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The Impact of Internet Use on Business-to-Business Marketing

Examples from American and European Companies

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The Internet has been the favorable theme for numerous studies and reports, during the last decade. Yet, there is a lack of systematic empirical evidence regarding the marketing activities that are affected by the use of the Internet, and their consequent performance outcomes. In this article, we document the role of the Internet in business-to-business marketing and identify market-oriented activities that are affected by the use intensity of the Internet. Using a sample of 130 industrial businesses, we found a substantial positive effect of the use of the Internet on sales management activities, market-oriented product management activities, and sales performance and efficiency. The results of this study also stress the central role of the sales force in the successful implementation of the Internet marketing strategies within organizations.

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INTRODUCTION

The Internet is an information technology (IT) that diffuses at exponential rates among the business-to-business organizations. According to the Forrester Research (Business Marketing, May 1997), $66 billion in business-to-business commerce will be conducted on the Internet by

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the year 2000, with the number of businesses connected in the Net rising from 4% in 1997 to 33% by then (i.e. the year 2000). Its high approval and use by business-to-business organizations may be largely attributed to two factors. First, to its interoperable[1] idiosyncrasy that constitutes an overwhelming advantage over other competitive information networks (such as value added networks, open EDI systems, Intranets, etc.), since it entails significantly lower setup and operational costs and elimination of switching costs [1]. Second, it may be attributed to its enhanced informational and interactive communicative capabilities, which enable it to be used as both a communication tool and a marketing channel, thus inducing the development of more effective interorganizational relationships and the emergence of new network cooperative opportunities [2].

Current trends in the market environment, such as shrinkage of markets, increase of competition, technology turbulence, and diffusion of the IT through the organizations, preempt structural changes in the organizations and their marketing channels. These trends call for increased collaboration among organizations that leads to increased outsourcing activities, transformations in the value chains of the organizations and of their distribution channels, and the formation of new network organizational structures. In fact, these trends are calling for enhanced communication capabilities and increased interorganizational exchanges. In view of these marketing phenomena, the examination of both business-to-business marketing transactions, and the potential of the IT (i.e., the Internet) to facilitate these transactions, become a primary concern.

The positive impact of Internet on industrial organizations has been addressed in many studies [3–8]. However, apart from the pioneering work of Hoffman and Novak [8] who proposed a preliminary theoretical process model of consumer navigation behavior in hypermedia computerized mediated environments (CME), most research on marketing communication and new media has been either descriptive or theoretical/speculative [e.g., 9–11].

Thus, although the Internet has been the favorable theme for numerous researchers and scholars during the last decade, there is still a lack of systematic empirical evidence regarding the role of the Internet vis-à-vis the marketing activities and performance of business organizations.

This research addresses these issues. More specifically, focusing on business-to-business organizations, we attempt to investigate how the use of the Internet affects their marketing efforts and performance.

THE STUDY

Current marketing and sales practice and theory are undergoing unprecedented transformations that may be highly attributed to the adoption of new technology tools and marketing concepts, such as sales force automation tools, database marketing, relationship marketing, network marketing, electronic trading systems, and, finally, the Internet. Transferring the thought of the Harvard Business School marketing theorists, the main thrust of the transformation in marketing practice could be reduced to the shift from broadcast marketing to interactive marketing that introduces marketing concepts and practices that are more customized and responsive to the individual [12]. In this context, the Internet has been characterized as the ultimate interactive medium.

The above interactive approach in marketing is reinforced by the views of many scholars according to which our period is a transitory period towards "the information era", in which the management of information has become a competitive necessity [13, 14]. Other authors sustain that we already have reached the threshold of the "knowledge era," in which the competitive advantage lies in the embedded organizational knowledge of how to establish and manage effective relationships, both within organizations, and among them (both with customers and suppliers) [15, 16]. In the same vein, Glazer [14] argues that the source of long-sustained competitive advantage is the management of the overall set of relations between the firm and its environment. Because these relations are developed through the "pattern of exchanges" in which

[1] Interoperable: compatible with every network and individual information system.

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