or the Web sites of the brands that they are looking for. In this manner, it becomes important the entertainment in the Web sites that transforms the shopping in a hobby.

Figure 4 - Disintermediation and reintermediation by EC

Manufactures	Manufactures	Manufactures

Traditional Intermediation

Wholesaler

Distributor

Retailer

Disintermediation

Reintermediation

Intermediários Electrónicos na Internet

Consumers	Consumers	Consumers

(a)
Traditional
Distribution
System

(b)
Direct Marketing
with EC

(c)
EC with
Electronic
Intermediaries

Source: Turban et al., 2000, p. 64.

1.4 *One-to-One Marketing*

The personalized marketing, or one-to-one marketing, brought deep changes in terms of marketing and brand management, since the vendor faces the necessity of establishing a personalized communication with customers in order to satisfy their individual needs and expectances. In a recent campaign for cKOne (a fragrance product female and male of Calvin Klein Cosmetics), the ads showed beautiful young models with only one written message: the email addresses of each one. The messages sent to these addresses had always a response. Although the models did not write the responses, they were the most personalized possible. The number of people who stayed in correspondence measured the campaign's success, which resulted in a true brand experience (Diorio, in press). This on-line promotion is a good example of a one-to-one campaign.

It is presented above the notion of one-to-one marketing in an evolution perspective of the concepts and practices associated to the marketing discipline. Then, some aspects related with the importance of an implementation of personalized marketing politic on the electronic commerce are approached. At last, the concepts of database marketing and customer relationship management are introduced.

1.4.1 The three waves of marketing

The one-to-one marketing is a kind of relationship marketing, since it explores individual and personalized relationships with different customers. However, the practice of relationship marketing does not imply the ability for implementing a one-to-one politic. Indeed, the marketing personalization claims to the company capacity for adjustment, modifying its behavior for getting the singular customer's interests (Turban et al., 2000). The knowledge about the average customer is not enough anymore. This requires to the company effort for knowing each customer as well as management and processes flexibility in order to make possible the customization of the offer and the adjacent services.

One-to-one marketing involves customer logic instead of consumer logic. The focus is on the singular client about whom the firm has the maxim information possible. This

information must be constantly refined and updated. For that, it is necessary the establishment of continuous learning relationships with each one of its customers. Sometimes, this creates the necessity of recustomizing the products and services offered, as well as the processes used, toward a singular consumer, in order to provide him more value. In this manner, the company can increase the customer's satisfaction becoming less weak to competition (Turban et al., 2000). Thus, the traditional customer segmentation according to common features passes to a complete differentiation of the consumer (C. M. Brito, 2000).

The products and services personalization is currently possible given the present technology evolution. Inclusively, there are many companies that request the participation of the clients in the development of products and services offered. For instance, the most important auto brands give a huge choice of equipment, which allows customers building their own cars (C. M. Brito, 2000).

Personalization can be defined as:

"The process of customizing any interaction with a customer based on his and her explicit interests and preferences, or interests and preferences that are derived from other data about the customer. The personalization of an interaction can take on any or all of the following forms: personalized offer, personalized message into which the offer is carried, personalized preference for communication channel" (n.d., LaRow, cit. in Greenberg, 2001, p. 134)[5].

Yet, as segmented marketing follows mass marketing, also it can be told that one-to-one marketing follows segmented marketing. According to C. M. Brito (2000), the mass marketing can be considered the first wave of marketing, the segmented marketing the second wave, and the one-to-one marketing the third. Considering this chain, which represents the evolution of marketing discipline, now there are significant differences in the approach of the

---

[5] Notice that the author alerts that the ideal personalization is the one where all information about customer is known but, simultaneously, anonymous.

organizations to the market that reveal the following evolution of practices and concepts:

> ➢ mass   →   individual customer
> ➢ market share   →   customer share
> ➢ selling   →   building loyalty
> ➢ standardization   →   customization
> ➢ passive consumer   →   participant consumer
> ➢ action   →   interaction
> ➢ economies of scale   →   investment in relationships
> ➢ all customers   →   profitable customers

It can not be concluded that the mass marketing's practices and concepts do not have practical application anymore (C. M. Brito, 2000). Namely, a strategy of market segmentation is essential in approaching the market, even if the main goal is the individualization.

On the other hand, a customization strategy brings some risks and can result in dissatisfaction to customers. Indeed, according to P. A. Crawley[6] "customization might become a problem due to the high expectances that it creates to customers, to which the company could not have capability of response. Such might bring customer dissatisfaction. In addiction, customized solutions are usually expensive. This increases both the customers' expectances and customers' demands" (personal communication, December 21, 2001). Thus, a customization strategy implementation should be rightly pondered, in order to bring true profit to the brand.

---

[6] Peter A. Crawley is one of Satoria Interactive's partners, a small company situated in Boston area (Massachusetts), which offers completely customized integrated ebusiness solutions. This communication was collected in an interview realized at Satoria, on December 21, 2001.

1.4.2 Some aspects of one-to-one marketing politics implementation for electronic commerce

If, on the one hand, the electronic commerce facilitates the personalized marketing practice; on the other, this became in short time one of the preferred tools of the marketspace. Such rises questions about aspects as customer loyalty on the electronic commerce, trust in the on-line transactions and the value of referrals to the digital brands. These issues assume a particular importance in an on-line brand strategy, as showed next.

The customer loyalty on the electronic commerce

Loyalty means for a vendor or brand more profits. Turban et al. (2000) refer by the way the following aspects:

➢ a loyal customer will buy more which implies, consequently, the sales increasing;

➢ keep this customer will be cheaper than attract a new;

➢ the brand reinforce its market position and will be less sensitive to competition pressures such as price;

➢ customer loyalty induces the reduction of marketing costs, transaction costs, and expenses due the customer turnover and lower failure such as warranty claims.

The customer loyalty is a crucial issue for ebrands. As it has been referred, the electronic commerce gave to the consumers, powerful means such as the facility of being informed, searching and comparing, making him more sensitive to the competition. Moreover, the on-line vendors can easily interact with customers, namely through direct and personalized marketing. Therefore, brands have new means of increasing the customer's satisfaction in order to keep them.

Electronic commerce is the best channel for obtaining information about consumers' needs and converting these needs into demands. Thus, for the products that request more information and more sophisticated services before and after purchase, to take in account the customers' needs could be a mean for their retention. However, it should not be forgotten that the absence of personal interaction in on-line transactions makes difficult the perception of certain aspects reveled in the client/vendor interaction. Therefore, the on-line

vendors should know how to distinguish the customers according to different knowledge levels about products and give them the suitable services (Turban et al., 2000).

Trust in the on-line transactions

In a commercial transaction, the involved parts always take some risk. For that very reason, trust reveals itself as an essential component of this process. This is a critical issue in the electronic commerce, mainly when the vendors involved do not have as support recognized brands. In fact, the face-to-face relationships between sellers and buyers do not exist as well as the direct contact with products. In addiction, there is insecurity and uncertainty associated to on-line commerce as a consequence of lack of certain regulations and laws for protecting the involved parts, and the culture diversity of this market.

The role of brand assumes a particular relevance in this issue. In fact, the guarantee of a recognized brand increases the consumer trust. This justifies why the on-line brands supported on a physical brand with great notoriety have more chances of success. Such can be obtain when the on-line brand maintains the physical brand identity, or creates a new identity easily related with the existent brand, or establishes partnerships with recognized brands (Carpenter, 2000).

According to Shapiro et al. (1992, in Turban et al., 2000), the necessary level of trust for the on-line transactions is determined by the following factors

> ➢ the degree of initial success that each party experienced with electronic commerce;
> ➢ the degree of relationship consistency between the involved parties;
> ➢ well-defined roles and procedures for all parties involved;
> ➢ realistic expectations of the electronic commerce outcomes.

So, it can be conclude that personalized relationships may be the key for decreasing the risk anticipation by consumers in this type of transactions. This fact should not be forgotten by brands for obtaining success in the on-line market. However, it would be also important the creation of security mechanisms whether about legal aspects that punish and lower the chance of fraud, or technologic aspects such as the guarantee of transaction integrity and information protection. Inclusively, there are already virtual entities that work like a third

part in an on-line transaction, in order to guarantee the trust between the participants, such as: TRUST-e, etrust, etc. (Turban et al., 2000).

The value of the referrals for the digital companies

Pleased customers can be a good mean for attracting new customers. The word-of-mouth has been reveled a common practice in on-line marketing, similarly with the traditional marketing. On the one hand, the Internet as channel that allows the fast and easy spreading of information is the perfect mean for this practice. On the other, all transactions where the good is delivered to a third part not involved in the purchase process can result in a new relationship for the on-line vendor. For instance, the delivering service companies and the commercialization of flowers.

1.4.3 Database marketing

The one-to-one marketing and, in a more generic way, the relationship marketing request capacities of interactive research that can not be satisfied with the traditional processes of marketing research that concentrate themselves in the knowledge of markets and market's segments. At present, it is necessary to know the current and potential customers, one by one. That became possible with the creation of customer databases that stock a large and diverse information about individual customers, revealing itself in an important tool for marketing research and politics implementation of relationship and personalization (C. M. Brito & Ramos, 2000).

Database marketing implies the use of customer databases, its maintaining and building, in parallel with other databases, such as of products and suppliers, with the goal of gaining a deep knowledge about consumers and their consume habits. Nevertheless, these databases should contain pertinent information that allows differentiating effectively the customers, and establishing relationships besides the ordinal contacts.

The databases may have large dimensions becoming impossible to make an analysis based in its information without the use of specific tools. These tools are called data mining that permits analyze large amounts of data in an intelligent form, through automatic

forecast of tendencies and behaviors, and by detecting unknown patterns such as unexpected relationships of products that are bought joined, or failures on data and frauds.

1.4.4 Customer Relationship Management

Customer Relationship Management is usually defined as a technologic tool, in particular an information system. However, its success depends fundamentally on the company's management strategies and not so much on the technology. In fact, currently, sophisticated technological tools as would be an effective and robust CRM are accessible to any organization, depending on the financial effort involved. But, without a well-defined customer-centric strategy that integrates and supports all business stapes involved in the creation of customer's experiences, the implementation effort of this tool will be a waste of time. This implies that although CRM is a front office system with the vocation for the functional areas that interact with customers, as sales, marketing, services and support, shall be an integrating component between those and the back office areas as accounting, purchasing, production and logistics (Greenberg, 2001).

Frei defines CRM as

"a comprehensive set of processes and technologies for managing the relationships with potential and current customers and business partners across marketing, sales, and service regardless of the communication channel. The goal of CRM is to optimize customer and partner satisfaction, revenue, and business efficiency by building the strongest possible relationships at an organizational level" (n.d., cit. in Greenberg, 2001, p.16).

A CRM's implementation justifies itself when a significant dimension of whether clients, workers or partners is involved. A familiar and small company may present a set of stable and profitable relationships throughout time, furnishing a good customer service without the aid of a CRM. Nevertheless, a personalized service sustained on stable relationships (as in the small business) passed to be the focus of big organizations. This is mainly an Internet's consequence, which brought new commercial channels, new business models and the possibility of collaborative relations between business partners (as the

suppliers). Moreover, the Internet empowered the work force with more knowledge, improved his works which became more oriented to the customers' interactions.

Thus, brands pursue the customer satisfaction with the goal of retaining them. This question takes a more and more immaterial form since the only factor that is possible to control is the customer's interaction. According to Conway (n.d., cit. in Greenberg, 2001), each interaction between customer and enterprise may be determined by customer behavior. On the first contact with the firm, the customer brings yet an expectation and if this first experience is satisfactory, the customer may become loyal to the company. While, the opposite may imply the move to the competition. In each of the subsequent interactions with the company, will always exist an expectation waiting for being corresponded or surpassed. It is the memory of these experiences that shapes the relationship between customer and brand and, consequently, the customer satisfaction level.

The ability of understanding and managing this process defines the main role of a CRM and, consequently, its effectiveness level. Indeed, a CRM must have access to a large, integrated and relevant information base (C. M. Brito & Ramos, 2000). In this way, the decisions are taken not only with the aid of objective factors as the customer value but, also, with its satisfaction level. Thus, the firm can focus on the customers in risk of abandoning like the discontented customers that provide value. Thus, according to Conway (n.d., cit. in Greenberg, 2001), a CRM must be:

➢ **integrated** → all company must align with the goal of surpassing customers' expectations;
➢ **insightful** → identifying customers where the efforts must focus and the essential actions for continuously corresponding to their needs;
➢ **pervasive** → must use the technologic means, namely the Internet, for establishing the most possible connectivity wherever.

The CRM brought competitive advantages the business toward the new challenges of the present economy. Such as:

➢ **Location**

The best business may be in other country, in other continent;

➢ **Size**

The company's size is no more a certain competitive advantage in terms of price and awareness. The on-line market facilitated that all size companies take the advantages of scale economy (at least temporarily).

➢ **Awareness and presence**

The small companies can create the image of a big business through the Internet and/or partnerships with brands with great notoriety (for instance, logistic partnerships);

➢ **Service-based differentiation**

Took the place of product-based differentiation.

(Conway, n.d., cit. in Greenberg, 2001)

eCRM

The main difference between a eCRM and a traditional CRM is based on the interactive and self-service abilities that the first gives to the customer. While traditional CRM has the purpose of being used by the company's employers for providing a better customer service; eCRM allows the clients to contact directly with their information and to participate in the service provided to them through the Internet and the telephone. Therefore, the communication means are different for the two systems carrying different technologies and architectures. However, the system is based, with little differences, on the same philosophy, methodology and functional process (Greenberg, 2001).

Greenberg (2001) refers the following primary objectives of an eCRM:

➢ identifying the customer;

➢ deriving customer's value;

➢ interacting with customer.

These mean benefits for both the firm and the customer. But, the main value of an eCRM is the total experience that gives to the customer. For that includes among others, the following capacities: knowledge bases of self-service, automatic email response, personalized Web contents, on-line product bundling and pricing. Notice that the information access means real, whenever and wherever, and not just a browser* access. Moreover, the access must be personalized and must give the guarantee of safe information, as well as avoid heavy downloads* and complicated functionality in order to facilitate the process.

Frei (n.d., cit. in Greenberg, 2001) refers as advantages of an eCRM, on the one hand, the increasing of customer satisfaction since customer can interact with the company by his favorite communication channel; on the other, the cost reduction because the improvement of effectiveness and the avoidance of customer service agents. The author refers, however, that an eCRM's strategy should integrate with traditional CRM since the on-line transactions must be consistent with the transactions that occur on the traditional channels for avoiding eventual customer dissatisfaction. Furthermore, the contents that the customers access must be consistent with the information of all company's areas, in order to provide a good customer service.

1.5 Discussion

Throughout marketing's existence, its concepts and practices have been developing. That development keeps up with the environment determined by a set of factors of social, economic, legal, technologic and political order and the interaction among them. Here, the electronic marketing appeared. Such had as one of the main consequences the development of direct marketing, which has been becoming the preferred channel to some sectors and publics.

Also, the development of direct marketing had consequences. Namely, it gave the possibility of relationship marketing strategy implementation to large dimension companies, usually involved with a huge public. Thus, this concept, which involves common practices (usually used by companies with a restrict number of customers), re-created itself in new forms and extended itself to huge consume brands with many customers and collaborators from several markets. One of the more sophisticated forms of relationship marketing recreation is the one-to-one marketing, which implies superior efforts and abilities from company in order to respond to the individual customers' expectances and necessities.

In this sense, this entire dynamic resulted in new challenges and opportunities to brands, whether the on-line players, or all the others. On the one hand, electronic commerce brought a fast rhythm which pressures deeply the organizations, benefiting the consumers and, in some aspects, the society in general. This made brands to react, which looked for new forms of responding to those pressures. On the other hand, it gave to brands tools that allow improving customer satisfaction, their loyalty and, consequently, increasing sales and brand value.

In this way, the new abilities of interaction and personalization (which are the result of the new wave of electronic commerce) allowed and demanded brands to pursuit on new ways. However, such does not imply to throw away traditional branding which has provided important contributes to the organizations.

CHAPTER 2 – ON-LINE BRANDS

2.1 Brand Introduction

The brand is an intangible communication framework. The sender (e.g. the owner of the brand) transmits the sign and the message of an identity to a public (e.g. the receiver). This gets the sign and then interprets it, which results in the brand image. But, the brand would have no sense if it couldn't be communicated to a public that is able to decode it, so the image that the public associates to brand participates actively in the building of its own identity. In this way, there is a collaborative relationship between the owner of brand and the target public. These aspects, either the relationship or the collaboration, have not always a relevant role in the strategies and implementations of brands. However, interactivity and personalization represent two of the most important aspects in current marketing practices that lead towards the necessity of assuming new perspectives for classical established concepts.

Next is presented an introduction of brand study in a classical view without making the relation with the on-line dimension. Thus, a semiotic approach is using, which assumes brand as triad: sign, object and image. Also, it is given an approach to brand equity and its sources of value.

2.1.1 Brand as a tri-dimensional concept: sign, object and image

As it was referred, brand is a sign. But, this sign must have a content (notice that the brand's juridical definition refers that the sign identifies the company, the products or services). Thus, the sign can be split into a significant and a meaning. The significant is, for instance, the logo of eBay, and the significance is the digital company that promotes on-line auctions. But, as referred before, the brand is a communication tool, requiring the existence of a receiver to decode the sign sent by the sender. In this way, the semiotic approach of

brand according to Pierce's[7] perspective which assumes the sign as a triadic entity – sign[8], object and interpreter – represents, at moment, a useful conceptual tool (Lencastre & Pedro, 2000). Since, the brand has not the function of a distinctive sign, but also the ability to gain the attention of a public, it looses its importance when it is neither understood nor relevant for such a public. This intensifies its role into on-line market, as well as the increasing importance of learning relationships between company and customer.

Therefore, according to Pierce's concept of sign, brand can be assumed in a triadic basis composed by the following elements (see Figure 5):

➢ The **sign** corresponds to the brand identity that includes the name, and, in the most of cases, the logo (lettering, coloring and design), the slogans, the package, the labels and the characters, which represent in the whole the identity mix of brand.

➢ The **object** refers both the organization and the products/services offered. Through different products and services, the company expresses its own mission, that is the whole benefit of its brand, which is done through the marketing actions of product/service, distribution, price and communication (the called 4 Ps of marketing to which some authors add customer service, process and people). This group of actions represents the marketing mix of brand.

➢ The **image** includes two dimensions. One corresponds to the different target segments and publics where is important to interpret the brand (such as customers, employees, stockholders, suppliers and other partners), which may be named by public mix of brand. The other corresponds to the interpretation of each one of those publics, which is composed by different types of response (cognitive, affective and behavioral) and may be named by image mix of brand.

---

[7] Refers to the American philosopher Charles Sanders Pierce "who developed, on 30's, a positivist conception of sign, studying it in the perspective of it relation with the real world (Lencastre et al., 2000, p.30).
[8] Notice that Pierce uses sign in two meanings, one of that refers the triadic entity, and the other one designates one element of this entity.

Figure 5 – Brand's triangle

```
              ┌──────────────────────────┐
              │        Object:           │
              │  Mission/Marketing Mix   │
              └──────────────────────────┘
                          △
                        BRAND
    ┌──────────────────────┐   ┌──────────────────────┐
    │        Sign:         │   │     Interpreter:     │
    │  Nome/Identity Mix   │   │   Image/Public Mix   │
    └──────────────────────┘   └──────────────────────┘
```

Source: Lencastre, 1999, p. 112.

2.1.2 The different brand identity structures

The brand name identifies whether the product, or service, or the company. Therefore, in practice, different situations can come upon, such as:

1) the institution brand is also the brand of products/services that it offers;

2) the institution brand accompanies the brand of its products/services;

3) the brands of products/services are different and independents from the institution brand.

From this results three big types of brand identity structures, respectively: monolithic, mist (or endorsed) and differentiated.

In a monolithic structure, the name of institution takes the form of umbrella brand of products/services. Yahoo! is an example of a pure monolithic structure. In fact, since the beginning the company focused in the development of a umbrella brand. This enterprise, which started as a directory of Web sites, embrace today the on-line auctions and on-line commerce, among other activities. Being one of the most powerful ebrands, with the biggest Internet's audience and bigger visibility than other traditional media brands as MTV, CNBC, Newsweek, Time (Carpenter, 2000), Yahoo! capitalizes, in this form, its

image to gain traffic for the new services that it offers. According to the same author, the initial choice of a monolithic strategy could be the reason of the success of this brand.

The most of crossovermarketers* maintains the physical brand identity when come to the on-line channel, as a monolithic structure logic. In the most of times, they add the dotcom to distinguish the physical channel from the on-line channel. This happened with Barnes&Noble, which built the Barnesandnoble.com as an extension and continuation of the physical brand. The objective was to offer the best of both on-line and off-line market. However, this strategy, which intended to face its rival Amazon.com, was not successful. So, the bookseller company decided to substitute the Barnesandnoble.com by the Bn.com (Diorio, in press). In this sense, the initial structure – monolithic structure – passed to an endorsement.

In the mist structure, the brand of institution is the endorse brand, accompanying the brands of product which have a semi-autonomous existence. For instance, the Barnes&Noble endorses its on-line brand, bn.com, through its awareness and strong associations, as well as with its own physical stores where the customers can pick-up the on-line orders, or make the claims or return the books. However, the bn.com is a brand with proper existence. In fact, the Barnes&Nobles had some problems with its "customer segment affinity" in the first on-line initiative, because it can not offer in on-line a agreeable atmosphere like in the physical stores with a café and ambiance music. On the other hand, the on-line book buyers are, mostly, Amazon.com's customers, since this on-line retailer benefits of "first mover advantage" (Diorio, in press).

