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# THE INTERNET AS A RELATIONSHIP MARKETING TOOL -SOME EVIDENCE FROM IRISH COMPANIES

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**This article explores the strategies underlying the use of the internet as a marketing tool by Irish businesses. Three different approaches to internet Marketing are described: the *ornamental*, the *informational* and the *relational*. It is shown that, theoretically, the internet offers a unique opportunity for marketers to build up and maintain relationships with their clients. However, data collected through a mail survey and a content analysis of web sites reveal that currently the most frequent use of the internet by Irish companies still follows an ornamental or, at most, informational pattern. The authors discuss whether this discrepancy between internet potential and practice is due to the social basis of market relationships or whether it can be seen as evidence that the adaptation of a new marketing tool follows an incremental pattern.**

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## Introduction

The supposed paradigm shift from transactional to relationship marketing in marketing theory and its effects on marketing practice have been discussed for a number of years (Buttle, 1996). Some of the proponents of the relational paradigm have pointed out that relationship marketing has been a common business practice for some time (Gummesson, 1997a), while others perceive relationship marketing as merely a scholarly concept with little interest for real-life practices (Cahill, 1998). Whatever stance one takes in this discussion, it is evident that there are still major gaps in relating the conceptual ideas about relationship marketing to current business practices. This paper investigates to what extent the internet marketing strategy of Irish businesses is related to the aim of building or improving the firm's relationships with customers and other business partners. If one follows Gronroos (1996), relationship marketing at an operational level rests on three cornerstones: direct contact with customers and other stakeholders, a database to store customer information, and a customer-oriented service system. Each of these practices can be supported by the internet; consequently, it is argued that the internet could offer a unique opportunity for firms to put into practice relationship marketing.

In this article, such a relational approach to using the internet as a marketing tool is contrasted with two other potential approaches: a so-called ornamental and an informational approach. To explore which of these approaches to the internet are fol-

lowed in the Irish business world, a survey of 125 Irish companies as well as a content analysis of 104 Irish web sites have been carried out. The data collected shows that, with a few exceptions, the internet is at present not used as a relationship-building tool. These results could be taken as an indication that the adaptation of new technologies by marketers follows an evolutionary path and that only over time will the new medium change marketing practices. On the other hand, the outcome could also indicate that relationship building, especially in business markets, is intrinsically linked to a social aspect and that therefore marketers will continue to rely on personal interactions more than on electronic ones.

## Marketing and the Internet – The History of Encounter

Western civilisation seems to have entered the cyber age. By the late 1990s the internet and its component parts had become ubiquitous. As a network of computer networks, the internet consists of several different parts, the most popular of which are its graphical interface, the world wide web (www), and electronic mail (e-mail). Although the exact level of usage is difficult to measure, it is estimated that in October 1999 there were <sup>about</sup> 5.5 million regular internet users in Britain alone. This figure represents 15 per cent of the British adult population, with approximately another 7 million or 15 per cent of the population using the world wide web occasionally (CommerceNet, 1999). In Ireland an estimated 440,000 adults or 17 per cent of the adult population cut-

rently use the internet on a regular basis, which marks an increase in users of 47 per cent compared to the previous year (Amarach, 1999). Largely due to this rapid increase in usage, more and more companies transfer parts of their business transactions and communications to the web.

Although the new technology still displays some serious limitations – the notorious bandwidth problem, missing trans-national policies and the security issue of electronic transactions, to name but a few – the world wide web is bound to occupy a central place in tomorrow's business world.

Marketing professionals and academics have reacted in different ways to the new medium. The vast bulk of the early practitioners' literature on internet marketing was aimed at telling entrepreneurs how to go about establishing a place in the cyber market space. Such self help guides explained for example how to set up a web page, how to write the language code needed and how to add the latest features such as backgrounds, colour and pictures. Since such know-how seemed arcane at the early stage, technical details were the order of the day (e.g. Bickerton et al., 1996). These books were soon followed by success stories set up to promote specific visions of a successful web experiment. Titles such as net gain (Hagel and Armstrong, 1997) now argued that more was needed than technical sophistication. Discussing the nature of the new 'medium, these later books attempted to show that conventional marketing mechanisms followed altogether different paths on the internet (Chattell, 1998).

