

Online Marketing: Enthusiasm, Disappointment, and Academic Responsibility?

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Abstract

From the late 1990s up to the collapse of Internet stocks in April 2000, the professional and popular marketing press carried a stream of articles that were enthusiastic about the potential of Internet marketing for all the components of marketing; selling products and services, building brands and relationships and providing individualised information to customers. With the benefit of hindsight, and in view of the many well-publicised losses of Internet based companies, much of this enthusiasm was unjustified. This paper analyses the pattern of growing interest in, and changing assessment of, Internet marketing from both marketing and professional writers, as revealed by a retrospective study of one of the most common data bases. Academic interest in the Internet, as measured by growth in the number of articles, is seen to have lagged behind professional interest. Of more concern, however, is the apparent failure of marketing academics to have given advice which might have tempered managers' investment in what proved, for many, to be a very risky area.

1. Introduction

From the late 1990s, the academic and marketing literature, like the more general media, suggested optimistic predictions for the impact of, and future of, Internet marketing. Early predictions for the Internet suggested that it could "...transform the way we build brands and communicate them to consumers" [1]. Exhortations such as 'Catch the wave or drown' were said to be the 'advice of industry experts to retailers resisting the onslaught of the Internet' (Chain Store Age, 1998). While there is no doubt that the Internet has created many business opportunities, the most common business experience has been one of failure, particularly in the highly promoted area of Internet retailing [2]. As the realisation grew that selling directly to consumers online was a high risk, competitive market for most companies, interest grew in the potential of B2B, where, it was claimed, the Internet would have its largest impact [3]. In particular, B2B exchanges were said to be the 'killer application in the B2B Internet revolution' that 'changes everything in B2B' [4]. The growth of a number of B2B exchanges, strongly backed by powerful business buyers, seemed to justify that claim, yet we have now in turn seen the failure of many high-profile online

exchanges, with one recent study finding that only 43% of independent B2B exchanges survived in the two years following Spring 2000 [5]. Given this pattern of enthusiasm, frequent business failure, with associated falling share prices and decreased investment, it is instructive to look back and examine the extent to which articles published in the peer-reviewed literature represented, reflected, or perhaps challenged the prevailing optimism before the 2000 crash, and the extent to which this pattern has changed since the collapse of Internet stocks.

2. Early enthusiasm

There is no doubt that managers were under severe pressure to invest large sums of money in the uncertain world of Internet business. In 1996, marketing scholar and Wharton Professor George Day wrote in Harvard Business Review "For those companies whose managers write - and exploit - the new rules of the game, the evolution of interactive marketing in an electronic medium will be exhilarating" [1]. Day went on to say that the chances of incumbent established, large companies prevailing in the new electronic marketplace were small, because "such companies are prone to falling into several common traps". Day lists these traps as:

- 1) Deferring participation
- 2) Picking the wrong technology
- 3) Unwillingness to commit
- 4) Lack of persistence.

Day states that "large companies have little patience for continued adverse results" and he suggests that "pulling out of an endeavour without giving it a fair shot...wastes time and money and erodes morale". However his 'traps' appear to endorse a strategy of early and sustained investment in an uncertain technology, and persistence in the face of continued failure. This strategy has much in common with the problems of escalating commitment, but Day's conclusion was that "for many companies, the question is not whether they should participate in interactive marketing, but whether they can afford not to prevail". In the words of Yogi Berra, "predictions are difficult, especially about the future" and it is easy to be wise after the event, but with such an enthusiastic endorsement from one of the foremost marketing scholars, could a reasonable manager not invest, and continue to invest, in online marketing?

Day's encouragement to managers to invest in online ventures is perhaps extreme, but the question as to what extent academics were influential, if at all, in the discussion of Internet marketing when interest was at its peak, before April 2000, has not been addressed. To what extent, if at all, would a perusal of the academic literature have warned managers of the risk of investing in what turned out to be a risky strategy for many organizations?

3. Method

The frequency of publications covering the topic of 'Internet Marketing', as represented in the business data base ProQuest ABI Inform, was investigated, from 1993 to 2002, the last full year for which full yearly data are available. Articles were selected as being relevant to Internet marketing by a search using the terms 'Internet' and 'marketing'. The study thus uses the 'bibliometrics' approach discussed by Nisonger [6] and Jacso [7]. While this approach may cause some misclassification by neglecting some articles without these key terms which do discuss Internet marketing issues, the error is expected to be relatively constant, and hence is not anticipated to bias the results. The first part of the analysis separated articles into 'scholarly and peer-reviewed', using the Proquest classification of that type, and general articles, and assessed the pattern of growth for each type of article.

For the second part of the analysis, a research assistant blind to the purpose of the study was asked to rate all articles published in the peer-reviewed journals from 1997 using the question "How would you rate this article's attitude to the impact of the Internet on business?" Articles were rated on a seven point scale from -3 'extremely pessimistic' to 3 'extremely optimistic' with a neutral rating of zero "neither pessimistic or optimistic".

