

## E-advertising in attitude: a three usa comparison of enterprise use of the net

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**Abstract** - Compares enterprise use of the internet (internet) and international extensive web (net) across Australia, New Zealand and the UK. The reported inter-u . s . evaluation includes research conducted by using the authors in a comparable time frame and the usage of comparable methodologies. reveals each similarities and variations across the 3 countries in how trades uses the net with united kingdom corporations much more likely to be seeking strategic benefit from use of the internet. In all nations, commercial enterprise use of the web entails advertising communication; but, use of the internet as a marketing channel for transactions is lots lower. uk firms are much more likely to use the net in courting management than are Australasian corporations. Concludes that there's much less sophisticated commercial enterprise use of the net by using Australasian companies relative to united kingdom agencies. further concludes that there's a want for in addition studies to clear up the conundrum going through advertising and marketing organizations in all three international locations.

### Advent:

The education of the diffusion of internet usage in commerce is the concern of each educational and practitioner hobby in many parts of the world. This is essentially due to the variations in household adoption tiers of internet connectivity and online transaction degrees between nations, and the effect this is deemed to have on the economies of each usa and the arena typically. North the usa is the clear leader on this recognize, accounting for 151 million human beings or over forty according to cent of all net users – with over one -1/3 of these in the usa, and over forty million US residents shopping for online (Webstatistics.com, 2001). Japan is in a much eliminated second location, accounting for 27 million people or 7 consistent with cent of internet customers (Webstatistics.com, 2001). Japan, it seems, has been much less than obsessed on web-primarily based commerce – in component due to internet get admission to costs, partially because of a competing bodily international express shipping gadget Takkuhaiban, a preoccupation with mobile smartphone era (DoCoMo iMode), and also because of a reluctance by way of jap customers to use something aside from cash.

now not incredibly, most studies that concentrate on commercial enterprise use of the internet are performed entirely from the us perspective. a few studies had been conducted currently in Australia (Poon and Swatman, 1999) and the UK (Ng et al., 1998) that have contributed to our know-how of commercial enterprise use of the internet in character international locations; however, it isn't possible to attract any conclusions from those studies as to how commercial enterprise use of the internet differs among international locations. The Poon and Swatman (1999) Australian take a look at stated focuses on small trades to the exclusion of medium and big enterprise, while the Ng et al. (1998)

**study**uses a broader sample base and more comprehensively describes trades use of the Internet in the UK. The UK study does not, however, specifically examine use of the Internet from a strategic marketing viewpoint. There remains a need for systematic inter-country comparisons of trades use of the Internet, particularly from the viewpoint of using Internet know-hows as an integral part of competitive marketing strategy.

The purpose of this paper is to provide such a comparison using comparable sample bases, questions, time frame and similarities in the marketing environment. This comparison is essential, because as Table I illustrates, there are systemic changes between the countries in terms of household ownership of computers, Internet usage and online purchasing and it is necessary to know if these changes reflect changes in strategic Internet use by companies in these countries, whether cause or effect. There may be reasons unique to Australia that are the cause of changes between the proportion of the people prepared to buy from trades via the Internet. Factors such as “distance from major markets, the early stages of e-commerce adoption, and much higher levels of consumer concern about Internet security” (Ernst & Young, 2000, p. 2) are put forward as an explanation for the fact that, compared with North America, Australia had, and continues to have, lower household PC penetration rates, a lower proportion of households that are online, and a lower proportion that has shopped online. There is also a possible technological reason for this change in that only 1.5 per

cent of Australian households have broadband access, compared with 11 per cent of households in the USA and 57 per cent of Korean households (Paul Budde Communication, 2001).

Table I shows that the proportion of households with online access and shopping online in Australia was lower than in the UK at the time of the studies used in this comparison. We suggest that inter-country changes present a conundrum for marketing organisation using what is ostensibly a global medium to communicate with Internet users in various countries who may well click for information search using two fingers, but who in the main still shop on two legs. Thus, an important issue this paper addresses is whether or not lower Australasian consumer usage of the Internet is a result of less sophisticated trades usage of the Web relative to the UK, or for some other reason.