In the differentiate structure, the brand of institution is hidden and there is a pure product's brand which is independent of the first one. As example, the iVillage, a portal oriented to the women, invested in the building of independent brands such as Parent Soup. Indeed, a structure with ability of differentiation encourages the building of a strong positioning. That could be the reason of the initial strategy of iVillage. Thus, a brand as Parent Soup can not be limited to the audience of a portal with a strong positioning in terms of female public, but must gain a mix public of parents.

However, in this case, the strategy did not reveal effective, because it did not take advantages of the strong name of iVillage what could increase the initial adhesion of the

consumers to the new brands (Carpenter, 2000). This is the result of the monolithic structure's ability of building awareness in a faster and cheaper way what represents an important role in the Internet. Thus, since 2000, iVillage decided to add its name to each new brand. However, as Carpenter refers, the later company starts to develop a network brand, the harder and more expensive it gets.

From the examples above can be inferred that, before establishing a identity structure, the company must determine how expects the public perceives the whole benefit of the brand and its dependent brands. This means consistency between brand identity and brand image that assumes a fundamental role in the building and continuity of a brand.

2.1.3 Brand value

The brand value is determined by the "different" consumer's response to brand. This expresses itself in three levels: cognitive, affective and behavioral. Therefore, the market value of a brand is generally different than its account value (Lencastre & Pedro, 2000). In fact, one part of the brand's assets (that is its sources of value) are its signs of identity and its marketing actions directed to the target public, as well as the distribution and contents partnerships. These partnerships assume a particular relevance in the Web, as it will be seen further. The other part of brand's assets is the response of that public to those signs and actions, expressed by the awareness and the associations to the brand (Keller, 1998).

In this manner, a brand has as main goal to provide value. That value assumes different forms according to the subject involved. It is possible to generalize, however, the main advantages of a worth brand, for the companies, distributors and consumers:

Advantages for companies

1) One of the main advantages for the company, owner of the brand, is the **improvement of loyalty to brand**. According to Lencastre & Pedro "the loyalty to brand expresses itself in the permanence of a behavior through the number of repeated buys over the time" (2000, p. 43). Thus, the behavior variable loyalty to

brand has an essential role in the electronic commerce, since the survival of electronic commerce relies on the repeated business (Diorio, in press), whether by the sales increasing, or costs reduction, or the possibility of keeping the competition away.

However, Lencastre & Pedro (2000) note that loyalty to brand may be the result of a set of factors such as: promotions, price, habit, inertia, changing associated risk, easiness of acquiring the brand in the selling place. Therefore, it may be based in a weak relationship between consumer and brand, characterized by low sensibility to brand and, consequently, low involving with the same. In fact, being the sensibility to the brand a psychological variable, it might influence the purchasing behavior of a given product category, since brand influences the making process decision, along with other factors such as practicality and price. Nevertheless, only the involving with brand can guarantee a lasting loyalty, since it is a psychological variable and, therefore, specific of the brand.

2) Another important advantage is the better ability of company for **making brand extensions**, as well as **establishing distribution partnerships and franchising**.

Making a brand extension means extending brand to a new product category which may be either similar or not (for instance, Amazon.com extended its books and music retail brand to other products such as software). Notice that the cognition of the specificity, the practicality and the quality of product, participates in the brand image building. The less the brand worthies to consumer, the more difficult the brand extension to other product categories, mainly for non-similar categories (Lencastre & Pedro, 2000).

In the case of Amazon.com, this digital company has strong associations such as convenience, efficient delivering process, outstanding logistic capabilities, and secure transactions. This has allowed to extend its retail activity to different products such as software, toys, computer games, and so on; as well as to establish partnerships with known brands which may not benefit of relevant experience in the on-line transactions. That is the case of Toys"R"Us which partnered with

Amazon.com, after a failed on-line venture, through toysrus.com. This was unsuccessful due to, fundamentally, logistic questions. In fact, the company could not fulfill all orders and respect the terms of delivering (Diorio, in press).

3) Also, **brand communication** becomes more effective in the case of a worthy brand that disposes of strong, favorable and unique associations (Keller, 1998). As it was already referred, the brand associations represent a source of value, because they assume an important role in the brand image building (see point 2.1.4).

4) The **resolution and recuperation of problems** (due to, for instance, the lower level of quality of a new product, and others problems that might emerge and can affect the brand image) will be more effective in the case of a brand able of providing value for the public.

5) A worthy brand is a very important asset for a company, since it becomes easier to obtain **higher profits**. In fact, the consumer is less sensible to an increasing of price, when the brand factor and the associated value and guarantees are involved. However, Lencastre & Pedro (2000) notice that the consumer will not pay a higher price than the brand value.

   For instance, the price is not an important factor in the purchase decision of a loyal Timberland's[9] customer, since the consumer considers that the brand worthies the price. However, in the case of Amazon.com, in spite of the level of quality perceived by customers, there are strong associations with the image of generalist book distributor and discounts. This does not allow increasing the prices. However, certain on-line distributors, specialized in some niche markets (for instance, specialized books) can present higher profits (Carpenter, 2000).

---

[9] Timberland is one of the three case studies, which based the empirical study of this dissertation (Chapter 4).

6) Also, a **better collaboration of the distributors** will be expectable for a worthy brand, because the benefits that it brings to this public, as it will be seen next.

Advantages for distributors

The presence of certain brands in a selling space induces, on the one hand, an improvement of customer loyalty to the distributor; and on the other, impels the purchase of different products. In this mode, there is a clear relation between the distributor revenues and the brands that they offer.

Advantages for consumers

There a set of functions, the brand functions, that constitutes a classical approach to the role that brands have for consumers. Those functions are identification, localization, practical, guarantee, personalization and entertainment. Some authors consider, also, the function of continuity and split the entertainment function in two: hedonist and ethic. A description of each of those functions is presented in Table 5.

2.1.4 The sources of value to the brand

As it was referred before, the sources of value of brands can be, on the one hand, its identity and marketing mix, and, on the other, the public's response to those. The firsts are fundamental for generating that response, but is the target public the most determinant element in the building of value. In fact, the differential consumer's response is determinant in the evaluation of brand. According to the classical approach to the sources of value of brand under the aegis of receiving, there are two main types: the awareness and the associations to the brand.

The awareness

According to Lencastre & Pedro, awareness

"is the concept that represents the ability of consumer of identifying and relating the brand with a kind of product category, under different conditions" (2000, p. 49).

Table 5 - The brand functions for consumer

FUNCTION	Usefulness for consumer
Identification	Identification of product through its characteristics, allowing to treat more easily the information.
Localization	Localization of items which satisfy the consumer's necessities in a more efficient way.
Practical	The brand facilitates the memorization of early purchase experiences, what impels repeated buys and, consequently, loyalty to the brand. In this way, the consumer saves time and energy. This is particularly important on the Web, where most of the on-line consumers keep visiting the same Web sites (Baker, Lin, Marn, & Zawada 2001).
Guarantee	The brand ensures always the same quality, independently of the time and local where the purchase is done.
Personalization	Through the use of brand, the consumer can communicate his own identity, or the one he wants to assume, as well as defines it to himself.
Entertainment **or**	Brand provides pleasure. This assumes an important role in the marketspace, where in many of the most effective retail Web sites the shops are associated to the entertainment.
Hedonist	The brand attraction causes satisfaction in the consumer.
Ethic	A responsible brand behavior toward the society results in satisfaction for the consumer.
Continuity	The permanent use of brand brings familiarity and intimacy for the consumer, and, consequently satisfaction. For instance the Timberland's customers keep loyal not just to the brand but also to the some models (Chapter 4).

Source: own systematization based in Lencastre & Pedro, 2000.

In fact, the brand only makes sense as an asset if can be communicated to a receiver able of interpreting it. Thus, the capacity of identification and recognition of brand represents the first step of the receiving process in the building of brand asset. Therefore, the awareness is a source of value for brand. In terms of on-line commerce, this statement is evident. In fact, who is going to visit a Web site of an unknown brand or company? Maybe, can appear some visitors from links to notorious Web sites or from some ecommerce directories. But, will it be easy to provide without constraints the number of credit card to a unknown company, mainly if this company operates on the other side of the ocean?

In order to facing the natural customer's resistance, partnerships with worthy brands are common in the on-line market. In fact, in the Internet, the awareness of a brand is proportionally equivalent to the traffic on the Web site. Aware of that, many of start-ups* concentrated their efforts in the building of awareness with the purpose of making their brands profitable (Carpenter, 2000). For instance, Yahoo! and American On-line, two the largest on-line audiences (Bughin, Hasker, Segel, & Zeisser, 2001[a]), rely in recognized brands as strategic partners. For Yahoo! such partners are Compaq, a Hewlett-Packard, a AT&T and Amazon.com among others. In what concerns to the AOL, this has several commercial agreements with known brands, such as: Coca-Cola (Bughin et al.), and Barnes&Nobles through a link to the bn.com. Also, it acquired recently the Time Warner, associating its name to a off-line communication brand with great visibility (Diorio, in press).

The value, which a brand furnishes, relies on its level of awareness (Keller, 1998). Given that is easier to recognize a brand than to evoke it, the distinction between brand recognition and brand recall is, usually, established. The brand recognition corresponds to the lowest level of awareness, when the brand is recognized among a set of different brands, without necessarily any kind of involving with it. The brand recall corresponds to the evocation of brand to fulfill certain necessities or toward a certain kind of product category (for instance, in spite of the physical absence of brand in a situation of purchase, the consumer requests it). The highest level of awareness – awareness of top of mind - takes place when the brand is the first evoked in a brand recall test.

The associations to the brand

The associations to the brand represent the essential aspects of the brand image because are determined by the public in its understanding, relationship, emotions and behavior with brand (D. A. Aaker, 1991). Those associations can be classified into three types: attributes, benefits and attitudes. The attributes refer to the descriptive characteristics of the good, which could be or not related with it. The benefits correspond to the value/signify that the attributes has to the consumer, which could be whether practical, symbolic or experimental nature. The attitudes express the evaluation that the consumer makes of brand. Therefore,

the attitudes are good indicators of consumers' behavior (see Table 6). Thus, a positive attitude toward brand might indicate loyal behavior of the consumer. This demonstrates the importance of attitudes for the brand profitability.

In conclusion, the three types of associations are connected, since the evaluation of both attributes and related benefits condition the consumer's attitudes to the brand. But, the associations must be strong, favorable and unique in order to represent a effective source of value. Namely, in what concern to the associations with a more subjective character, since these are more difficulty replicated. The associations will be strong if they are immediately remembered when the brand is referred; favorable if the attributes and benefits provide value and cause a positive attitude of the consumer to the brand; unique if they are not common to other brands (Lencastre & Pedro, 2000).

Usually, a brand belongs to a certain product category, in which belong others brands with the same kind of associations. The set of common associations that defines a certain product category is called points of parity. This notion assumes an important role, namely in what concern to the brand positioning toward the competition, since the brands with the same points of parity represent the more direct competitors among them.

Table 6 - The associations to the brand

Attributes	*Benefits*	*Attitudes*
Related with the good: determine the good performance, as well as the physical composition and the technical demands.	**Practical nature:** refer to the advantages related with the good's attributes.	Express the consumer's evaluation of brand, and are determinant in his purchase behavior.
No related with the good: no determine the good performance. Example: price, distribution channel, situations of use, etc.	**Symbolic nature:** refer to the advantages no related with the good's attributes.	
	Experimental nature: : refer to the advantages related with the use of the good, and could be related with any of two types of attributes.	

Source: own systematization based in Lencastre & Pedro, 2000.

Into these types, the associations can be primary or secondary. The primary associations are price, good quality, image of the good in terms of user and use, and brand personality. This assumes an important role, namely in brands with strong symbolic character. "Brand personality can be described as a set of brand associated human characteristics, and may include, besides personality characteristics, demographic aspects as genre and age. The senses of brand personality can be formed and influenced by direct and indirect consumer contact with brand" (Lencastre & Pedro, 2000, p. 53). The Figure 6 presents a brand personality structure developed by J. L. Aaker (1997) which is constituted by five dimensions, and several facets compose each one of them.

The secondary associations refer the connection between the brand and the owner company, country/region of origin, distribution channels, other brands, celebrities/public figures and events. The secondary associations are particularly relevant to electronic brands. For instance, the case of links of unknown brands to notorious brands, or characters, or events.

Figure 6 - Brand Personality Structure
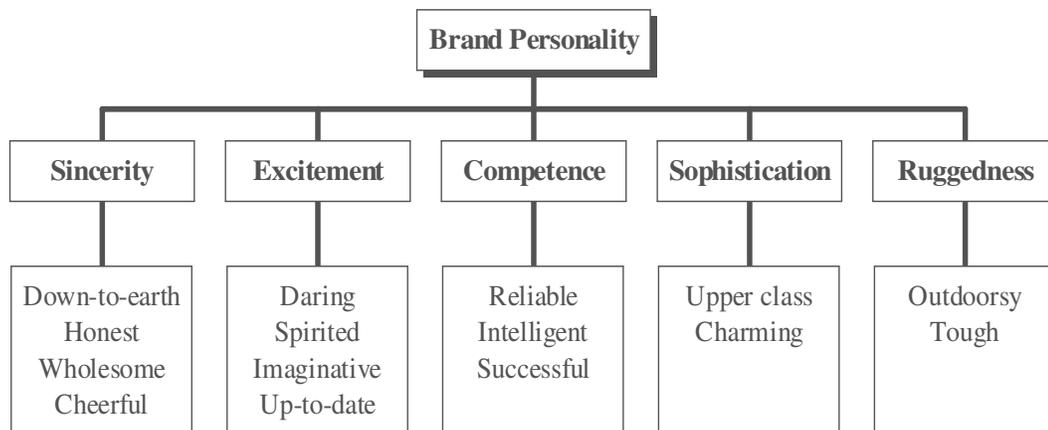
Source: J. L. Aaker, 1997, p. 352.

2.2 The establishment of Brands in the On-line Market

A well-established brand presupposes a clear message about the functionality of the offer. But, also, it has the capability of differentiation through the emotional, symbolic and experimental benefits, whether for customers, or employers. In this sense, it could build ties and establish relationships with its large public, characterized by confidence and satisfaction. But, for building confidence-based ties, it is necessary time, as showed by the traditional strong brands. However, the quickness of establishing in the on-line market of certain start-ups, which just disposed of intellectual-equity, showed that a brand could be built in a short term with low investments. According to this, it was hypothesized that the marketing techniques, usually used in the establishment of off-line brands, could not be the more adequate for building an on-line brand.

Thus, next is presented a group of practices that must be taken in account in an on-line brand building. Those practices are the result of some case studies of ebrands with large audiences. Also, it is focused the necessity of aligning the on-line brand investments with the consumer behavior. Given the importance of the brand identity as source of value, it is approached the question of brand name vs. domain name. At the end is treated in particular of the physical brand extension to the digital channel.

2.2.1 The best practices

Through the observation of certain notorious electronic brands - such as iVillage, CDNow, Barnes&Noble, Yahoo!, Fogdog Sports and Onsale - Carpenter (2000) proposes some practices, which were generally transversal to those brands` strategies. This group of practices forms a coherent instrument with an important tactical character for building a brand on the Internet, as is showed next.

Focus in building brand awareness

The process of building awareness is essential for the creation and surviving of a brand. In an environment as Internet, which offers so many choices, and where the brand can not

have a physical presence, this aspect acquires more importance. In fact, according to Carpenter (2000), in 1999 there were 800 millions of pages of contents on the Web and, however, the most robust research engine covered only 16% of those pages. Therefore, the identification function of brand assumes a decisive role in that environment.

In terms of techniques for building awareness, the on-line and off-line advertisement, as well as the public relations, constitute the actions where brands have invested more. The off-line advertisement allows reaching huge audiences what could not be possible in other way. While the on-line advertisement drives to interesting levels of interaction. In what concern to the public relations, besides to provide a large exposition, they are a way of improving brand credibility.

One of the important actions, which is generally based in the public relations, is the momentum. According to Carpenter (2000), the regular communication of important facts (that is the communication of the momentum) to the media or directly to the sector analysts, empowers the brand image, improves the brand position among the strategic partners and consumers, and keeps away the competition.

Cultivate customer commitment

This aspect assumes a fundamental role whether for a customer retention strategy, or a strategy of a positive worth-of-mouth promotion. In fact, satisfied customers mean not just repeated business, but also represent a good way of acquiring new customers.

There are several forms of cultivating customer commitment: sending of regular information about specific issues of customer interest, by email; adjustment of the Web site to the shoppers' preferences; rewarding the customers purchase frequency with points; fomenting a virtual community. This last aspect has, now, a great weight in the traffic affluence of some Web sites. Indeed, on the one hand, the virtual communities are a good mean of fidelizating their members, and, on the other, represent one of the most effective forms of worth-of-mouth (see point 2.2.1).

Forge contents and distribution alliances

On the Internet, companies and brands have to operate in connection with customers, suppliers and other strategic partners. In fact, as it was referred before, the relationships are a good way of brand differentiation, since those are not easily imitated.

The contents and distribution alliances have revealed decisive in the success of on-line brands. On the one hand, the establishment of those kinds of alliances with strong brands may improve the image of a less recognized brand. For instance, some retail brands has agreements with portals as American Online, which ensures the exposition to a large audience. On the other hand, the association to companies with high levels of logistic or contents, releases resources for other activities and allows a better service customer.

Moreover, "the beauty of such an arrangements is that the brand of the retailer can remain pure: customers don't know that is using another company's skills" (Dayal, French, & Sankaran, 2002, p. 3). For example, The Sports Authority - a specialized crossovermarketer in the sports retail - which has partnerships with some on-line generalists retailers in sporting goods, since "the cost of establishing an e-commerce platform exceeds the potential on-line profits and that it might therefore be worth striking up a partnership with an on-line category manager to run the entire operation" (Dayal et al., p. 3).

The content partnerships are a form that the large generalist portals found to correspond to a great and diverse audience, giving, in this way, public to the specialized brands in more restrict issues. For example, the portals, which are oriented to the women such as iVillage and Oxygen Media, report their specialized contents to companies of the sector.

"Move early, move fast"

The Internet makes the communication easy, so the ideas occur and quickly spread on the net. Thus, that is not enough to recognize one opportunity, it is necessary to act in order of being the first. Then, it is necessary to keep the pace, in a continuous process of innovation and change. The companies, which did, and do that, reveal clear advantages over the others.

As it has been referred throughout this study, the relationships between brands and consumers in an environment like this, which offers so many choices, tend to become very

strong. According to Hof, Browder, & Elsttom (1997), 57% of the on-line users usually go to the same Web sites. Thus, for example, the success of eBay can be related with the fact of being the first[10], since the on-line actions are, now, a common activity in the on-line market. However, in order to keep the leadership, eBay opened its horizons and make to evolve the business concept that it created, namely offering a deeply creative on-line auction system.

Moreover, the companies that assume the role of pioneers are usually considered innovators. This facilitates the building of brand awareness, as well as brings advantages in terms of partnerships establishment (usually, with lower costs because being the firsts).

Developing of market and customer intimacy

This aspect is essential in a present marketing strategy. "Look outward, not inward", as suggests Carpenter (2000), is the key to align the offer with the demanding. Such can be reached through on-line forums, for catching the necessities, interests and attitudes of consumers (namely, for understanding the contents, which the consumers are looking for). Also, the consumer behavior analysis on the Web site may provide orientations in order to make easy the on-line interactions.

Cultivate a reputation of excellence

Given the importance and the power that assumes the word-of-mouth in the on-line market, it comes decisive to cultivate a reputation of excellence, which can flow in order to catch the attention of new customers. There are several forms of promoting a reputation of excellence. But, according to the observation of ebrands cases, the quality of the Web site provided service represents a determinant aspect. In fact, the functionality and the easiness of Web site use, namely the purchase process, promote repeated visits and a positive word-of-mouth. This has been recognized for many virtual companies, which orient deep efforts in making easy the purchase process and, in some cases, fun. For instance Yahoo!, one of

---

[10] According to Robert S. MacArthur (member of Direct Marketing Association and, among other activities, lector at Boston University in direct marketing and electronic commerce fields), eBay is one of the few ebrands that presents profitability (personal communication, December 18, 2001).

the best examples of the Web functionality, has been developing the site in order to improve it, through a clear, consistent and fast design.
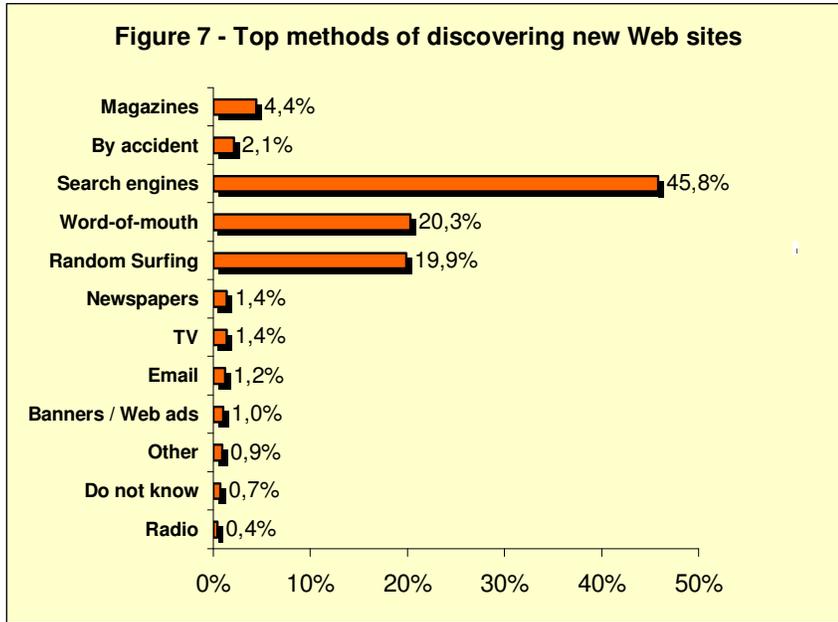
Delivering outstanding value[11]

Given the deep competition environment, the electronic brands have to maximize the value which is delivered to the consumers, since those expect to obtain better quality of products and more convenient services than in the physical market (Dayal et al., 2002). On the most of time, the customers expect also prices, which compete directly with the traditional retail. Such explains, in the most part, the lower profitability of the most of ebrands. Thus, their future will relies on a large market share that could reward the whole value that the brands delivers (Turban et al., 2000). For example, Amazon.com offers a wide selection of products with very competitive prices, delivering also value in the form of convenience, which many of the traditional retailers do not provide.

