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CHAPTER 1. INTRODUCTION

1.1 Background to the Study

The "World Wide Web" (usually abbreviated to simply "the Web"), the result of a convergence between information technology and telecommunication technology, has become an important marketing communication medium. The Web, which is accessible through millions of networked computers around the world, is a medium which enables communication among diverse communities of users. Given the extensive reach of this new communication medium, the establishment of a presence on the Web through a corporate Web site has increasingly become an important marketing tool for companies today. The corporate Web site is a locus where a dynamic interaction can occur between a firm and its actual or potential customers. There is no doubt that, in contrast to traditional marketing communication media such as the mass media and television, the corporate Web site offers major advantages by facilitating real-time, two-way communication between firms and customers. Furthermore, the very nature of the Web site – with its hyperlinks and multi-media capabilities – enables firms to perform different marketing communication activities by delivering many types of information in a readily-accessible form to a broader range of target audiences. Thus, it can be argued that the Web has brought about a "new paradigm" for marketing communication.

As a new and increasingly pervasive marketing communication medium, the Web has two distinctive features. The first is its hyperlinks capability through which users

navigate and obtain information on the Web. It is because of this capability that communication through the Web is characterised by interactivity, i.e. users do not just receive information through this medium, rather they interact with the Web. Web users can choose what information they access and where they access it, as well as their viewing time. They can control the order in which they access information, for example by deciding where to start and whether to skip a particular element of a page or site. In other words, they can browse the Web at their own pace. As a result, Web users experience the feeling that they are in control (Markham, 1998). The Web also provides a real time feedback function. For instance, unlike traditional mass media, the Web enables firms and consumers to reciprocally communicate through facilities like email or bulletin boards. After all, Web users can control their communication environment. A second distinctive feature of the Web is its multi-modality, i.e. its multi-media nature involving the use of text, images, sound and moving images (including video) which can provide richer means for the presentation of information. When marketing information is presented using this multi-modality capability, customers can become more interested in and engaged with the message.

The importance of the Web features of interactivity and multi-modality to marketing communication is that they can enhance learning, understanding, mental engagement and user satisfaction as many studies have shown (e.g., Clark, 1992; Dennis and Kinney, 1998; Huang, 1999; Kiesler, Zubrow, Moses, and Geller, 1985, Walther, 1992). Furthermore, these features help create a sense of community among users and influence the social dynamics of communication within and across the diverse communities so created. As a marketing communication medium, therefore, the Web has the potential to create richly interconnected virtual communities or marketplaces,

where firms and consumers can engage in different forms of interaction, including purchase transactions.

Another important aspect of the Web site as a marketing communication medium is its versatility. A corporate Web site can fulfill a range of functions, including advertising, public relations, sales promotions, customer service, and online selling. A number of studies have found that corporate Web sites typically perform many functions other than advertising (e.g., Cockburn and Wilson, 1996; Deans and McKinney, 1997; Perry and Bodkin, 2000), and it has been claimed that the corporate Web site is an effective tool for integrated marketing communication (e.g., Suh, Couchman, and Lee, 2002a). This multiple function feature of corporate Web sites has important implications for the assessment of their effectiveness. Different marketing communication tools have different objectives (e.g., the short-term objectives of a sales promotion versus the longer term objectives of a public relations exercise), they are aimed at different target audiences (e.g., the focus of advertising on existing or potential customers versus the broader audiences of public relations) and involve different types of message. Thus, to assess a corporate Web site only in terms of traditional advertising effectiveness measures can be misleading and often inadequate.