Scholarly research in relation to the internet has been inward as well as outward – what will the internet do to marketing and the marketing discipline and what can marketers do with the internet? Mirroring the practitioners' literature from an academic viewpoint, some researchers focused on explaining the various levels of success of commercial web sites. For example, Dholakia and Rego (1998) undertook an empirical investigation on web page effectiveness defined by popularity measured through the number of daily hits. Implicit in such research is an attempt to gauge the profitability of the web as a marketing tool. In this context, a study by Bush et al. (1998) explores the perceptions of the internet as a marketing communications tool among a sample of US advertis-

ers. They conclude that although advertisers see the world wide web as a new element in their marketing communications mix and expect that it will grow in importance, those surveyed felt that the internet was not actually effective and did not deliver a competitive advantage. Thus, while the internet was deemed to be important, this perceived importance was not based on profitability arguments.

Attention among academics has also focused on the revolutionary impact of the new communications technology on the discipline. Hoffman and Novak (1996) were among the first to recognise the consequences of the development of a new medium-as-market in which all parties interact with each other. In the same vein, Deighton (1997) suggests that the practice of marketing will be completely remoulded by the emerging technologies. Following on from this argument, Schlegelmilch and Sinkovics (1998, p. 169) point out that the traditional marketing game no longer applies and warn that 'for marketing to survive and prosper in the information age marketing managers need to break with established rules'. Likewise, Geller (1998) argues that the ability to customise and interact with each single customer on a one-to-one basis gives effect to something that has already been discussed in the marketing field for some time: namely relationship marketing.

While a connection between relationship marketing practices and the new medium has been suggested previously (e.g. Peppers and Rogers, 1997), it has not yet been examined whether this potential acts as a motive for marketing practitioners to establish an internet presence. Thus, an analytical framework is needed that explains the motives underlying a firm's online strategy. What do senior management expect out of having a web site and how do these expectations relate to the internet's potential? Are there patterns or stages of expectations linked to the effectiveness of a firm's web presence? And to what extent is the internet really perceived and used as a relationship building medium?

### **Building Relationships in Cyberspace**

The internet is a medium that lends itself in various aspects to use as a tool for relationship marketing (RM). If RM is 'marketing seen as relation-

ships, networks, and interaction' (Gummesson 1997<sup>a</sup>, p. 267), the internet represents a physical network where the interaction between business partners can take place without major physical impediments, in real time and democratically. If one aim of RM is to reduce transaction costs in business exchanges (Bottle, 1996), the internet presents a medium where information costs are relatively low for both sides, especially when information searches are repeated, and communication costs are often insignificant. Thus, if a regular, ongoing and frequent exchange of information is a prerequisite for relationship building (Heide and John, 1992), the internet appears to be the ideal medium to assist these communicational requirements of RM. Also, compared to more traditional marketing media such as advertising or direct mail, the internet enables the customer to initiate the communication, making her a more active part of the relationship. As a by-product of this empowerment, the interaction over the internet is often perceived as leading to a more 'direct' relationship than traditional media, especially if e-mail is integrated within a web site (Boyle and Alwitt, 1999).

It is often emphasised that an excellent service is a vital building stone for developing effective customer and partner relationships (Storbacka et al., 1994). Using the internet as a medium for service delivery — for example customer care or after-sales support — can significantly speed up service turn-around and enhance service delivery. It can convey the feeling that the service is available at a keystroke 24 hours a day, it can lower the subjective barriers to complaints or queries, and it can even accelerate and facilitate product delivery — all of which will increase the perceived service quality. Furthermore, as a network of networks, the internet makes it possible to direct customers and partners to other members of the marketing network through so-called hyperlinks. Such a deliberate effort to connect network members can add further value to the business interaction.

Building relationships also requires a profound knowledge of the relationship partner. Knowledge of the customer is necessary in order to build up a relationship portfolio (Gummesson, 1994). More importantly, such knowledge is indispensable if a company wants to tailor its interaction, service and product offers to the individual requirements

of its customers and target the famous 'segments of one'. From a technological point of view, the internet makes it remarkably easy to capture up-to-date customer information at an often unprecedented level of detail, to store and retrieve this information in databases or data warehouses and to update it on a regular basis. More than other modes of communication, the internet can therefore play a focal role in a company's customer intelligence machinery, which in turn allows the company to develop a better understanding of customer requirements. In theory, the internet thus appears as an ideal medium to put into practice various aspects of relationship marketing. It needs to be examined whether managers who establish an internet presence do so with this objective in mind or whether the new medium is merely perceived and used as an outlet for glossed-up company brochures.

