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E-commerce and international marketing: benefits, problems and implications to development economics

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ABSTRACT

This paper assesses the benefits, problems and implications of the use E-commerce to developing economy like ours (Nigeria) in the area of international marketing. The position of this paper is that despite the myriad benefits of e-commerce in the international scene, the concept has held African countries under electronic siege. It promises freedom for all but in practice it's under developing Africa faster. The historical evolution of NWICO is responsible for this scenario. The lesson to be learned from the paper is that Africa should join the rest of the world in developing electronically platforms that 'will help our products marketed and competed internationally in the "market space" '.

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Introduction

The development of E-commerce is a brain child of the new world information and communication order debate. In 1970, the non-aligned movement demanded for a new international economic order as well as new world information and communication order, much attention was not given to that. But later this demand became the mainstream agenda of our time. These demands for the recording of the status quo in the international economy, communication, information dissemination, production and distribution patterns certainly redefined North-South relations (developed and underdeveloped world). Information and communication structures, processes, operations, production and distribution, which are characterized by economies of scale was triggered off by the NWICO debate (Achor, 2002).

The major world economic and political actors especially the G-8 (Western group of eight) ascendance to political and military supremacy saw their societies into the era of post-modernism. This required a concomitant investment and information industry. As a reminder, G-8 is the main decider of what happens in the world economy especially in Africa. In her recent summit in Canada, it agreed to spend about \$10,000,000,000, as part of debt cancellation for Africa and developing nations (FRCN, the World at Noon, Enugu, 2002).

The relevance of our presentation of a historical background of the NWICO to this discourse is that international information flow is aligned to international trade. The growth of international trade and investment requires a constant source of reliable hard data about international economic affairs, while trade empire requires a constant supply of information affecting political alliance and military security, population mobility as a result of international trade and empire helped to create a popular demand for news of these places among relatives at home and established a general climate on international awareness. And according to Uka (1985) mass markets was created and we can still observe that this mass market is

existing. However, NWICO debate was led to rest on the advent of new information technologies, which has revolutionized international marketing trends and indices (Achor, 2002). Hence, it is recognition of this trend of events in international marketing that (Kotler, 2001) observed that there is a paradigm shift from conventional national economies to a global economy, one that views the world as parts of a whole economy rather than a whole splits into parts.

This paradigm shift has brought scores of new lexicons to the glossary of marketing terms, such as the "era of post-modernism" in the international marketing; the 'Era of globalization' and most importantly the 'Global village theory' propounded by Marshall McLuhan. Fortunately, the post modernism, characterized by hi technology has indeed made Marshall McLuhan's dream of a "global village", come true. Today economic activities or commerce is being carried using electronic mediated means. Business transactions today have moved from the physical market place to a digital market place'. Hence we often hear of off-business, E-commerce, E-marketing etc, all these are made possible by the super highway communication or the New Information Communication Technologies (NICTs).

The objective of this paper is to explore e-commerce and international marketing; benefits problems and implications to development economics. The rest of the paper is structured as follows: section two explores the related literature while methodological issues are the concern of section three. Findings are presented and discussed in section four while section five concludes the paper.

Section Two.

Theoretical Framework:

Foreign or International Marketing refers to a situation where domestically produced goods are subsequently exported across national boundaries. An example would be a situation where Nigerian business people produce products here and export them to London or Kenya. International marketing on the

other hand is marketing of goods and services across national boundaries. Internal marketing requires more commitment from the operators. It involves a situation where a parent company in say, America establishes a subsidiary in Nigeria (Ahame, 1993).

Generally, it involves how private business firms in different countries will market their products and services across national boundaries, so as to create mass market and global market for their products and services. Without losing direction, our main task in this paper is to see the benefits, problems and implications of marketing products via E-commerce to both developed and developing economies like, Nigeria. At this juncture, therefore, it is appropriate to x-ray the whole gamut of E-commerce.

Overview of e-commerce and its definition

In this era of post modernism or globalization in all human activities which is greatly facilitated by the information technology or digital communication revolution of the late 20th and 21st centuries, every aspect of modern marketing has become information and communication technology (ICT) driven or controlled. This trend according to Nwosu (2001:187) is understandably more propounded in the developed countries or economies, but it is gradually and steadily coming into developing countries like Nigeria and others, especially in the urban areas of these countries where the appropriate supporting system exists.