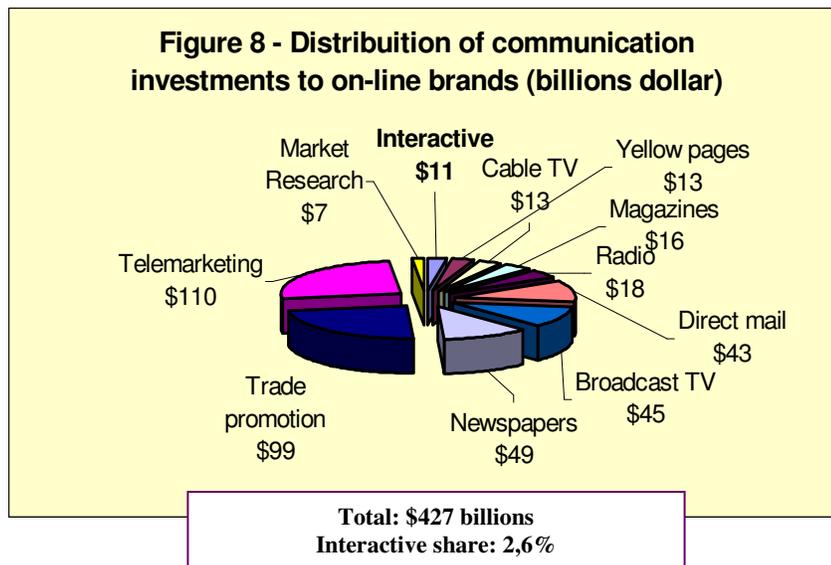**2.2.2 The need of aligning the brand investments with consumer behavior**

A phone survey conducted by IMTStrategies about the first way to discover a new Web site[12], provided the results which are described in Figure 7. Comparing such results with the distribution of on-line brand investments among the communication means, showed in Figure 8), it can be seen a clear gap. In fact, this shows that the ebrands have spent efforts with traditional means such as TV, press, or radio, instead to use the interactive means, which represent only 2,6%. In opposition, the Web users appear to prefer the use of interactive tools for "surfing".

---

[11] Value has here the meaning according to the classical definition of value equation, which designates the rate between the perceived product or service quality and its cost.

[12] O survey was extended to 360 typical Web users, without any prompted choices.

Figure 7 - Top methods of discovering new Web sites

Method	Percentage
Magazines	4,4%
By accident	2,1%
Search engines	45,8%
Word-of-mouth	20,3%
Random Surfing	19,9%
Newspapers	1,4%
TV	1,4%
Email	1,2%
Banners / Web ads	1,0%
Other	0,9%
Do not know	0,7%
Radio	0,4%

Source: IMT Strategies, 2000, cit. in Diorio, in press   .

Figure 8 - Distribuition of communication investments to on-line brands (billions dollar)

Market Research $7
Interactive $11
Cable TV $13
Yellow pages $13
Magazines $16
Radio $18
Direct mail $43
Broadcast TV $45
Newspapers $49
Trade promotion $99
Telemarketing $110

Total: $427 billions
Interactive share: 2,6%

Source: Direct Marketing Association, eMarketer, Myers Group, Promotion Magazine, Kennedy Information Research Group, estimativas de IMT Strategies, n.d., cit. in Diorio, in press.

In what concerns to the on-line advertisement*,* the banners* represent the most used technique. In fact, according data of 1998, such represented 55% of the whole Internet advertisement investments, in which 40% of that referred to a content sponsorships, and the remaining 5% to a other on-line advertisement methods (Turban, 2000). But, besides their capacities of initial brand awareness leverage (when are located on large traffic Web sites), the banners present only a average click through rate of 0,01%, or one person in tem thousands (Diorio, in press). Such reinforces the dissonance between the on-line brand investments and the surfers' behavior.

According to Diorio (in press), one among the problems of the ebrand awareness building, is related with the fact of marketers assume that the consumers have the same behavior in both channels the on-line and off-line. In that sense, the author notes that the traditional advertisement means are less effective in the building of long term visibility, and brand equity on the Web; and affirms that on-line brand investments must focus on techniques that favor the customers interaction, such as search engine, affiliate networks and viral marketing. These three cases are approached next.

Search engines

More than 50% of the activities on the Web involve the use of search engines (Carpenter, 2000). Inclusively, as it was seen, it is the preferential mean for surfers find the new Web sites (see Figure 7). On the other hand, the consumers tend to search only the first pages of the search engines. In fact, according to Compaq analysis of 500,000 AltaVista inquiries, 85% of search engine users just consult the first page of results (n.d., cit. in Diorio, in press). Thus, getting the first positions in a search engine listing becomes important to on-line brands. In a general way, a good strategy is to be present in the top 20 listings of the top 20 search engines, that is a 20/20 *vision*.

Affiliate networks

Also the affiliate networks are a common strategy on the electronic commerce, which has revealed effective. According to Diorio (2002), **on-line affiliate networks** are contractual arrangements between Web sites, which have the purpose of implementing

links with notorious Web sites in order to catch audience and, in this way, to improve the brand visibility. Usually, it is involved a monetary reward, based on the clicks through, sales leads, or completed transactions. There are, also, not rewarded agreements. For instance, Boston Coffee Cake has some not paid agreements with well trafficked Web sites (Chapter 4).

Such arrangements might involve the exclusivity for a brand among the direct competition. Usually, this implies high compensations not based on performance. For instance, Monster.com, a virtual company of human resources paid lists and employ opportunities, and one of the most well rated companies in the sector, did a exclusive contract with American Online in 2000. In such, the exclusivity of the brand was ensured for the next 5 years. For that, Monster.com agreed to pay $100 millions dollar to AOL, over the first 4 years (Rayport & Jaworski, 2002).

Taking in account the results of the phone survey referred above, almost 20% of the surfers refer, as first way for locating a Web site, the random surfing. Such clarifies the importance of the affiliate networks in on-line marketing. According to Diorio (2002), the ebrand must be wherever the on-line consumer is. Likely, as strong traditional brands, which have stores over the main centers of consume in the world. However, the affiliate sites should also be less trafficked Web sites with customer base affinities, in order of gaining the interest of specialized audiences.

Viral marketing

Viral marketing comprehends all forms of word-of-mouth from satisfied customers (Diorio, in press). Given that 20% of the surfers in the phone survey refer the recommendations of friends as the best form of finding new Web sites, the viral marketing should not be forgotten in a ebrand strategy. Moreover, such usually implies lower costs. In fact, some of the mechanisms for promoting the viral marketing are, for instance, the on-line forums (which usually involve a virtual community), passalong email newsletters, or Web based email forms. Also, the electronic coupons, and the on-line loyalty currencies represent ways to improve the customer satisfaction and, consequently, to gain "advocates" for the brand.

A strategy of viral marketing should occur in an on-line environment, which encourages the communication Consumer to Consumer (C2C). According to Diorio (in press), such can be done by:

➤ allowing customers who did a purchase, either to relate their experience, or forward to an email network, or friends and family;

➤ allowing the *on-line* wedding, baby and gift registries;

➤ offering gifts certificates on on-line;

➤ promoting the hosting issue oriented bulletin board or chat rooms.

Hotmail represents a classic case of viral marketing. Being a free email service and also a advertisement networked, each message sent can mean a new subscriber and a new potential customer. In this way, Hotmail gained a base of 12 millions of subscribers in just 8 months, with a cost of 4 cents per subscriber, in a total of $500.000 dollars in marketing investments. Later, the base reached 40 millions of subscribers (Diorio, in press). In spite of Hotmail to be a service brand of the MSN portal, has today the autonomy and the recognition of a strong brand.

Other investments

The repeated visits are essential for a Web site survives. In this sense, the use of interactive techniques represents a good way of conquering the consumer trust and building awareness. Such can be the offer of personalized contents and products, and customer care.[13] These practices have reveled of great importance for some brands on the Internet, due to the existent barriers on the establishing of trust relationships with customers. For instance, in the strategy of cobrand adopted by Toys"R"Us through the association to a experienced partner as Amazon.com, the brand ensured both a more effective delivering and a good customer care (Diorio, in press).

---

[13] It refers every service for supporting customers.

2.2.3 The brand name in the world of domain names

The split between the company brand and its products and services brand has decreased. Such resulted in monolithic identity structures, or at least in endorsement strategies. This tendency was accentuated with the Internet appearance. In fact, cases as Benetton with a strong identity structure, which is extended to the stores through the name, decor and package, has became common among the most important brands. But, that the address be an element of the identity mix, is a particularity of the on-line market.

The URLs

Universal Resource Locators (URLs) indicates a Web site localization on the Internet, and usually alludes to the brand of that Web site. A URL is composed by a complex syntax, but by default assumes the form of its related domain name, as for example www.nike.com. A domain name references particular computers on the Internet. Usually, the subdomain, the middle part of the domain name, uses the brand name, as was seen in the example above which refers the electronic address of Nike. In this manner, the function of localization of brand assumes particular importance to the electronic brand.

In fact, the use of the brand name in the domain name is important, because this represents the first contact between the public and the virtual brand. Besides, given the tendency of market convergence where traditional brands use on-line channels and the pure electronic brands use off-line communication adds, the unique name that identifies unequivocally the company and the products/services is essential. This issue reinforces the importance of the brand identification function.

On the other hand, the tendency of using terms, which suggest the items' categories or the company's activity, inside the brands' names, denotes the importance of the identification and localization functions for the on-line brands. This is showed in many known ebrands, such as eToys.com, Careerpath.com, E-Loan, CDNow, Women.com, Hotmail, Onsale, Buy.com, Infoseek.com, where the name refers clearly the activity. This rises pertinent questions as the use of generic terms for brand name, in opposition to the distinctive brand character.

Also, the use of terms and letters, which suggest the virtual environment, became usual, such as e of electronic, .com, i of interactive, or the word interactive.

As it is known, the juridical protection of brand and its distinctive elements is something possible through clear rules. So, the protection of the traditional brands was made by the register of the name and some of the identity mix' elements, such as the logotype, the slogan and so on. But, now, it is also necessary to ensure the domain names exclusivity what has a particular importance in a current brand strategy. This aspect is a very pioneer phase in juridical terms[14]. Therefore, it is common registering every domain names which might be connected to the brand name (Moon & Millison, 2000).

Moreover, in spite of the product generics do not have juridical protection (for instance milk, water, cars), the register of URLs with generic products names as subdomain is possible (for instance www.milk.com, www.water.com). Given the high tendency of using the search engines and random surf on the Internet, this question assumes particular relevance in a ecommerce strategy. In this way, Moon & Millison (2000) advise to register a large array of domain names, which should include words with similar sounds (brand name homonyms, associated key elements, solutions and necessities), alike words, and common misspellings. In addiction, Diorio (in press) gives the examples of WalMart, and Procter&Gamble which faced problems with their URLs implementation; and Chrysler that neglected this question and, now, there are some Web sites with similar domains names (some of them of sexual subjects).

In what concern to the physical brand which is not commercialized on the Internet, this issue has also relevance. In fact, Moon & Millison advise that each trademark should "create one static HTML page whose content includes appropriate legal statements and attributions, as well as a short description of the mark and its relationship to the brand firm, its customers, markets, industry supply chains, etc." (2000, pp. 118-119). Also, it is important to proceed to the register of the URLs related with each product, including formal, informal, former and quick names, and even pejorative names. Moreover, the

---

[14] The legal aspects can assume a particular relevance in this field. However, given the aim of this dissertation, they were a little neglected.

authors add that sometimes the URLs register demand negotiations or imply disputes in order to obtain a domain name owned by a third part.

2.2.4 The physical brand extending to the virtual channel

As it was already referred, it is fundamental that any brand marks an on-line presence. But, in what level should this presence be extended? Since not all brands are able of being successful in the *on-line* market, whether due the type of good, public, certain technical limitations, or brand associations (Diorio, in press). Those lasts are sometimes so strongly connected with the physical channels that the company decides to create a new brand specifically for the on-line market, which will complement the existent brand. Also, sometimes, the solution is to establish strategic partnerships with on-line brands.

In this way, Diorio (in press) proposes, as fundamental for a brand toward a ecommerce strategy, two key questions:

1) Assess how easily the brand can be transferred to on-line;

2) Align brand investments with the on-line consumers' behavior (see point 2.2.2).

In what concerns to the first question, the author proposes a scorecard for evaluating the brand capacity of transferability to the on-line market. Also, the scorecard may help to identify competitive advantages, areas of weakness, and where to focus Web investments for maximum return, even in the case of the creation of a pure on-line brand[15]. The scorecard analysis relies on six factors, which the author considers determining on the success of such process:

➢ **First mover advantage** → do you have the advantage of being first?

➢ **Customer segment affinity** → do your customers rely on the Web?

➢ **Innovation and creativity** → does your company enjoy reputation for marketing innovation and creativity?

➢ **Information richness** → does the product offer high information value?

---

[15] In the present study the score card was used as tool for evaluating the Web affinity of any kind of brand.

➢ **Brand experience portability** → is your customers' usual brand experience adaptable to an on-line channel?

➢ **Domain name readiness** → is the brand name "domain ready"?

After taking the decision of brand transferability, it is necessary to ensure an adequate strategy of ebranding. Along to the best practices described in the point 2.2.1, Carpenter (2000) considers three more specifically for physical brand extension to the on-line market:

➢ **Respect for the core brand elements**

The distinctive elements of the core brand must come to the *on-line*, in order to keep a consistent offer with the off-line channel;

➢ **One-up off-line brands**

Taking advantage of the Internet abilities for delivering high value service and information, in order to improve the offer (but, without forget the core brand elements);

➢ **Leverage key off-line assets**

Use of the off-line assets for improving the on-line offer. For example, to take real advantage of the physical stores through the promotion of the Web site, or allowing the changes and returns of items, and claims of the virtual transactions.

2.3 The Defense of Brands in the On-line Market

Currently, it is possible to make some statements about the ebrand establishment, but no too much could be said about its permanence. In spite of the knowledge about the experience of well-known traditional brands, which has been supplying value over the time, many of them did not succeed in the ecommerce. Besides this, some new established on-line brands surpassed those in awareness and, consequently, in audience. And, some of ebrands, apparently more promising and with better conditions for getting winners failed in a short period of time. For instance, the eToys which was the fifth most visited retail Web site during the 1998 Christmas season, went to bankrupt in less than two years.

In this way, some issues, which have been considered important to build a strong brand image in the on-line market, will be introduced. Such might be important too for a present brand commercialized by the traditional channels.

One of most important is the creation and development of a virtual community. In fact, "the idea that an on-line community can increase the "stickiness" of a World Wide Web site and the value of users to it – is proving true" (Brown, Tilton & Woodside, 2002, p. 1). The other one is the media convergence, since the integration of the media tends to create deeper interactivity and brand "immersion" (Diorio, in press). Also, the on-line and off-line advertisement constitutes an important strategy of reinforce the brand image. In fact, according to Rayport & Jaworski, "any discussion of market communications[16] in the New Economy must include a blended discussion of both offline and online approaches" (2002, p. 369).

2.3.1 Virtual communities

The virtual communities are one of the most important aspects in the electronic commerce, since represent the critical mass of the marketspace. Such reveal the ability of influencing and changing brand strategies and business concepts (Carpenter, 2000). This

---

[16] The author defines market communications as "all point of contact that the firm has with its customers" (p. 369).

brought a new logic, the P2P (peer to peer), where the social interaction between the peers is the base of the business. First, the consumer must to feel connected with ideas, issues, styles, beliefs, or attitudes for becoming a source of value to the brand. Thus, that is a movement of peers in a network structure which favors the relationships, experience and information changes, which results in a singular entity with own life, and therefore no replicable.

The sense of community has always revealed as one of the most important aspects for the traditional brands, since the use of a brand can transcend the practical aspect allowing its users to communicate a identity, which is revealed in a certain social group. With the appearance of electronic commerce, this aspect was reinforced, since such group can interact among its members, recreating it in a form of a virtual community, which may represent an important asset to a brand due its ability of differentiation. On the other hand, in spite of the content attracts the consumer to the Web site, it is the community which makes him to stay, Thus, the community assumes an important role on the customer retention and as a barrier for the competition (Agrawal, Arjona, & Lemmens, 2001).

Moreover, the virtual communities allow the humanization of the on-line market (Carpenter, 2000). Such might be decisive for the future of the on-line consume, taking in accounting the weight that the female public could represent to the on-line commerce. In fact, according to Carpenter, the women influence or control, in 80% of all purchase decisions. Furthermore, some studies have revealed that the women have a different approach to the market, which passes for the search of a solution instead a specific item. So, a virtual community is a good adviser, since it shares experiences among the members and, in this way, may have the function of helping the purchase decision process.

Virtual communities offer many services, being the most commons the message boards, which includes opinions and answers; and member activities, such as news and tendencies, site statistics, chat rooms, free email service, and free Web pages (Turban et al., 2000).

The benefits of virtual communities

Forrester Research conducted a survey that provided the following advantages of virtual communities, by order of importance:

➢ customer loyalty increases;

➢ sales increase;

➢ customer participation and feedback increases;

➢ repeat traffic to site increases;

➢ new traffic to site increases.

(1998, cit. in Turban et al., 2000, p. 442).

In fact, it can be conclude that virtual communities represent a source of value for both the electronic brands and the consumers. For brands, the communities can be an efficient mean of building awareness. Since the awareness is associated to the cognitive dimension and these social groups can become a good source of brand information with low costs. Also, in what concern to the affective dimension, the communities might influence positively the relationship between their members and brand, improving the loyalty levels. Furthermore, according to a Brown et al.'s (2002) study based on leaders of on-line retail, in spite of the users of communities features represent one-third of all visitors of those Web sites, generate two-third of their sales.

For consumers, the communities deliver valuable information and, consequently, empowered them. Besides, they can have access to a more adjusted offer, due a better approach of brands to the market.

Thus, the value of communities for brands reveals on the following benefits:

➢ **Induce customer loyalty**

As it was already said, the communities make the consumer to stay;

➢ **Favor the ecommerce**

The repeated visits to the Web site increases the customer trust and experience with brand, and, consequently, the customer willing of establishing commercial transactions with brand;

➤ **Favor a positive word-of-mouth**

Also as it was referred before, the communities represent one of the most efficient forms of word-of-mouth because the quickness and facility of spreading the messages. Loyal customers presuppose satisfied customers, who might be "advocates" for brand;

➤ **Favor the acquisition of new customers**

As it is known, satisfied customers are a good way of acquiring new customers. Moreover, some communities' services represent forms of involving potential customers (for instance, the email service);

➤ **Deliver valuable information to the marketers**

The community can be a easy and cheap way of getting market information, which might be determinant in the new product lines and customer service implementation, and in the creation of contents, communication strategies, and Web design. Besides, this information can be sold to other brands, resulting in a source of incoming to the company;

➤ **Help building brand awareness**

In fact, the customer input can be very important for the establishment of marketing strategies, namely for the redefinition of communication campaigns. Moreover, the ideas provided by a community for a advertisement campaign is cheaper and, many times, more effective, than conducting surveys and focus groups;

➤ **Facilitate the establishing of alliances with strong strategic partners**

A strong brand identity along with a power critical mass could be the way for establishing strategic alliances with the most desired partners;

➤ **Build barriers to the entry of the competition**

On the one hand, a segment of loyal customers represents a difficult access market share to the competition, on the other, the association with strong partners keeps away potential competitors;

➤ **Represent a good space for advertisement**

A virtual community is an influent network, where the messages flow quickly, including the momentum. Such converts it in a desired space to the other brands

advertise their products and services. The big audience that a Web site with a strong community usually represents reinforces this aspect.

Some aspects of the management of a virtual community

However, a virtual community can bring risks. So, that is important to manage its functions. For example, if the word-of-mouth is negative, the consequences might certainly be adverse to the building of brand character and value. Furthermore, the perceiving of this risk by the advertisers can represent a barrier to its advertisement profitability. Carpenter (2000) refers, also, that the more persons in the discussing groups, the more tendency of the conversation becomes frivol, and more difficult to pass the message.

It should not be forgotten that a virtual community is an influent net with own voice. Therefore, trying to control it could result in the loose of trust of its members, which could abandon the community (Moon & Millison, 2000). The voluntary discusses' leaders, which are called Community-Captains (or C-Captains) by Moon & Millison, assume an important role. These have the ability of creating, organizing and leading the discuss groups, and feel rewarded by the position and prestige that can achieve in the community. So, the ebrands should motivate C-Captains by forms of compensation, because their ability of influencing the group. However, the authors refer that brands should not try to control them.

Also, the use of a virtual community for a ecommerce strategy must be carefully managed, since it can be not well interpreted (Carpenter, 2000). In this way, the on-line brand has the necessity of managing well both the profitability that a community could represent and the integrity of that community, in order do not loose its trust.