### Theoretical Framework

Extrapolating from a pre-study carried out in the Irish public domain in 1998 (Martin, 1998), we hypothesise that three distinct marketing strategies can be observed with business organisations that choose to have a presence on the www.<sup>i</sup> We distinguish and discuss each of these three and show why each strategy could be plausible from a business perspective. For the purposes of our study, internet marketing strategy will be defined as the plans, objectives and policies the firm has in relation to the internet as a marketing tool, and which are part of its general marketing strategy. Thus, we will not focus on the internet as a general tool for commercial exchange, but more specifically as a medium within the marketing and communications arena.

#### Strategy i: The Ornamental Web Presence

Companies use the internet for something that could be considered little else than a formal presence. These companies feel that they have to be represented on the web, but do not follow any concrete marketing objectives with the establishment of their web site. From a technical point of view, such a purely formal presence will have a number

<sup>i</sup> Although not having a web presence may also be considered a strategic decision, for this article we will focus on companies with an established web presence.

of defining characteristics: the page will be located on the server of an internet service provider (ISP), will most often consist of only a single main page or a very small number of pages, will contain little information beyond the most self-evident data and will be updated very infrequently. From an organisational viewpoint, the page will fall the responsibility of the IT section and will not be a major concern of the marketing function within the organisation. Alternatively, random ownership and changing responsibilities will prevent the alignment of the internet presence with the general business and marketing strategies.

It can be hypothesised that the motivation of the company in establishing such a page is primarily reactive: as competitors move onto the web, it is felt that a presence has become necessary (Martin, 1998). Often, however, the management will not pursue any clear objectives with the establishment of the web site. Statistics from the Irish Trade Board in April 1998 showed that although Irish companies increasingly adopted the web as a business tool, only a small number of those firms had concrete objectives in relation to their internet presence (Lillington, 1998). A survey carried out at the National University of Ireland, Galway, in 1998 revealed that many small and medium-sized enterprises with a web presence do not perceive the internet as adding value to their business (Byrne, 1998). Perhaps for some companies, the only immediate tangible benefit from the web is the ability to use the web address or uniform resource locator (URL) on traditional marketing channels and thus be perceived as a company that keeps abreast with the latest developments. Although this internet strategy — if, indeed, the lack of long-term goals can be called a strategy — will not dramatically increase the company's turnover, it can nonetheless be an economically plausible move, if one is to believe research findings by Maddox and Mehta (1997, pp. 56-7):

Research clearly indicates that URLs in advertising are noticed by both those who use the internet and those who do not. In many cases the mere existence of an URL in an ad enhances the advertiser's image over advertisers who do not include them ... compared to those without URLs in their ads, advertisers with Web addresses are perceived as more customer-oriented, responsive, informative, 'high tech', sophisticated and more likely to stay in business longer.

Thus there may exist an economic benefit in having a purely formal web presence in and of itself, even if management is not concerned whether people use the site at all and for what reasons. As a consequence, it is likely that some firms may develop a web site for no other reason than the fact that it is fashionable.

### **Strategy 2: The Informational Web Presence**

Information provision has always been an important aspect of the marketing function. The internet can reasonably be used as an additional tool to channel information on a firm's products or services to potential and existing customers (Quelch and Klein, 1996). Moreover, compared to other marketing communication tools, it has the added advantage that it easily crosses boundaries of space and time. Companies following the informational strategy consider the world wide web a useful marketing tool that is more or less similar in nature to the traditional one-to-many marketing channels with an additional international scope. The focus of such a web presence will therefore lie on the firm providing as much information as possible through the web rather than establishing a dialogue with the customer. Consequently, these companies will spend considerable time designing their web site and ensuring the information is complete, accurate and kept up to

date. The sites will be easy to access, quick to load, and will be easy to find using search engines. Products or services may be displayed in great detail in this virtual showroom to enhance their visibility and exposure in the marketplace and thus increase purchase probability. However,

these sites will not be designed as a communication device. The site will not explicitly encourage customer feedback beyond product enquiries such as service requests or complaints. Moreover, if a customer wants to purchase a product they will often have to use the traditional channels to do so. In summary, informational sites represent virtual company or product brochures (Dholakia and Rego, 1998). Economically speaking this is a valid strategy for companies that rely heavily on mass communication. A web presence allows these firms to keep their customers and prospects constantly up to date. It will also decrease the amount of printed information and the likelihood of having boxes full of outdated