### Online marketing strategy

In the present era, marketing firms may be thought of as members of marketing logistics networks where there are flows of information, goods, amenities and experiences, title (in the case of physical goods), as well as payment and credit. Network members have variously become enamoured with, then disenchanted with, and we suggest will soon once again favour, digital methods of increasing revenue and/or increasing productivity. The most recent, most public, and far-reaching of these digital know-hows is the Net, and more particularly its present graphical face, the Web. In the eight years trades and government have been using the Internet, they have struggled to accommodate this new interactive medium in their integrated marketing communications (Hofacker and Murphy, 1998; Dholakia and Rego, 1998), or broadly use the medium as a direct response tool (Adam, 2001), and more particularly as a relationship management aide (Adam *et al.*, 2001; Kenny and Marshall, 2000).

Newer online trades models, particularly “pure dot.coms” in the parlance of the information age, have generated a great deal of news media attention (Argy and Bollen, 1999; Rappa, 2001), consulting firm input (Andersen Consulting, 1998; KPMG, 1999; Ernst & Young, 2000), government endorsement (Henry *et al.*, 1997; NOIE, 2000), academic attention on marketing communication (Hoffman and Novak, 1996; Hofacker and Murphy, 1998), trades processes such as exchanges (Klein and Quelch, 1997), alliance co-ordination (Steinfeld *et al.*, 1995), as well as trust and commitment (Ang and Lee, 2000), in online relationship management (Adam *et al.*, 2001).

Specific benefits are put forward for trades use of the Web. These may be grouped as productivity based and revenue-growth based (Hanson, 2000) and include:

global presence;  
establishing and maintaining a competitive edge;

shortening or eradicating  
components of supply chains  
(disintermediation); cost savings;  
and

a research advantage (Ng *et al.*, 1998).

Subsequent reviews have, however, revealed that the professed benefits to trades from Internet use are mostly illusory outside the information management manufacturing (Hartcher, 2000), particularly for the small trades sector, apart from reported gains made in marketing communication (Poon and Swatman, 1999). KPMG Australia (1999, p. 5) found that:

Five of the top six trades functions performed electronically via the Internet relate to communication; namely, *company information* (50 per cent), *customer communication* (49 per cent), *supplier communication* (45 per cent), *marketing* (42 per cent), *customer service* (34 per cent) and *public relations/advertising* (31 per cent); and:

Very few are using the channel for transactional amenities such as order-taking, procurement, product delivery and payment.

Andersen Consulting (1998) found similar results in their nine country review of e-commerce involving respondent company CEOs, policy-makers, IT users and specialists. This study found a “wait and see attitude” held by trades, and that Australia is:

At the point of takeoff, ready to leverage our domestic markets’ propensity to rapidly take up new value-adding ideas to create the critical mass necessary to make and take global markets (Andersen Consulting, 1998, p. 43).

In contrast to this finding, Poon and Swatman (1999) found that small firms were disillusioned over the marketing effectiveness of the Internet in that sales were lower than targeted, and that they failed to gain competitive advantage. This point reinforces Porter’s (2001) assertions concerning the use of technology to gain sustainable competitive advantage. Porter debunks such myths as the supposed profitability of first-movers onto the Web, as well as the misguided notion that the Web, or any technology, for that matter, can provide

sustainable competitive advantage – particularly when the Web actually provides a lower cost of entry to competitors than most information know-hows. Porter's main point is that online firms have failed to adequately set detacheds and have not used sound strategy to achieve these detacheds, thus confirming Rayport's (1999) view that online trades (eTrades) must be judged on the same financial criteria as any other trades. These views further confirm the need for inter-country studies of the strategic use of the Internet.

### Method

The data for this paper have been pooled from two studies:

1. the 1999/2000 Australasian WebQUAL audit (Adam and Deans, 2000); and
2. a 1999/2000 study in the UK (Palihawadana and Nair, 2000).

### Australia and New Zealand WebQUAL audit

The WebQUAL audit study is a multi-stage, longitudinal, probabilistic study of trades and government use of the Web carried out in Australia and New Zealand. There were three phases to the 1990/2000 study:

1. An online e-mail and Web form survey <144.132.42.242/webqual/webqual.htm> of a random sample of Australian and New Zealand organizations with registered domain names.
2. Personal interviews with selected respondents.

The primary stage of the study involved an e-mail invitation to a sampling frame of 2,976 Websites drawn from the early 1999 people of 81,563 Australian and 17,888 New Zealand domain names (com/co; asn; edu; org; and gov). This followed a pre-test of the e-mail and Web form interface as well as the SQL database know-hows used. The publicly available lists of domain names in both Australia and New Zealand were used to systematically draw samples in each country, using a skip interval of 31. Before sending the e-mail invitation to participate, we visited each Website to obtain an e-mail address. Potential respondents were sent an e-mail inviting them to participate in the survey and supplying an access code. The proprietary software used was able to detect respondents who had entered the survey pages but who had not completed the survey. These accused were re-contacted to optimise the response rate.