2.3.2 The role of on-line and off-line advertisement

The investment in advertisement constitutes a common factor to the electronics brands with the biggest audiences. Such reinforce again the idea that the different communication channels, on the on-line and off-line versions, are not incompatible but complementary. In this way, the more powerful ebrands have invested huge sums in the traditional advertisement means, with good returns in some cases. For example, in the first spot on TV

during a sportive event in 1999, Monster.com obtained an increase of traffic in 450%, in just 24 hours. Furthermore, over this year that the spot run, its users passed from 1.4% to the 5.3% of the total surfers in the USA, and its pay lists grew almost 75% (from 186,000 to 315,248) during this period (Rayport & Jaworski, 2002).

However, in other cases the off-line advertisement does not lead to a direct increase of traffic or sales. As happened with iVillage whose first off-line campaigns had the fundamental purpose of establishing brand positioning (oriented to the female public) and building awareness. This brought attention of the business community, in particular potential partners, to the brand. However, a later mass marketing campaign leaded a better banners effectiveness, through the increase of the number of clicks, and consequently the increase of the traffic (Carpenter, 2000).

Also, crossovermarketers use the physical assets (for instance, the stores) to advertise their Web sites. In many cases, the off-line brand campaigns include also the reference to the on-line brand and allude to the electronic address.

On-line advertisement

Traditionally, the advertisement used impersonal techniques, which constituted the called mass marketing. Then with direct marketing, the personalized advertisement became possible. Such was more effective but more expensive too. The on-line marketing brought a new dimension for the advertisement. In fact, the on-line marketing encourages the experimentation and, by this way, the on-line techniques have the advantage of building high levels of interaction, since even the passive consumers can experience the brand. The table 7 establishes a comparative analysis between mass marketing, direct marketing and interactive marketing for advertisement.

In an on-line advertisement strategy, the brand must select large audience Web sites, or some market niche Web sites, in order to obtain better results. This is also true for the search engines and on-line directories. Then, it can establish advertisement partnerships with them that might also be distribution and contents partnerships. According to Carpenter (2000), these "on-line marketing integrated campaigns" represents an important way of creating brand awareness and traffic.

Table 7 - Differences between mass, direct and interactive advertisement

	Mass advertising	**Direct advertising**	**Interactive advertising**
Best outcome	Volume sales	Customer data	Customer relationships
Consumer behavior	Passive	Passive	Active
Leading products	Food, personal care, beer, autos	Credit cards, travel, autos	Upscale apparel, travel, financial services, autos
Market	High volume	Targeted goods	Targeted individuals
Nerve center	Localization of the main media companies	Postal distribution centers	Cyberspace
Preferred media vehicle	TV and magazines	Mailing lists	On-line services
Preferred technology	Storyboards	Data bases	Servers, browsers, the Web
Worst outcome	Channel surfing	Recycling bins	Log off

Source: adapted of Information Week (1994, October 3rd, cit. in Turban et al., 2002, p. 119).

For example, iVillage, through a "on-line marketing integrated campaign", established partnerships with a range of Web sites which included the use of advertising space, namely the search engine lists and on-line directories, and the distribution of its contents. In this way, iVillage passed from mere customer of those Web sites to business partner (Carpenter, 2000).

Furthermore, the easiness of measuring the performance of an on-line marketing campaign allows brands experimenting different Web sites and substituting them if necessary, as well as testing several advertisement techniques. For instance, the banner allows in a easy way obtaining tangible results about brand customers' response, through counting downloads. Diorio (in press) considers this aspect fundamental in the sustaining of a brand on the Internet, since in this environment the marketers must be able of changing strategies if necessary. Besides, they are under strong economic pressures, which oblige

them to justify objectively to the stockholders the adverting investments, in terms of customer response, brand utility and ROI.

Other important aspect of on-line marketing is the ability of response of an interactive environment. Thus, in opposite of traditional media, badly told story or a negative message can be immediately confronted with a different opinion. Furthermore, the flexibility and quickness of implementation, which the on-line marketing offers, allow easily either substituting or changing a campaign. In this way, in the opposite of traditional media, a campaign that is causing adverse effects on the brand image can be eliminated, minimizing its consequences with low costs.

In short, the advantages of on-line advertisement are the following:

➢ possibility of customer interact with advertisement and with brand by asking, for instance, questions;

➢ low costs which do not change with audience localization and the time of advertisement;

➢ easiness of measuring responses and performances, giving a good knowledge of market without making complex studies;

➢ flexibility and quickness of changing and replacing strategies with low costs;

➢ possibility of doing one-to-one advertisement;

➢ innovation and attractiveness of campaigns through multimedia techniques.

Despite those advantages, there is the inconvenient of "on-line audiences largely ignore advertising and rarely pay subscriptions, because a free substitute is only a click away" (Bughin et al., 2001_a, p. 1). But, the authors note that all new media models need time to be successful. In fact, according to historical data and current trends, the profitability for the on-line media is expectable in a term that will be well in the average of the other media industry.

Meanwhile, it is necessary develop new ways of delivering value to the advertisers (Bughin et al., 2001_b). For instance there is "an emerging advertising model known as contextual advertising which targets the consumer who plans to make a particular purchase

and is thus more likely to be responsive" (Bughin et al., 2001_a, p. 1). But not all media companies have capacity for creating specific content in order to respond to the multiple segments that appear.

By purpose, Bughin et al. (2001_a) refer the case of a food manufacturer that increased its sales with the help a one media company. This identified office workers in its audience and sent them on-line ads for spaghetti sauce at the end of the workday, when they usually buy food. However, this approach of targeted advertisement is not a case of contextual ads, since "it relies on a timely message to a specific demographic group rather than on a message linked to a site's content" (Bughin et al., p. 3).

2.3.3 The media convergence

According to Bughin et al.(2001_a) to, it is expected that 95% of pure on-line media companies to fail in only two years[17]. So, the only alternative to more losses is more innovation. Furthermore, Berchtold, Grass, Johnson, & Stephenson (2002) consider, in a general way, that the broadband* will not bring increases on-line advertisement revenues. However, the wide adoption of broadband may allow the development of new business models that do not depend on advertising what might have particular interest for the entertainment sector.

Bughin et al. shows through two partnerships, how large on-line media businesses can use innovation in order to help companies to improve the profitability of their interactions with consumers:

> "Media companies can improve their value proposition to marketers by leveraging the Web's low-cost, high-touch qualities to raise the efficiency of these investments. AOL, for example, recently teamed up with Coca-Cola, and Yahoo! with Pepsi, to shift bottle-cap promotions to the Web – a departure from the era when some bottle

---

[17] The authors conducted a research for inquiring the performance of pure-play on-line media business in late of 2000. The study relied on a set of 159 pure-play on-line media companies.

caps could be redeemed for prizes only at stores; buyers can now enter the redemption codes from their bottle caps on-line to find out if they have won a prize. Both Coca-Cola and Pepsi-Cola say that in this way they have saved money and time (3 months to create a promotion, down from 18)" (2001$_a$, p. 3).

A demanding environment that stresses innovation and creativity, the media convergence presents itself as an important and necessary marketing tool. Moreover, the consumers, namely the young generation, begin to request it. Notice that 49% of the Web users watch TV and surf on the Internet simultaneously (Diorio, in press). Aware of that, the large companies of media, telecommunications, cab, and Web portals have proceeded to acquisitions and alliances among themselves, in order to achieve synergies through the share of contents and platforms. Such permitted the same contents could be offered in several communication channels.

Furthermore, in an interactive environment as Web, the brand communication should find forms of interactivity with consumers, even in the traditional advertising campaigns. Thus, the multimedia experiences, which combine Web promotions with print media, live event sponsorship, electronic music, and digital movie making, may represent an important way of building customer loyalty on the Internet, mainly within the young segment (Diorio, in press). This shows the role of media convergence in the maintenance of an on-line brand over time.

Nike was one of pioneers in using campaigns, which combined different media for encouraging interactive brand experiences. For instance, during the last Olympics, the brand realized a campaign that included spots on TV looked like harrowing action films. In order to know the end of story, the consumers must go to a special Web site and push past product messages first (Diorio, in press).

The media convergence can be defined as:

"Media converge is the evolution of different types of media content (news, information, and entertainment) that were traditionally found on different types of media platforms (print, audio, and video) into a single digital media base available on the Internet platform" (Rayport & Jaworski, 2002, p. 513).

Basically, the digital technology permits to give a unique shape to the contents and spread them in several platforms, such as the personal computer, the WebTV, the cellular phone, public interactive kiosks, room hotel terminal, physical equipment, (electronic equipment that interacts with customers) and so on. With the emergence of broadband, everything susceptible of digitalization could be offered in such devices. Such means besides the traditional contents, more products (e.g. videos, software, books and games) could be distributed in this way (Rayport & Jaworski, 2002). Rayport & Jaworski, however, cautions that in spite of the advantages of digital technology, the technology enhances the opportunity for piracy (books, movies and music), and this can became a treat to the author rights.

2.4 Discussion

Internet, due to its characteristics, promoted a strong entrepreneurship, which carried an intense competition in terms of enhancing brand awareness. Such broke a flux of companies to the on-line market. Those companies established themselves either through a traditional brand, or building a new brand. However, for many brands, the on-line experience was disastrous or did not correspond to the expectances. Such reinforced the idea that an on-line brand needs a different approach. The companies used to create brands slowly and with huge mass marketing investments. The distances were referred according to measure units and, on the Internet, they passed to a seconds of access. Furthermore, brands that were recently created became suddenly strong competitors.

But, also, certain start-ups that created notorious brands in short periods (for example Napster[18]) were not able to capitalize on the brand name to generate profits, and, in some cases, the business model failed. Such carried the supposition that the time factor keeps a considerable influence in building a brand with value and, consequently, the classical brand marketing keeps it role. That is, the foundation of brand value is the creation of loyal relationships throughout the time. In this sense, it was considered that a theoretical model sustained on brand classical frameworks must guide the establishment and defense of a brand. However, such model must include, also, new elements, which have proved fruitful for on-line brands.

First, such elements must focus on the evaluation of brand on-line affinity, second, on a set of ebranding practices based on the observation of notorious on-line brands. At the end, it is necessary to ensure the surviving of those brands in an uncertain and in constant construction environment. Although this recent field that does not offer solid considerations, three aspects emerge as important means to brands defense in the marketspace: the virtual communities, the on-line and off-line advertisement and the media convergence.

---

[18] Napster is one of the three case studies, which based the empirical study of this dissertation (Chapter 4).

SECOND PART

EMPIRICAL STUDY

CHAPTER 3 – PROBLEM FORMULATION

1.1 Objectives and Hypotheses of Study

As it was referred before, the objective of this research is to study the differences and similarities between the management of on-line brands and the traditional brand management. In this sense, the main question of research is:

Does a virtual brand need a different approach than physical brand? If so, in what aspects?

Also, as referred before, the Internet brought new challenges for brands and companies in general. This arose the second level of specific questions of research:

Did the Internet and the consequent media convergence bring changes for traditional branding? What does the Internet mean exactly to any brand?

Taking in account the literature revision and the observations of on-line brands, the following hypotheses was formulated with the function of guidelines in achieving objectives of research:

1) The customer response to electronic brands is different from the traditional brands;
2) The on-line commerce is not for all brands, however all of them should mark an on-line presence;
3) In the near future, differences between physical and virtual brand might be limited to the level of marketing mix's actions and tools.

3.2 Framework for Analysis

To address to the main research questions (see point 3.1), an own framework was developed for guiding the on-line brands case studies analysis of this dissertation, in order to verify (in an exploratory way) the hypotheses of study.

Given that to study on-line brands implies both to know deeply the environment where they work, and their theoretical support, it was necessary to start by making the literature revision about two great subjects: the electronic commerce and the classical brand theory. At the end, the revision over the material already written about brands that operate specifically on the Internet was done. However, this is a recent knowledge field that still lives in the expectance over what might happen. Thus, from these subjects which constitute, under the form of literature revision, the great precedent theoretical chapters, it was detached the elements that seemed essential in the development of a framework for analysis to on-line brands.

Initially, there was the necessity of an ebranding practices referential system, which would allow establishing a parallel in terms of used actions and strategies by the brands of the case studies. Thus, the set of best ebranding practices proposed by Carpenter (2000) (see point 2.2.1) was considered as referential system, which includes the specific practices to the physical brands extended to the on-line market. But, not even all brands present on-line affinity, so it became fundamental to inquire about the pertinence of an electronic brand strategy. In this sense, the scorecard of Diorio (in press) (see point 2.2.4) appeared like an interesting framework. And, in terms of defense of on-line brands, the three main subjects, which constitute the point 2.3 – building and maintenance of a virtual community, on-line and off-line advertisement, and media convergence – constituted an aid basis to analyze the initiatives of the three brands that were studied.

For analyzing a brand is necessary to be familiar with it and then to know how characterizes it. For that, it is fundamental identifying its identity structure as well as the elements of its identity mix, marketing mix and public mix (see Figure 5). As it was referred before, the way in which brand is perceived by the public participates actively in the building of its own identity. In this way, it is very important to know how to

characterizes its image mix. This aspect takes to the necessity of identifying the level of awareness and the associations to the brand. In the case of the associations, it is important to identify the points of parity and differentiation toward the competition, which allow brand positioning in a clear way.

The brands have become an inherent framework to any marketing strategy. In particular, in the electronic commerce it was noticed, whether by the literature revision or the observation of the case studies, brand assumes an essential role. Thus, the establishment of an ebrand politic should align with the central aspects of the adopted marketing strategy. In this sense, it was considered that some elements of the theoretical chapters of electronic commerce should be included in this framework for analysis, such as:

➢ Electronic Commerce Consumer Behavior Model (Turban et al., 2000) (see Figure 2), since the consumer's behavior is a determinant factor to the implementation of a brand strategy;

➢ Relationship Marketing Model (see Figure 3), since the techniques of relationship marketing make all sense in a brand strategy because their capacity of improving the satisfaction and loyalty levels;

➢ Customer Lifetime Value as a criteria of measure for the customers' profitability;

➢ One-to-One Marketing Strategies ranging from customization of products, services, delivering, to other customer's interactions, which are usually supported by a CRM framework, and represents an important tool for the customer fidelization;

➢ Fidelization Programs as worth tools for the customer retention and the increasing of customer's profitability.

After the selection of the essential elements to the framework for analysis constitution, it was necessary to integrate them, in order to obtain a tool, which allowed evaluating an on-line brand strategy in a global manner. That is, taking in account its target public, environment, technical skills, logistic capacities and its sources of value.

Being the consumer behavior determinant in the choice of a brand strategy, in particular, the consumer behavior in the on-line market emerges as a central and basil point to an electronic brand strategy. Thus, the Electronic Commerce Consumer Behavior Model was

assumed as integrator element of the issues that involve the study of a brand toward an on-line strategy. In fact, the model integrates the selected electronic commerce elements, and allows systematizing and relating the information, establishing in parallel, the bridge to the Brand theory (cf. Figure 9).

Since the buyer decision may consider as the "climax" of the purchase making decision process (which is determinant to brand success). So, the brand, through its marketing actions, must be a stimulus to that process, which is also influenced by the personal and environmental buyer characteristics, and other questions (politics, economics, etc.)

Also, actions of relationship and one-to-one marketing that add value to the customer appeared as stimulus to the purchase process. Those actions try to influence a favorable decision to the brand in a moment, but also to make it permanent through the customer retention. For that, the systems of vendor's responsibility, such as fidelization programs, customization strategies, logistic, technical or customer service of excellence might mean important tools. On the other hand, the establishment of a relationship marketing strategy needs to segment the customers in terms of delivered value to the company, where the LCV emerges as a very important notion. Also, the existence of a CRM assumes an essential role in an efficient relationship strategy, mainly when it takes the form of one-to-one marketing.

Along to traditional marketing actions, the considered ebranding practices constitute an important tool for this process, since those act to the level of both brand symbolic character and functionality. Indeed, for instance, one of those practices indicates "cultivate reputation of excellence", where the systems controlled vendors are determinants. Also, the issues about defense of brand in on-line market (referred before) must be mentioned in this aim, namely the virtual communities as an environmental characteristic, which act like a stimuli for the purchasing making decision process.

**Figure 9 - EC Consumer Behavior Model as Integrator Element
of the Three Theoretical Themes**
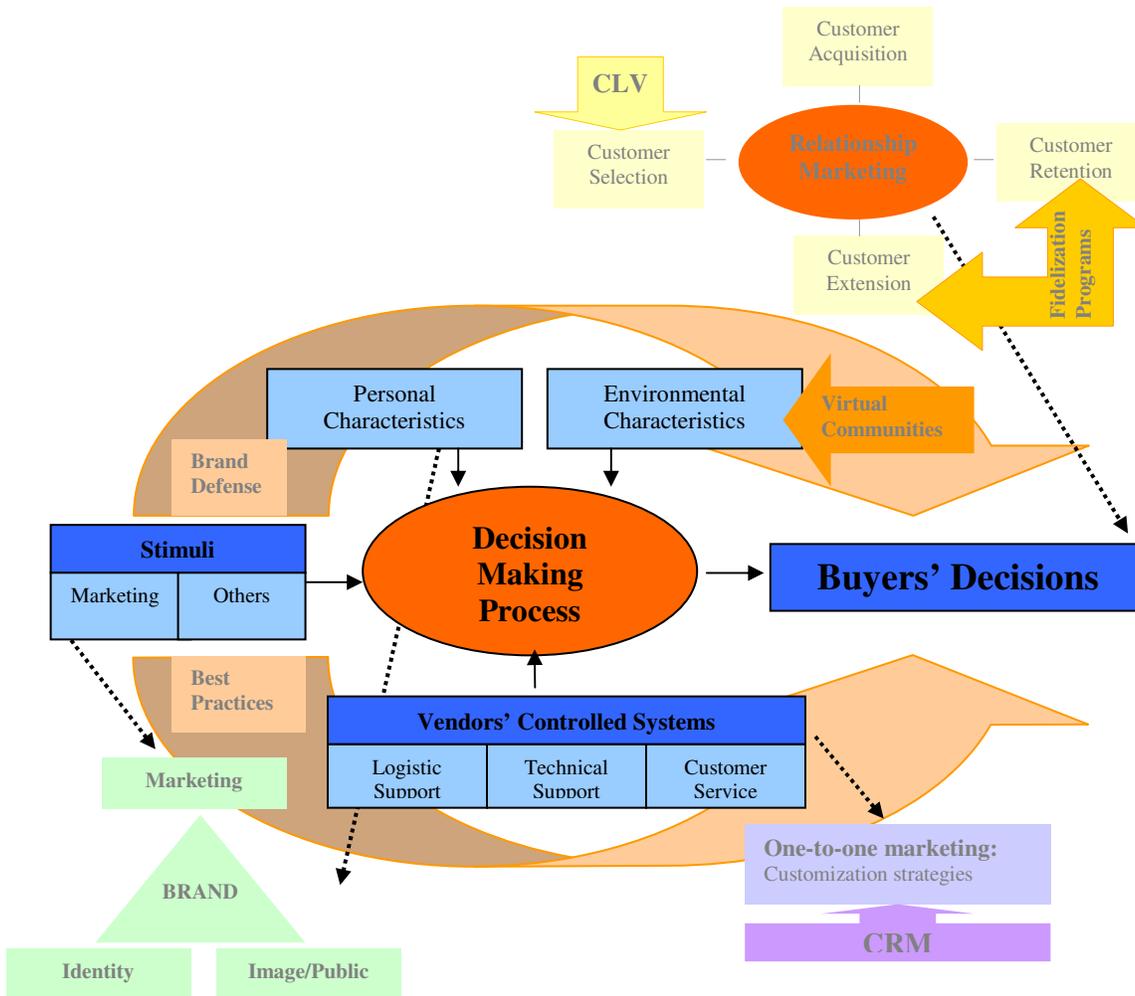
Source: own systematization

Thus, for analyzing the on-line brand case-studies, it was taken as essential, on the one hand, to know how to characterize brand, how to evaluate its electronic commerce affinity and its ebranding specific actions. On the other hand, to know how to characterize its emarketing strategy, that is the company's posture toward electronic commerce in terms of

technical and logistic support, customer service, and actions of relationship and one-to-one marketing. From this resulted four dimensions of analysis:
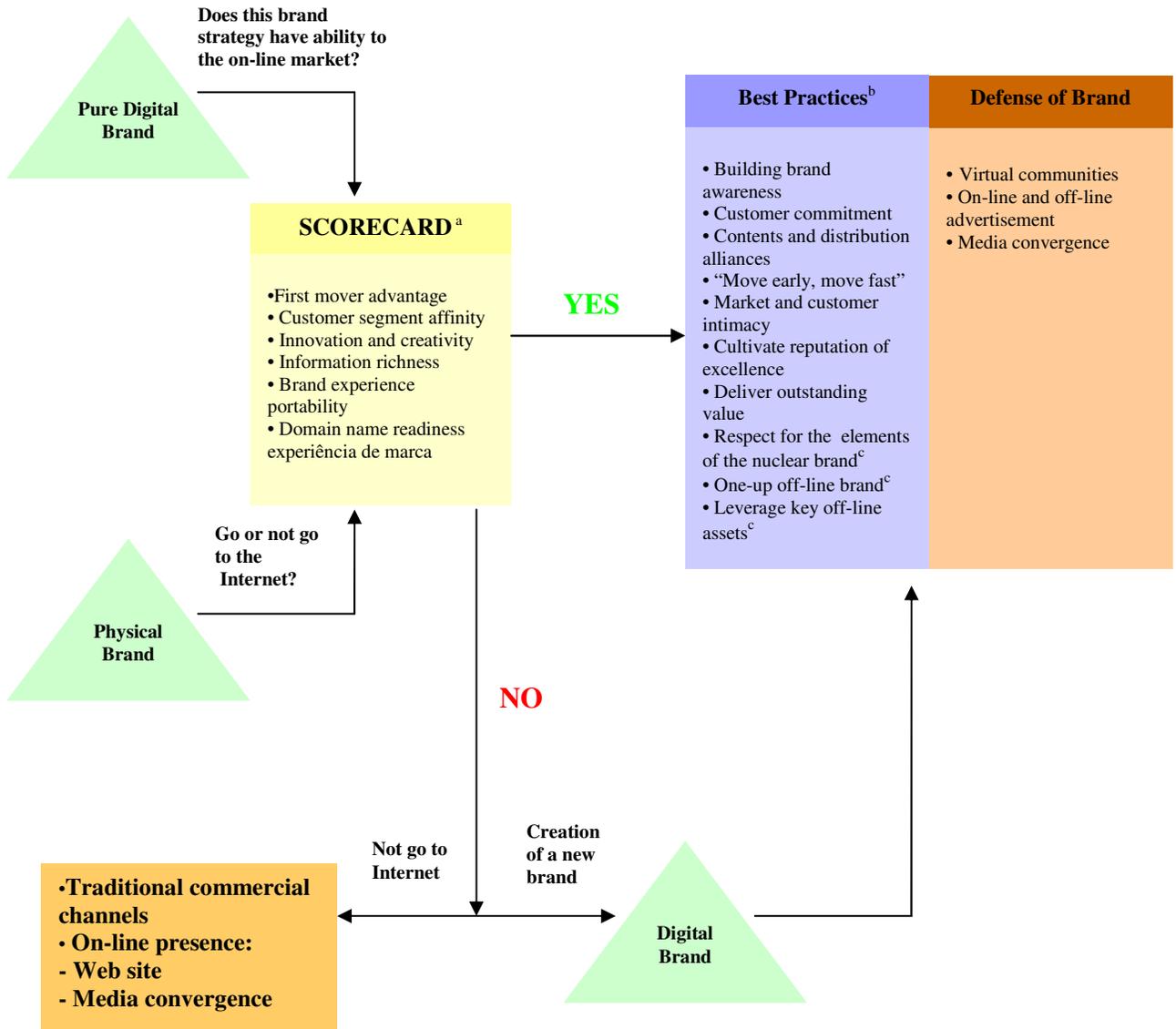
> ➢ Characterization of brand;
>
> ➢ Characterization of the emarketing strategy;
>
> ➢ Scorecard for evaluating an electronic brand strategy;
>
> ➢ The best practices of ebranding

(see Appendix B).