### Strategy 3: The Relational Web Presence

Firms following this strategy recognise the internet as a truly revolutionary medium that changes the rules of the game entirely. The internet is perceived as a tool unlike any other because it allows firms to build up and maintain relationships with a huge number of new and existing customers. In other words, it is regarded as the oft-heralded one-to-one future come true (Peppers and Rogers, 1997). For those firms, the key difference between traditional marketing media and the new cyber marketing is the degree of interactivity. Communication is no longer based on businesses feeding information to clients. Rather, clients play an active role not only in looking for information relevant to their specific product and service needs, but also in communicating these needs to the companies and entering into an ongoing dialogue with the firms. In this scenario, the internet is appreciated as providing a unique forum for clients to communicate with businesses and as adding real value through tailor-made services in all phases from pre-purchase to purchase and after-sales. It will therefore be integrated into the overall marketing plan of the firm as a key strategic element. If perceived as a core communication channel, 'relational' web sites will contain much more than information. These sites will provide for and actively encourage customer feedback through e-mail enquiries or CGI forms.<sup>2</sup> In addition, a relational site may allow the company to recognise visitors and to personalise the interface according to their needs. At the very least the site will be designed to filter out and direct specific groups of customers to closely targeted offerings and services. Most likely, policies will be in place to process any enquiries or feedback instantaneously and to use such feedback as a core measure of the effectiveness of the site.

### Research Methodology

Based on the theoretical framework developed above, the objective of this study is to examine whether and to what extent these strategies indeed underlie the internet presence of Irish businesses. For this purpose, two research instruments have

been developed and used on a sample of businesses with a well-established presence on the internet: a postal survey of Irish companies and a content analysis of web sites of Irish businesses. As a source of Irish companies with an internet presence of one year or more, the *Irish Business Internet Directory 2000/2001* was used. The publication is a popular directory of commercial homepages and provides company listings of all sizes and ownership types. In total, contact, e-mail and web addresses of 16,000 companies are included in this directory. The 500 companies included in the survey were selected on the basis of a systematic sampling process with a sampling interval of  $i = 32$ . As companies are listed in an alphabetical order in the directory without any other ordering criteria, the sample can be considered representative of the underlying population. Following Pels' (1997) observation that relationships are not actor-specific, relationships over the internet could equally be established between companies as between a company and an end-consumer. The study therefore included firms active in both consumer and industrial markets as well as companies of various sizes and industries. However, as the study was designed to examine 'Irish' businesses, only those companies that had operational headquarters and an independent marketing function situated in Ireland were included in the data analysis.

### Survey Results

In spring 1999, a self-completion questionnaire was sent to the marketing manager of the 500 firms in the sample, or, if the company did not have a marketing manager, to the managing director of the firm. Three sections were included in the questionnaire: the use companies make of the internet was queried through multiple-choice questions, the perceptions of the web as a marketing tool were examined using four-point scales (very important, somewhat important, not very important, no importance), and a number of open-ended questions were included to allow for a more in-depth exploration of the objectives and expectations managers attached to their firm's web presence. The two researchers coded the open-ended questions independently, with an inter-coder reliability of 87 per cent and a consensus accord on the remaining codes. In addition, demographic details of the participating companies were captured. 115 usable questionnaires were returned, which represents a net response rate of

<sup>2</sup> CGI stands for common gateway interface and describes the technology to handle forms with predetermined fields on the internet.

**Table 1 Manufacturer or Services within Consumer and Business Markets**

	Consumer markets	Business markets	Total
Of which manufacturing	10 (37.0 per cent)	13 (16.7 per cent)	23 (21.9 per cent)
Of which services	17 (63.0 per cent)	65 (83.3 per cent)	82 (78.1 per cent)
Total	27	78	105

Missing values: 10

**Table 2 Company Size**

Number of full-time employees	Frequency	Per cent
0-49	64	56
50-250	31	28
>250	20	14
Total	115	100

**Table 3 Irish or Foreign Ownership**

	Frequency	Per cent
Fully Irish owned		68.7
Predominantly Irish owned		11.3
Predominantly foreign owned	79 13 2 20 114	1.7
Fully foreign owned		17.4
Total		99.1

Missing values: 1

<sup>2</sup>3 per cent. Tables 1 to 3 indicate the distribution of the net sample.<sup>3</sup>

This spread corresponds broadly to the distribution of the original sampling frame. It is interesting to note that the returned questionnaires displayed a very even distribution among industry sectors, ranging from pharmaceutical and textile companies to educational services. IT related companies, traditionally a sector strongly represented on the web, accounted for 17.4 per cent of the sample and internet consultancies or providers for only 1.7 per cent. Overall, the net sample was mainly constituted of long-established small and

medium sized Irish-owned business-to-business companies - 7<sup>8</sup> per cent of the surveyed companies have been in existence for more than 20 years.