The increasing use of corporate Web sites as a marketing communication medium indicates a need for more detailed studies of this phenomenon, a need that is being addressed by a rapidly-growing field of research in marketing (e.g., Hoffman and Novak, 1996; Huizingh, 2000; Perry and Bodkin, 2000). Contributing to this emerging field, the study reported here introduces a new concept Web-mediated marketing communication (WMC) to refer to the use of a corporate Web site as a marketing

communication tool. It is argued that, as the characteristics of the Web as a communication medium are quite different from other mass media, WMC should be treated as significantly different from traditional marketing communication media such as television advertising. Furthermore, WMC is a distinctive form of computer-mediated communication in that a corporate Web site delivers not only symbolic content, such as multi-media and information, but also sensory content which is experienced by users as a virtual reality (Fogg, 1999). Through such features as animation, sound and real-time feedback, users can develop the perception that they are communicating with other people and not just with an impersonal medium. Because of these distinctive features, a new perspective is required to understand the WMC phenomenon.

1.2 Research Problem and Research Question

Even though the Web has effected a fundamental paradigm shift in marketing communication, much of the research on Web marketing communication to date has not adequately reflected this shift. Therefore, in spite of the burgeoning interest in this phenomenon, there remain many problems and issues to be addressed. There are two major shortcomings in many existing studies of Web marketing communication. The first is a tendency to treat corporate Web sites as just an advertising medium (e.g., Novak and Hoffman, 1997; Raman and Leckenby, 1998; Salam, Rao, and Pegels, 1998; Singh and Dalal, 1999). This is not acceptable given the diversity of marketing functions a corporate Web site can fulfil, as indicated above. The second shortcoming is a failure to recognise that Web users are quite different from the audiences of traditional marketing media. Web users are more active participants in the communication process

than in traditional mass media where consumers tend to be more passive recipients of the communication messages to which they are exposed (Hoffman and Novak, 1996; Wortring, Kayany, and Forrest, 1996). Firms develop Web sites to meet specific purposes and consumers explore Web sites according to their own goals, motives and capabilities (with respect to the latter, given the relative novelty of this medium, experience and familiarity with the Web varies considerably among users as captured by the notion of "Web literacy"). The convergence of firm and consumer at a corporate Web site involves an active interaction, in which Web users have more power compared to the audience of traditional media. As Wortring *et al*. (1996) have argued, the resulting "active consumer" requires a change in perspective toward marketing communication.

Acknowledging these shortcomings, it can be seen that there is a pressing need to develop a systematic basis for understanding and assessing WMC. This need was reinforced in a study by Bush, Bush, and Harris (1998) which revealed that marketing practitioners build and maintain corporate Web sites without an adequate knowledge of the Web and its distinctive features. Indeed, at present there is very little reliable knowledge (i.e., as obtained from systematic empirical studies based on sound theoretical frameworks) about the factors which determine Web site effectiveness or even about how marketers interact with consumers via the Web. Exacerbating this problem, there is also a deficiency of studies on the different types of corporate Web sites (i.e., in terms of their content and structure) and how these are deployed by firms to support or realise their marketing strategies. These are the issues and problems on which this study focused, and the overall aim was to identify the features of effective corporate Web sites (i.e., those sites which are seen by users to be attractive, user-

friendly and useful). To meet this aim, and address the identified shortcomings and knowledge gaps in the existing research base on WMC, five specific research questions were formulated for this thesis:

- What content and structural elements are presented on corporate Web sites?
- How can corporate Web sites be classified according to their content and structure?
- How do consumers respond to different types of corporate Web site?
- Do user attitudes towards corporate Web sites vary according to Web literacy levels?
- What features of corporate Web sites determine revisit intention among Web users?

To answer these questions, the thesis adopted a two-phased approach: a preliminary study addressing the first two questions (reported in Chapter 3) sought to develop a Web site typology, and this was followed by the main experimental phase which - through the formulation and testing of a theoretical model - addressed the other three questions. The two-phased approach to addressing the research questions was adopted for the following reasons. Firstly, with respect to the classification of corporate Web sites, it was considered that an empirically-derived typology (i.e., based on a content analysis of existing Web sites) was necessary given the major shortcomings of previous

studies in this area. Secondly, an experiment was chosen to test the theoretical model because this method is widely accepted among social and behavioural scientists for its ability to make robust claims about causal relationships (e.g., Boruch, 2001; Bryman, 1989).