The depuration of the relations that Figure 9 establishes among of the selected theoretical elements results a framework for analysis that tries to inquiry about brand strategy toward electronic commerce (see Figure 10). Taking in account the hypotheses of study that guide the present dissertation, this tool expects as input one of the following brand types: physical brand, pure digital brand.

The first step consists on the brand characterization and its emarketing strategy. Then, this information pass through the scorecard that gives a "grade" according to the brand ability to on-line market. The framework provides two final situations: the brand shows on-line affinity, the brand does not show on-line affinity. If the first situation occurs, the framework will provide a referential of good ebranding practices; if the second situation occurs, the framework will suggest that brand should choose the physical channels, however maintaining an on-line presence through a institutional Web site, and a general concern with the media convergence.

Figure 10 - Framework for Analysis for On-line Brands

Pure Digital Brand

Does this brand strategy have ability to the on-line market?

SCORECARD [a]

- First mover advantage
- Customer segment affinity
- Innovation and creativity
- Information richness
- Brand experience portability
- Domain name readiness experiência de marca

YES

Go or not go to the Internet?

Physical Brand

Best Practices[b]	Defense of Brand
• Building brand awareness • Customer commitment • Contents and distribution alliances • "Move early, move fast" • Market and customer intimacy • Cultivate reputation of excellence • Deliver outstanding value • Respect for the elements of the nuclear brand[c] • One-up off-line brand[c] • Leverage key off-line assets[c]	• Virtual communities • On-line and off-line advertisement • Media convergence

NO

Not go to Internet

Creation of a new brand

- Traditional commercial channels
- On-line presence:
- Web site
- Media convergence

Digital Brand

Source: own systematization.
[a]See Appendix B, Table B3.
[b]See Appendix B, Table B4.
[c]For on-line extention of physical brands.

3.3 Methodology

The research strategy was chosen, fundamentally, according to the fact that ebranding is a area of knowledge, which presents characteristics that Yin (1994) considers that could be well studied by exploratory case studies: new area of study that presents neither a conceptual framework of note, nor relevant hypotheses of studying. Thus, an exploratory approach was chosen, based in qualitative methods through a multiple-case study analysis.

The description of the methodological aspects was assumed as a good guide for the following empirical chapters. In this sense, the main steps of the methodology used in the research, which represent the pillars of the empirical study, are present above, i. e. procedures followed, cases and interviewees selected, and the instruments used.

3.3.1 Cases method

The use of case studies is more adequate when "a "how" or "why" question is being asked about a contemporary set of events over which the investigator has little or no control" (Yin, 1994, p. 9). However, the author refers that the strategy of case study is also adequate for studies where exploratory questions are posed with the goal of developing hypotheses and propositions for further test.

In this study, the main question of research has an exploratory purpose - Does a virtual brand need a different approach than physical brand? If so, in what aspects? Thus, the main objective is to formulate hypotheses of study about the on-line brand management. However, it was hypothesized that "the customer response to electronic brands is different from the traditional brands". Therefore, this study has, also, an explanatory character, which is evidenced in the theoretical framework for analysis.

On the other hand, the author recommends the study of cases when "the boundaries between phenomenon and context are not clearly evident" (p. 13). In fact, in this study it was difficult to separate the ebranding issue from its context: ecommerce and traditional branding.

The option of studying multiple cases was related with the following aspects:

- ➢ there is not a sustainable theoretical framework which can be tested through a simply case study;
- ➢ from the main unit of analysis – digital brands – comes two immediate sub-units – the pure digital brands and the physical brands extended to the on-line market. So, there is the necessity of studying, at least, two brands categories;
- ➢ a set of several cases allows a bigger base of generalizability, since each one of the involved brands in this study represents a different business model and product category.

For elaborating the empirical study, the following analysis strategy was used:

1) the individual analysis of each case was done through the theoretical framework (see Figure 10). Such allowed developing ideas for further study, and concluding about the initially formulated hypotheses;
2) the patterns obtained and the hypotheses resulted were compared across the three cases through the theoretical framework, according to a replication logic[19];
3) the results of cross-cases analysis delivered the study's conclusions and, consequently, the answer to the research questions;
4) such conclusions allowed establishing generalizations[20] into the multi-case study's domain: on-line product brands.

So, on the one hand, the framework for analysis offers a logic structure, based on the hypotheses of study, which allows analyzing a brand's strategy toward the electronic commerce. On the other, such framework represents a descriptive tool for systematizing and organizing the information, which permits the cases description and analysis according

---

[19] According to Hersen & Barlow (1976), the replication logic for multi-case studies is analogous to the same that underlies the use of multiple experiments. Thus, the replication takes place when similar results for different individual cases appear.
[20] Notice that the author alerts to the fact that "analogy to samples and universes is incorrect when dealing with case studies. This is because survey research relies on statistical generalization, whereas case studies (as with experiments) rely on analytical generalization. In analytical generalization, the investigator is striving to generalize a particular set of results to some broader theory" (p. 36).

to a coherent pattern, with the goal of establishing consistent comparisons inside the multi-case study. In this sense, the three cases were treated according to the dimensions of analysis derived from the theoretical framework.

According to Yin (1994), one of the advantages of case is the ability to deal with a large range of techniques for evidence collecting. Since this is a recent area over which there is little control, the interviews and the direct observations was considered the main sources of information. Therefore, the first individual interviews were done face-to-face, and the following contacts by phone and email.

3.3.2 Cases and participants selection

This study developed the cases of the following brands:

- ➢ Timberland;
- ➢ Boston Coffee Cake;
- ➢ Napster.

The brands were chosen in order to represent three different business areas. The first – Timberland – is a physical brand, internationally recognized, extended to the on-line market, which represents the mass marketing business model. Boston Coffee Cake is a physical brand, which uses the Internet as an alternative channel, oriented to a market niche. The last one – Napster – was a digital company with a one-to-one marketing approach. This allowed generalizing the results of this study to other similar brands.

In particular, Napster was selected as an example of a P2P Web site with interesting issues of brand. Furthermore, it is a good example of building awareness in a short term. However, since the brand stopped its activity, it was not possible contact its managers. Thus, the collected data for this case is based in media articles and other publications.

On the other two cases, the study relied further on the testimony of the managers of the electronic brands studied. Complementary, three emarketing experts were interviewed, in order to better understanding the cases in the ecommerce context.

3.3.3 Instruments for collecting data

Two semi-structured interviews to the responsible of the ecommerce strategy of Timberland and Boston Coffee Cake were done for collecting data about those brands. For such, an interview was elaborated that includes four main sections. The first concerns the main goals of brand, its strategy, its investment efforts in branding and its amount of sales. The second focus on brand image. The third section is related to brand identity and marketing mix. The last section focuses on brand's ecommerce strategy (see Appendix C). The interviewees analyzed the final reports, in order to validate the information and complement it with new relevant data.

The Web sites of Timberland, Boston Coffee Cake and Napster, as well as the Web sites of their competitors and others which seemed interesting, represented, also, rich sources of evidence. Namely, they allowed making direct and participant observations of the cases and the electronic commerce in general.

Also, other relevant information about the referred brands, mainly in the case of Napster, was used, such as: statistical data, newsletters, published articles and other sources.

At the end, some open-ended interviews were administrated to the emarketing experts to know their experiences in this field.

CHAPTER 4 – RESULTS ANALYSIS

4.1 Multi-Case Study Description

This multi-case study was composed by three brands: Timberland, Boston Coffee Cake and Napster. While Timberland and Boston Coffee Cake are crossovermarketers, Napster is a typical case of a start-up. However, it stopped the activity and was acquired by an important European media corporation – the German Bertelsmann.

Yet, the individual cases represent three different business models: mass marketing through Timberland, niche marketing through Boston Coffee Cake, and one-to-one marketing through Napster (see Table 8). Napster did not find yet a business model, because it was not rewarded for the benefit that delivered to its users. However, its experience and P2P technology might sustain, in the future, a profitable one-to-one strategy.

Whether Timberland, or Napster are wide recognized brands. Although the first one is a large dimension multinational, the second one is just a small company that appeared in the New Economy boom. Timberland is international recognized through its store network all over the world. Napster is the result of an innovating idea of P2P music file sharing, which, through the viral Internet abilities, gained a huge on-line audience in only one year. In contrast, Timberland had to run a long way until arrive the level of awareness that has today. While Timberland has access only to the international market through its store network (and, now, also through its Web site for the North American market), Napster had access to the global market, that is every place in any time.

The Timberland's ecommerce challenge has the main goal to reinforce the physical brand. But, with a very careful posture that does not allow large and risked investments. The on-line brand did not present significant results yet. It relies on very loyal customers that look for products that they already know.

Table 8 - General Characterization of Multi-Case Study

	Timberland	**Boston Coffee Cake**	**Napster**
Business model	Mass marketing	Niche marketing	One-to-one marketing
Activity	Manufacturer	Manufacturer	Electronic distributor
Kind of product offered	Tangible, durable	Tangible, perishable	Intangible, durable
Market	International	USA and Europe (in very small scale)	Global
Channels	Physical stores and Internet	Physical stores, paper catalog and Internet	Internet
Customers/Users	Final consumers and intermediates	Intermediates and final consumers	Web users
Beginning of activity	1973	1993	1999
Number of employers	5400	40	8

Boston Coffee Cake refers both a small familiar manufactory and the product that it produces and commercializes. The brand has a low differentiation level, and the product presents small distinctive ability. The brand is oriented to a niche market, presenting a high level of quality and corresponding prices.

Although it is mainly a B2B, since the beginning Boston Coffee Cake sells its products to the final segment through paper catalogs. Subsequently, the company extended this direct marketing experience to the on-line channel. However, these two channels represent a small marketing share. Through the Internet, the brand started to commercialize the products in Europe for the first time, although such still represents a very small business.

The following points present the detailed analysis of each case study.

4.2 Timberland Case Analysis

The Timberland brand was founded in 1973 in New Hampshire. The name Timberland was created by an old shoe company[21] for identifying the original waterproof leather boots. Such product secured the market by its quality and innovation, being, until now, a Timberland's classic. In 1978, the company became The Timberland Company, and the Timberland name passed to designate both the company and its products, which were extended to clothes and accessories (The Timberland Company, 2002).

The Timberland is a crossovermarketer, which started to commercialize its products on the Internet, in May of 2001. The brand has an on-line presence since mid nineties, but at the beginning that presence was focused only on customer service. Then, the brand decided to extend its activity to on-line market, mainly, because of the customers' pressure. This decision was reinforced by both: "low distribution in the center of the USA, and the fact that Internet represents the best channel for getting customers' information" (T. Diaz[22], personal communication, November 28, 2001).

4.2.1 Brand characterization

The identity structure assumes a monolithic form, which is extended to the on-line strategy. However, Timberland has some product brands, which can be considered sub-brands given their dependence to the main brand.

The Timberland dues its notoriety to the level of quality and innovation of its products and other strong associations which the brand has known to keep. However, the building of awareness was a slow and expensive process. In fact, the international recognition just came after several years of activity. For that, the company extended its distribution network

---

[21] Nathan Swartz, who was the "grand-father" of Timberland, bought half of company. Three years later, he acquired the totality of firm and integrated his sons in its management (The Timberland Company, 2002).
[22] Tim Diaz is the director of E-commerce Operations Department of Timberland. He was interviewed as the manager of the Timberland.com.

to the main cities all over the world. Now, Timberland is one of the most important international brands in this product category, and has as direct competitors brands such as: Nike, Rockport and Ralf Lauren (Ralf Lauren Sports and Ralf Lauren Polo) (T. Diaz, personal communication, November 28, 2001).

Showing an active posture toward the environmental and social questions, Timberland has a huge program in those fields. Such program includes initiatives as gifts, individual and project grants for actions of merit; partnerships with several causes and non profit institutions; donations of clothes and shoes; 40 hours of paid time-off per year for each collaborator to serve the community (Path of Service Program); and so on (The Timberland Company, 2002). In this way, the brand gains associations with those questions.

The loyalty level of its customers segment is very high. Such loyalty extends itself to some lines of products, such as certain models of footwear, which have not changed for 5 years. In what concerns to customer satisfaction, there are no available studies. However, the brand uses awareness and preference as measurement tools to evaluate the brand value.

Presently, this multinational has a brand name with strong associations well recognized all over its different publics: customers, stockholders, partners and collaborators. Notice that, for the 4th consecutive year, Timberland was included on Fortune's list of "Top 100 companies to work for" (The Timberland Company, 2002).

Timberland is characterized in terms of brand personality like real, intelligent, confident and commitment, and presents itself in the market as a consistent offer with the mission of "equipping people to make difference in their world" (T. Diaz, personal communication, November 28, 2001).

4.2.2 Case description

The ecommerce strategy of Timberland has been oriented by the directive "don't loose money" " (T. Diaz, personal communication, November 28, 2001). Thus, the company assumes a reactive posture toward the necessities and demands of the competitive environment. In fact, in spite of being an internationally recognized brand by its high level of quality and its different symbolism, other recognized brands exist with a similar level of

quality for the same product category and with more aggressive ebranding strategies. For instance Nike presents a sophisticated on-line marketing extended to the global market. It presents a sophisticated Web site (which is translated in several languages), and a set of brand's initiatives that promote interactive experiences with consumers by combining the Web with traditional communication means (Diorio, 2002).

The on-line business represents "less then 1% of North America sales, "with the current business about the size of our best retail store in the US[23]"(T. Diaz, personal communication, November 28, 2001). And the on-line consumers are, in their majority, Timberland's customers who are looking for products that they already decided to buy. Indeed, according to T. Diaz, "the on-line sales correspond, mainly, to the replacement business, classic Timberland products and gift certificates so far. On the other hand, 80% of on-line visitors just browse. However, 70% of the consumers, who start a purchase transaction, but do not conclude the transaction, return for buying". This shows, according to the same source, the high level of loyalty of Timberland's customer.

In spite of the low results of on-line sales, there was a positive evolution in terms of relationship between the company and its customers. "Now, there is a mail list, so the customers talk more with the company, which feels more involved with them"(T. Diaz, personal communication, November 28, 2001). In this sense, through the on-line channel (which allows customizing the customer interactions), the brand could learn more about the clients and supply better customer service. Moreover, it was possible to conduct some surveys, which shade some lights in terms of on-line visitors' behavior.

In spite of the reactive posture toward the ecommerce, the brand has the necessity to encourage the on-line activity. For that reason a new Web site with a more sophisticated design and an easier navigation was disclosed in the beginning of 2002. Thus, both brand identity and brand image were extended to the Internet. The Web design focus on natural images of mountains, lakes and forests, and presents slogans such as: "What nature offers freely, spas can only charge you" (The Timberland Company, 2002, p. Women). In this

---

[23] Notice that Timberland presented a sales value for 2001 of $1.18 billion dollar globally and $750 million dollar for North America (The Timberland Company, 2002).

sense, the on-line brand takes advantage of strong awareness and associations of the traditional brand.

On the other hand, this new Web site shows reinforcement in the monolithic brand identity. The earlier Web site had a structure of navigation, which forced the visitors to stop in the product brands for learning about them. On the opposite, the new Web site just focuses on the Timberland brand. Furthermore, the virtual channel represents clearly reinforcement for the brand and it has no purpose of building an independent on-line brand. Indeed, "the only innovation that ebrand brought was the discounts" (T. Diaz, personal communication, November 28, 2001), which represent an incentive measure for the on-line consume.

It was also disclosed in 2002 the Web site of Timberland Japan, which, respecting the nuclear elements of brand image, presents Japanese views, instead of the typical natural views of New Hampshire. However, it does not allow the on-line sales yet.

Those investments are related with the company's ecommerce strategy for the next years. In fact, it is the Timberland's intention to enlarge the on-line customers segment with other kind of consumers. In this sense, the new Web site's image reformulates certain aspects, showing a more sophisticated design, unusual in its traditional marketing, which had a rustic character. Also, the new communication reinforces a philosophy of life connected with nature, its respect, human life, quality of life, and so on. In fact, besides the slogans, the Web site presents specific pages concerning the brand posture toward the environmental and community service questions.

Timberland's ecommerce experience is still very recent, making it difficult to take conclusions about the results obtained. However, in the future, the ebranding success will be evaluated according to three factors:

➢ customer satisfaction;
➢ awareness;
➢ customer loyalty.

Meanwhile, "the brand's purpose of enabling the on-line sales in Europe is no longer a certain short-term priority" (T. Diaz, personal communication, August 15, 2001).

Since this brand is strongly involved with a network of brokers, the on-line commerce might be considered as a threat to those agents. According to T. Diaz (personal communication, November 28, 2001), this question has not been relevant so far, since the Web site supplies their contacts through the "Store Locator". However, T. Diaz refers also: "We do not discount on our Web site, due to channel conflict concerns. We do offer email promotions but these account for a small number of our sales" (personal communication, August 15, 2002).

4.2.3 Analysis of results

The Timberland's on-line extension is coherent with the nuclear elements of traditional brand, which is characterized by a strong image that results from a consistent offer as showed by the identity mix, marketing mix and image mix characterization (see Table 9). However, the on-line followed strategy is an extension of the physical brand, since the ebrand brought few innovations.

Since this experience is still very recent (about one year), the results can not be considered very conclusive. On the other hand, it would be interesting to observe the effects, of a loyalty program and a full CRM that are still in planning, in sales and on-line brand image. As well as, the effects of the new Web site only disclosed in 2002.

According to the framework for analysis described in Figure 10, after brand characterization is done the scorecard analysis, in order to inquire of on-line affinity of the brand. Thus, such analysis to the scorecard demonstrates that this brand does not present competitive advantage among its direct competition. Such, still according to the framework for analysis, may indicate a new on-line brand as a more adequate strategy (Chapter 3). Indeed, the company is aware that the surviving of the on-line commerce relies on the achievement of different consumers, in order to create on-line customer segment affinity.