The results of the survey show that the initial decision to build up a web presence seems to be in large part a senior management decision - in 40 per cent of the cases, the MD or the general manager decided to establish a web site. Yet customer-specific considerations did not appear to be a significant factor in building up a web presence, as Table 4 indicates.

A follow-up open-ended question confirms that the original decision to establish the web presence is often driven by the feeling that 'one has to do it' as competitors were moving onto the web - as one respondent reported: 'better safe than sorry'. Often there does not seem to be a clear conception of how to improve customer service or how to get closer to the customer via the internet:

<sup>3</sup> It was decided to exclude from the outset companies which have only recently started to have an internet presence, as the questionnaire partly investigated the experiences managers had had with the web.

**Table 4** Initial Motivations to Establish a Web Presence

Main initial motivation(s) for establishing a web presence (several answers possible)	Frequency	Percentage
Company visibility, general marketing presence	33	24.8
Promotional tool	28	21
Image reasons (e.g. to convey hi-tech image)	17	12.8
Reaction to competitors' moves	14	10.5
Global reach	10	7.5
Experience with new technology	8	6
Facilitate communication with customers	8	6
Sales	6	4.5
Expand customer service	5	3.8
Other (e.g. personal interest)	A	3
Total	133	100

**Table 5** Frequency of Site Update

	Frequency	Percentage	Accumulated percentage
Every day	8	7.6	7.6
once a week	11	10.5	18.1
once a month	26	24.8	42.9
once a quarter	15	14.3	57.2
2-3 times a year	26	24.8	82
Once a year	12	11.4	93.4
Never	7	6.7	100
Total	105	100	100

'Nobody really knew what the internet would be good for', or 'We just followed the internet bandwagon' (comments of survey respondents). Most often, IT or technical personnel are charged with the initial design and subsequent maintenance of the web site; in only 14.9 per cent of the cases is it considered a marketing task. Once established, management focus often seems to drift away from the site. In more than half of the cases the web site is updated less than once a month; in some cases it is not updated at all (Table 5).

It also seems that the web site is not perceived as a stand-alone marketing medium. More often than not the companies do not promote the URL beyond company stationery and business cards and fail to use electronic ways of advertising the site (Table 6).

From a budget point of view the internet still appears to rank far behind traditional marketing media in importance – 7<sup>8.2</sup> per cent of the companies spend less than 10 per cent of their marketing budget on the world wide web, and over half of the companies do not try to track the profitability of

this spend through quantitative or qualitative measures on a regular basis. With regard to the possibilities of the internet as an interactive medium, most companies satisfy themselves with encouraging product enquiries from the customer (Table 7).

Asked to indicate the importance they attach to possible uses of the web site, most respondents see the internet as a tool to provide information on products or services and on the company in general. Relationship concerns fall behind these traditional marketing objectives (see Table 8).

It is remarkable that although almost half of the respondents considered customer feedback through the web 'very important', most companies do not actively encourage any 'customer feedback beyond product enquiries. This could indicate that companies are aware of the possibilities the internet offers with regard to getting closer to the customer, but that very few firms actually exploit such possibilities to their full extent. Asked if, overall, the respondent felt that the company had benefited so far from having a web presence, 73 per cent of the respondents indicated that they did. Respondents who did

**Table 6** Tools and Mechanisms to Promote Web Site

<i>Mechanisms to promote site (several answers possible)</i>	<i>Frequency</i>	<i>Percentage of total answers</i>
URL on company literature/brochures		26
URL on company stationery	5,4	21.6
URL on print advertisements	45	15.9
Web site registered with search engines or web directories	33	8.7
Links to other sites	18	8.7
E-mail addresses on business cards	18	6.7
Word-of-mouth	14	2.4
Banners	5 5	2.4
Dedicated site promotions (e.g. flyers)	3 2	1.4
Participation in news groups/e-mail lists	11	1.0
None	208	5.3
Total		100

**Table 7** Forms of Feedback the Web Site Encourages

	<i>Frequency</i>	<i>Percentage of respondents claiming to have the feature</i>
Product enquiries		77.4
Customer service requests	89	48.7
Feedback to the webmaster	56	38.3
Product orders	44	28.7
Complaints	33	27.8
Event registration	32	2.6
E-mail to different divisions	3 2	1.7
Transactions	1	0.9
Other forms of interactivity	5 15 280	4.3
None		13.0
Total		

not perceive any added benefit from their web presence, when asked for the reasons, frequently admitted that the potential gains from the web could be much higher but that they had not (yet) invested enough time, money or interest in this new medium. When asked about the future role of the internet for their industry sector, an overwhelming majority of respondents considered the web would be increasingly important in the very near future. Overall, this exploratory survey shows that although many firms do appear to see the potential of the internet as a relationship-enhancing medium, at this moment in time it is in most cases used just as any other marketing communications tool: to increase the market presence of the firm and/or to align oneself with the competitor.

