

1-1-2004

Internet retailing: Back to the Future

Julie E. Francis
University of Wollongong, jfrancis@uow.edu.au

Lesley White
University of Wollongong

Follow this and additional works at: <https://ro.uow.edu.au/commpapers>



Part of the [Business Commons](#), and the [Social and Behavioral Sciences Commons](#)

Recommended Citation

Francis, Julie E. and White, Lesley: Internet retailing: Back to the Future 2004, 1-7.
<https://ro.uow.edu.au/commpapers/789>

Internet retailing: Back to the Future

Abstract

This is an exciting era where academics are well positioned to cut through the hype and get down to the business of establishing Internet retailing as a distinct, credible and productive domain. Arguably, a critical step in advancing involves pausing to reflect on the emergence of other domains and capitalising on the power of hindsight to pre-emptively address undesirable patterns that risk being repeated.

Towards this end, the conditions under which services marketing emerged as a domain in its own right are considered relative to the current state of Internet retailing. This highlights that just as services were once considered a minor aspect of goods, selling to consumers via the Internet appears to be conceived as a minor extension of Internet marketing. It also reveals that like early services marketing, there is an absence of established terms, definitions and classifications and that this may inhibit the advancement of Internet retailing knowledge by disguising conceptual oversights that lead to incomplete or inaccurate research conclusions. As such, the final portion of the discussion examines the taxonomy of Internet retailing and proposes avenues through which to affirm the uniqueness of, and more rigorously investigate, this marketing activity.

Keywords

internet, future, back, retailing

Disciplines

Business | Social and Behavioral Sciences

Publication Details

Francis, J. E. & White, L. (2004). Internet retailing: Back to the Future. Proceedings of the Australian and New Zealand Marketing Academy Conference (pp. 1-7). Wellington, New Zealand: Australian and New Zealand Marketing Academy.

Internet Retailing: Back to the Future

Julie E Francis and Lesley White
Macquarie Graduate School of Management

Abstract

This is an exciting era where academics are well positioned to cut through the hype and get down to the business of establishing Internet retailing as a distinct, credible and productive domain. Arguably, a critical step in advancing involves pausing to reflect on the emergence of other domains and capitalising on the power of hindsight to pre-emptively address undesirable patterns that risk being repeated. Towards this end, the conditions under which services marketing emerged as a domain in its own right are considered relative to the current state of Internet retailing. This highlights that just as services were once considered a minor aspect of goods, selling to consumers via the Internet appears to be conceived as a minor extension of Internet marketing. It also reveals that like early services marketing, there is an absence of established terms, definitions and classifications and that this may inhibit the advancement of Internet retailing knowledge by disguising conceptual oversights that lead to incomplete or inaccurate research conclusions. As such, the final portion of the discussion examines the taxonomy of Internet retailing and proposes avenues through which to affirm the uniqueness of, and more rigorously investigate, this marketing activity.

Keywords: Internet retailing; definitions; classifications; Fulfillment-Product scheme

Introduction

It has been suggested that the Internet retailing bubble has burst and that Internet shopping is “*The revolution that wasn’t.*” (Murphy, 2003, p.210). Granted, profits and consumer adoption levels are somewhat less than were once expected. But that is not to say that Internet retailing is no longer a ‘sexy’ area of research. On the contrary, this is an exciting era where academics may embrace the challenge of explaining why the initial theories did not foster the anticipated profits and consumer adoption levels. Such efforts would drive Internet retailing knowledge towards that of a more mature, rigorous field of endeavour and have significant practical implications. Further, this paper contends that the process necessitates reflecting on the general characteristics of emerging domains and the underlying conceptual aspects of Internet retailing that appear to have been detrimentally overlooked.

Accordingly, a contribution to Internet retailing theory and practice is offered by initiating the proposed reflection and generating insights that have broad implications for the direction of research in this domain. In what may be described as a very un-Internet-like discussion, there is not a sales forecast in sight, there is no structural equation modelling and guidance is sought from sources that date back to the 1970’s. Initially, the conditions under which services marketing emerged as a domain in its own right are examined and compared to the current state of Internet retailing. In doing so, it emerges that the absence of standard Internet retailing terms, definitions and classifications may inhibit developing conceptually sound, managerially useful theories. As such, the discussion also considers the taxonomy of Internet retailing and proposes avenues for advancing Internet retailing knowledge.