The study achieved a response rate of over 17 per cent, with an overall useable response of 399 (13.4 per cent). The analysis of results used in this paper

mainly involves the survey phase of the study in Australia and New Zealand.

### The UK

The UK study was carried out in 1999/2000 with the following two key detacheds:

1. To ascertain the characteristics of firms that have adopted the Internet in trades-to-trades marketing.
2. To examine and evaluate the variety of uses and the extent to which Internet is used in marketing by trades-to-trades organizations in the UK.

A questionnaire survey was carried out among trades-to-trades marketing organizations in the UK. A systematic random sample of 560 firms were extracted from the trades-to-trades directories of the Yahoo! Directory for the UK. A skip interval of 100 was used systematically to draw the sample of 560 firms from the people of 56,067 trades-to-trades organizations. It is to be noted that the number of trades that operate online increased rapidly, with Ng *et al.* (1998) reporting an increase in the overall number of trades sites from 20,000 in 1995 to 277,000 by 1997. In the sampling process, no distinction was made concerning the nature of the organizations' Web presence – from basic information to a full secure transaction site with relationship enhancement capabilities. The only criterion employed was that the domain names selected were primarily trades -to-trades organizations. Nevertheless, some served both the consumer market and the trades market, with some marketed only via the Internet.

Questionnaires were e-mailed during the first week of December 1999, resulting in 143 (25.5 per cent) responses by the beginning of January 2000. After discarding seven responses due to partial completion, 136 complete responses (24.3 per cent) were used in the final analysis. The questionnaire included several sections on company profiles, the Web environment, and areas of Internet use such as marketing strategy, product strategy, promotion, pricing, distribution and managing customer relations. In the main, the questionnaire was devoted to generating information on the manner in which Internet is used by trades firms. In addition to seeking information on trades use of the Internet, the study sought to establish the extent to which the Internet contributes to company performance as well as the possible connection between company characteristics such as size and manufacturing sector and the variety and extent of Internet use in trades-to-trades marketing.

## Results

### *Inter-study comparison*

The two studies are comparable in terms of the size of respondent trades as indicated by employee numbers ( $\chi^2=4.036$ ,  $p=0.672$ ) and turnover categories ( $\chi^2=7.450$ ,  $p=0.114$ ). As one might expect, given that the countries involved are at different stages in their economic development, respondents differ in the manufacturing sectors they represent. The proportion of various manufacturing types by ANZSIC or SIC (UK) is shown in Table II to profile the manufacturing structure in the countries studied. In presenting the manufacturing comparison in this paper, we recast the Australasian survey data using the grouping method employed in the UK study.

The inter-country study involves a comparison of 16 key questions that are listed in Table III. The questions are grouped into four categories, namely:

1. strategic goals;
2. marketing communication function;
3. marketing logistics function; and
4. relationship management function,

on the basis of the categories of use reported for small trades by (Adam and Deans, 2001) using a factor analysis of 11 trades uses of the Internet. The categories and results are discussed next.

### *Strategic goals*

Many researchers (e.g. Porter, 2001; Rayport, 1999) have commented on the lack of strategic intent behind the use of the Internet by trades that expect to be judged on revenue growth alone. Trades generally seeks to achieve a return on investment commensurate with associated risk and anticipates a positive cashflow outcome. This is the major detached

behind development and implementation of corporate, trades and marketing strategy regardless of whether the trades is an "almost pure dot.com" or an "almost pure bricks-and-mortar" operation, or a mixture of the two.

In the current study, strategic use of the Internet, or Web, is a reflection of a focus on gaining a competitive edge in the long-term, as well as using the Net for market intelligence purposes and positioning the firm in terms of corporate image and cost advantage. Table III presents a surprising outcome whereby there is a statistically significant change in the use of the Net to gain a competitive edge by companies in the three countries studied. Companies in the UK are more inclined to use the Net strategically than are

Australasian companies. There is an unexpectedly low trades use of the Internet as knowledge media (Eisenstadt, 1995) by trades in all three countries, and more so in the UK. Companies in all three countries use the Net to portray their corporate image. However, companies in the UK are more likely to seek cost-effectiveness from use of the Web than are Australasian companies. We comment on this aspect further when examining marketing logistics usage.