More so, even in the developing countries E-commerce/E-business, E-marketing, E-marketing communication, E-politics, E-Public relations and other 'electronic or digitally mediated or ICT-driven activities have become key imperatives for survival and growth of all aspect of life (*Ibid*). At this point we may ask these questions: what is E-commerce (or what is E-business? The term electronic commerce describes a wide variety of electronic platforms such as the sending of purchase orders to suppliers via Electronic Mediated Data Interchange (EMDI). The use of fax and E-mail to conduct transactions, the use of ATMs, EFTPOS, and smart cards to facilitate payment and obtain digital cash; and the use of the internet and on-line services. Kotler (2001) says all of these involve doing business in "market space" as compared to a physical "market place". Explain further, he notes that "today we can distinguish between a market place and market space. The marketplace is physical as when one goes shopping in a store; market space is digital, as when one goes shopping on the internet. Another term that is similar to E-commerce is E-business.

Electronic business is the general term for buyers and sellers using electronic mediated means to research, communicate, and potentially transact with one another. The use E-commerce and E-business has nothing to do with physical market place such as Alaba International Market and other electronic market where electronic products are sold. But in the context of our discussion, electronic markets are sponsored web sites that:

I Describe the products and services offered by sellers and
 ii Allow buyers to search for information, identify what need or want, and place orders using a credit card. The product is then delivered physically (to the customer's house or office) or electronically software can be down loaded to a customer's computer.

Two phenomena underscore electronic business or electronic commerce-: digitalization and connectivity. Digitalization consists of converting text, data, sound and image into a stream on "bits" that can be dispatched at incredible speed from one location to another, connectivity involves building networks and expresses the fact that much of the world's business is carried over networks connecting people and

companies. Nwankwo (2000) opines that these Networks according to our computer appreciation knowledge are called intranets when they connect people within a company; extranets when they connect users to any amazingly large "information highway or super high way".

Media/channels of e-commerce available in international trade/marketing

By media/channels we mean those means or media by which E-commerce activities are carried out. Kotler (2001) and Uda (2000) said that there are two channels off-commerce which include:

Commerce Channels:

These channels provide information of all sort ranging from news, education, travel insights, sports reference, entertainment (film and games), shopping service, dialogue opportunities, bulletin board, forums, chatrooms and E-mail. Various companies have set up on-line information and marketing services that can be accessed by those who have signed up for the service and pay a monthly fee. The best-known on-line provider and the "Goliath" of the on-line services industry is American on-line services industry with an estimated 14 Million subscribers, Microsoft networks and prodigy are trailing far behind AOL with 2.45 million and 1 million subscribers. This author observes that it is a pity that African countries cannot boast of any company or firm that can provide on-line services technology on its own; rather Africa relies much on the west for these services.

The International Network (Internet)

The internet is global web of computer networks that has made instantaneous and decentralized global communication possible. It is world's largest network. It is regarded as the information superhighway, that links, hooks and focuses the entire world into a "global village" where people of all races can easily get in touch, see or speak to one another, and exchange information in multi-media, electronically, from one point on the globe to another. Bill Gates, the Microsoft CEO, says "the internet is the most important single development to come along since the IBM PC was introduced in 1981 (Clark and Rigdon, 1995). The internet is the most important vehicle for accelerated information flow.

One day, millions of people and transactions zip across ten thousands of high-speed over the world, through this largest international association or people and machines. It is a valuable tool for all kinds of research and for interactive dialogues. It also provides a large market for buying and selling (E-commerce), (Ndolo 2001: 102). Recent development of the user friendly world wide web and web browser software such as Netscape Navigator and Microsoft Internet usage surged. Users can surf the internet and experience fully integrated text, graphics, image and sound. Users can send e-mail, exchange view, shop for products, and access news, recipes, art and business information. The internet itself is free, though individual user needs to pay an internet service provider to be hooked up to it.

Some of the tools of services provided on the internet include, World Wide Web (WWW), file transfer protocol, electronic bulletin boards, telemarketing, direct response television marketing, on-line marketing, gopher, internet relay chat and E-mail, finger, telnet, internet facing/telephoning. We will now explain some of these tools in both channels of e-commerce.

In international marketing firms may wish to participate in or sponsor internet groups. Firms in the developing economies can also participate in these special services if all their services, mode of operations require such. Forums according to Websites

communication (2002) are described as discussion groups located on commercial on-line services. A forum may operate a library, a 'chat room' for real-time message exchanges, and even a classified and ad directory. Newsgroups have been described as the internet version of forums. People posting and reading messages on a specified topic have limited access to these groups. Internet users can participate in news groups without subscribing. Thousands of news group deal with imaginable topic: health eating, caring for your Bonsai tree, exchanging views about the latest "show" happening (Kotler, 2001).

