

Guest Editors' Column

**E-Marketing Is Getting Ambitious:
Digging Deeper and Reaching Higher by Refining Our Assumptions**

Online sellers have long been able to design a useful and aesthetically appealing Web site, collect detailed customer information, and develop electronic relationships with customers and suppliers. These practices are established, well tested and maturing, so electronic marketing is tackling larger problems these days. Researchers in e-marketing continue to: 1) ask big questions about what is possible, 2) test assumptions about e-marketing, and 3) develop new technologies, test them in conjunction with human behavior, and analyze them in sophisticated ways. E-marketing research is getting ambitious and it is refining many of its assumptions. This special issue presents some of the latest work in this area.

One widely held assumption is that eBay has become the king of online consumer-to-consumer auctions simply because it was a first-mover, has an attractive interface, and is well executed. It has succeeded and has a loyal community, but a closer analysis may show that eBay also owes its success to other reasons. A different auctioneer having deeper insights may be able to implement an auction market, perhaps with a business-to-business focus or in other countries where eBay does not have a major presence, and dethrone (or preempt) the king. In the first paper of this special section, Roumen Vragov uses an institutional analysis approach and laboratory experiments to explain why eBay dominates Internet auctions. His analytic and experimental findings suggest that the English auction procedures implemented by eBay (and others), encourage implicit collusive behavior among buyers, which decreases winning prices and lowers overall market efficiency. Ebay has prevailed, however, due to lesser overall time-related opportunity costs for buyers and sellers, as well as proxy bidding and the buy-it-now feature, which thwart the buyer tactics of jump-bidding and sniping. Hence, eBay is not simply the first-mover and first auction community, but an auction designer that includes pro-buyer and pro-seller features, thus ensuring itself liquidity.

A second assumption is that small firms adopt e-marketing techniques for the same reasons as large firms, or that they may simply imitate successful large firms whether it is prudent or not. A deeper analysis examining the motivations for small firms may reveal that they are still climbing the learning curve, that their adoption of e-commerce, including e-marketing, is different from that of large firms. Their needs follow their risk-aversiveness, and they may have yet to realize the gains that follow successful implementation of e-marketing practices. In their paper, Nancy Levenburg and Simha Magal examine this question. They use Importance-Performance Analysis to evaluate e-business strategies among small firms. Their analysis of more than 500 small firms concludes that they are in the early stages of implementing e-business, considering Marketing activities more important than Communications (e.g., with employees, partners, suppliers), Profitability, or Research activities. They also find that most small firms have lower performance in Marketing relative to its importance, whereas the other three groups of activities enjoy higher performance relative to importance. While the results indicate that small firms are tackling their most important area, Marketing, where the need is greatest, they will ultimately recognize the importance of the other activities, and proceeding cautiously, improve in those areas.

Another significant area of research in e-marketing is that of trust. While it is assumed to be fundamental, is trust simply earned by conducting business over a period of time and meeting or exceeding customer expectations? There are many models of trust, showing different antecedents and consequents (Gefen, Karahanna et al. 2003; Gefen and Straub 2003; Pavlou 2003; Suh and Han 2003; Koufaris and Hampton-Sosa 2004). But what are the subprocesses of trust? Can trust be subdivided into its constituent processes? Can we compare trust processes between human and virtual sales agents and then design virtual sales agents to be more trustworthy than a human sales agent? These are important questions, as any seller who can achieve trust in virtual sales agents will have a solid foundation for cost-effective electronic sales support. The effective design of trustworthy virtual sales agents is explored by Sherrie Komiak, Weiquan Wang, and Izak Benbasat, who compare and contrast the processes of trust and distrust towards virtual and human salespersons in Radio Shack, Canada. Their findings suggest that trust in a human sales agent is similar to distrust in a virtual sales agent, having five processes in common: Connection Process, Information Sharing, Expectation Confirmation, Competence Assessment, and Media Assessment. However, the reverse does not have a clear symmetry. The formations of trust in a virtual sales agent and distrust in a human sales agent share only three processes: Benevolence Assessment, Control Process, and Competence Assessment. Taken together, three of the four combinations (virtual/human vs. trust/distrust) have three processes in common: Expectation Confirmation, Competence Assessment, and Information Sharing. Overall, the virtual sales agents were trusted more than the human sales agents. This may be because virtual sales agents are perceived as more objective, addressing customer needs rather than commission-maximizing sales for a human, provided the virtual sales agent gives good explanations for its recommendations.

Prospect theory, which states that “losses loom larger than gains,” has been well-established in prior research (Kahneman and Tversky 1979; Tversky and Kahneman 1992; Wu and Gonzalez 1999). Yet, could it be that this asymmetry does not hold for online consumers? Is it possible that the consumer’s engagement with a seller’s Web site follows a different dynamic? If the consumer engages with a Web site as an electronic relationship, learning from it rather than making a risky decision, a different theory may apply. If this is the case, sellers may be more effective by not assuming that the consumer is a risk-averse decision maker. Christy Cheung and Matthew Lee test whether the effects of Web site attribute performance on customer satisfaction are asymmetric, i.e., whether they follow Prospect Theory. For attributes such as reliability and usefulness, they find, as expected, that negative performance has a greater impact on satisfaction than does positive performance. However, unexpectedly, their analysis shows that positive performance has a greater impact for attributes such as system navigation and understandability. Overall then, prospect theory, which has found to hold true in many contexts, holds only partially in B2C e-commerce. Finding support for only half of the significant attributes, Cheung and Lee suggest that Mintzberg’s hygiene theory applies in this context.

Finally, it has been assumed that if on the Web everything is a click away, search costs should be zero (Bakos 1997). This is another common sense belief that bears closer examination. Search requires effort and even loyal consumers who buy from the same online store need to spend time and effort, particularly for complex goods or services, assuming they are trying to get the most for their money. If we can study the key factors that impact search costs, we can design search capabilities that more closely realize the economic assumption of zero search costs. Nanda Kumar, Karl Lang, and Qian Peng develop a technical-behavioral model to better understand consumers’ search costs and performance. It is shown that higher user search ability, higher

search engine capability, and lower search task complexity will lead to lower search cost; and the more stringent the performance objective, the greater will be the impact of user search ability, search engine capability, and search task complexity on search cost. Overall, their model shows that technology improvements, e.g., result clustering, should be considered in combination with user behaviors, e.g., search ability and performance objectives, because the combination has significant impacts on the tradeoff between search cost and resulting performance.

In conclusion, the researchers in this special issue are asking big questions about what's possible. By challenging and refining assumptions in e-marketing they are pushing its boundaries and shedding light on unanswered and even unasked questions. Their research is made stronger by the use of different theoretical bases as well as various research methods. We believe that their contributions are important both for the continuous work of academic research in e-marketing as well as for dealing with the challenges faced by companies who conduct business on the web.

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