1.3 Contributions of the Research

The study reported here makes both academic and managerial contributions, as discussed in the following sections.

1.3.1 Academic Contributions

Within the academic discipline of Marketing, the study makes a number of significant contributions to the growing body of research on Web-mediated marketing communication (WMC). Firstly, despite a growing interest in new methods for measuring the effectiveness of WMC, few studies have yet developed and empirically tested a theoretical model as a basis for this assessment. This study proposes a theoretical framework based on the concepts of activity theory which is a social psychological approach to studying human activity. Activity theory has originated from a Russian psychologist Les Vygotsky and it has been premised on the assumption that a human being interacts with others through tools. Activity theory has been actively used in the field of Information Systems (IS) for studying the interaction between information technology and a human being. This Web Acceptance Model (WAM), used for the first time in marketing-related research, has a number of significant implications

for the study of WMC. In contrast to more traditional models of communication (e.g., the information processing model; Shannon and Weaver, 1949) the model postulates that WMC is a process of mutual exchange and social interaction between firms and customers as active participants. From this perspective, corporate Web sites are not just channels for the distribution of information, rather they form the basis for a virtual community where firms and customers actively engage in exchange relationships. In addition, the WAM identifies two dimensions of social interaction in WMC (i.e., affective and task-related), an approach which moves beyond the unidimensional conceptualisation of human communication as simply a transfer of information from sender to receiver. Thus, the WAM depicts WMC as the exchange of both information and emotional responses and so provides a multi-dimensional basis for assessing the communication performance of corporate Web sites.

Secondly, the study provides a more sophisticated conceptualisation of communication then is generally provided in studies of consumer behaviour (e.g., the transmission of a message or meaning; Mowen, 1990; Schiffman, Bednall, Watson, and Kanuk, 1997; Solomon, 1994). Even though many communication theorists have emphasised that social interaction is at the core of human communication (e.g., Cherry, 1966; Gerbner, 1977), to date most marketing communication models have failed to adequately reflect this. Adopting social interaction as a central concept, the WAM indicates that WMC is a process of mutual exchange carried out within specific culturally determined frameworks of meaning and as such often involves an emotional component. From this perspective, task-related interaction explains the process of information exchange, while affective interaction accounts for the affective responses that also occur during the process.

Thirdly, the study contributes to the development of theory within the discipline of Marketing by drawing on theoretical concepts in the field of Information Systems and Human Computer Interaction studies. It is clear that research from a number of academic disciplines, including Marketing, Communication Studies, Information Systems, Education and Psychology, can offer useful insights into user responses to corporate Web sites. Each of these disparate areas of study can add to our understanding of WMC, but none on its own is sufficient. By drawing on and integrating concepts from other disciplines, this study sought to gain synergies and richer understandings into the phenomenon of WMC.

Finally, this study contributes a measurement system for Web effectiveness. As typical advertising typology cannot be applied to Web sites, the clear definition of Web functions and the classification of Web sites derived from empirical research, can serve as independent variables in the Web effectiveness study. Moreover, the instrument filtered through a more rigorous pilot test, likely to be valid measures of the constructs in the theoretical model.

1.3.2 Managerial Contributions

The study also makes managerial contributions for marketing and marketing communication practitioners, in that it provides a basis for marketers and Web site designers to better understand how to design, assess and increase the effectiveness of their corporate Web sites. Firstly, the study moves beyond widely-used rules of thumb and anecdotal guidelines by providing managers with informed insights into Web site

design through the classification schemes for Web site typology (i.e., Web site content types and Web site structure types) proposed in Chapter 2.

Secondly, the results of the study indicate that a corporate Web site is not just an advertising medium, but is rather a versatile tool of integrated marketing communication which involves a range of marketing functions including online selling and customer service. This study gives direction into how Web designers and markers select and combines various marketing communication functions for more effective Web design.