### Content Analysis

To validate the results of the exploratory survey, the second part of the investigation consisted of a content analysis of 125 commercial web sites. As

responses to the postal survey were anonymous in order to protect participants and increase the response rate, it was not possible to identify responding companies and to analyse only their web sites. Instead, it was decided to use a random sub-sample of the sample of 500 Irish companies to which the survey had been sent out. Of the selected sites 116 were found to be accessible, and a further 12 were excluded from the study because the sites were based and managed from outside Ireland. Before each site was visited a key word search was undertaken from the www.yahoo.ie portal to determine the search success. In addition, the actual URL was coded for an analysis of its intuitiveness. Each homepage and links were then analysed and coded along 25 variables.

By relating the content of web pages to the proposed three internet marketing strategies, it is possible to identify the actual marketing strategies adopted by companies and to compare these find-



**Table 8** Importance Attached to Possible Uses of the Web Site

	<i>Very important</i> =1	<i>Somewhat important</i> =2	<i>Not very important</i> =3	<i>No importance</i> =4	Mean	<i>Std. error of mean</i>
Providing information about the company	83.5	12.2	3.5	0	1.19	0.04
Providing product information	81.7	11.3	3.5	0.9	1.21	0.05
Attracting new customers	69.6	18.3	9.6	0.9	1.41	0.07
Selling company products	55.7	21.7	12.2	7.0	1.69	0.09
Servicing queries	48.7	28.7	13.9	5.2	1.75	0.09
Allowing for customer feedback	43.5	36.5	13.0	4.3	1.78	0.08
Building customer loyalty	47.0	23.5	19.1	5.2	1.82	0.09
Entertaining visitors	11.3	27.8	28.7	26.1	2.74	0.09

ings to the results of the postal survey. As an example, two of the key dimensions of a web page indicating a relational strategy were deemed to be the interactive features of each site and the use of tracking cookies. As discussed earlier, only if a firm is able to identify and differentiate its customers and only if requisite communication channels are provided will it be able to use a 'one-to-one' marketing strategy (Peppers et al., 1999). Thus, we consider for example the ease to communicate with different parts of the company to be evidence of relationship building efforts. Another relational feature would be links to other web pages that could be relevant and value-adding for the site visitor but are not directly company related. An informational strategy is mainly identified by the amount of company and product or service information provided on the site. For an informational strategy the information given on the page would be kept up to date and would be easily navigable with the help of a site index.<sup>4</sup> If the site is regarded as an enhanced company brochure and thus a promotional tool, we would also expect greater attention to be paid to page design, for example in the form of images or other media applications (Dholakia and Rego, 1998). In addition such electronic company brochures should be easy to find if they are to fulfil the intended objective of information dissemination; thus, they should be easy and quick to access from a search engine or intuitively from the URL. An ornamental site is primarily identified by the absence of those features that would indicate one of the former strategies. Pages

will not have any features that are interactive and will carry little detailed information about the company or its products. Information on the page may be mostly static because update frequency will probably be low. Basic information that one would expect to find on these sites - and indeed on any commercial web site - would be a broad company profile as well as a postal address and generic telephone number. Table 9 presents the total scores for each variable across the sites analysed.

#### **Interactivity**

Facilities for interaction with customers or other users were found to be very limited. In most cases one e-mail address was provided which allowed for feedback to the web-editor. This is a standard feature that is offered by most internet service providers and therefore does not imply a deliberate effort of the company to get into contact with the site visitors. While it is appropriate to have technical feedback to the web editor it could also imply for the visitor that non-technical enquiries are not encouraged - most visitors probably would not send a service or product enquiry or complaint to a web editor. In only 10.6 per cent) was it possible to send general or specific enquiries to particular functions such as sales or customer service.

#### **Tracking and Personalisation**

Technically, information about visitors to company sites can easily be obtained through the use of cookies. These are files sent to the user's browser that track the activities of the user, thereby allowing the company not only to build up very detailed information on the visitors of a web site, but also to personalise the site each time the visitor accesses the site. The use of cookies is now widespread with most ISPs informing their clients about this technical possibility. In our

<sup>4</sup> Many sites do not provide details on when last updated. Consequently the presence of a 'what's new' section provides the only measure of the frequency of updates and changes to pages.