4. Results

Results for the first part of the analysis are given below, in Table 1 and Figure 1, showing the changing proportion of peer-reviewed and general articles.

Table 1: Peer-reviewed and general articles, Internet marketing, 1993-2002

Year	No Peer reviewed	Number Others	Total number	% Peer reviewed
1993	0	2	2	0.00
1994	3	58	61	0.05
1995	29	307	336	0.09
1996	35	440	475	0.07
1997	36	614	650	0.06
1998	35	637	672	0.05
1999	33	1097	1130	0.03
2000	67	1606	1673	0.04
2001	82	640	722	0.11
2002	66	347	413	0.16

In the second part of the analysis, mean scores on the average rated optimism of the article were analysed. Overall, academic articles were rated as significantly more optimistic than zero, a 'neutral' rating ($p < 0.001$). Moreover, there was an upward trend in the mean optimism rating from 1997 to a peak in 2001, shown in Figure 2.

Figure 1: Number of Internet Marketing articles

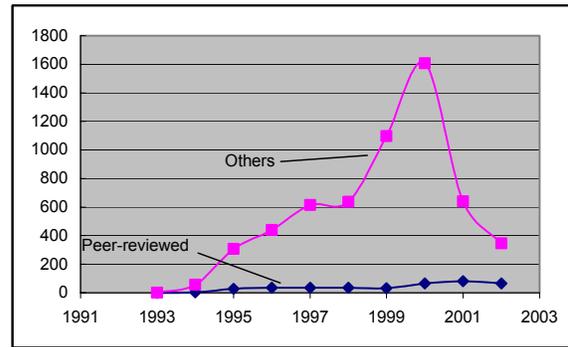
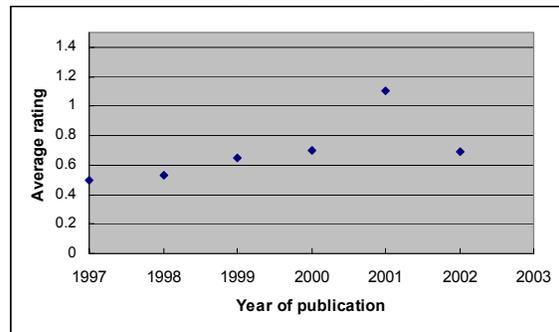


Figure 2: Mean rating of optimism of peer-reviewed articles concerning internet marketing



5. Discussion

Based on a simple count of articles, the academic literature appears to have reflected the enthusiasm of the general business press for Internet marketing to only a limited degree. The increase in numbers of Internet marketing articles in the academic literature was much less than the increase in non peer-reviewed articles. This could be interpreted in both a positive or a negative way. On the positive side, the growth in numbers of articles in the academic literature was far less dramatic, possibly reflecting less unquestioning enthusiasm for the impact of Internet marketing. On the other hand, the relatively small proportion of articles in the peer-reviewed literature, and the increasing percentage after the dot-com crash, suggests that marketing academics may have had relatively little impact on business decisions, and may instead have reflected business practice. Perhaps most worrying for academics who would like to believe that they influence business practice, the fact that the proportion of academic articles peaked in 2001, after the Internet collapse, and the absolute number of academic articles continued to

increase in 2002, when the number of articles in the general press had fallen steeply, suggests that academic publications tend to follow, rather than influence, business practice.

An examination of the level of optimism of the articles published in the peer-reviewed literature suggests that academics were not immune from the hype of the Internet boom. For every year except 1997, articles appearing in the peer-reviewed journals were rated significantly higher in optimism on the impact of internet marketing than a neutral rating of zero. A comparison of average optimism in the peer-reviewed and other literature is under way. However the results do not suggest that perusal of the academic literature would have given managers substantial cause to question the overwhelming optimism of the share market and popular press about the likely impact of the Internet on business.

6. Conclusion

The partial results available suggest a trend that should perhaps be of concern to academics. In the case of Internet marketing, articles published in the peer-reviewed press seem to lag well behind the level of interest and discussion in the general press. While this is not perhaps surprising, given the often long lead times involved in publication in academic journals, it does question the extent to which academic writing influences business decisions, or instead reacts to business decisions.

In addition, the results suggest that the peer-reviewed literature, based on a rating of optimism expressed in the articles, failed to sound a significant warning that the impact of the Internet would not be profitable for many companies. If academics hope to influence, rather than follow or reflect business practice, then attention may need to be given to decreasing the lead time on

peer-reviewed publications. However, the optimism shown by rating of the content of articles published in the peer-reviewed sources suggests that in the case of Internet marketing, authors failed to provide timely warning of the substantial risks for businesses in investment in this uncertain technology.

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