Brave New World

By Jerry W. Thomas

The strategic implications of the Internet are far reaching—for global commerce, for global marketing, and for global marketing research. The full direction, scope, and impact of the Internet are clouded by the confusion and crosscurrents attendant to the birth of a new technology and the competitive struggle it has launched.

No one is clever enough to accurately predict where all of this will lead, or what the end result will be. It is the second- and third-order effects and the counterreactions that make prediction almost impossible. But we can speculate about the future of the Internet from the shape of its shadows and the distant rumble of its thunder.

The Internet is already firmly established as a new worldwide communication medium that lends itself to the peculiar needs of international dialogue. Messages can be sent and received around the clock, and no one need answer a phone or be in her office for the message to get through. No telephone tag. No waiting up for that midnight call from Japan. Messages are in writing, so they are easy to print out and/or save. Response is quick and efficient. Again, no telephone tag is necessary to get a reply message through. The only cumbersome element in this otherwise sanguine picture are the unwieldy and complex email addresses required by the Internet (and compounded by the egocentricities of the human psyche). Not to worry, however. As software systems get better, this problem should largely disappear.

One of the most significant and pervasive implications of the Internet will be the diffusion of Western (and specifically United States) culture and influence around the globe. A majority of the programming content of the Internet originates in the United States. The Internet, largely run on U.S. software, is accessed by U.S. software and is controlled by U.S. software. United States' products,
services, information and entertainment dominate the Internet. The English language, already established as the first language of international commerce, will spread even more rapidly and become even more dominant as the language of international commerce and conversation. The Internet (like the movies, music, and television before it), will be a marketing agent for American culture.

Another major impact of the Internet is, and will be, its role as a worldwide advertising media for companies and brands. Naturally, the Internet's advertising value and role will vary greatly from product category to category, but the Internet is not likely to replace traditional media. Rather, the Internet will most likely function as a complement to traditional advertising media. The Internet's primary advantage in advertising is not so much in attracting attention and conveying a brief message (the tasks assigned to traditional advertising media), but lies instead in delivering in-depth, detailed information—once initial interest is triggered by conventional advertising. Certainly, at times and for some markets, the Internet can be valuable in attracting initial consumer interest with cursory advertising messages—but its real power is the ability to provide almost infinite layers of detail about a product or service, interactively, at the behest of the user.

The Internet will become a vast new distribution system for anything that can be "shipped" electronically (i.e., most intangible products). Financial services, insurance services, travel reservations, information services, all types of data, computer software, and computer games are all examples of products or services that can be wholly or largely distributed via the Internet. Later on, perhaps music and video entertainment will be distributed through the Internet. Consumers all over the world will be able to buy intangible products and have them delivered almost instantly over the Internet. This logistical function of the Internet is developing rapidly.

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The Internet will become a major shopping medium. Internet shopping will be increasingly substituted for traditional retail stores. Virtual stores can be created online that replace, or have the potential to replace, conventional retail stores for many products. Consumers can shop for cars, furniture, houses, groceries, books, drugs, and even clothing without ever leaving the comfort and security of their homes. As Internet shopping grows in sophistication and popularity, many traditional retail stores will be negatively impacted. Some types of retail space and retail real estate will face declining demand and falling prices as consumers replace retail shopping with online shopping. Conversely, shipping and delivery services, especially those with worldwide networks, will experience booming business as they deliver the products sold over the Internet.

The Internet will be a boon to direct marketers of all types. Online, interactive websites will offer consumers much better "catalogs" to browse and buy from than traditional printed catalogs and other direct marketing vehicles. These online catalogs will cost much less to create, maintain, and "distribute," compared to printing and mailing paper catalogs. Additionally, the online shopping sites will be superior to any printed catalogs. Online sites allow user interaction, branching, demonstration of products and services, and an easy, efficient means of placing orders 24 hours a day, seven days a week. Traditional catalogs do not have a bright future. It's time to sell your four-color catalog publishing stocks. However, direct marketers will be forced to resort to much higher levels of media advertising to support their websites, compared to the past when the printed catalog served a dual function (i.e., as advertising and as shopping catalog).

The Internet will increasingly become a worldwide data collection vehicle for many types of marketing research, including business-to-business as well as consumer research. It will soon provide a cost-efficient medium for conducting research, at least in the United States, Canada, Western Europe, and many parts of Asia. Longer term, the Internet will become a worldwide data collection vehicle. Upper-income, better-educated households around the globe (and these households account for the bulk of worldwide discretionary income) and the vast majority of significant businesses will subscribe to and use the Internet within the next two to three years. Already in the United States, about 25% of the adult population has access to the Internet at home or at work. It is currently estimated that upwards of 15 million households in the United States subscribe to some type of Internet service at home. These penetration levels are increasing rapidly in the U.S., as presumably they are in other developed countries as well.

In summary, the Internet promises to speed the Americanization (or at least the Westernization) of the world, to enhance worldwide communications, to build a vast new distribution system for intangible products, to serve as a new worldwide advertising media and an exciting new "catalog" for direct marketers, and to provide a pervasive new data collection tool for marketing researchers everywhere. These are but a few of the most likely implications of the Internet, but it would be foolish to suppose that we can see very far into the future, or see that future very clearly. Much of the value, and the precise role, of the Internet remains clouded and obscure to the dull human eye, but one thing is sure: it's a brave new world, and we are all caught in its swirl.

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