**Table 9** Analysis of Company Homepage Features

Category	Feature	Frequency (of 104)
Basic	Presence of company profile	100
Basic	Presence of e-mail address	90
Basic	Presence of feedback facility to the webmaster	90
Basic	Presence of correspondence address	78
Basic	Presence of telephone numbers	61
Informational	Presence of pictures	99
Informational	Presence of product <i>catalogue</i>	92
Informational	Facility for product orders	54
Informational	Possibility for site search on search engines by company or product names	16
Informational	Presence of 'What's new' information	11
Informational	Presence of Index shortcut	10
Informational	Presence of Search facility	9
Informational	Presence of animated images	6
Informational	Presence of Java applets	5
Informational	Presence of sound files	4
Informational	Presence of video files	2
Relational	Presence of e-mail addresses by area of interest (sales, information, feedback, etc.)	11
Relational	Presence of CGI forms	9
Relational	Presence of trivia (games, interactive quiz, etc.)	4
Relational	Presence of tracing cookies	3
Relational	Presence of industry profile/news	10
Relational	Presence of other 'non-company' information	
Relational	Presence of browser compatibility options (e.g. choice of text only, Java, etc.)	
Relational	Presence of complaints mechanism	
Relational	Customised client or business partner areas	

sample cookies were set in four cases (3.8 per cent). In all other cases, companies were not able to track page users, develop a profile of usage or allow for site customisation.

#### Ease of Access

Companies can assist people to access their sites by following two basic principles. First they can increase the likelihood that search engines find their pages. Our study found that the pages of a large number of companies could not be located by a general purpose search engine. Just under a half returned no positive results when searched for by company name. Of the remainder, nearly 30 per cent appeared as text or links in pages other than the firm's page and thus did not lead directly to the company web site. Only in 15.4 per cent of the cases did a search actually arrive at the given home page. This indicates that firms often fail to register their sites, are using servers unfriendly to searches or are not adding search commands to their pages. In terms of URLs a similar picture emerges. Over half of the sample do not have a domain name related to the company name. Most firms rely on internet set-

vice providers to provide a home for their site on the ISP server. Thus the URL becomes longer and more difficult to remember for visitors who are given the site address through another medium. Those who search for the site by typing in intuitive addresses such as [www.companyname.ie](http://www.companyname.ie) will not be able to find the site.

#### Content

Most sites visited exhibit a one-level site structure with a small number of pages providing varying amounts of information on the firm and where to contact it. In general, little use is made of advanced graphics or other information-rich media applications such as sound, video or animated images. Two firms surveyed had a video feed – in each case it was a virtual tour of the company premises and production facility. Eleven sites (just over 10 per cent) provided a 'what's new' section. However, those that have such a section do not appear to update it on a regular basis. The use of shortcut devices such as an index to structure the site or an internal search engine for fast retrieval of specific information was equally limited.

To summarise the content analysis, the most 'basic' features of an ornamental web site such as the telephone number of the company do not seem to be that basic after all, as some sites did not have them. Yet, even for ornamental sites a few informational features such as a product catalogue seem to be standard, whereas more sophisticated features that would increase the informativeness of a site – for example a content index – are relatively scarce. Most companies scored very low on the selected relational variables, with the exception of a small number of sites that presented almost all of the relational features. Again, this corroborates the fact that the internet *can* be used as a very effective informational or even relational tool, but that few of the surveyed companies actually invest the necessary effort to reap such benefits from their web presence.

## Discussion

The results of both content analysis and survey suggest that at this moment in time, most Irish firms do not exploit their internet presence to its full capacity and do not use it as a relationship marketing tool. It is necessary to investigate the reasons why companies do not seem to use the new technology to its full potential. First, the internet marketing strategies we have outlined in this work could be incremental in nature. Using O'Driscoll's and Murray's (1998) terms, the marketplace may thus just lag a little behind the best (relationship) practices as defined by the academic internet literature, but might soon catch up with them. It could be argued that objectives behind a firm's web presence develop from that of an ornamental 'me-too' presence to having an additional information channel to creating a tool to build and maintain relationships with customers and partners. According to the empirical study, most Irish firms have not (yet) gone beyond the stage where the internet is solely seen as a useful place to replicate the company's printed brochures. However, some of the survey respondents declared their intention to move beyond this stage and to redesign or build upon the existing web page: 'To date, the site has mainly been used to create awareness – we will use it to service clients, sell services etc. in the future' (respondent for a business consultancy). The notion of an evolutionary path of web establishment by firms is consistent with previous research findings on internet usage (Dholakia and Rego, 1998; Quelch and Klein, 1996) and is supported by other examples of