Emerging Domains

In the 1970's, product-related discourse decidedly dominated marketing literature and there were few service-oriented terms (Palmer, 2000). Contentious at the time was the issue of whether services were different to goods or merely a modest extension of goods. The nature of the debate has been described as one sided, with the 'risk takers' who considered services to be unique defending their position via conceptual and definitional arguments while the opponents, who rarely published their views, voiced criticisms via manuscript and dissertation reviews or by attending conferences and departmental discussions (Brown, Fisk & Bitner, 1994). Although few services manuscripts attained publication, the Journal of Marketing offered Shostack's (1977) milestone article 'Breaking free from product marketing'.

Shostack (1977), who was not an academic, accused marketing of myopically failing to create services-oriented terms, paradigms and rules. Criticising the indiscriminate overlay of product related theories to service offerings, Shostack (1977, p. 73) argued "*It is wrong to imply that services are just like products 'except' for intangibility.*" This inspired authors such as Bateson, Berry, Lovelock and Gronroos and, by the 1980's, debate regarding the differences between services and goods subsided in favour of focusing on issues that were specific to services (Brown, Fisk & Bitner, 1994). At this point, two endeavours in particular helped to legitimize the uniqueness of services and establish that product-based marketing did not address service problems: Lovelock's schemes for classifying different types of services and Parasuraman, Zeithaml and Berry's treatises on service quality (Brown, Fisk & Bitner, 1994).

In many ways, the 1970's situation with services and product marketing parallels the current situation with Internet retailing and Internet marketing. For instance, with some Internet marketing textbooks addressing Internet retailing within chapters labelled 'Distribution' (e.g. Mohammed *et al*, 2002) and others combining business-to-consumer and business-to-business selling in a single chapter (e.g. Reedy, Schullo & Zimmerman, 2000), it appears that Internet retailing is, by some, considered little more than one aspect of Internet marketing. However, emulating Shostack's (1977) previously mentioned position, it is arguably wrong to imply that Internet retailing is just like Internet marketing 'except' for the selling of products.

Another similarity is the overlay of theories, in this case from Internet marketing to Internet retailing. This is cause for concern given that most Internet marketing studies involve samples of Internet users who access the Internet exclusively for entertainment, communication or information (Rodgers & Sheldon, 2002). Some argue that Internet users are appropriate for Internet retailing studies given their Web experience (e.g. Barnes & Vidgen, 2001; Loiacono, Watson & Goodhue, 2002). However, despite their virtual proximity to online stores, most Internet users are not motivated to purchase products online, they do not have experience with online transactions, order fulfillment or after-sales service and thus, may provide limited or misleading insight into the attitudes, preferences and experiences of actual Internet shoppers.

The manner in which the overlay is debated also resembles early services marketing. Those authors who caution against adopting Internet marketing theories or advocate distinguishing between Internet users and Internet shoppers (e.g. Francis & White, 2004; Wolfinbarger & Gilly, 2003; Zeithaml, Parasuraman & Malhotra, 2000) are seemingly outnumbered by those who do not view the interchange as a concern. Beyond the mentioned textbooks, few studies of recreational Web use clarify that the results may not be relevant to online shopping and numerous 'Internet retailing' studies recruit non-shopping Internet users (e.g. Childers *et al*, 2001; Menon & Kahn, 2002). The voice of indifference also echoes in manuscript reviews for

as Internet retailing researchers, the current authors have been compelled to devote manuscript space to explaining why a study of people who '*do not*' purchase products online may not provide insight into the motives and experiences of people who '*do*' purchase online.

Similarities aside, the services marketing and Internet retailing situations display notable differences. For instance, early services marketing authors legitimized the uniqueness of the domain by focusing on conceptual issues, classification schemes and examinations of quality. In Internet retailing however, the development and application of e-commerce technology has outpaced attention to conceptual matters, what the current authors refer to as Internet retailing does not have a standard name or definition and Internet retailers are predominantly treated as a uniform group despite the disparity between firms and shopping procedures. With regards to Internet retailing quality, few researchers look beyond perceptions of Web sites and in doing so, relegate the sale and exchange of goods and services to being a minor aspect of retailing.

