

Environmental Online-Marketing - Strategies and Success Factors

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Abstract

The starting point of the paper “Environmental Online Marketing – Strategies and Success Factors” is on the one hand the eco niche, a market situation, in which the demand for ecological products is limited and therefore ecological products are mainly sold over alternative distribution forms without important market share or as edge supplies with the wholesale. On the other hand far sections of the processes of modern national economies are in a fundamental turn around, the way into the information society. A basic role comes the internet. Which possibilities offers the Internet for reducing the problems on ecological markets and how can it be used for a broader marketing of ecological products and services? This paper will pre-sent strategies and success factors of E-Commerce for a broader marketing of organic products.³

1. The Problem: Missing Confidence

Missing information and confidence are the main problems on ecological markets (Kaas 1990). For example the customer cannot see that vegetables are grown without any pesticides. Due to information asymmetries and uncertainties incomplete, distorted or confusing information could be transmitted by the dealer, if this brings advantages for himself. The result is that customers do not buy organic products, because they are not sure to be deceived (Belz/Schneidewind/Villiger/Wüstenhagen 1997).

A more successful marketing of organic products with communication improvements helps to reduce information asymmetries and the uncertainty.² Here the Inter-

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³ The results based on the a research project of the University of St. Gallen/Switzerland and the University of Oldenburg/Germany. Both Universities car-ried out the project to investigate the range of possibilities on online communication and commerce in organic food markets. Results of the research project can be found on our homepage: www.eco-commerce.de.

net may be a key player. The Internet represents a tool and a medium for the integrated product policy, because it offers co-operation, information and communication possibilities along the production chain up to ecological marketing.

2. Status Quo: Two Basic Strategies

The potentials of the information and communication technologies to increase customer's confidence have already been frequently discussed in the literature. Networks like the Internet accelerate, intensify and internationalise the exchange of information and form thereby the basis for a relationship between supply and demand. The fast and direct communication with the supplier by E-Mail, information about products and production or customised products create a trusting, individual atmosphere, which is comparable with the pop-and-mom shop. For ecological products and services such a trusting atmosphere is positive, because the customer feels less risk to be fooled (Kolibus/Nachtmann/Dyllick 2000).

Regarding the current situation in the discussion around E-Commerce, there are two groups of suppliers with specific strategies in E-Commerce. The strategies are oriented at the connection between extra added value, transaction and confidence.

Basically suppliers have the option between a rather transaction-oriented strategy or a rather confidence-oriented strategy (figure 1, Schögel/Birkhofer/Tomczak 2000). While the transaction-oriented strategy tries a shaping over the characteristics of the medium, the confidence-oriented strategy aims on profiling over the confidence-promoting characteristics of the existing label.

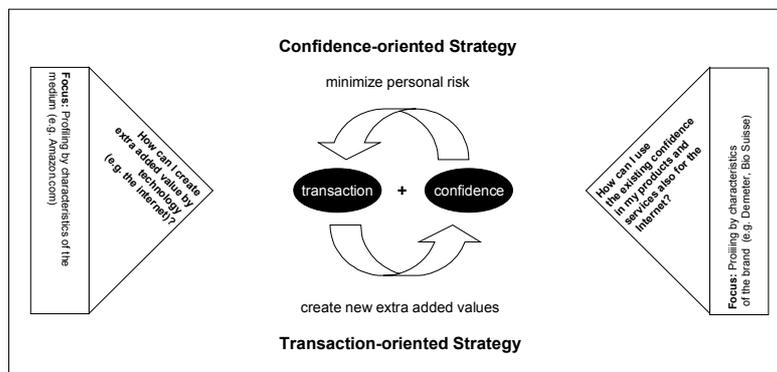


Fig. 1: Transaction-oriented or Confidence-oriented Strategy

Source: Schögel/Birkhofer/Tomczak 2000, 42

Excuse: Correlation of extra added value, transaction and confidence

For a successful Internet strategy the interaction of the factors extra added value, transaction and confidence are crucial. Starting point for this is the fundamental connection and the extra added value, which the supplier offers to a customer, and confidence, which the customer a supplier thereupon brings. Between the confidence into an supplier and the extra added value a positive correlation is subordinated. An supplier can generate the more need-oriented extra added value, the better he knows its customers.

In order to be able to know more about the needs and habits of its customers, the supplier must interact with the customers. The supplier depends on as much as possible transactions in order to win the necessary information in the form of customer data. Confidence is at that point a condition for coming off transactions.

As consequence of the confidence-building effect of the extra added value the frequency of the transactions will increase. This leads again to optimised customer data, which helps to optimise the products and services, which will generate extra added value for the customer.

Established large enterprises for example could use the transaction-oriented strategy to support customer's confidence by virtuality: The supplier, which enjoys confidence with his product assortment at the customers, should try to add some additional eco-products to its conventional assortment. This "healthier" assortment should be communicated to the customer.

An other way for large enterprises with a eco-segment is to use value added services to promote eco-products. These could be linkage or co-operation with federations of the ecological agriculture or WWF etc. By these value added services they take off from the competition with other enterprises without a eco-segment. Also small and middle sized eco-enterprises (SMEE) could select the second way, in order to address by Internet new clientele.