Thirdly, this study serves to warn Web site design practitioners not to follow conventional wisdom, such as "simple is better" or "content is king", without first testing the veracity of such beliefs. The study provides empirical evidence that adding so-called "bells and whistles" to a Web page (e.g., animation, sound, video and links) can make a Web site more attractive to users, indicating that both content and structure are important aspects to address in Web site design. This finding reinforces the need for close collaboration between marketers and Web designers in the creation of corporate Web sites.

Fourthly, the WAM proposed and tested in the study provides a basis to enable marketers to assess and maximise the effectiveness of corporate Web sites. Of particular note here, the two dimensions of social interaction in the model provide critical indicators of consumer attitudes towards a Web site. These social interaction measures can help explain consumers' emotional and cognitive responses more precisely than using more conventional broad-brush attitude measures.

Fifthly, the study showed that a Web site is both an emotional and a cognitive medium. Accordingly, marketers should be aware that an effective Web site should not only foster a perception of usefulness among users it should also create a feeling of social presence. Finally, the study indicates that individual differences (e.g. in terms of Web literacy, motives and culture) play an important role in user responses to Web sites. This finding implies that a "one-size-fits-all" approach to Web site design is not appropriate and that individual differences amongst consumers in target markets should be taken into account when designing a corporate Web site.

1.4 Definitions of Key Terms

To facilitate a better understanding of this dissertation, several important terms are defined below. These constructs will be further elaborated in Chapters 2 and 4.

Attitude toward the Web site: Attitude toward the Web site is defined as a learned predisposition to respond to a Web site as a communication medium or partner, which represents a Web user's overall feelings toward the Web site (Belch and Belch, 1999).

Computer-Mediated Communication (CMC): CMC is defined as the process of human communication through computers, both stand-alone computers and networked system (Suh, Hasan, and Couchman, 2003).

Hypermedia: Hypermedia is defined as the executional elements of a Web site including hyperlinks and multimedia (e.g., text, images, audio, and video).

Perceived Usefulness: Perceived usefulness is defined as the degree to which a user believes that using a particular Web site would enhance task performance (Davis, 1989).

Perceived Ease of Use: Perceived ease of use is defined as the degree to which a user believes that using a particular Web site would be free of effort (Davis, 1989).

Revisit Intention: Revisit intention is defined as a consumer's propensity to revisit a particular Web site.

Social Presence: Social presence is defined as a user's feeling that he or she is interacting or communicating with other people (Suh, Hasan, and Couchman, 2003). In Web communication this can be experienced as a feeling that a user is communicating via the Web site with other human beings (Suh, Couchman, and Hasan, 2003).

Web Literacy: Web literacy refers to a user's ability to manage the distinctive features of the Web, including hypermedia and interactivity. Hence, Web literacy encompasses a complex set of factors including experience, confidence, and familiarity that determine an individual ability to navigate the Web and manage their interaction with Web sites.

Web-Mediated Marketing Communication (WMC): A firm's use of the Web for marketing purposes or a use of a corporate Web site as a marketing communication tool (Suh, Couchman, and Park, 2003).