Table 9 – Characterization of Timberland according to the three pillars of brand

Identity mix	Marketing mix	Image mix
➢ The Timberland name refers whether woodland or trees to supply wood. The brand establishes, in this manner, strong associations with the region of origin, the state of New Hampshire, characterized by densely wooded mountains and lakes (forests cover 80% of land), where the external activities represent the main attractions. This region is also known by its exuberant fall landscapes when the trees become red (New England, 2000). ➢ The logotype's lettering and the coloring reinforce the message of authenticity, nature connection and external activities of brand image. The letter is round, assuming a rustic shape in just one color among the greens and browns of forest. ➢ The logotype's design presents just one of those colors, and represents a typical tree of the brand's region. ➢ The domain name, www.timberland.com, uses the brand name, also Timberland Japan uses the domain name www.timberland.co.jp.	➢ ***Product:*** - Footwear, clothes and accessories (watches, bags, sunglasses and so on) of practical, casual and sportive lines, for men, women and kids; - High quality products conceived for external activities of both work and laser: resistant, comfortable, for the mountains and waterproof; - Deeply use of colors of forest (greens, browns, reds), neutral colors and nautical colors; - Timeless models. Some can be considered classics of Timberland, namely the waterproof leather boots; - Some classical and comfortable business lines; - Some product brands with very low autonomy; - The package, labels and other tools of communication, use a paper with a recycled look. ➢ ***Price:*** - Medium level in the US and high/medium level in the international market; - Price tired and price premium; - Delivering charges for the Web, according to the term of deliver and the order value. ➢ ***Distribution:*** - USA and international market: own physical stores (specialized and outlets); authorized retailers (traditional retail, better grade department stores, specialized stores of sports); - The Timberland's stores present a decor in natural wood; - USA: own on-line store. ➢ ***Communication:*** - There is a general communication department; - Periodic focus group are realized for understanding the brand image and getting ideas for communications campaigns; - Communication the momentum; - Sponsoring of civic and environmental causes and entities; - The Web site is organized in different pages, according to the subject. The pages of product description (Women, Men, Kids and Gifts) have the prominence. The image includes mountains, lakes and forest landscapes. The pages Women, Men, Kids and Gifts include slogans, which allude to the advantageous of nature for human life; - Sending of promotions via the email list.	➢ ***Awareness:*** Although there was not access to awareness tests, it known that Timberland has a high level of awareness in the national and international market. ➢ ***Associations:*** Premier, high quality, authenticity - "I must be my own person" (T. Diaz, personal communication, November 28, 2001) - thinking in mountains, resistant, waterproof, external activities.

NOTE. 1) The characterization of Identity, Marketing and Image mix was realized according to the analysis dimensions in Table B1 (Appendix B).

2) The specific ecommerce aspects are in blue.

100

Although the latest Web investments, which resulted in a renewed brand image, the company should present more interactive brand experiences in order to get the attention of the young generation (Diorio, in press). But, on the other hand, how could that kind of innovations be consistent with a traditional brand image, which relies on a very loyal customer segment?

Taking in account that Timberland name represents an important asset that must be preserved even on-line, it becomes clear that the brand needs to mark an on-line presence in order to reinforce the traditional image. So, the present strategy of ecommerce might be considered as a marketing action of the existent brand, rather a new brand creation.

Also, the establishment of distribution and content partnerships might be a way of building awareness for on-line and captivating the attention of more Web affinity consumers. However, this ebranding practice (Carpenter, 2000) was not followed yet by the company, which can be the result of a small Web budget.

4.3 Boston Coffee Cake Case Analysis

Boston Coffee Cake was created in 1993. It is a small manufactory of coffee cakes, located in a small village close to Boston and managed by two brothers. The cakes present a high level of quality. In 2002, the brand was judged the best coffee cake in America by the American Tasting Institute.

The ecommerce strategy of Boston Coffee Cake started in 1995. At that time, Boston Coffee Cake was a recent and unknown brand with just two years of activity. With that strategy the brand extended its direct marketing activity to the Internet. Such decision was determined by the following factors: convenience to the consumer, reaching more market and reducing costs. Thus, "it became the first brand of coffee cakes on the Internet" (M. Forman[24], personal communication, January 11, 2002).

4.3.1 Brand characterization

The brand name identifies completely the offer and uses the name Boston, which in itself has brand recognition. In fact, Boston represents a prestigious center of knowledge, culture, and European tradition, to which we can associate the intellectual elite of USA. Thus, we are talking about a refined and cosmopolitan public who is usually demanding in the products' quality.

The image of quality product, produced in a small scale is reinforced by the brand communication through a text signed by Forman brothers:

"Boston Coffee Cake was founded on the promise of making the best coffee cake there is. Because we're a family owned business, at least one member of our family oversees every cake we make! It's a matter of family pride" (Forman & Forman, n.d., cit. in Boston Coffee Cake, 2002).

---

[24] Mark Forman is the President and one of the owner brothers of Boston Coffee Cake. He was interviewed as responsible of the ecommerce strategy of the company.

However, according to M. Forman (personal communication, January 11, 2002), this brand just started to be known in the US after the "red boxes"- the cakes' package - implementation, in 1998. In fact, this kind of product does not have physical characteristics that allow easily distinguishing from competition, which gives the package an important differentiation function as well as a role on the brand memorization. Moreover, the packages create a certain "atmosphere", reinforcing the idea that the product can have the role of a distinct gift. This, which was "the first important brand investment" (M. Forman), brought an increasing gift acquisition (by direct marketing) of 30% in just 2 months, being this an effective mean of brand worth-of-mouth.

In this sense, the brand is oriented to a niche market due to its positioning in terms of product's quality, quantity produced, package used and price. In fact, Boston Coffee Cake presents a high target price for the American market, being its direct competitor, with the same level of quality and company's size, The Grand Mother's Coffee Cake (M. Forman, personal communication, January 11, 2002).

Boston Coffee Cake presents a pure monolithic identity structure observed all over the different channel of distribution and communication. In fact, the cakes are sold in the same package whether in the physical stores or by direct marketing. Also, both the Web site and the paper catalog present a common design, which reflects the brand identity by using its colors and declinations.

There are no studies about customer's satisfaction. However, M. Forman (personal communication, January 11, 2002) referred that the brand has a high level of loyalty, which is observed by the increasing of whole sales every year. Namely, in the Internet, as mentioned before, 70% of the sales are repeat business. In terms of measures for evaluating the brand value, the company uses the sales and awareness.

4.3.2 Case description

The ebranding strategy can be considered as one of the actions of the whole brand strategy for building awareness, along with the paper catalogs and the packages of cakes – the "red boxes", since the main objective of the Web site was to increase sales. "Although

the results are not significant yet[25], the traffic of the Web site has been growing every year"
(M. Forman, personal communication, January 11, 2002).

In fact, according to M. Forman (personal communication, August 2nd, 2002), Boston
Coffee Cake.com, which started with the average of 10 visitors/month in the first year,
registered an average of 7000 visitors during the first semester of this year. That represents
the double of last year's average. 20% of those visitors are buyers, and the most common
order is a large cake of $36.95. The average buying per client reaches $42 dollars in the
holiday seasons, when various cakes and gift packages are sold by order.

Moreover, "through the Internet, the brand might start to be known outside the US. In
fact, there is now some business in Europe through the on-line catalog" (M. Forman,
personal communication, January 11, 2002). However, the prices become very expensive,
due to the shipping and handling charges.

Boston Coffee Cake does not have own stores, commercializing its products by a net of
brokers in the traditional retail and services. Through the toll free and the Internet, the
company contacts directly with the final consumers. This allows improving the interactions
with customers. In fact, "now, the company counts with a repeat customer's base of about
25%[26], being 70% of Internet sales repeat business" (M. Forman, personal communication,
January 11, 2002). On the other hand, in this way the brand deliveries a more convenient
service. Namely, "the customers, now, can check the stage and package of orders through
the Web site of UPS[27]" " (M. Forman).

However, "brokers did not interpret the brand's ecommerce strategy as a threat, since
the price is very high due to shipping and handling charges" (M. Forman, personal
communication, January 11, 2002). Notice that coffee cake is a perishable product which
demands certain cares of maintaining and shipping.

Showing a proactive posture toward electronic commerce, Boston Coffee Cake intends
to make, in a medium term, all business partners' transactions electronic. Such might result
in the enlargement of the market segment of the company and is related with cost reducing.

---

[25] Notice this company is mainly a B2B, and the B2C represents just a small part of the business.
[26] This percentage is not rigorous because the company does not have a system for registering automatically
the customer interactions.
[27] A delivering company which is partner of Boston Coffee Cake.

According to the President of Boston Coffee Cake (personal communication, January 11, 2002), the outcome measures of success for ebranding are both sales and brand image.

4.3.3 Analysis of results

Despite the fact that brand recognition is restricted to a region and a selective public of a niche market (which is partially justified by the company's dimension), there is already a work in brand image, as the characterization of identity mix, marketing mix and image/public mix shows in Table 10.

This is a case of a low recognition physical brand, which uses the on-line channel for building awareness and achieving more market (namely in Europe where the brand started to be sold through the on-line channel). In fact, "despite the small business that the on-line sales represent, those have doubled every year" (M. Forman, personal communication, January 11, 2002). However, the Internet has not been used yet as a channel that allows learning about customers, in a systematic way. In fact, although the email and toll free service, there is not a formal and unique relationship strategy.

After the brand characterization, the score card was applied in order to respect the orientation of the framework for analysis described in Figure 10. According to this analysis the brand presents affinity with ecommerce. Indeed, a brand's paper catalog experience favors the on-line transferability (Diorio, in press). So, the on-line strategy revealed as a mean of delivering more convenience to the direct marketing customers segment. However, neither the brand name, nor the product favors the differentiation in the on-line market. In fact, Boston Coffee Cake offers a common cake, which (although its quality level) does not have great differentiation ability. Since it is a non-durable product, usually distributed in locals where there are other substitutes for lower prices.

On the other hand, this kind of product and the high delivering fees do not allow a fast and potent viral marketing which would improve the brand awareness. However, the gift characteristics of product constitute a good mean of worth-of-mouth and, consequently, of increasing sales.

Table 10 - **Characterization of Boston Coffee Cake according to the three pillars of brand**

Identity mix	Marketing mix	Image/public mix

➢ The brand name identifies, completely, the good offered and uses the collective brand name Boston.
 	
➢ In the logotype, the lettering is classic and elaborated, and the coloring has predominance of gold in a blue found, reinforcing the classic aspect. "The original" antecedes the name, which focus in the traditional manufacturing, and is followed by the slogan "Let us do all work...So you can take all the credit!" In the logotype, there are, also, the streaks, which characterizes the design of "red boxes".
 	
➢ The domain name uses the brand name: www.bostoncoffeecake.com.
	➢ *Product:*
	- Coffee cakes in 10 different flavors, offered in 2 standard sizes;
	- Quality manufacturing of small dimension conceived for the special events and gifts;
	- Pack of 12 miniatures of coffee cakes in a array of assorted flavors, as well as other standard packs which include either a cake and others products (such as coffee, tea, compote, chocolate, etc.), or a cake in a decorative plate;
	- The package – the "red boxes" – has red and orange streaks, in a traditional design of a gift box.
	
	➢ *Price:*
	- Higher for this product category: $26.95 dollars for the smaller cake and $36.95 dollars for the bigger;
	- Sometimes, they lower the price during a week promotion in order to expand the sales to medium consumer. However, the promotions are no longer than one week in order do not damage to the brand image.
	- The direct marketing is more expensive than the traditional retail due to shipping and delivering charges. Namely, in case of delivering for the next day or two days after, the price is highly increased;
	- There is the "month club" (direct marketing) which affects one flavor to each month and the customer can purchase packs of 3, 6, 9 or 12 months with discount.
	
	➢ *Distribution:*
	- USA: physical stores of intermediates (specialized stores, hotels, bagel stores, supermarkets, etc.); paper catalog, just for B2C (the orders can be done either by mail, fax, telephone or Web site);
	- USA and Europe: own on-line store and affiliate programs.
	
	➢ *Promotion:*
	- They have a contract with a publics relations firm for the off-line advertisement: mailings, TV, radio, press, promotions, bill boarders, chronic in specialized press;
	- Not paid affiliate programs, such as: Yahoo, AltaVista and Google;
	- The "red boxes" have also a function of communication the brand identity and image;
	- The communication is personalized through a message signed by the Forman brothers and, usually, complemented by their photo, which appears in the main communication tools, such as: "red boxes", paper catalog and Web site. That message encourages the consumer to call them for getting more information about the company;
	- Sponsoring of events, such as: golf, meetings, break fasts, etc.;
	- The Web site and the physical catalog present the symbol of 2002 Gold Taste Award prize by American Tasting Institute for the best coffee cake in US;
	- Through the direct marketing, products are promoted as "Cakes Perfect for Holidays, Special Occasions, Corporate Gifts or Fundraisers". On the Web site, there are two pages that are designated by "Gifts" and "Corporate Gifts". There the products are promoted as gifts which can be delivered for anywhere in US or Europe;
	- Distribution of brand's budget (dollars):
	   - "red boxes": $100.000/year;
	   - mailings and advertisement (on-line and off-line): $50.000/year;
	   - Web site: $50/month.
		➢ *Awareness:*
		The Boston Coffee Cake is recognized, mainly, in Boston area, but also throughout the EUA. This recognition is related, fundamentally, with the "red boxes". Notice there are no awareness tests.
		
		➢ *Associations:*
		Quality, taste and value (it worthies the price).
		
		➢ *Characterization of customers segment:*
		Men and women between 35 – 60 years old.

NOTE. 1) The characterization of Identity mix, Marketing mix and Image mix was realized according to the analysis dimensions in Table B1 (Appendix B).

2) The specific ecommerce aspects are in blue.

4.4. Napster Case Analysis

Napster is a P2P Web site for music file sharing. "The service enables users to locate and share music files, send instant messages to other users and create Hot List bookmarks*" (Napster, n.d., p. About Us). The model based in music piracy since "users got copyrighted material from each other's servers and personal computers for free" (May & Singer, 2001, p. 2).

Although the company introduces itself as a service provider, the case study was considered as a digital product brand. In fact, through the Napster Web site, the users could locate and download the music that they wanted, and build an own CD, i.e. the product. In addiction, the copyright related lawsuits that Napster has been facing reinforce the product logic. Indeed, the diffusion of contents in the media can not be avoided (for instance music in the radio), otherwise the copy of copyrighted material may face the law.

4.4.1 Brand characterization

Konrad Hilbers and Shawn Fanning founded this Silicon Valley star-up in May 1999. In just one year and half, the Web site counted with 38 millions of users (Ewing, 2000, November 13). In this era, Napster was already a known ebrand in the global market.

Since the beginning, the strategy was to create a valuable brand and a related huge community that could bring advertisement revenues and important partnerships. Thus, in October 2000, Napster partnered with Bertelsmann to develop a membership-based service (Napster, n.d.). With this partnership Napster had to develop a way to track its users and ensure they was paying, through a sort of huge club where members paid a monthly fee for downloads users (Ewing, 2000, November 13). Before its acquisition, Bertelsmann spend about $100 million (dollars) to sustain Napster, and now "keeping Napster afloat probably will mean paying some hefty fines to the record labels. These could easily top $190 million (dollars)" (Black, 2002, March 12).

The media industry starts to realize that fighting file-sharing networks is not the best way, since consumers and even artists are more and more demanding for free content

access. So, the labels started to create alternatives to those piratical services. For instance Universal, Sony and Warner Music are going to make available songs for download on the Internet of 99 cents (dollar) each (Black, 2002, August 12).

Similarly, Bertelsmann with that partnership intends to respond to the new challenges and the consequent losses in the revenues of the traditional content distribution. However, there are now a lot of Napster substitutes some of them with no legal restrictions, and, as it was referred before, the Napster model might not be a sustainable business model in the future. Moreover, the large Napster community deserted to other Web sites. So, maybe the strong brand associations of the name justify the high price that Bertelsmann paid for Napster. Yet, those associations refer to a free product, which could offer difficulties in a subscription fee implementation. Mainly because the former on-line community might not be interested in returning to Napster for a music service that was not anymore free.

4.4.2 Case Description

A software creation of a Boston College student –Shawn Fanning – was the origin of this on-line brand. Napster was a pioneer of P2P file sharing, and one of the most trafficked Web sites, with a large size community. But, due the lawsuits brought by the recording industry, the users defected to other underground swapping services without the same restrictions on the copyrighted music (Black, March 12, 2002).

The financial problems and the lawsuits pressured Napster to join to Bertelsmann. In fact, Napster was almost in bankrupt. Besides, the only valuable asset – the brand name – was under serious treats, since the Web site was no longer trafficked. So, in May 2002, Bertelsman acquired assets and provided $8 million dollar for facing the payment to creditors as a part of Financial Reorganization. It, also, kept the Napster team (including the CEO Konrad Hilbers and the Chief Technology Officer Shawn Fanning). According to Joel Klein (CEO Bertelsmann) (2002, cit. in Napster, n.d.), the deal has the following purposes:

  ➢ enabling artists with better opportunities of music distribution;
  ➢ supplying more choice and control to consumers;

➢ trying to find new forms of business that respect copyright, reward artists and deliver entertain value to consumers.

Hank Barry (Napster Bord Member) (2002, cit. in Napster, n.d.) added:

➢ taking advantage of the on-line community that grew around Napster.

Napster stopped the activity and the way that it will take is still unknown. The Web site's available information is just the company's overview, the contacts, the teamwork and the latest news[28]. Despite the link to the merchandising Napster's Web site, such is no longer in activity.

However, the Napster will have to find a business model that relies in a different solution rather download music. Indeed, according to May et al. (2001), for the time being, download music has not chance as a profitable business model because:

1) A shortage bandwidth (only 10% of persons in the USA has high speed Internet connections and less in the rest of world);

2) Relatively poor sound quality;

3) Limited penetration of free-sharing software.

But, also, in the future "there would be no reason to download, store, and manage your own copy, since you would enjoy unlimited use of a rented one as long as you paid your monthly music bill" (May et al., 2001, p. 4).

According to recent news, "Hilberts expressed a readiness to get on with developing a legal, subscription-based service"(Himelstein, 2002, May 17). In fact, May et al. (2001) consider that a tired-subscription model (near of cable television companies) will be the music industry's long-term business model rather product-sales model. Such will mean more value and convenience for customer, and saving distribution and production costs.

---

[28] According to the last visit in August 2002.

4.4.3 Analysis of results

Napster was the first music-sharing company, and provoked deep convulsions in the old copyrighted system through its P2P technology. Innovation, pioneer, P2P will be always attributes of that brand. Thus, Bertelsmann will have to find how to take advantages of those associations. For instance extending the brand to other types of contents, could be one of the purposes of Bertelsmann. However, Napster image has strong associations to music, as the characterization of identity mix, marketing mix and image/public mix shows (see Table 11). Such might imply the need of working a new brand image in order to extend the brand to other products and services.

Napster is the example of a brand that only makes sense in Internet (whether by the product, or by the system of delivering). This complete on-line affinity is confirmed for the scorecard application, which represents the first step of analysis suggested by the framework in Figure 10.

In addiction, Napster for building brand awareness, it took advantage of Internet capabilities, whether in terms of type of good, or its viral marketing strategy. Indeed, Napster achieved an on-line community, which relied on 80 millions users, at one time (Black, 2002, March 12).

Although the early success, the Web site never presented profitability and the company never found a business model. According to Agrawal et al. (2001), traffic does not mean profitability. Besides, the authors add that the major part of the biggest audience Web sites did not showed profitability. On the other hand, Berchtold et al. state that "both music and video could prove lucrative, but if the Napster early success has one lesson, it is that consumers won't pay for content when pirated versions of it are available" (2002, p. 6).

In fact, despite the fast success of Napster, its huge community deserted in some months after the added restrictions on copyrighted. Such can demonstrate the importance of the classical brand concepts for ebranding. Since, although the strong awareness of this pure on-line player, the changes in the brand's marketing mix caused an immediate reaction among Napster's users.

Table 11 - Characterization of Napster according to the three pillars of brand

Identity mix	Marketing mix	Image/public mix
➢ The lettering is minimalist in black, without capitals. ➢ The logotype, also minimalist, presents the outline of a head with headphones, and the coloring has predominance of blue in a white found. ➢ The domain name is www.napster.com.	➢ *Distribution:* "Napster is a protocol for sharing files between users. With Napster, the files stay on the client machine, never passing through the server. The server provides the ability to search for particular files and initiate a direct transfer between the clients. In addiction, chat forums similar to IRC are available" (Computing.Net, n.d.).	➢ *Awareness:* Recognized in the global market. Despite the Web site is not in activity anymore, the brand has still a huge presence on the media because the lawsuits and the partnership with Bertelsmann. Also, is considered as a case study for the sector analysts. ➢ *Associations:* Pioneer, free music sharing, innovation, P2P, facing legal treats, young, irreverent. ➢ *Characterization of customers segment:* Web familiar young generation.

NOTE. The characterization of Identity mix, Marketing mix and Identity/Public mix was realized according to the dimensions in Table B1 (Appendix B). Notice that Napster is a particular case of a brand that did not own a complete business model, therefore it was only relevant to characterize, at the level of Marketing mix, its distribution model.

4.5 Conclusions

The first remark that comes up by comparing these three cases (see Table 12) is the different ways of building awareness: two traditional brands that present long and huge efforts of communication[29], and a pure virtual player that built a recognized brand in about one year. Timberland did not have an easy on-line entering, what obliged it to make some specific ebranding investments. In opposite, Napster created a notorious brand fast through a viral marketing strategy.

While Napster failed as a business model and lost a huge some of money for sustaining its on-line community, because a free delivered product was the reason of the strong viral marketing, and it was not able to make that audience profitable (for instance, by captivating advertisement). Unlikely, Timberland and Boston Coffee Cake present strategies that are very rigorous in terms of costs. However, although the failure, Napster, through the brand associations that it got, established a fruitful alliance with Bertelsmann that might make the brand profitable.

Such rises an important question: the customer response to electronic brands is not so different from traditional brand (in opposition to the main hypothesis of this study). In fact, the slow and hard adherence to the on-line versions of the two studied crossovermarketers is usual for traditional marketing, where building a brand takes long time and large marketing investments. Furthermore, certain initiatives of product extension or other innovations in terms of brand associations are not always welcome, even to well-established brands. So, in these two cases, the on-line approach reflects an innovation in terms of commercial channel, rather the creation of a different brand. In addiction, if there is not customer segment affinity with this new channel, or the brand can not be easily transferable to the on-line, it will be expectable that the ebrand establishment became a slow process.

---

[29] Notice that, although Boston Coffee Cake is a small size company with low branding investments, it is a brand with about 9 years old that presents continuous marketing efforts.