However for the SMEE of the large federations of the ecological agriculture (like demeter, bio suisse etc..) a confidence-oriented strategy will be better. The federations enjoy large confidence at the consumer due to their control function and the usually established quality seals. Therefore they could bundle the supplies of their eco-farmers to a total supply and function in such a way for the final customer, in addition, for the trade as interesting source of purchase for bio products.

There are different possibilities influencing the customer linkage in a positive way. Possible strategies from point of view of SMEE and established large enterprises with a eco-segment could be (Kolibus 2002): Building up customer's confidence by

- information and clearing-up
- use of community attributes
- focusing on segments.

Naturkost.de is a good example for building up customer's confidence by information and community attributes (see figure 2): On its homepage Naturkost.de does not only inform about healthy eating but also about the weak points of the today's agrarian system. Especially about the topic of BSE the Internet platform informs about possible health dangers by BSE-meat and organises chats and discussion forums with experts. Customers can also look for addresses for purchasing organic meat with is BSE-tested.

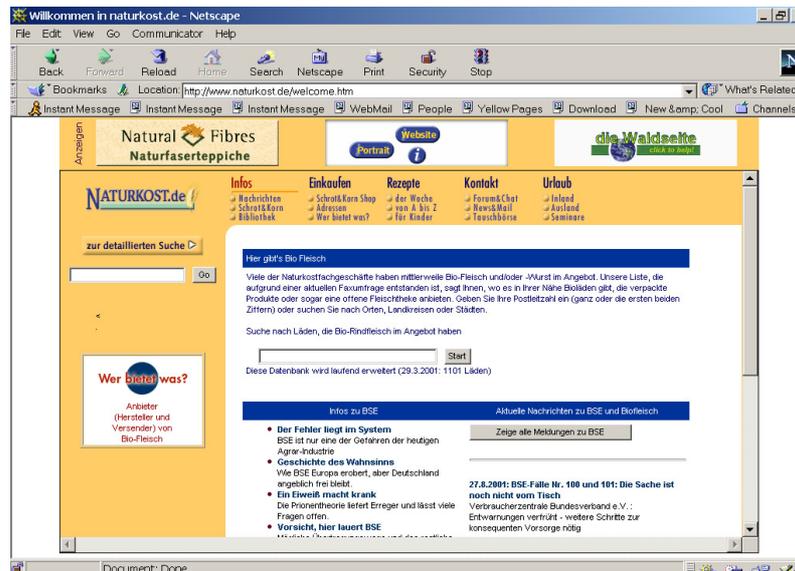


Fig. 3: Building up Customer's Confidence by Information and Community Attributes at Naturkost.de

Source: <http://www.naturkost.de>

3. Success factors

E-Business concepts have to offer an appropriate increase in value to the end customer and to the business customer. The customer expects a smooth, secure and complete service. But this increase in value is not sufficient, in order to differentiate at the market. Therefore corporate marketing and product marketing is demanded to develop and implement innovative approaches. These approaches have to transfer the technological possibilities into customer related added value or internal efficiency. So the question is, how does innovative e-business approaches look like in

the context of an online marketing concept for organic products. In addition these retroact on existing marketing concepts and necessitate their advancement and new interpretations.

For the analysis of success factors the four “P”s (Product, Price, Place, Promotion) oriented view is suitable. The success factors base on the classical 4 P (Kotler 1996). They take the technological potentials of information and communication technology into account. Furthermore the 4 Ps are adapted to the requirements of the consumers of the new digital economics. Regarding trust-referred online marketing a transition of the classical marketing “P”s to the online marketing “C”s could be determined (Kolibus/Nachtmann/Dyllick 2001). The 4 Cs or success factors are Content, Communication and Commerce and Community combined in a regional context (Co-Location, see figure 3). According to Seybold they represent a five phase evolution cycle of Internet offers (Seybold 1998). After offering pure information in the first step, enterprises offered customer interaction possibilities (e.g. in form of a customer support hotline). In a third phase real transactions are offered before personal interactions are focused. The fifth approach is to establish community services in order to build a strong customer relationship to the enterprise. All success factors aim at maximizing the customer satisfaction, to bind the customer and to secure the long-term existence of the enterprise.

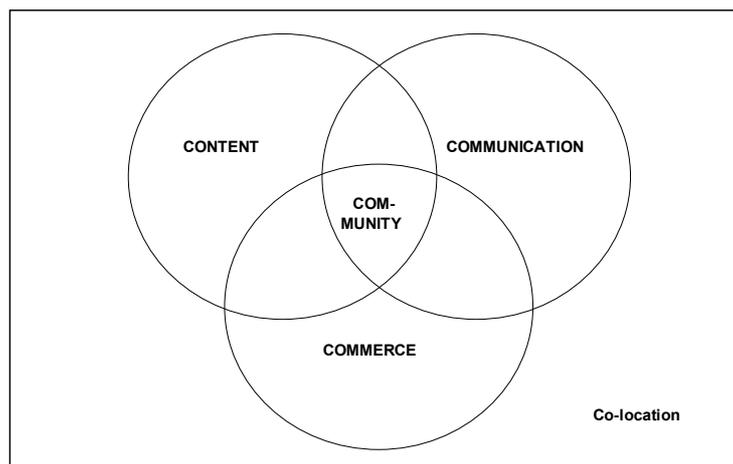


Fig. 3: Factors of a Successful Internet Employment
Source: Kolibus/Nachtmann/Dyllick 2000, 56

Case studies with some practical examples of the five success factors will be discussed in the conference.

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