Overall, it appears that Internet retailing is generally considered to be a modest extension of Internet marketing. Reflecting on the comparable situation with early services marketing suggests that this is inappropriate and may inhibit the advancement of Internet retailing theory and practice. However, the retrospective also reveals that a meaningful path forward may be paved by attending to the conceptual matters, terms and classifications that mark the scope of, and key elements within, Internet retailing. As such, the following section will examine various labels, definitions and classifications that are used in this domain. As for Internet retailing quality, there is insufficient room to afford justice to this complex issue and thus, the interested reader is directed towards works such as Francis and White (2002), Wolfinbarger and Gilly (2003) and Zeithaml, Parasuraman and Malhotra (2000).

Internet Retailing Taxonomy

Retailing over the Internet has been referred to by various labels including Internet retailing, Web retailing, online retailing, virtual retailing, e-tailing, e-retailing and business to consumer e-commerce. While these labels are ostensibly interchangeable and two or more options have been used within a single literary piece (e.g. Damesick, 2001; Sinha & Gvili, 2001), some inconsistencies in the accompanying definitions or descriptions are evident. As the examples in Table 1 indicate, some authors restrict the scope of the domain to the online sale of goods (e.g. Pastore, 1999; Whatis.com, 2000), others incorporate services (e.g. Kolesar & Galbraith, 2000; Sinha & Gvili, 2001) while including non-transactional, communication-only activities has also been proposed (e.g. Chaffey *et al*, 2000). Notably, some Internet marketing textbooks discuss the activity yet do not provide a definition (e.g. Mohammed *et al*, 2002; Reedy *et al*, 2000).

To counter this limitation, the current authors recommend the label 'Internet Retailing' as it allows the domain to be readily defined by inserting 'via the Internet' into the established definition of retailing, such as that provided by Kotler, Brown, Adam and Armstrong (2004, p.922). Hence, it is proposed that Internet retailing should be defined as all the activities involved in selling goods or services via the Internet directly to final consumers for their personal, non-business use. Thus, it may be seen that while advertising is associated with retailing, advertising alone does not constitute retailing and similarly therefore, communication-only Internet activities do not constitute Internet retailing. Rather, to qualify as Internet retailing, the Internet must serve as a channel for *selling* to consumers. This definition also reaffirms that the online sale of both tangible goods and service offerings are relevant to the domain.

Table 1. Definitions of Retailing over the Internet

Definition / Description	Reference
"...Internet retailing does not comprise merely buying and selling goods and services via computers and computer networks. It is a new retail channel, which retailers can use for a range of activities."	Chaffey <i>et al</i> , 2000, p. 415
"Internet retail sites are defined as Web sites where visitors can actually purchase products. They include neither shopping domains that provide free downloads, product reviews, or purchasing incentives such as coupons, nor other types of e-commerce sites such as auction, travel reservation, or financial service sites."	Pastore, 1999, p.1
"Web retailing consists of transactions of products and services over the Net to final consumers."	Sinha & Gvili, 2001, p.1
"E-retailing is the sale of products and services to the consumer market, over the Internet...E-retailing is also variously referred to, by other authors, as e-tailing and business to consumer e-commerce."	Kolesar & Galbraith, 2000, p.435
"E-tailing is the selling of retail goods on the Internet."	Whatis.com, 2000
"Customers purchase, pay, and sometimes consume, over the Internet. The new American term for this is e-tailing."	Beal, 1999, p1

As for classifications of Internet retailing, a diverse range of businesses operate in the market, such as firms with Internet stores only (e.g. Amazon.com), multi-channel retailers with Internet and fixed location stores (e.g. Woolworths), manufacturers that sell directly to the public over the Internet (e.g. Reebok) and direct marketing firms with multiple non-store distribution channels (e.g. Danos Direct) (Chaffey, *et al*, 2000). To reflect the varying levels of emphasis that firms place on the alternative channels, Adam (2002) presents a spectrum of business Web use that ranges from 'pure online' to 'pure offline' with the mid point of 'clicks-and-bricks'. While examining the extent of online-offline integration provides a basis for developing strategic insights, this system captures but one aspect of the diversity amongst Internet retailers.

Nonetheless, the extant literature predominantly conceptualizes Internet retailers as a relatively uniform group. This is particularly evident when comparing Internet and conventional retailing (e.g. Szymanski & Hise, 2000) or performing initial studies of Internet issues (e.g. Loiacono *et al*, 2002). However, the tendency to homogenize Internet retailers may negate recognition of situation-specific issues or produce inexact results such as 'in some situations' or 'for some types of products'. Various researchers have avoided this limitation by focusing on a single type of product, such as groceries (e.g. Morganosky & Cude, 2000) or books (e.g. Barnes & Vidgen, 2001). While this enables in-depth analysis, single product classifications are also problematic as insights may not be readily drawn from, or applied to, parallel situations (Lovelock, 1996).