the adaptation of new technologies (Zuboff, 1988). If this assumption holds true, Irish firms will make their first steps in the medium by establishing an ornamental presence. Once they are comfortable with the technology, they will expand their site from a content point of view while still relying on the rules and mechanisms of traditional marketing environments. Only then will they realise the revolutionary potential of the internet and move toward a relational internet usage. Legitimate as such an incremental approach to the new technology may be, it implies a few pitfalls. If ornamental sites are mainly intended to be a web experiment, firms should move quickly towards a stage in which the site delivers value to the visitor, and it has to be obvious to the visitor that there is 'work in progress'. If sites are left at a raw stage for any considerable length of time, visitors will at best be left with 'a bad taste in their mouth' or, at worst, turn into a 'noncustomer for life' (Kirsner, 1999). Just as a badly designed company brochure, it could even have negative consequences on the company image in general, especially if – as was the case for some of the sites analysed – the bare minimum of what one could expect even from an ornamental site is not present. Given that 85 per cent of the surveyed firms had established their site before 1998, it remains to be seen if and when Irish companies will eventually move toward more sophisticated approaches to the web.

On the other hand, academy and marketplace could be out of harmony for exactly the opposite reason: academic beliefs in the internet as a relationship building tool may simply be erroneous in the eyes of business people. It is possible that the marketplace does not perceive the advent of the internet as fundamentally changing business practices. If, as Hakansson and Snehota (1995) suggest, relationship building in business markets is intrinsically linked to a social aspect and often takes an informal character, it could be the case that marketers, in these markets still rely on personal interactions more than on electronic ones. Similar to other information technology applications in business such as electronic data interchange (EDI), the internet is a powerful tool for information exchange and commercial transactions; however, it may not be perceived as an ideal mode for interpersonal exchange (Davies, 1996). Relationship processes such as cultivating trust, developing shared norms, involvement and bonding are diffi-

cult to replicate electronically. And even information gathering might still be easier in personal channels. We can assume that most people would simply feel more comfortable disclosing personal details to a living person in a face-to-face conversation than entrusting them to an anonymous electronic interface. Thus, companies might be right in according the internet a secondary place as an interaction tool if they have the possibility of using more personal communication channels – an attitude that one of the respondents summarised: 'As an IT services company, we are expected to have a site but the nature of our business is and will be person-centric'.

## Conclusion

In late 1999, as the broad commercial spread of the internet is only four or five years old, it is probably too early to decide whether companies will eventually use the internet in a relationship mode or not. After all, some maintain that marketing theory and practice are still developing their responses to the introduction of TV advertising 50 years ago (Deighton, 1996). Longitudinal research is required to determine if the use of the medium will improve with its age. It is, however, not too early to remind marketing practitioners that even the most basic presence in cyber space has certain requirements. Internet marketing should be an integral part of the company's overall marketing strategy and be treated on a par with advertising, PR and other traditional media tools. The same care must be attached to the web design as to the design of an advertising campaign – which also implies that, from an organisational point of view, the marketing department should at least have co-responsibility for the site. The objectives of having a web presence should be clearly defined and the site optimised to reach these objectives. If the main purpose of the site is the provision of information, marketing managers should take care that is quick,

easy and enjoyable for the visitor to get this information. And if a main goal is customer interaction, internal structures must be in place to provide the fastest and most competent response to queries and requests. Whether the internet approaches outlined in this article build upon each other or not, it appears vital that at each developmental stage, a company's web site be optimised according to the goals attached to it.

Some comments of the research participants could be interpreted to imply that, even on an evolutionary path, some aspects of relationship building may continue to be done face-to-face instead of being completely relocated to cyber space. To explore this proposition further, two issues need to be investigated. First, users' and suppliers' perception of and experience with the internet as a communication and marketing channel need to be studied more in depth. It has to be established how a hypermedia environment affects the quality of the business interaction in the eyes of the participants, and which role the internet can and cannot play in this interaction. In addition, cross-cultural research should examine whether marketers' and customers' perceptions and expectations of the internet are related to the overall size of the marketplace and the traditional role of face-to-face interaction. It could be that in some countries, personal networks are much more important for establishing and maintaining business than less personal interaction channels, either because of the limited size of the marketplace or the traditional role of social networks – an example of which can be seen in Japanese *keiretsus* (Gummesson, 1997b). With this article, the authors hope to open up a discussion on whether in a small country like Ireland the internet will ever be able to fully replace what has been termed 'shoeleather marketing' (Garvey and Torres, 1997) as a tool for relationship development.

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