Table 12 – Characterization of the cases' emarketing

	Timberland	**Boston Coffee Cake**	**Napster**
Category of on-line brand	Off-line brand extended to the Internet	Off-line brand extended to the Internet	Pure on-line brand
Objective of building the on-line brand	Reinforce of the physical brand	Reinforce of the physical brand	Creating brand awareness
Beginning of on-line selling	May, 2001	1995	Not applicable
Type of emarketing	Direct emarketing	Direct emarketing through the virtual store and indirect emarketing through the affiliate programs.	Direct emarketing
Specific ecommerce department	E-Commerce Operations Department	Does not exist	Virtual company
Customer service	- Information about the company, products and Web site; - Localization of physical stores ("Store Locator"), by state (US) or country, and by product or size; - FAQs; - On-line assistance; - Service of sizing and fitting ("Sizing and Fit"); - Timberland contacts; - Customer account[a]; - Search engine by products and subjects included on the Web site	- Information about the products and Boston Coffee Cake contacts; - Email service; - Tool free available Monday through Friday, between 8:30 AM to 17 PM	- Information about the company and the Web site; - Napster contacts; - Help in the Web site use ("Help"); - The service allows localizing and sharing of music files; - Allow sending short messages between the members of the Napster's community[b]
Web design and contents	- New Web site disclosed in 2002 with a more sophisticated, faster and more functional design; - Timberland Japan's Web site, disclosed in 2002; - The Web site presents an extent content, which includes information about products, history and company's activities, partnerships, press releases, etc.	- The Web site is changed every year; - The contents are only about the products promotion and description; - The Web site's design is the same of paper catalog	- The contents present information about the company, team work, contacts, product, services and press releases; - Design is simple and no-sophisticated; - Link to the Napster merchandising Web site[c]

One-to-one marketing initiatives	- Personalized service for responding to the questions and claims; - Delivering products wherever in the US (through timberland.com); - Customer account with personal information and orders' historic, which can be accessed by a password	- Personalized service through the toll free and the email with answering to questions and claims; - Delivering the products wherever in the US and Europe	P2P Web site
CRM	Do not exist a full, blown CRM (which is in planning). They track regency and frequency trends in aggregate	Do not exist an automatic CRM system.	Not applicable
Fidelization programs	Still in planning	Do not exist	Not applicable
Policies of customer selection (CLV)	Do not exist	Do not exist	Not applicable
Sales value (dollars)	$2 millions on the first 6 months of activity (less than 1% of North America sales).	$51.730 according to forecast for 2002[d]	Not applicable
Sales evolution	For the second semester of activity, the on-line sales remained around the same values	The average of buyers per month, during the first semester of 2002, was the double of 2001	Not applicable

NOTE. The characterization of the emarketing of the cases was realized according to the analysis dimensions included in Table B2 (Appendix B).

[a] It allows buying without re-fill the personal data, keeping the orders' historic and the customer receiving the information of products and promotions by email.

[b] With exception of the informative contents, the services are anymore available.

[c] It is anymore in activity.

[d] This forecast was estimated according to the average of on-line buyers per month for the first semester of 2002, and the average value of orders per buyer (see point 4.3.2).

Indeed, from the scorecard application, which constitutes the first step of the framework for analysis (see comparing analysis – Table 13), it was concluded that Timberland does not present a relevant on-line affinity. So, the only aspect that could encourage this on-line transference was the brand's name, which is international recognized and has strong associations.

The Boston Coffee Cake on-line transference was easier, but almost restricted to a small segment, which corresponds to the paper catalog customers and, evidently, used with direct marketing. However, the brand shows a little known identity (namely, in its main market, North America) and with a weak capacity of differentiation.

The low on-line affinity of the Timberland's customers (which are familiar with the physical stores) is the reason for the last Web investments of this brand. Indeed, the company is aware that the surviving of electronic brand relies on a new customer segment. Such might imply the need of either building a different brand for operating on-line, or including new elements in the ebrand strategy, which has been relegated.

In fact, the observation of Table 14 (which establishes a comparing analysis of the ebranding practices between the three brands) carries that Timberland presents two gaps at the level of "forge contents and distribution alliances" and "move early, move fast". Thus, Timberland only can invest in the first practice, which might favor the building of a virtual community through the access to contents of interest. A virtual community along the use of a more interactive advertising that makes to converges different media means (questions that constitutes the third step of the theoretical framework) could favor the acquisition, for instance, of a younger segment and, consequently, more used with electronic commerce.

The power of a viral marketing on Internet, which was demonstrated by the case of Napster, brings something new about the customer response to brands. That is the case of Napster. But, how can a product brand generate an effective viral marketing? Carpenter (2000) refers that such is possible through the building of a virtual community, the delivering of important contents and out-standing value to the customers. However, such is not always compatible with the type of offered product. For instance, what kind of content could Boston Coffee Cake deliver? The best that Boston Coffee Cake can offer through Internet is more convenience.

Table 13 - Scorecard for evaluating an electronic brand strategy

	Timberland	Boston Coffee Cake	Napster
First mover advantage	No	Yes – First coffee cake brand in the Internet.	Yes – First P2P Web site for music file sharing.
Customer segment affinity	No – Although the customers pressured the brand for entering on electronic commerce, those who buy on-line represent a small segment.	Yes - The customers were familiar with direct marketing by paper catalog.	Yes – Web users.
Innovation and creativity	No	No	Yes – The company was based in a innovator software, which allow a creative model of delivering and sharing music.
Information richness	No	No	Yes – A product as music can generate huge and interesting content. In this case, the on-line community generated and shared information.
Brand experience portability	No – The customers' are very used with the physical stores.	Yes – Familiarity with the physical catalogs.	Yes – This model just makes sense through the Internet.
Domain name readiness	Yes – International recognized brand, easily spelled.	No – Unknown brand in the global market, with a long name and low level of differentiation (brand name composed by a product generic and a collective name).	Yes – Brand identity with high differentiation level.

NOTE. The table was built according to the dimensions of analysis in Table B3 (Appendix B).

Table 14 - The Best Ebranding Practices

	Timberland	Boston Coffee Cake	Napster
Focus on building brand awareness	Yes – Use of the strong awareness of physical brand, communication the momentum in press and Web site	Yes – The "red boxes", the affiliate programs	Yes – Viral marketing, communication the momentum
Cultivate customer commitment	Yes – Historic customer database, sending information and promotions to the email list, answering to the customers and learning with them	No	Yes – Huge on-line community, chat forums
Forge contents and distribution alliances	No	Yes – delivering partnership with UPS, affiliate programs	Yes - Partnership with Bertelsmann (Oct/2000), Edel Music and TVT Records joined the alliance (Jan/2001); landmark distribution deals with AIM and IMPALA[a] (Jun/2001)
Move early, move fast	No	Yes – It was the first coffee cake brand on the Internet	Yes – Pioneer of P2P file sharing
Developing market and customer intimacy	Yes – Learning with customers by observing its on-line behavior and "talking" with them	No	Yes – Through the on-line community
Cultivate reputation of excellence	Yes - New Web site with a more sophisticated design, faster and more functional	No	Yes – Easy-to-use, high quality service
Deliver outstanding value	Yes – More convenience to the customer at the same price[c]	No – The shipping and deliver fees are very high	Yes – Free access to a large range of music content[b]
Respect for the elements of nuclear brand	Yes – Extension the brand image and identity to the Internet	Yes - Extension the brand image and identity to the Internet	Not applicable
One-up off-line brand	Yes – More customized interactions with customers, product and store search service, saving historic customer information, one-to-one delivering	No	Not applicable
Leverage key off-line assets	Yes – Taking advantage of the strong awareness and associations of physical brand, promotion of the Web sites in the own stores	Yes – Promotion the Web site in the "red boxes" and on paper catalog	Not applicable

NOTE. The table was built according to the dimensions of analysis in Table B4 (Appendix B).
[a]AIM is the Association of Independent Music and IMPALA designates the Independent Music Companies Association. These two organizations represent hundreds of European independent record labels (Napster.com). [b]Before the latest restrictions due the lawsuits brought by the recording industry (see point 4.4.2). [c]There are some promotions on the Internet (see point 4.2.2).

On the other hand, the successful former Napster's community was the result of delivering a free product with commercial value. Such rises other question: maybe the on-line users are more interested in getting free service and value while it can be possible, and the future of the Internet as profitable distribution channel of products and services might depend of the implementation of rules that can control the information delivered.

CHAPTER 5 - **CONCLUSIONS**

The framework for analysis, specifically developed for this study, allows studying and comparing the three cases in a consistent way. Such framework was structured according to the main hypotheses of research, and was based, in part, in the classic brand theory and, also, in a practical theory of ecommerce branding. Thus, through the analysis of each case and the cross case, it was possible to inquiry about the relevance of the classical theory for an on-line brand.

5.1 Synthesis

Timberland was one of the cases considered, a brand created in 1973. The company is a manufacture of shoes, clothes and accessories. The products are, essentially, oriented to external activities of both leisure and work. The target price is medium in the US, and medium/high in the international market. The brand presents a high awareness level and strong associations, such as: premier, high quality, authenticity. Such are sustained by a brand identity, which takes advantage of the particularities of the region of origin – New Hampshire. The brand presents a very well defined communication strategy, which is delivered by the general communication department.

Meanwhile, in May 2001, the brand decided to extend its activity to the on-line commerce (just for the North American market). Such strategy that shows a reactive character had as main goal to reinforce the existent brand. For that, a specific department was created – the E-Commerce Operations Department. However, the ecommerce results for the first year was modest: less them 1% of the North American sales. The company is aware of the need of acquiring new type of consumers for the ebrand surviving. In this sense, a new Web site with a more sophisticated and functional design was disclosed. Also, a full CRM and a Web loyalty program is in planning.

In terms of Timberland on-line affinity, the scorecard (first step of theoretical framework's analysis) provided a low grade. First, it does not have "first mover advantage": some direct competitors went to Web earlier and with more aggressive on-line strategies. Also, although customers' pressures for brand to go to electronic commerce, those who buy on-line represent a small segment. This means that the customer segment does not shows affinity with on-line because the customers are very used with the physical stores. Consequently, the brand experience portability is low. On the other hand, the ebrand does not rely on an important level of innovation and creativity, and the product does not offer information richness. At the end, the brand name represents the positive aspect of this ebrand strategy, since Timberland is an international recognized brand, easily spelled.

In what concern to the best practices of ebranding considered (second step of theoretical framework's analysis), in a general way, the focus was in "the leverage key off-line assets" by taking advantage of the strong awareness and associations of physical brand. It is also a remarkable point that Web site allowed "developing customer and market intimacy", observing customer on-line behavior and "talking" with them. On the other hand, the great failure in this strategy was the lack of "content and distributions alliances", which could result interesting in terms of captivating more and different customers. Also, this reactive posture was not compatible with a dynamic of "move early, move fast" that an environment as Web imposes. In addiction, the customer intimacy was not seriously developed, for example through the creation of an on-line community.

The second case is Boston Coffee Cake, a small size coffee cake manufactory founded in 1993. The cakes present high quality manufacturing of small dimension. In this manner, the price target is high in the North American market. The products are distributed through the traditional retail and services, and a small part of production is sold directly through the company's paper catalogs. From 1995 on, the direct marketing was extended to the on-line catalog, through the company's Web site.

However, the product does not have physical characteristics that allow easily distinguishing it from competition. In addiction, the brand name demonstrates low differentiating level. Thus, the cake package - the "red boxes" - became the main

communication vehicle of brand image in the building of awareness outside the local market of Boston area, throughout the US.

The ecommerce strategy corresponds to the extension of the physical catalog to the Web, which kept the same image, way to purchase and contents. The products are also sold indirectly through the affiliate programs. Although the on-line sales still present a low value, the on-line buyers' average per month doubled from 2001 to the first semester of 2002. Also, through the electronic commerce, the brand tried to build awareness. Namely, it started to sell to the European market, although that still represents a very small business.

The scorecard provided a better grade to Boston Coffee Cake's ebranding strategy than to Timberland. In fact, this brand went to on-line early, becoming the first coffee cake brand on the Internet according to the brand manager.

Moreover, in terms of the implementation of the good ebranding practices, there is "customer segment affinity" and "brand experience portability", since the customers were familiar with direct marketing through the paper catalogs. However, the domain name does not offer conditions of good recognition in the global market, since the brand is unknown there, with a long name and low differentiation level.

Boston Coffee Cake moved earlier to the on-line commerce and established some distributor arrangements (although in small scale) through a delivering company and affiliate programs. In terms of respect for the elements of nuclear brand, the brand extended the brand image and identity to the Internet, and used the off-line assets as tools for promoting the Web site ("red boxes" and paper catalogs). However, there are not relevant actions in terms of cultivating customer commitment, neither market nor customer intimacy, nor reputation of excellence. In what concern "to deliver outstanding value", such becomes difficult because the high shipping and delivering fees, which make the product very expensive.

The third case is Napster a pure on-line player that appeared in May 1999. This Web company was based in an innovator P2P technology for music-file sharing. Napster provided the possibility of search and download music for free. It never presented a business model, however, it reached large awareness until today (despite the Web site has

stopped its activity) through its high distinctive image, which relies in strong associations such as pioneer, free music sharing, innovator, P2P, among others.

This company just makes sense on Internet, as showed by the analysis through the scorecard, since all factors were respected. Also, the brand, through its marketing actions, run all ebranding practices suggested by the framework for analysis. The most remarkable are: the huge on-line music community that it got; the powerful viral marketing, which allowed building awareness in a short period; the partnership with a strongly recognized brand as Bertelsmann; "first mover advantage", since it was the first music-file sharing software; and "deliver outstanding value", providing a wide range of music for free.

What are the consequences of the study of these three cases? Timberland appeared as a paradigmatic case. Indeed, it is a very well-recognize brand around the world, with a mass marketing product and a very loyal customer segment, but it could not get yet a successful ecommerce strategy. Its ebranding is based on the extension of the physical identity to the on-line, and shows a careful posture toward the innovation that this new channel might mean for the traditional brand. The huge broker network might be one of the reasons of that position, since the brand commercial licenses represents an important source of outcome for Timberland.

On the other hand, according to the scorecard the brand shows a low affinity with the on-line. And, as referred before, the brand is aware of the need of captivating new customers in order to make its on-line strategy profitable. This may imply either the building of a new brand or the investment in certain aspects in order to improve the present strategy. In fact, the ecommerce posture chosen did not allow Timberland to explore certain practices and tools as the promotion of a on-line community that could retain the visitors and generate a fruitful viral marketing (what become possible given the symbolic character of this brand). As well as, the use of capacities of media convergence might be a way of captivating a young and Web familiar generation.

Boston Coffee Cake is a good example of on-line transferability easiness of a traditional direct marketing strategy (situation that was confirmed by the scorecard analysis). On the other hand, this brand did not make hard Web investments. Inclusively, it did not rely on the usual ebranding practices. Given the particularities of the product and the low

differentiating identity, it is not expectable that the brand becomes recognized in the global market. In fact, this is a brand that might become known inside a niche into the global market. In addiction, the product and the brand imaginary does not offer important context value. In this sense, to spend efforts, for example, in building an on-line community does not seem an interesting measure. In fact, this is a case where the use of on-line channel capabilities might improve the global brand strategy.

Napster appeared as another paradigmatic case. This brand took advantage of the viral characteristics of the Internet for building, in a short period, a wide recognized brand, by delivering a content for free. But, despite the important brand asset that got, it did not find a profitable model. In addiction, the restrictions on copyrighted music, Napster lost popularity among its users that run out other Web sites. In fact, those restrictions implied changes for the offer, and, consequently, inconsistency with the brand image.

This study relied on the first and central hypothesis of research that the customer response to electronic brands is different from the traditional brands. However, the cases' analysis revealed that there are not big divergences. So, the existent differences verify in terms of brand's positioning decision, which can only include or prefer the on-line channel. Evidently, on-line market has distinct characteristics from the traditional market, whose consequences may affect the consumer response. Thus, why should the consumer pay for a product or service if there is similar offer for free? This is the great issue in terms of Web profitability (as showed in the Napster case).

5.2 Main Contributes

In this sense, the main contributes of this dissertation could be classified in four levels:

1)   Virtual brands approach

For answering to the main question of research

Does a virtual brand need a different approach than physical brand? If so, in what aspects?

first, it is necessary to know the kind of brand and it's marketing tools. In fact, a brand that is sold just in the on-line without physical exposure must have a different communication strategy from a traditional brand sold in visible physical stores. So, the brand must become "visible" whether by viral marketing, off-line advertisement, or the physical assets. Then, it is essential to manage the communication efforts according to the type and habits of the target public. But, the basic and old issues of customer satisfaction and delivering value to the consumer keep being the main question that determines the brand success, whether in the traditional market, or in the on-line market.

2)   On-line presence

As second research hypothesis, it was assumed that the electronic commerce is not for all brands, but all of them should mark an on-line presence. Timberland's case is a good example of low on-line affinity brand that had to go to the Web. Regarding this, the scorecard revealed as an important tool of measuring the on-line transference ability.

3)   The best practices for brands

In what concern to the best ebranding practices, although their relevance (which was well demonstrated by the Napster's case), the real importance that they can assume relies fundamentally on the type of brand, product and marketing strategy. Indeed, those practices revealed themselves as effective tools of building brand visibility, but such does not mean necessarily brand profitability. In fact, the case of Boston Coffee Cake, where Internet appeared as a complementary commercial channel of physical brand strategy, revealed itself a contrasting example of that theory.

Consequently, the third hypothesis - according to it in the near future, differences between physical and virtual brand might be limited to the level of marketing mix's actions and tools – became obvious after the analysis of the cases.

4)   The Internet impact

The second level of specific questions of research

Did the Internet and the consequent media convergence bring changes for traditional branding? What does the Internet mean exactly to any brand?

deserves a positive answer and an explanation of its meaning. Indeed, the media convergence and Internet means new abilities for the traditional marketing. In this sense, also the classical branding must evolve and use new approaches. Namely, it seems evident that every brand tend to have an on-line presence. So, if, on the one hand, the traditional branding theory maintains its relevance, on the other, a brand can not forget the new means and channels that the development of technology brought.

5.3 Limitations and Suggestions for Further Research

However, some limitations were found over the study development. The first one is related with the theoretical limitation that this new research area presents. The second concerns the base of generalizability size. In fact, it would be important to include other cases, namely brands with same characteristics but with different strategies, in order to obtain contrasting results. However, given the aim of this kind of study, a master dissertation, which carries own limitations of time and resources, such was not possible.

Also, it would be interesting to obtain other information sources besides those that were used. That might allow a better confrontation and validation of the collected data. Namely, the Napster's Web site does not exist anymore, so it was possible to make neither recent direct observation, nor contact its managers.

However, this study, through an exploratory approach, had as one of the main objectives to provide suggestions for further study. Thus, the new ways that the traditional marketing must consider in a brand strategy (regarding both on-line and off-line channels) emerges presently like an important research field. As well as, the challenge of making a brand profitable through the Internet revealed itself as an interesting study theme.

Finally, the validation of the framework for analysis, which was built in the aim of this study, emerges as a question that deserves a more specific research. Such implies to verify, in a more effective way, both the brand classic theory relevance for electronic commerce, and practical ebranding theory – the scorecard of Diorio (in press) and the best ebranding practices proposed by Carpenter (2000). In this way, it would be also interesting to inquiry the formulated hypotheses in a larger base of generalization that is with more, different and contrasting cases.

REFERENCES

Aaker, D. A. (1991). *Managing Brand Equity.* New York: Free Press.

Aaker, J. L. (1997). Dimensions of Brand Personality. *Journal of Marketing Research*, 34, 347-356.

Agrawal, V., Arjona, L. D., & Lemmens, R. (2001). E-performance: the path to rational exuberance. *The McKinsey Quarterly*, 1. Retrieved May 17, 2002, from http://www.mckinseyquartertly.com/article_page.asp?ar=975&L2=24&L3=45

American Marketing Association. (1960). *Marketing Definitions: A Glossary of Marketing Terms*. Chicago: Author.

Baker, W. L., Lin, E., Marn, M. V., & Zawada, C. C. (2001). Getting prices right on the Web. *The McKinsey Quarterly*, 2 (on-line tactics). Retrieved April 30, 2002, from http://www.mckinseyquartertly.com/article_page.asp?ar=1016&L2=24&L3=44

Belo, N. (2001, August 11). Banda larga e convergência digital. *Expresso* (supl. Economia).

Berchtold, J., Grass, J., Johnson, B. M., & Stephenson, E. (2002). Can broadband save Internet media?. *The McKinsey Quarterly*, 2. Retrieved May, 2002, from http://www.mckinseyquartertly.com/article_page.asp?ar=1189&L2=17&L3=104

Black, J. (2002, March 12). Why Napster won't get its groove back. *BusinessWeek*. Retrieved August 19, 2002, from http://www.businessweek.com/bwdaily/dnflash/mar2002/nf20020312_6365.htm

Black, J. (2002, August 12). The labels start turnig up the volume. *BusinessWeek*. Retrieved August 19, 2002, from

http://www.businessweek.com/technology/content/aug2002/tc20020812_4809.htm

Bloch, M. & Segev, A. (1996). Leveraging Electronic Commerce for Competitive Advantage: A Business value Framework. *Proceedings of the 9th International Conference on EDI-IOS*, Bled, Slovenia.

Boston Coffee Cake. (2002). *Boston Coffee Cake 2002 Catalog* [Brochure]. Boston: Author.

Brito, C. M. (1998). *A Insustentável Leveza do Marketing* (working paper, nº 81) [Electronic version]. Porto, Portugal: Faculdade de Economia do Porto.

Brito, C. M. (2000). O Marketing Relacional. In C. M. Brito & P. de Lencastre (Eds.), *Os Horizontes do Marketing* (pp. 61-84). Lisbon, Portugal: Editorial Verbo.