Bulletin Board Systems (BBS) are specialized on-line services that center on a specific topic or group. Information that can be obtained from such services covers topics like vacations, health, computer games, and real estate. International marketers or firms that deal on marketing across the national frontiers can take part in newsgroups and BBS but must avoid introducing a commercial tone on these groups, Kotler warned. Another important tool is the web communities are commercially on line and exchange views on issues of common interest. These web communities offer companies across the world to discuss business, knowing recent price level of certain products and also exchange views. In America one of such communities is agriculture on-line (www.agriculture.com) where farmers and others can find commodity prices, recent farms news, and Chatroom of all types.

On-line buyers increasingly create product information, not just consume it. They join internet interest groups to share product-related information with the result that according to Kotler (Ibid) "world of web" is joining "word of mouth" as an important promotional strategy.

Advantages/benefits, of e-commerce in international trade/marketing

E-commerce or on-line business or on-line marketing offers lots of advantages or benefits to both buyers and markets. On-line service provides four major benefits to potential buyers:

1. Convenience: In a recent survey conducted by Forrester Research in USA, active web shoppers rated convenience the number-one reason to shop on-line. According to the report customers can order products 24 hours a day wherever they are: they do not have to sit in traffic, find a parking space, and walk and examine goods. This shipping in the "digital market space" as compared to physical 'market place'. Some firms in the developed economies or nations generate 30 percent of their orders from 10 pm- 7 am without the expense of keeping a store open or hiring customer service representative. Kotler (Ibid) says the lure of convince has also opened opportunities for start-ups such as on-line grocers peapod and streamline who want to reach today's harried consumers

2. Information: Although it is true that the human interface is missing, the web makes up for it tenfold with the amount of information available. Customers can find reams of comparative information about companies, products, competitors, and-prices without leaving their office or home. The web also makes this easy for international trade or loss country marketing.

3. Fewer Hassles: Customers do not henceforth face sales people or open themselves up to persuasion and emotional factors; they also do not have to wait in line. These hassles are reduced through the At-home shopping channels and interactive sections. Some television channels are directed to selling goods and services. For example Home Shopping Network (HSN), which broadcast 24 hours a day consist of the programme's host offering bargain prices on such products as jewelry, lamps, collectible dolls and power tools viewers call in their orders on a toll-free number and receive delivery within 48 hours. In 1993, more than 22 million adults watched home shopping

programmes, and close to 1.3 million bought merchandise from a home shopping programme. In video text and interactive TV, consumer' TV set is linked with a seller's catalogue by cable or telephone lines. Consumers can place orders via a special keyboard device connected to the system. Much research is now going on to combine Television, telephone and computers into interactive Television.

4. Selection: The world is the limit for the web. It is unrestrained by physical boundaries cyber stores can offer an almost unlimited selection consumers or customers visit lots of web sites and then compare the selection with offering of the physical shops distribution of wealth between the north and south. The latter now virtually exists politically economically and culturally at the Whims and Caprices of the former.

Some of the problems of E-commerce to the developing economies as revealed by research include:

Population Problem: The global nature of the web is one of its major shortcomings. In an attempt to cover the whole world, a line has to be drawn to the fact that entire world population consists of various classes of people which could be those with education and those without, young and old people, also developing and under-developed nations which by the standard they fall into could be a hindrance to the possession of the internet.

Congestion: The issue of congestion is also a problem of the internet which puts a question mark on what and how the internet would justifiably fit the global communication position it wants to be accorded. Because of its large number of subscribers and the fact that the internet is a multi-media of a sort, comprising various communication technologies into one, the use of one area by someone is what causes a delay in the communication process of another person. The delay is currently giving the internet a bad name. The reason for this occasional and periodic congestion, according to experts (Bidemi, 1999) is partly because attention was not paid to the fact that the web integrates technologies based on individual electronic circuit. In essence, the phone, computer, video etc, need a whole circuit to themselves in their working process which the packet based method has sideline leading to breakdowns, delays and congestions. All these will make marketing goods and services produced in the developing countries like Nigeria etc a bit difficult through E-commerce or marketing.

Educational level: the literacy level of developing nations according recent to survey by UN is only one tenth of the world's population. This poses a major problem for E-commerce. Even in areas with educated people, the ability to understanding properly what is being passed across is another problem facing the technology. "A lot of educated people in the third world countries cannot be identified as computer literate". Today in many countries around the world, the integrated working system which centres around the computer is yet to be fully appreciated, and as a result, many people do not have the idea as to how a computer operates, talk less more of accessing and receiving information through the internet.