A further option has been to distinguish Internet retailing that involves goods being delivered via post or courier from that which involves electronically delivered goods (e.g. Wolfinbarger & Gilly, 2003; Zeithaml, Parasuraman & Malhotra, 2000). While this highlights the presence of divergent purchase and acquisition procedures, it neglects to recognize the sale of services. However, the Fulfillment-Product Classification Scheme (Francis & White, 2004) shown in Figure 1, applies the offline-electronic fulfillment distinction while accounting for goods and services. The authors argued that the scheme delineates the various forms of Internet retailing, and respective Internet shopping situations, while providing a foundation for performing more detailed and thorough examinations of issues such a value and quality in Internet retailing.

Product	Fulfillment Process	
	Offline	Electronic
Goods	Offline-Goods <ul style="list-style-type: none"> <input type="checkbox"/> Consumer orders/pays for product then disengages from Web site <input type="checkbox"/> Retailer dispatches goods via physical delivery channels <i>E.g.: Books, CD's, DVD's groceries</i>	Electronic-Goods <ul style="list-style-type: none"> <input type="checkbox"/> Consumer pays for & downloads product via retailer's Web site <input type="checkbox"/> Consumer installs &/or prepares product for consumption <i>E.g.: Software, MP3's, e-books</i>
Services	Offline-Services <ul style="list-style-type: none"> <input type="checkbox"/> Consumer books & pays (or quotes credit card) via Web site <input type="checkbox"/> Consumer travels to service delivery location <i>E.g.: Travel or event tickets, hotels</i>	Electronic-Services <ul style="list-style-type: none"> <input type="checkbox"/> Consumer established account or membership & pays online <input type="checkbox"/> Consumer produces & consumes service offering via Web site <i>E.g.: Share trading, adult & chat sites</i>

Figure 1. Fulfillment-Product Classification Scheme (Francis & White, 2004)

A discussion of Internet retailing terms would not be complete without considering customers. Following the definition of Internet retailing, actual customers may be described as people who have purchased goods or services over the Internet for personal, non-business purposes. Donthu and Garcia (1999) label this group as 'Internet shoppers' before identifying Internet users that have not made an online purchase as 'Internet non-shoppers'. As mentioned, greater scrutiny should be afforded to the online purchase experience of research participants when recruiting a sample or applying insights from the work of others. Granted, actual Internet shoppers form a low incidence population and identifying members does present a challenge. Nonetheless, research conventions dictate that participants should have a suitable knowledge of the investigated topic lest they provide inaccurate or misleading information (Bryman, 1989).

Conclusion

It warrants clarification that this paper is not inferring that Internet marketing theories are of no relevance. However, it is contended that the advancement of knowledge may be contingent on breaking free from Internet marketing and legitimizing the distinctiveness of Internet retailing by focusing on conceptual issues, classifications and quality, as was done in services marketing. For example, defining the category of Internet retailing being investigated or emphasizing the presence of divergent purchase and acquisition procedures will raise the theoretical merit and managerial usefulness of research conclusions while reiterating that Internet marketing theories and non-shopping Internet users do not adequately address Internet retailing concerns.

There are numerous lines of enquiry through which to accomplish these goals. Particularly beneficial areas include developing conceptual models of quality for each Fulfillment-Product category, comparing Internet shopper motives and preferences across divergent forms of online shopping or examining category-specific strategic objectives and challenges. Investigations such as these would address notable gaps in Internet retailing knowledge, generate theories that may help managers to achieve more desirable levels of profitability and customer loyalty while also providing a foundation from which to examine domain-specific research problems that are yet to be recognized. Hence, molding Internet retailing into a distinct, credible and productive domain is not only warranted, it opens up a range of interesting research opportunities.