The apparent lack of strategic use of the Net to gain a competitive edge by Australasian companies is of concern, and may indicate that marketing management has yet to gain an appreciation of strategic uses for the Internet. This conclusion is supported by case studies of WebQUAL audit respondents (Adam, 2001). The reason for low usage of the Net for market intelligence purposes in all three countries is not clear, though this may be because of the perceived lower credibility of information carried on the Net.

### *Marketing communication function*

In the present era, marketing communication is more likely to involve expenditure on direct response marketing than involve the mass communication paradigm of old. Moreover, the database lies at the heart of what is now more likely to be regarded as integrated marketing communication no matter which promotional tools are included (Schultz and Kitchen, 2000) and no matter how difficult it is to accurately define the term (Sheehan and Doherty, 2001). The Internet is one of a number of promotional tools; however, it may also be used for informational purposes.

The Internet is a global medium, and its graphical face – the World Wide Web – is an interactive medium. While it is a weak medium when used for display advertising and "click-through" banner advertising, its strengths as a form of digital word-of-mouth are now coming to the forefront. The proof of this statement is reflected in the usage of Napster and Gnutella that are both based on peer-to-peer or friend-to-friend digital communication. As reported earlier, and now supported by the findings of this study, a majority of companies (>75 per cent) across all three countries use the Internet to provide product information and to build brand identity.

This result is not surprising, since the Internet's very origins lie in e-mail communication. Moreover, the now enhanced hypertext markup language (HTML, dynamic HTML and XML) that is used by browser software to present text, static and streaming images, as well as to enable keyword (e.g. company and brand name) searches have brought more users to this medium (Metcalf's Law). This high usage should not be misconstrued as an indication of the sophistication of the

Websites employed by companies. There are, however, other elements in company use of the Internet beyond marketing communication. These are reported on in the next section.

### **Marketing logistics function**

The marketing logistics function involves a system of efficiently and effectively making and getting goods, amenities and experiential products to end-users (Kotler *et al.*, 2001). One commentary that is often repeated in terms of gaining benefits from the Internet is in terms of marketing logistics, whereby online buyers gain temporal advantage by ordering online and having products delivered over the Internet. As Negroponte (1995) pointed out though, there is a change between marketing “bits” such as software, and “atoms” as in physical goods, over the Internet. Temporal advantage accrues to the buyer in the case of the former, but not in the latter case. And as many suppliers such as book publishers have discovered, online retailers like Amazon.com do not provide a means of gaining cost reductions through disintermediation, or removing intermediaries from marketing logistics networks. Rather Amazon.com, and others like it, are examples of reinter mediation or a changed marketing channel. Newer online retailers, such as the now defunct WinePlanet.com.au, discovered that order -processing, warehousing, picking and physical delivery added to the costs of what were to be least cost operations, and caused frustration to consumers whose expectations were not met when deliveries were made outside their expected delivery time, or not at all.

Earlier, we stated that trades gains from Internet use are either productivity based and/or revenue-growth based (Hanson, 2000). Online trades, particularly those located in the USA, are more likely to appeal to a broader geographic market, and therefore we see trades such as BootsOnline.com.au including a currency converter to enable overseas buyers to see the company’s value positioning when prices are converted to their own currency. Briggs and Stratton use an extranet site, Briggsnetwork.com, which may be accessed in one of eight languages. The company aims to reduce its costs of dealing with its 35,000 global distributors by use of the Internet (McDougall, 2001).

In this study, the marketing logistics function is represented by direct sales fulfilment, online ordering, and real-time order- processing. Respondents to the Australasian and UK studies indicated whether or not they used the Internet for these marketing logistics functions. As Table I illustrates, the overall use of the Internet for marketing logistics functions is consistently low across the three countries studied. We therefore conclude that companies expect to gain longer-term strategic advantage in terms of lower costs from online

sales, order-processing and order fulfilment, but that this is yet to occur.

### **Relationship management function**

Relationship management has regained its significance in marketing science and practice (Morgan and Hunt, 1994; Gummesson, 1997; Raval and Grönroos, 1996). In the present era, marketing organizations are mostly participants in marketing logistics networks that involve bi-directional flows of information – marketing communication as well as end-user and other feedback; goods, amenities and experiences; and importantly, payment and credit. Relationships are managed between the parties, the closest of which are alliance partners, and between the end-users and those involved in these networks (Morgan and Hunt, 1994). This is so, whether we focus on the end-user section of these networks (consumer markets) or on downstream sections of the networks (trades and institutional markets) (Selnes, 1995). It is also the case in an environment where digital know-hows continue to diffuse through the aforementioned marketing networks (Poon and Swatman, 1996).