Brito, C. M.,& Ramos, C. (2000). *Comércio Electrónico – Relação com Parceiros de Negócio*. Porto, Portugal: Sociedade Portuguesa de Inovação.

Brito, P. Q. (2000). O marketing e a Internet. In C. M. Brito & P. de Lencastre (Eds.), *Os Horizontes do Marketing* (pp. 255-295). Lisbon, Portugal: Editorial Verbo.

Brown, S. L., Tilton, A., & Woodside, D. M. (2002). The case for on-line communities. *The McKinsey Quarterly*, 1. Retrieved August 17, 2002, from http://www.mckinseyquartertly.com/article_page.asp?ar=1143&L2=24&L3=45

Bughin, J. R., Hasker, S. J., Segel, E. S. H., & Zeisser, M. P. (2001[a]). Revearsing the digital slide. *The McKinsey Quarterly*, 4. Retrieved May 17, 2002, from http://www.mckinseyquartertly.com/article_page.asp?ar=1122&L2=17&L3=104

Bughin, J. R., Hasker, S. J., Segel, E. S. H., & Zeisser, M. P. (2001$_b$). What went wrong for on-line media?. *The McKinsey Quarterly*, 4. Retrieved August 17, 2002, from http://www.mckinseyquartertly.com/article_page.asp?ar=1121&L2=17&L3=65

Callon, J. D. (1996). *Competitive Advantage Through Information Technology*. New York: McGraw-Hill.

Carpenter, P. (2000). *eBrands: Building na Internet Business at Breakneck Speed.* Boston: Harvard Business School Press.

Choi, S. Y., Stahl, D. O., & Whinston, W. B. (1997). *The Economics of Electronic Commerce*. Indianapolis, IN: Macmillan Technical Publications.

Computing.net (n.d.). *Digital music*. Retrieved July, 2002, from http://www.computing.net/novice/mp3/napster.html

Dayal, S., French, T. D., & Sankaran, V. (2002). The e-tailer's secret weapon. *The McKinsey Quarterly*, 2. Retrieved August 17, 2002, from http://www.mckinseyquartertly.com/article_page.asp?ar=1172&L2=20&L3=72

Diorio, S. (in press). How technology changes branding: the changing rules of awareness, identity and loyalty in the 21st century [Electronic version]. In S. Diorio (Ed.), *Beyond e: 12 Ways Technology is Transforming Sales and Marketing Strategy*. MacGraw-Hill.

Ewing, J. (2000, November 13). Bertelsmann: a new powerhouse?. *BusinessWeek*. Retrieved June, 2002, from http://www.businessweek.com/2000/00_46/b3707001.htm

Greenberg, P. (2001). *CRM at the Speed pf Light: Capturing and Keeping Customers in Internet Real Time*. Berkeley, CA: McGraw-Hill.

Hersen, M., & Barlow, D. H. (1976). *Single-case Experimental Designs: Strategies for Studing Behavior*. New York: Pergamon.

Himelstein, L. (2002, May 17). Suddenly, sweet harmony at Napster. *BusinessWeek*. Retrieved June, 2002, from
http://www.businessweek.com/technology/content/may2002/tc20020517_1661.htm

Hof, R. D., Browder, S., & Elstrom, P. (1997, May 5). Internet communities – forget surfers. A new class of netizen is settling right in. *Business Week*, 66. Available from Business Week Web site, http://www.businessweek.com

Horovitz, B. (1998, December 1). Catalog craze delivers holiday deals. *USA Today*, 3B.

Kalakota, R., & Whinston, A. B. (1997). *Electronic Commerce: A Manager's Guide*. Reading, MA: Addison-Wesley.

Keller, K. L. (1998). *Strategic Brand Management: Building, Measuring, and Managing Brand Equitity*. Upper Saddle River, NJ: Prentice Hall.

Kotler, P. (2000). *Marketing Management – The Millenium Edition* (10th ed.). Upper Saddle River, NJ: Prentice-Hall.

Kotler, P., Armstrong, G., Saunders, J., & Wong, V. (1999). *Principles of Marketing*. London: Prentice-Hall Europe.

Lemos, M. (1998). *Estar na Internet*. Alfragide, Portugal: McGraw-Hill.
Lencastre, P. de & Pedro, M. (2000). A marca. In C. M. Brito & P. de Lencastre (Eds.), *Os Horizontes do Marketing* (pp. 19-59). Lisboa, Portugal: Editorial Verbo.

Lencastre, P. (1999). A Marca: O Sinal, a Missão e a Imagem. *Revista Portuguesa de Marketing*, 8, 105-119.

May, B., & Singer, M. (2001). Unchained melody. *The McKinsey Quarterly*, 1. Retrieved August 17, 2002, from http://www.mckinseyquartertly.com/article_page.asp?ar=978&L2=17&L3=66

Moon, M., & Millison, D. (2000). *Firebrands – Building Brand Loyalty in the Internet Age.* Berkeley, CA: MacGraw-Hill.

Mowen, J. C., & Hinor, M. (1998). *Consumer Behaviour* (5th ed.). Upper Saddle River, NJ: Prentice Hall.

Napster (n.d.). *Web site da Napster*. Available from www.napster.com

New England – Tourist Guide (9th ed.). (2000). Greenville, SC: Michelin Travel Publications.

Querido, P. (2001, September 24). A máquina que mudou o mundo nasceu há 20 anos. *Expresso* (supl.Vidas), 42-43.

Rayport, J. F., & Jaworski, B. J. (2002). *Cases in e-Commerce*. New York: McGraw-Hill/Irwin.

Reis, J. L. (2000). *O Marketing Personalizado e as Tecnologias de Informação*. Matosinhos, Portugal: Edições Centro Atlântico.

Tapscott, D., & Caston, A. (1998). *Blueprint to the Digital Economy: Wealth Creation in the Era of E-Business*. New York: McGraw-Hill.

The Timberland Company (2002). *Web site da Timberland.* Available from www.timberland.com

Turban, E., Lee, J., King, D., & Chung, H. M. (1999). *Information Technology for Management* (2nd ed.). New York: John Wiley & Sons.

Turban, E., Lee, J., King, D., & Chung, H. M. (2000). *Electronic Commerce: A Managerial Perspective.* Upper Saddle River, NJ: Prentice Hall.

Yin, R. (1994). *Case Study Research: Design and Methods* (2nd ed.). Thousand Oaks, CA: Sage Publications.

WEB SITE REFERENCES

Alta Vista (www.altavista.com). Last visit during 1st semester of 2002.

Amazon.com (www.amazon.com). Last visit August 2002.

American On-line (www.aol.com). Last visit August 2002.

BabyCenter (www.babycenter.com). Last visit April 2002.

Barnes&Noble.com (www.bn.com). Last visit August 2002.

BizRate (www.bizrate.com). Last visit during 1st semester of 2002.

Boston Coffee Cake (www.bostoncoffeecake.com). Last visit August 2002.

Buy.com (www.buy.com). Last visit during 1st semester of 2002.

Careerpath.com (www.careerpath.com). Last visit during 1st semester of 2002.

CDNow (www.cdnow.com). Last visit during 1st semester of 2002.

Chrysler (www.chrysler.com). Last visit June 2002.

Computing.net (www.computing.net). Last visit August 2002.

eBay (www.ebay.com). Last visit August 2002.

E-Loan (www.eloan.com). Last visit during 1st semester of 2002.

etrust (www.etrust.com). Last visit December 2001.

Gap (www.gap.com). Last visit during 1st semester of 2002.

Hotmail (www.hotmail.com). Last visit November 2002.

IMTStrategies (www.imtstrategies.com). Last visit during 1st semester of 2002.

Infoseek.com (www.infoseek.com). Last visit during 1st semester of 2002.

iVillage (www.ivillage.com). Last visit during 1st semester of 2002.

Monster.com (www.monster.com). Last visit during 1st semester of 2002.

MSN (www.msn.com). Last visit August 2002.

Napster (www.napster.com). Last visit August 2002.

Nike (www.nike.com). Last visit during 1st semester of 2002.

Onsale (www.onsale.com). Last visit during 1st semester of 2002.

Oxygen Media (www.oxygen.com). Last visit during 1st semester of 2002.

Parent Soup (www.parentsoup.com). Last visit November 2002.

Procter&Gamble (www.pg.com). Last visit during 1st semester of 2002.

The Sports Authority (www.globalsports.com). Last visit August 2002.

Timberland (www.timberland.com). Last visit August 2002.

Timberland Japão (www.timberland.co.jp). Last visit August 2002.

TRUST-e (www.trust-e.com). Last visit December 2001.

Yahoo! (www.yahoo.com). Last visit November 2002.

WalMart (www.walmart.com). Last visit during 1st semester of 2002.

Women.com (www.women.com). Last visit during 1st semester of 2002.

APPENDIXES

APPENDIX A **– BRIEF HISTORICAL OVERVIEW OF INTERNET**

Internet – Interconnected Networks – designates interconnected networks of computers, independently of their geographic localization, which respect the same communication protocols. In this sense, Internet is continuously in construction because it contains local hosted services and contents that can be accessed from everywhere (Lemos 1998). Some time ago, the Internet access was only by computer. Now, there are yet other devices for accessing to the Internet, such as: cellular telephone through the Wap technology and the interactive digital television – the Web TV.

The first steps of Internet were in 1969 with the appearance of Advanced Research Project Agency Network (ARPAnet), which was developed by the USA Defense Department. The main goal of that network was to aid the cooperation between the military forces and the scientific field, in order to create synergies among those entities (P. Q. Brito, 2000). It was the "cold war" time. The network's infrastructure is non-hierarchized, so the network can keep working although the destruction of one node. This was particular advantageous in that period.

In 1970, ARPAnet started to arrive to the biggest North American Universities. One year later, it represented 23 academic centers linked to the net. In 1972, the first electronic mail program – the email – appeared, from the firm Bolt,Beranek&Newman. In 1973, ARPAnet arrived to Europe.

At this time, ARPAnet had only the permanent capacity – 24h day, 7 days a week – of communicating among the different centers linked to the net, independently of their geographic localization. Still in 1973, the File Transfer Protocol (FTP), which brought the possibility of establishing the rules and formats for transferring files from one computer to another, was defined. The interest of the net starts to be expanded further the initial objectives of defense. Thus, in the end of 70s, the Usenet emerged for linking some North American universities. In this sense, the Usenet enlarged the initial use of the net and included the FTP, the email and the Newsgroups. Consequently, this process evolved in the direction of procedures standardization, in order to establish the interconnection between

the different university computer networks, through the Transmission Control Protocol/Internet Protocol (TCP/IP) (P. Q. Brito, 2000). So, the Internet was born at this time. In fact, the information interchange passed to be global, in the sense that Internet allows the interconnection between the computer networks that respect the same communication protocols – TCP/IP – independently of geographic localization.

So, in the 80's, with the appearance of the personal computer notion – the PC that was released by IBM on August 12, 1981 (Querido, 2001, August 11) – the Internet started to realize the function of global communication channel. Between 1987 and 1988, the number of nodes for linking to the net passed from 10,000 to 60,000. For the first time, the question of network security appeared (P. Q. Brito, 2000). Notice that now the Internet includes fundamentally PCs.

However, the virtual space became itself as a prominent channel only in the 90s. It must be referred that until this time a transaction included only military or scientific information change, and the question of business was unexplored. In 1992, the Centre Européen de Recherches Nucléaires (CERN), sited in Switzerland, created the World Wide Web (WWW) (P. Q. Brito, 2000), also known as Web, which refers information pages located in a host machine that allow the contents organization in a flexible and attractive form (the pages present graphic and multimedia abilities). In addiction, they are easy accessed in a mere PC by a browser. Such tool revolutionized the way of being on the Internet, which became, in the end of 90s, in the main networked service. In this sense, the bases of the commerce through the Internet are created, and for the first time emerged the notions of electronic commerce and electronic marketing.

If, trough the Internet, a company can supply information and interact with any buyer or potential buyer wherever, why not to sell in this way its services or products. So, in 1994, the first on-line mall and virtual bank are created (P. Q. Brito, 2000).

Now, trough the Internet, a large range of different transactions are established, since commerce, logistic to the promotion. Internet arrived for staying. In fact, the prices of PCs have decreased every year, probably this tendency will maintain. Even the modem became a system component rather an external device. On the other hand, with the frequent use of bandwidth, the velocity of access will increase and, consequently, the net usage.

Furthermore, the bandwidth did not bring only the speed of access, it enlarged also the world of contents. So, any think that can be digitized might be delivery on bandwidth and the access devises will be diverse: not only the PC but also the cellular phone (through the Wap technology), the TV (through the Web TV) and so on (Belo, 2001, August 11).

All those factors will push the Internet use, which is an advantage to any company. Even for the smallest, which have in this way access to the same market, the big one – the global market. Indeed, 750 millions of Web users will be expected until 2008 and, according to a estimate, 50% of those users will be on-line buyers (Turban et al., 2000). Such shows the importance of this new distribution channel and, consequently, the fundamental role of the electronic marketing.

APPENDIX B - **DIMENSIONS OF ANALYSIS**

Table B1 - Characterization of brand

Characterization of the identity mix	
Characterization of the marketing mix	▪ Product ▪ Price ▪ Distribution ▪ Communication
Characterization of the image/public mix	▪ Awareness ▪ Associations ▪ Brand personality ▪ Characterization of customers segment

Table B2 - Characterization of the emarketing strategy

- ➤ **Category of the on-line brand**
- ➤ **Objective of building the on-line brand**
- ➤ **Beginning of on-line selling**
- ➤ **Type of emarketing**
- ➤ **Specific ecommerce department**
- ➤ **Customer service**
- ➤ **Web Design and contents**
- ➤ **One-to-one marketing initiatives**
- ➤ **CRM**
- ➤ **Fidelization programs**
- ➤ **Policies of customer selection – customer lifecycle value (CLV)**
- ➤ **Sales value (dollars)**
- ➤ **Sales evolution**

Table B3 - Scorecard for evaluating an electronic brand strategy

> ➢ **First mover advantage**
> ➢ **Affinity of customers' segment**
> ➢ **Innovation and creativity**
> ➢ **Information richness**
> ➢ **Brand experience portability**
> ➢ **Domain readiness**

Table B4 -The best practices of ebranding

General practices for on-line brands:

> ➢ **Focus on building brand awareness**
> ➢ **Cultivate customer commitment**
> ➢ **Forge contents and distribution alliances**
> ➢ **Move early, move fast**
> ➢ **Developing market and customer intimacy**
> ➢ **Cultivate reputation of excellence**
> ➢ **Delivering outstanding value**

Applicable to the physical brands extended to the on-line market:

> ➢ **Respect for the elements of nuclear brand**
> ➢ **One-up off-line brand**
> ➢ **Leverage key off-line assets**

APPENDIX C – Interview for On-Line Brand Managers

1. **Brand**

*   Are you creating a new brand or are you reinforcing your brand with the Internet channel?

*   Why do you want to build your brand?

*   How much time did this brand need to be recognized?

*   How can you define your brand strategy?

    -   Main orientations

    -   Main metric to evaluate the brand value

*   How much did you spend with the construction/reinforcement of this brand? Can you estimate how much cost you each new customer or each click on the Web site?

*   How do you spend the brand's budget? (i.e. sponsoring, worth of month, affiliate programs, creating a community, press releases, etc).

*   How much does this brand sell per year?

    -   Internet

    -   Global

*   Relationship between company and customer in: satisfaction, loyalty level, confidence, and notoriety (in what points?).

2. **Image**

*   What kind of associations do you connect with this brand?

*   What kind of sources did you use to understand the public image?

*   How do you describe this brand in terms of brand personality?[*]

*   Which brands do you consider with points of parity with your brand?

3. **Identity and Marketing mix**

*   How do you describe the identity mix of this brand?

*   What are the main actions in terms of the marketing mix?

*   Did you differentiate with this brand? Where?

*   Do you consider that your brand is a consistent offer (mission, identity and marketing actions)? Why?

4. **Ecommerce strategy**

- How do you define the model of ecommerce of your brand in terms of reactive and proactive?

- Why did you decide to accept this new challenge (ecommerce)?

- Do you have statistical frameworks to assess the need of change to the brand strategy of the Web site?[a]

- What did you need to change to get this new process?[a]

  - In terms of orientations

  - In terms of metrics

  - In terms of actions

- What did you innovate in your brand strategy?[a]

- Can you say that your brand.com strategy has some differences from the traditional brand? Where?[a]

- Since the implementation of the Web site, did the relations between the brand and customers change? How and Why?[a]

- How can you characterize the consumers' behavior of your Web site?

- How does this new channel improve loyalty, if it does?

- Do you have outcomemesures of success for Web? (i.e. the awareness, brand image, sells, ...)

- How are ecommerce relationships with dealers/franchises?[a]

- Define how you perceive the Web for this brand in 3,5,10 years (international and national strategies): Some? Different? How?
  (i.e. brand positioning, Web use, propose of Web)

a) Just for physical brands extended to the Internet.

APPENDIX D - GLOSSARY

Bandwidth. "The speed with which content can be delivered across a network" (Turban et al., 2000, p.505).

Banner. "A graphic display on a Web page used for advertisement" (Turban et al., 2000, p. 505).

Bookmark. Service offered by the most of programs of navigation that allows marking the pages of interest through the navigation on the Web. The pages stay automatically in a list that can be consulted through the program. Still, the service allows users to organize their lists (Lemos, 1998).

Broadband. See Bandwidth.

Browser. Program for navigation on the Web that allows the user "searching on the Internet, and checking the Web pages and the links between them" (Reis, 2000, p.258).

Bulletin boards. "Collections of messages about particular subjects can be stored in a database and, in response to user queries, be dynamically turned into HTML pages" (Turban et al., 2000, p. 411).

Call center. Center of helping that allows, in an integrated way, attending and answering a huge number of contacts (C.M. Brito, 2000). In electronic commerce, the call centers are frequently on the Internet. This allows customers interact with the help desk's team by the Web (Turban et al., 2000).

Chat rooms. Places for interactive on-line communication among several users (Reis, 2000).

Crossovermarketers. Enterprises that brought their own brands to the Internet (Carpenter, 2000).

Digital contents. All digitized information (content), which can be text, audio or video.

Direct email. Selective and/or customized emailing.

Download. "To transfer a file from a remote computer to the own computer by any communication protocol" (Reis, 2000, p. 259).

Electronic Data Interchange (EDI). "That's a system that allows data structured transference between computers. In contrast with the electronic mail, in the EDI the information is previously structured in camps of information" (Reis, 2000, p.145).

Electronic Funds Transfer (EFT). Process that allows transferring funds between accounts, intra or inter-business, which is the basic procedure of the debit cards (Turban et al., 2000).

Email (electronic mail). Internet service that allows users changing messages between them wherever (Lemos, 1998).

Extranet. "Network that links the Intranets of business partners using the virtually private network on the Internet" (Turban et al., 2000, p. 507).

Frequent Asked Questions (FAQ). "FAQs is the simplest and least expensive tool to deal with repetitive customer questions. Customers use this tool by themselves (on the Web) which makes the delivery cost minimal" (Turban et al., 2000, p. 90).

Help desk. Entity for helping customers to resolve problems and responding their questions, which can be contacted whether personally, by telephone, fax, or, in some cases, by email (Turban et al., 2000).

HTML. Abbreviation of Hyper Text Markup Language, which refers a programming language that is used on the definition of the information included on the Web pages (Lemos, 1998).

Internet (Interconnected Networks). Interconnected networks of computers, independently of their geographic localization, which respect the same communication protocols.

Intranet. "Networks with a similar technologic platform with Internet, but located in a company or organization, where the access is restricted to certain machines, partners and employers" (Reis, 2000. P. 132).

Kiosk. Machine placed in physical areas that allow, for example, consumers ordering products (in contrast with vending machines that just sell existent products). It can also (or only) offers charged Internet access according the time spent on the navigation (Lemos, 1998).

Link. "Dynamic link - system that allows relating two or more groups of data" (Reis, 2000, p. 261).

Newsgroups (Network News Transport Protocol). "Discussing groups where the users are allowed to submit articles and opinions about particular subjects" (Reis, 2000, p. 128).

Search engines. The most of them use programs that allow analyzing the pages of all Web servers that they find and following all the links to other pages, in order to get the biggest number of related pages with the subject of search (Lemos, 1998).

Software agents. Also known as intelligent agents, are "computer programs that help the users to conduct routine tasks, search and retrieve information, support decision making, and act as domain experts. Agents sense the environment and act autonomously without human intervention... There are various types of agents, ranging from those with no intelligence (software agents) to learning agents, which exhibit some intelligent behavior" (Turban et al., 2000, p. 102).

Supply Chain Management (SCM). "Integrated electronic approach of an entire company's supply chain with the goal of maximizing its capacity of creation of value" (C. M. Brito & Ramos, 2000, p. 109).

Start-up. Common term for referring the companies of new economy, which is usually associated to innovation, intellectual equity and new business.

Web. Abbreviation of World Wide Web, which refers a service of "pages of information located in computers that can be accessed by Web browsers" (Reis, 2000, p. 128).

Web site (or site). Place on the Internet that offers information, which is the result of the link between the computers that store such information (Lemos, 1998).

Webcastings. Broadcasting on the Internet, which can take the form of video or audio (Turban et al., 2000).

Workflow. Control of an organization's work fluxes, for which is becoming common the use of electronic commerce applications. "The main characteristics of a workflow system are related with the creation of rules, the capacity of automatic work fluxes direction, the issue of documents and the dealing with exceptions" (Reis, 2000, p.123).

World Wide Web. See Web.