Australian and Taiwanese Advertiser's Perceptions of Internet Marketing

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Abstract

With the Internet being a relatively new communication medium, the perceptions of advertising agencies on the use and future of Internet marketing has important implications for companies using these agencies to develop their advertising strategies. This research investigates the perception of advertiser s towards the use of the Internet as a communication medium. Drawn from two different countries, Australia and Taiwan, advertiser perceptions fell into four different clusters: optimistic tomorrow, cautious adopters, doubting laggards and technology realists. While Australian advertisers were represented in all four categories, Taiwanese advertisers were mainly cautious adopters or technology realists. Although the Australian agencies represent a diverse range of perceptions, the Taiwanese agencies all had a low belief about the future of Internet marketing.

Keywords: cross-cultural, advertising, internet marketing

1. Introduction

The advertising industry, which specialises in consumer communication in myriad modes, has decades of research on conventional media such as radio, television and print. Internet research, however, is in its pioneering days. As industry and academia grapple with this new medium, advertising companies are on the front line - advising clients on Internet strategies as well as implementing those strategies. This research investigates the perceptions of advertisers in relation to their use of the Internet, major barriers to and the future of Internet marketing.

While much Internet research has been conducted in developed western countries, little research has been conducted in developing countries even though the Internet crosses national boundaries and cultures. Yet even less research has investigated cross-cultural differences with this medium. This research explores two countries with different cultures, Australia and Taiwan. While both countries are Australasian technological and economical leaders, their national cultures differ. Taiwan has a national culture strongly influenced by eastern values, while Australia has a predominately western culture.

Another reason for including Australia and Taiwan is their Internet experience differs. While Australian firms have been using the Internet for some time, Taiwanese firms are relatively new comers compared to Australia. Although Taiwan now has a similar level as Australia for percentage of Internet access, they have recently undergone a steep rise in access

uptake. As the Internet is a relatively recent phenomenon in Taiwan, Taiwanese firms have a relative lack of experience in Internet marketing. This lack of experience in Taiwan may also play an important role in their perceptions of Internet marketing.

The literature review opens with comparative statistics on Australian and Taiwanese Internet use and economic development. Next, an historical perspective of media development argues that some current practices will fail or change and that today s optimism is overstated. This section is followed by a short description of the advantages of using the Internet and cultural variations between the countries.

2. Literature Review

2.1 Development of Internet Usage in Australia and Taiwan

In 1999, Australia was the eighth top country (as a percentage of the total population) for Internet usage, with 343 users per 1000 of population (Computer Industry Almanac, 2001). Taiwan however, was fourteenth with 217 Internet users per 1000 (Computer Industry Almanac, 2001). Since 1997 though, Taiwan has shown one of the world s highest increases in Internet usage. By mid 2000, over six million - over one in four - Taiwanese were online and close to eight million, two out of every five Australians, had Internet access (Nua, 2001).

Taiwanese Internet hosts per person were approximately one sixth of Australia in 1997 and increased almost four times in the last two years, while Australia s hosts increased only 1.5 times (Department of Industry, Science and Resources 1997,

2000). The country rankings have come closer together since 1997 when Australia was ranked fifth and Taiwan was not in the top 15 countries. By the year-end 2000, Australia and Taiwan ranked 10 and 11 respectively on the top 15 countries for total volume of Internet users Computer Industry Almanac, 2001).

Data for this project were collected in mid-1999, when both countries were in the top 15 countries of Internet users as a percentage of population. They also ranked similarly on total volume of Internet users, indicating corresponding Internet usage between the two countries.

Australia s population is about 19 million with GNP per capita $20,640 (World Bank, 2000) and Taiwan s population is about 22 million (Chinatopnews, 2000) with GNP per capita $13,233 (Cpcity, 2000). According to the Global New Economy Index (2000), Australia and Taiwan ranked number eight and ten respectively, suggesting similar economic dynamism and strength, as well as technological capabilities and potential.

2.2 An Historical Perspective of Internet Marketing

Those living in the 15th century lived through the impact of the printing press similar to those last century who experienced maiden radio and television broadcasts. Today s computer-mediated communication ranges from CD-ROM catalogs, personal digital assistants and on-line services to fully interactive television systems with electronic coupons, virtual malls and movies-on-demand to the mother of all interactive technologies - the Internet and its little brother, the World Wide Web (WWW).

Similar to past new media with explosive growth, such as television and cable TV, effective Internet marketing will evolve. Society tends to misuse and overestimate the influence of emerging technologies in the short run and underestimate their long run effects (Rogers, 1995; Fidler, 1997).

Discussion about the Internet s commercial role gathered momentum in the early 1990 s. In September of 1994, Jim Sterne produced the world s first Marketing on the Internet seminar (Sterne, 1997). One month later HotWired (www.hotwired.com), the online sibling of Wired Magazine, launched paid World Wide Web advertising (Ellsworth and Ellsworth, 1997; Sterne, 1997). Until then, Wired linked to a site simply because they found the site interesting. In an earlier Internet exchange, AT&T (www.att.com) linked to O Reilly s Global Navigator Network (www.gnn.com) for reciprocal links back to AT&T. But for the first time ever, HotWired collected cash.

In 1996, Hoffman and Novak introduced marketers to this revolutionary new medium, proposing a process model of consumer navigation behaviour in a hypermedia computer-mediated environment (CME). They concluded that the new medium-as-market hypermedia CME especially the World Wide Web exemplified a many-to-many communication model. The consumer actively participates in an interactive exercise of multiple feedback loops and immediate communications. Marketers must adapt to profit from this medium.

As with primitive radio and television, the Internet has teething problems. Connections to sites fail, servers crash and email bounces. Unlike radio and TV, sites can be slow. Aside from reliability, privacy is a key issue facing marketers and society in the near future (Leibrock, 1997). In addition to privacy, Bush, Bush and Harris (1998) found security and measurement issues as barriers to Internet marketing.

2.3 Internet Promotion

Companies use the Internet as a new marketing medium in conjunction with other off line media such as television, radio and print. Marketers should consider online promotion within their overall strategy to build a consistent brand image. Online promotion is more than putting up a web site and hoping customers search for their site. It also includes tools such as banners, hotlinks, permission email, search processes, and memic advertising (Hanson, 2000; Zeff and Aronson, 1997).

Each of these applications must be strategically used in conjunction with the web site and offline promotion. The Internet Advertising Bureau (1997) noted four reasons why online promotion is strategically important:

1. Television audiences are migrating to the net

2. The net is the fastest growing medium in history

3. Internet demographics are a marketer s dream

4. Web ad banners build brand awareness and may generate awareness better than television or print advertising.

Online promotion offers many advantages over offline promotional tools, including:

Targetablility: Web advertisements can target particular market segments, minimising wastage or promotional costs (Zeff and Aronson, 1997). That is the target market, not necessarily other market segments, see the promotion.

Tracking: Collecting information on individual users is possible, building a detailed profile of their online preferences (Zeff and Aronson, 1997; Hanson, 2000).

Individualisation: Online promotional strategy can target the individual who is accessing the information if data on them has been collected. Tracking and profiling a customer helps customise their online experience to their particular preferences (Hanson, 2000).

Delivery: Online promotion is delivered globally, 24 hours a day, 7 days a week, 365 days a year. Delivery of the online promotional strategy is direct to the customer s computer, which in some cases is the customer s home (Zeff and Aronson, 1997). This mode of delivery is not limited to availability of media, as the customer accesses the promotional information when they want to.