References

- Adam, S. (2002). A model of Web use in direct and online marketing strategy. *Electronic Markets*. 12(4), 1-8.
- Barnes, S. J. and Vidgen, R. T. (2001). An integrative approach to the assessment of e-commerce quality. Centre for Information Management Working Paper (ref. CIM2001/01), University of Bath.
- Brown, S. W., Fisk, R. P. and Bitner, M. J. (1994). The development and emergence of services marketing thought. *International Journal of Service Industry Management*. 5(1), 21-48.
- Bryman, A. (1989). *Research Methods and Organizational Studies*. London: Unwin Hyman.
- Chaffey, D., Mayer, R., Johnston, K. and Ellis-Chadwick, F. (2000). *Internet Marketing*. London: Prentice Hall.
- Childers, T. L., Carr, C. L., Peck, J. and Carson, S. (2001). Hedonic and utilitarian motivations for online retail shopping behavior. *Journal of Retailing*. 77, 511-535.
- Damesick, P. (2001). E-Commerce and UK retail property: Trends and issues. *Briefings in Real Estate Finance*. 1(1), 18-27.
- Donthu, N. and Garcia, A. (1999). The Internet shopper. *Journal of Advertising Research*. 39(3), 52-58.
- Francis, J. E. and White, L. (2002). Exploratory and confirmatory factor analysis of the Perceived Internet Retailing Quality (PIRQ) Model. In Shaw, R.N., Adam, S. and McDonald, H. (Ed.). *Proceedings of ANZMAC 2002*, CD-Rom.
- Francis, J. E. and White, L. (2004). Value across fulfillment-product categories of Internet shopping. *Managing Service Quality*. 14(2/3), 226-234.
- Kolesar, M. B. and Galbraith, R. W. (2000). A services-marketing perspective on e-retailing: Implications for e-retailers and directions for further research. *Internet Research: Electronic Networking Applications and Policy*. 10 (5), 424-438.
- Kotler, P., Brown, L., Adam, S. and Armstrong, G. (2004). *Marketing* (6th Ed.). Sydney: Prentice Hall.
- Loiacono, E. T., Watson, R. T. and Goodhue, D. L. (2002). WebQual: A measure of Website quality. In Evans, K. R. and Scheer, L. K. (Ed.). *Proceedings of the 2002 American Marketing Association Winter Educators' Conference: Marketing Theory and Applications*. Chicago, Illinois: American Marketing Association. 13, 432-438.
- Lovelock, C. H. (1996). *Services Marketing* (3rd Ed). New Jersey: Prentice Hall.
- Menon, S. and Kahn, B. (2002). Cross-category effects of induced arousal and pleasure on the Internet shopping experience. *Journal of Retailing*. 78(1), 31-40.

Mohammed, R. A., Fisher, R. J., Jaworski, B. J. and Cahill, A. M. (2002). *Internet Marketing: Building Advantage in a Networked Economy*. Boston: McGraw Hill.

Morganosky, M. A. and Cude, B. J. (2000). Consumer response to online grocery shopping. *International Journal of Retail and Distribution Management*. 28, (1), 17-26.

Murphy, V. (2003). The revolution that wasn't. (Internet shopping). *Forbes*. 172(9), 210.

Palmer, A. (2000). *Principles of Marketing*. Oxford: Oxford University Press.

Pastore, M. (1999). Title, Jupiter Research. http://cyberatlas.internet.com/markets/retailing/article/0,1323,6061_185071,00.html Accessed 9/01/03

Reedy, J., Schullo, S. and Zimmerman, K. (2000). *Electronic Marketing: Integrating Electronic Resources into the Marketing Process*. Fort Worth: Dryden Press.

Rodgers, S. and Sheldon, K. M. (2002). An improved way to characterize Internet users. *Journal of Advertising Research*. 42(5), 85-94.

Shostack, G. L. (1977). Breaking free from product marketing. *Journal of Marketing*. April, 73-80.

Sinha, I. & Gvili, Y. (2001). A Cross-Regional Study of Consumer Perceptions of Shopping on the Internet. EBI Working paper (number EBI-2001-03), Temple University, Fox School.

Szymanski, D. M. and Hise, R. T. (2000). E-Satisfaction: An initial examination. *Journal of Retailing*. 76 (3), 309-322.

Whatis.com (2000). http://searchCIO.techtarget.com/sDefinition/0,,sid19_gci212079,00.html Accessed 29/12/02

Wolfenbarger, M. and Gilly, M. C. (2003). eTailQ: Dimensionalizing, measuring and predicting etail quality. *Journal of Retailing*. 79(1), 183-198.

Zeithaml, V. A., Parasuraman, A. and Malhotra, A. (2000). A Conceptual Framework for Understanding e-Service Quality: Implications for Future Research and Managerial Practice. Marketing Science Institute Working Paper Series, Report number 00.115.