



# Factors Influencing Marketing Effectiveness on the Web

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*Despite the current development of Internet marketing, understanding the effective use of the Internet still poses problems for academic researchers and marketers (Kassaye, 1999). This research attempts to empirically explore some of the critical factors influencing commercial Internet and Web development. The key factors considered for company Internet and Web site development are aspects of technology capacity, the use of different Internet developers, the approaches used to evaluate on-line marketing effectiveness and the marketing executives' knowledge of Internet technology. As a result of a cross-sectional comparative study of 'effective' and 'ineffective' companies, the findings indicate that companies with higher on-line marketing effectiveness tend to possess higher levels of technological capabilities for Internet-based marketing. The results also show that their marketing executives have a better knowledge of technical aspects of wWeb site development. They tend to be early Internet adopters using a multiple approach to evaluate their on-line marketing efforts. These exploratory results indicate how on-line strategies could be made to be more effective.*

## INTRODUCTION

As the Internet and the World Wide Web are dramatically changing the landscape of business, the effective utilization of this new media, for marketing in particular, has become a major concern to marketing practitioners as well as marketing scholars (Berthon, 1998; Herbig and Hale, 1997; Kassaye, 1997). Despite the often hyped strategic advantages of effective Internet marketing (O'Connor and Galvin, 1998; Rohner, 1998; Morris, et al., 1997; Hamill and Karl, 1997; Ellsworth & Ellsworth, 1996; Quelch and Klein, 1996; Hoffman and Novak, 1996), there have been few empirical studies focused on understanding the factors affecting Internet marketing. Current research in this field is largely unbalanced. Researchers tend to focus primarily on marketing management issues such as company Internet usage patterns (Haynes et al. 1998; Lymer et al. 1998; Soh, et al. 1997), company Internet marketing and globalization strategies (Bennett, 1998), and Internet and Web marketing applications (Dixon and Tim, 1998; Feher and Towel, 1997). Although this knowledge of on-line marketing is helpful, a gap remains in the understanding of the technical aspects of company Web development and its impact on Internet marketing effectiveness as related to issues such as ease of access, traffic flow, improvement of customer relationship and enhancement of company image. The multi-dimensional and multi-functional features of Internet marketing mean that both hardware technology and the level and sophistication of the software used have an important role to play in developing effective

on-line marketing. In addition to this, issues surrounding the management of the technology may have an even greater impact on on-line marketing effectiveness.

According to Porter (1985), the development of a proper level of technological resource and capability by a firm is essential for achieving sustainable competitive advantage. For a firm, the major part of cybermarketing relies heavily on the deployment of the latest technology. The resources available in this area must surely offer strategic advantages. At the same time, the effective use of the resources for marketing activities depend not only on a well-developed marketing intelligence, but, more importantly, a proper understanding and awareness of technological capability. This capability is one of the critical pre-requisites for Internet marketing. In a recent article on Web advertising effectiveness, Kassaye (1999) points out that the mismatch between marketing objectives and Internet technology has become a primary problem for effective on-line marketing. A research study also reveals that information technology (IT) managers often fail to properly evaluate the business use of the Internet (Feher and Towell, 1997). This gap becomes more evident, with more and more marketing practitioners beginning to doubt the increasingly complex Web site statistics and the often poor on-line marketing results (Murray, 1997). These findings indicate the urgency to examine empirically some technical and managerial aspects of Internet marketing.

Based on the arguments made above, a randomly se-

lected sample of 600 UK companies was solicited for participation in this survey which yielded responses from 122 companies. The questionnaire was designed to understand the effective use of the Internet and the Web for marketing, marketing communications, and web site management. Given the fact that the majority of UK companies have already established on-line presence and many European companies are turning to UK companies for technical assistance (O'Connor and Galvin, 1998), this national investigation was considered to be important and necessary. For the purpose of this study, marketing effectiveness is defined as marketing results weighted by management objectives and expectations (Thomas, 1998; Denby-Jones, 1998). This is the most important aspect of marketing performance. The understanding of marketing effectiveness is critical for the survival of any organization (Thomas, 1998). Leverick et al. (1998), and Vorhies (1998) have developed methods to measure perceived effectiveness of marketing activities. These methods were adopted and developed for this study. Existing company Internet technology levels and Web site capabilities were also measured using the methods developed by Vorhies (1998). Responding companies were grouped into 'effective' and 'ineffective' according to levels of their on-line marketing effectiveness. This study's intentions were to explore the role and impact of the following factors:

1. Company Internet capabilities
2. Internet and Web marketing developers
3. Marketing manager's knowledge of the effective use of the Internet
4. Approaches used by companies for measuring on-line marketing results

The rest of the paper focuses on a discussion of the technological dependency of Internet marketing followed by a description of the research model and research hypotheses. Data collected from the company survey is then discussed. Finally an improved model is proposed for understanding the effectiveness of company on-line marketing.

## THE INTERNET AND CYBER MARKETING

O'Connor and Galvin (1998) define the Internet as a collection of interrelated networks that allows users with PCs and necessary software to communicate with each other locally and globally. As a marketing tool, the Internet, and particularly the World Wide Web, open up tremendous possibilities to organizations of all types

(Ellsworth and Ellsworth, 1996, Quelch and Klein, 1996, Hoffman and Novak, 1996). Its applications in different marketing functions such as market research, advertising and branding, customer relations, and direct selling have been continuously explored and discussed. Scholarly predictions indicate that the business world is rapidly developing into the age of cyber marketing.

According to the definition given by Keeler (1995), cybermarketing is the type of marketing that is carried out through computers and telecommunications networks. The Internet, and its multi-media component, the Web provide a unique computer-mediated environment for cybermarketing. The core features of Internet-based marketing include interactivity, multi-media usage, on-line control and global reach (Hoffman and Novak, 1996). The effectiveness of on-line marketing is greatly enhanced by the application of Internet and Web-based technology such as on-line database, multi-media effects, and virtual reality etc. (O'Connor and Galvin, 1998).

Based on the discussion of Internet technology capabilities by Keeler (1995), and O'Connor & Galvin (1998), a matrix of Internet and Web marketing technology dependency has been developed and is shown in Table 1.

This matrix, though not perfect, illustrates the technological dependence of on-line marketing activities. These marketing activities include marketing research, advertising and branding, customer relations (public relations), and selling and distribution.

### • Marketing research

Web technology allows easier development of customer-opinion surveys. These could be product-interest, market reaction research, on-line interviews, focus group discussions and market testing. On the other hand, effective on-line marketing research depends very much on the reliability and effective utilization of many Web-based applications. Companies need to use these applications efficiently to access, collect, analyse and present marketing research.

Table 1. Technology Dependence of Internet and Web-Based Marketing

	Searching, browsing capabilities	Posting, hosting, presentation capabilities	Communication capabilities	Transaction, security, and monitoring capabilities
1. Marketing Research	Highly dependent			
2. Advertising, branding		Highly dependent		
3. Customer relations Public relations			Highly dependent	
4. Selling, Distribution				Highly dependent

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