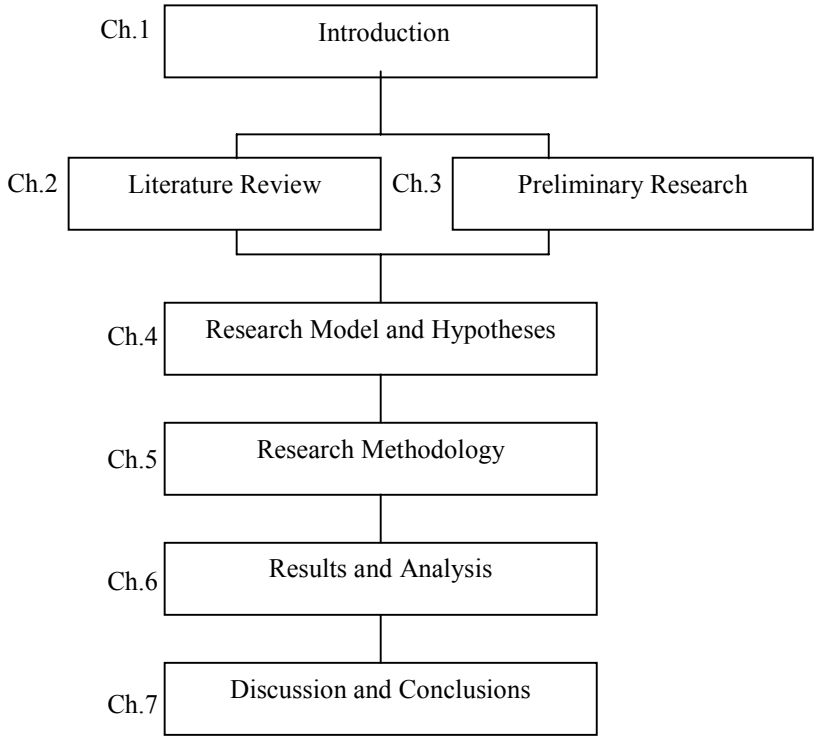
Web Site Content: Web site content refers to the information presented on a Web site (Suh, Couchman, and Hasan, 2003).

Web Site Structure: Web site structure refers to the combination or organisation of the executable elements of a Web site, encompassing text, graphics, audio, video, and hyperlinks (Suh, Couchman, and Hasan, 2003).

1.5 Structure of the Thesis

This dissertation is organised into seven chapters as shown in Figure 1.1.

Figure 1.1 Structure of the Thesis



Chapter 1 introduces the study and discusses the importance of the study's focus. The first chapter also introduces the research questions that were addressed and provides an overview of the academic and managerial contributions made by the study.

Chapter 2 provides a critical review of the relevant literature relating to the study's focus, i.e., corporate Web sites and marketing communication, marketing communication studies, and computer-mediated communication (CMC). On the basis of this review, a theoretical framework was developed. The key constructs of the theoretical framework discussed in this chapter are WMC (Web-mediated marketing communication or Web-mediated communication), Web site typology (i.e., Web site content and structure), social interaction, individual differences (i.e., Web literacy and motives) and communication effects (i.e., attitude toward the Web site and revisit intention).

Chapter 3 discusses the results of the preliminary research. An empirical study of corporate Web sites identified a Web site typology (i.e., Web site content and structure) derived from a content analysis. The Web site typology resulting from the preliminary research served as a theoretical basis for the study. The findings from the preliminary research were used for generating test Web sites in the subsequent experimental study.

Chapter 4 proposes a research model, and research hypotheses derived from this, which developed from a literature review and preliminary research. The proposed research model, called the Web Acceptance Model, seeks to explain consumer behaviour on the Web. The proposed model consists of four groups of variables, i.e., predictor, moderator, mediator, and criterion variables.

Chapter 5 presents the research methodology used in this study. The first section describes the development of the research instrument, including operationalisation of the constructs in the model, instrument design and a pilot test of the instrument. The

second section describes the experimental methodology for testing the research hypotheses. It covers the experimental design, participants, the test Web sites, experimental procedure, and data entry. Finally, the statistical methods used for data analysis are discussed.

Chapter 6 reports the results of the pilot test of the instrument and the hypothesis tests. In the first section, the results of the pilot test are presented, which involved three main analyses, i.e., a factor analysis for unidimensionality, the corrected-total correlation analysis for construct validity, and Cronbach's alphas for scale reliability. The second section discusses the results of the main experiment, which involved assumption testing and hypothesis testing.

Finally, Chapter 7 summarises the results of the hypothesis tests, discussing the implications for academics and practitioners. It presents answers to the research questions of the study. The limitations of the study are described along with suggestions for further research.