In the present study, we compare company usage of the Net for maintaining relationships by way of several items as shown in Table III. There is a significant change in trades use of the Net for relationship management between the three countries. The most pronounced change concerns use of the Net to “handle customer queries promptly”, with companies in the UK outperforming Australasian firms on this criterion. This is also evident when companies are specifically asked if they use the Net to maintain relationships with customers, as well as in the use of “online customer communities” and in the provision of “online customer service”. The only relationship management item where Australasian firms indicated greater Net use was in the provision of “online communication facilities with customers” in that they are either providing an e-mail address or Web form for customers to use. The use of the Net for such amenities as “online amenities” generally and “after sales amenities” specifically, was relatively low across all countries, but more so in the case of the UK companies.

### **Discussion and implications**

The primary goal of this paper was to compare the results of studies carried out in three countries exploring commercial use of the Internet. The studies have like timeframes and methodologies and were conducted in similar cultural environments. The comparisons made in this study are based on responses to a subset of questions common to the three studies. These responses are grouped into four broad categories:

1. strategic goals;
2. marketing communication;
3. marketing logistics; and
4. relationship management.

We find that while there are many similarities in how trades uses the Internet, there are considerable changes across the countries in terms of these groupings.

The most pronounced change appears in the strategic use of the Internet to gain competitive advantage, to improve cost-effectiveness, as well as on many aspects of relationship management where Australian and New Zealand companies under- perform their UK counterparts. This might be thought to be the result of UK trades using the Net longer than Australasian firms. However, even when the affect of time is controlled for via a three-way cross-tabulation, the results remain the same. Thus, time has no measurable affect.

In order to understand these results more clearly, we highlight a point made by Adam and Deans (2000) in that trades do not use the Net in a sequential manner whereby they migrate from marketing communication use to marketing transactions use and then, finally, to use the Net in relationship management. Analysis shows that Australian and New Zealand firms were using the Internet to communicate with local firms, and maintain relationships at a local level in support of sales made through traditional channels. Where the respondent firms were using the Net to transact, they were seeking revenue growth from international buyers. We suggest that because there is fragmented use of the Internet across these functions, trades does not see such use as leading to a strategic advantage. Porter (2001) provides a further reason when he points out that the Internet is a possible source of fear for many companies and

industries in that it lowers the cost of entry for both substitutes and competitors. It is apparent that trades in each of the countries studied sees the Internet as a strategic technology for use in communicating corporate image, and in providing product information and building brand identity. This is not to say that they use the Net effectively as an interactive medium, as only 24.0 per cent of responding trades rated their Website as providing “good” or “very good” interaction, while 15.3 per cent claim not to have considered interactivity at all. Only 14.2 per cent ranked “the level of dialogue with specific customers” in the top three criteria used to “evaluate budget expended on Website maintenance”.

There are both managerial implications and research implications that flow from these findings that we next examine.

**Managerial and research implications**

The findings reported in this paper indicate that there are both similarities and changes in the way trades in the three countries use the Internet. However, a conundrum is presented. Is the purchasing behaviour of Australians and New Zealanders a consequence of a failure by trades to strategically use the Net to its full potential? Or is it that trades views low online purchasing levels as a reason not to invest in the Internet beyond using it as they do the telephone or, indeed, mass media such as free- to-air television? The answer to this conundrum is not immediately obvious. This, despite the fact that Australasian adoption of other communication know-hows, such as cellphones, is high, and standing at nearly 60 per cent of the people. Moreover, use of such familiar know-hows as the telephone for new uses such as financial service transactions, is also high. It is clear that further research is needed from the consumer viewpoint, to answer this question unequivocally.

**Table I**

Inter-country comparison of household PC adoption, Internet connection and online purchasing in 2000

	USA	Canada	Australia	UK
Percentage of households with PCs	53	56	47	41
Percentage of households online	34	39	22	29
Percentage of households that have shopped online	17	9	5	10

Source: Adapted from Beeby (2000, p. 21)

*Table I Inter-country comparison of household PC adoption, Internet connection and online purchasing in 2000*

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