

## Chapter 5

# Factors Influencing Marketing Performance 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 aspects of the factors influencing commercial company Internet and Web development. The key factors considered for company Internet and Web site development are technology capacity, the use of different developers, company on-line measurement patterns and marketing executives' Web site knowledge. As a result of a cross-sectional comparative study of 'effective' and 'ineffective' companies, the findings indicate that companies with better performance from Web sites tend to possess higher technological capabilities for Internet-based marketing. It seems that their marketing executives have more knowledge of technical aspects of Web site development. They tend to be early Internet adopters using a multiple approach to measure their on-line performance. These results help to improve general understanding of company effectiveness in developing on-line marketing strategies.*

## 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 and 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 performance as related to issues such as ease of access, traffic flow, improvement of customer relationship and enhancement of company image. The multidimensional 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 depends 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 prerequisites for Internet based marketing. In a recent article on Web advertising, Kassaye (1999) points out that the mismatching between marketing objectives and Internet technology has become a primary problem for effective on-line marketing. A research study also reveals that information technology managers often fail to properly evaluate the business use of the Internet (Feher and Towell, 1997). This gap becomes serious, with more and more marketing practitioners beginning to doubt the increasingly complex Web site statistics and the often poor on-line marketing performance (Murray, 1997). These findings indicate the urgency to empirically examine some technical and managerial aspects of Internet marketing.

Based on the arguments made above, a randomly selected sample of 600 UK companies resulted in a response from 122 companies. The questionnaire was designed to test the effective use of the Internet and the Web for marketing, marketing communications and the understanding and management of Web sites. Given that the majority of UK companies have already established on-line presence and many European companies are turning to the UK for technical assistance (O'Connor and Galvin, 1998), this national investigation was considered to be

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