Availability of Computers: Computer availability in some part of the world can be described as relatively scarce. Not because people do not want to make use of it, but because some people still believe in the ability of what they can do with their heads and hands, especially in Africa. Also, the fact that most of the world's are still at the developing stage is a problem for even spread of the net (internet) and its services.

Anonymity of Both Sponsors and Users: Because the technology permits anonymity of the users, a person of shrewd intention can achieve his/her aim with ease. This very problem is common in Nigeria and other developing countries where

advanced Free Fraud (419) has assumed technological dimension. One could easily see in some of these cyber cafe or stores lots of young people cluster there browsing day and nights searching for websites with the intention of swindling the company. Moreover, anonymity of messages creates very little room for credibility which modern day integrated marketing communications practitioners detest. Identifying sponsor(s) is a sinequanon to any good advertisement.

Finally, on-line marketing is neither for every individual or company nor for every product. The nature of some companies in the developing economies and their products make them unmarketable on the internet. INTERNET is useful for product and services where the shopper seeks great ordering convenience. The internet is less useful for product that must be touched or examined in advance. Related to the above problem is apathy. Because most Africans are used to going to the market place for shopping so they find it a bit difficult to shop in the market space' or patronize on-line services, especially when the need to feel the product arises.

Implications of e-commerce for marketers in the developing economies

Marketing via electronically mediated means like internet has varied implications for marketing of goods and services in a developing economy. Though there are many benefits buyers and marketers can drive from E-commerce or the New Information Communication Technologies (NICTS), the introduction in the global economy has drawn a big line between the western economies and the south.

The new world communication and information technologies that are mostly invested, owned, controlled and monopolized by the industrialised north have made more inter dependent than ever. But unfortunately, it has become an interdependent of unequal partners. Because of this situation, Zaibe (1999:19) in Uche (1996:11) painted a gloomy picture of Africa as a result of North dominance thus: The declining Africa countries are today under an electronic siege and are struggling to maintain not only their various national sovereignties but also their right to existence. The very fabric of our societies is being rewoven or ripped apart as a result of new technology in information. Those in power in the first world have hailed the coming of new technologies which make possible the global dissemination of their way of life in support of their vested financial interests as one of the greatest things of this century".

The multinational corporation, basking in their computer-assisted control of the world's economy employs satellites to bombard our towns and villages. We receive what they want us receive but they refuse to report what we want the world to know about our plight. He further added that, "the new gospel of electronic elitism, in theory, promises freedom for all, but in practice is under-developing Africa faster, faster than direct colonialism. The above paragraphs are reminding marketers in the developing nations of Africa that they have to develop a new marketing paradigm that can show case Africa and her products. The developing nations of Africa are now more or less a market outpost of the developed nations. The implication is that African market will soon be flooded with information concerning the goods and services produced and marketed abroad via the internet (market space). Marketers in the developing economies who wish to transit business in this era of globalization should open private web site. When they open their web sites, they will be better communicated to the global 'market space' their products and services will also be known worldwide.

Summary and conclusion

We have been able to do justice to this discourse having started by offering a scenario that characterized the flow of

information across the globe. We said that western world of G eight' agitation of the New World Information Communication Economic order triggered off the emergence of new information technologies. Hence, the advent of ICT's brought world as a global village, which has revolutionised economic activities in the world. Again, we also discovered that even-aspect of modern marketing has become Information and Communication Technology (ICT) driven or controlled. So E-commerce and business and other digital mediated or ICT-driven activities have become key imperatives for survival and growth in all aspects of life. We were also able to x-ray the benefits and problems associated with the e-commerce or on-line services. Though, e-commerce has lots of implications for marketers, in the developing economies, but its' introduction in the business world has turn around economic activities of most companies in Africa that are ICT driven.

In conclusion, developing economies should find ways of coping with this paradigm shift from marketing in the 'market place' to marketing on the 'market space'. My sincere advice is that our indigenous firms/marketers should join the trend if only they want to sell globally. The business world is dynamic and its changing fast, so any company that is apathetic about electronic or digital markets is suffering from business myopia. Our people should be educated on the benefits of e-commerce and other electronically mediated activities. They need to be mobilized for this wind of change in the international marketing scene. That is the only way developing country and their firms can survive in this millennium.

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