

Website as an important indicator of the business entity's reputation in terms of the Slovak e-commerce market

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Abstract

Some business entities do not have sufficient budget to promote their products or services through conventional forms of advertising which are usually expensive and their effectiveness is difficult to verify. However, such business entities can benefit from modern promotion tools provided by the Internet. Such tools are relatively cheap to use and their effectiveness can be accurately verified. These tools, however, require a lot of time, energy and talent. Some modern promotional tools need no extra financial costs and can reach a large audience of potential customers. Online marketing and online advertising are usually used in conjunction with traditional types of advertising such as radio, television, newspapers and magazines.

Key words On-line marketing, website, communication

JEL Classification: M30

Acknowledgement: This article is one of the partial outputs under the scientific research grant VEGA 1/0806/16 "Research on issues of consumer behaviour of a new generation of customers with emphasis on identifying preferences and usability of mobile platforms in the process of e-commerce of the subjects localized predominantly on the Central European Market".

1. INTRODUCTION

The use of the Internet and online advertising has become a common and accepted part of using a computer. Online communication is closely linked to other disciplines of communication mix, as demonstrated by a wide range of marketing uses. Thanks to online marketing a marketer can market new products, raise awareness about existing products or brands, strengthen brand image and communicate with target groups. The biggest positives include the possibility of precise targeting, personalization, interactivity, usability of multimedia content, simple and good measurability and relatively low costs compared with traditional marketing (Charlie and King 2011).

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Frey (2008) describes online marketing as an indispensable part of the communication channel. With online marketing, marketers can use a wide range of technologies, and for certain segments and target groups this method is preferred over the commonly used media. Online marketing is an area that is constantly developing. The best works in this field are awarded prestigious international prizes (three awards).

According to Kotler (2005), business entities usually think that by setting up websites they will fully utilize the possibilities of online marketing. However, setting up a website represents only 10% of the possibilities that online marketing offers. Gero (2012) perceives the Internet as a revolutionary medium in terms of marketing. He states that people go to the Internet mainly for information. On the Internet a person is a consumer as well as a source of information (Kollarčík 2011).

According to Karlíček and Král (2011) a website is an essential element of online marketing. Most online campaigns and Internet activities ultimately lead readers to a website. Nowadays, off-line communication tools are becoming popular, too. The extent of their use is wide. They allow, for example, direct sales, are interactive, they can personalize and customize content to each visitor, provide detailed information about visitors, can strengthen the brand image, create different contests and many other activities. Karlíček and Král define three main functions of websites: first of all, a website is a tool used for direct selling or acquiring contact details of prospect clients (though a newsletter). Secondly, a website is a major communication tool used for the communication with key groups (stakeholders). Third and the most common purpose of a website is to strengthen the brand image. There is a lot of information and opinions on what a website should feature and what information it should contain. The most crucial feature supported by the majority of authors is quality content.

The company Rayport and Jaworski (2006) formulated seven design elements of a customer interface as follows: context – layout and design of the website; content – text, images, videos, etc. contained on the website; public (community) - websites allow mutual communication among users; customization - personalization and the ability to adapt to the user; communication – the website allows for two-way communication between the user and the provider of the website; connection - website is linked to other sites and communication channels, such as smartphones and tablets; commerce - websites allow business transactions (Kotler and Keller 2007).

Kotler and Armstrong (2006) argue that the key to a high-quality website is to create a sufficient number of incentives so users will not overlook it and be more likely to return. This means that business entities must regularly update the content in such a way the website remains interesting. It is easier to attract visitors when selling a certain type of products or services. For example, when a business entity sells computers, cars or financial services, it is more likely that a potential buyer will respond to advertising or that he/ she will search for information on the above-mentioned products by himself/herself. What if a business entity sells dental flosses or razors? In such cases it is advisable to create a corporate site where visitors can find answers to their questions, some information or entertainment concerning the product. It is also important to keep a friendly tone all over the website, support sales and get feedback from customers. This issue has been addressed by the following authors: Takata (2016), Tiago – Tiago (2012), Rahimnia – Hassanzadehb (2013), Leong – Ibrahim (2015) and Kurilovas and Juskeviciene (2015).

2. THE CURRENT STATE OF THE ISSUE

Social networking accounts for almost 1 in every 5 minutes spent online, according to a recent study by comScore. Statistics showed the prevalence of communications activities online, with social networking, email and instant messaging combining to account for more than one-quarter of all minutes spent online during September 2016.

The study mentions that communications functions are becoming more important with the rise of mobile, and a recent study from GfK (2016) similarly showed that communications activities are at the heart of mobile usage. Beyond communications activities, the comScore report also shows that multimedia (12%), radio (8%) and portals (6%) are leading content categories, with online gaming (5%) and retail (5%) also occupying sizable shares of consumers' digital media time. Yet it's social networking that occupies the largest share of time, buoyed by the increase in mobile internet consumption, as 61% of social media consumption was spent in smartphone apps in September 2016, up from 53% in the year-earlier period. One of the more impressive findings from the report is the extent to which Facebook-owned properties hog consumers' digital media time – particularly on mobile. Indeed, while these properties (Facebook, Messenger, Instagram, and WhatsApp) combine to represent 1 in 10 digital media minutes spent on desktops, they occupy a massive 21.8% share of smartphone time. Overall, Facebook-owned properties comprised more than 1 in every 5 digital media minutes spent on mobile devices in September 2016. In fact, Facebook is far ahead of any other network in terms of average monthly minutes per visitor, even among Millennials (18-34). Even youth (12-24) – who are now more likely to use Snapchat than Facebook – say that Facebook is the platform they use the most often, per a recent report. Unlike Snapchat, which saw almost half

(46.8%) of its adult visitors in September come from 18-24-year-olds, Facebook visitors were evenly distributed across age groups, with 25-34-year-olds the largest group (20.3% share).

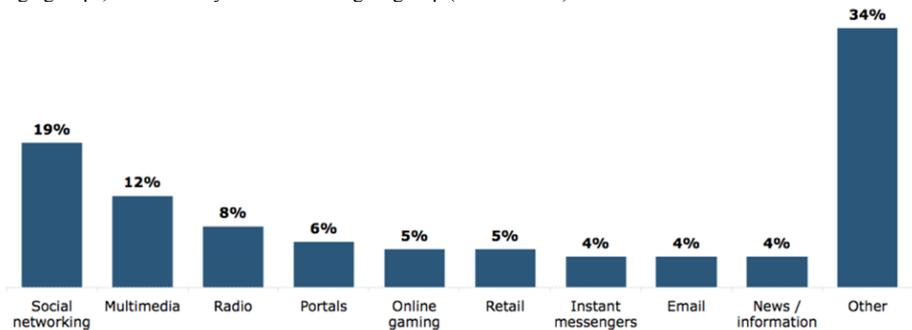


Figure 1 Share of total digital time spent, by content category in September 2016

While traditional TV (live + DVR/time-shifted TV) and AM/FM radio still have the widest monthly reach of any media among people, the biggest trend emerging from Nielsen’s (2016) latest look at the media universe (since updated to only analyze adults) is the internet’s reach – including video and social – moving more heavily to mobile.

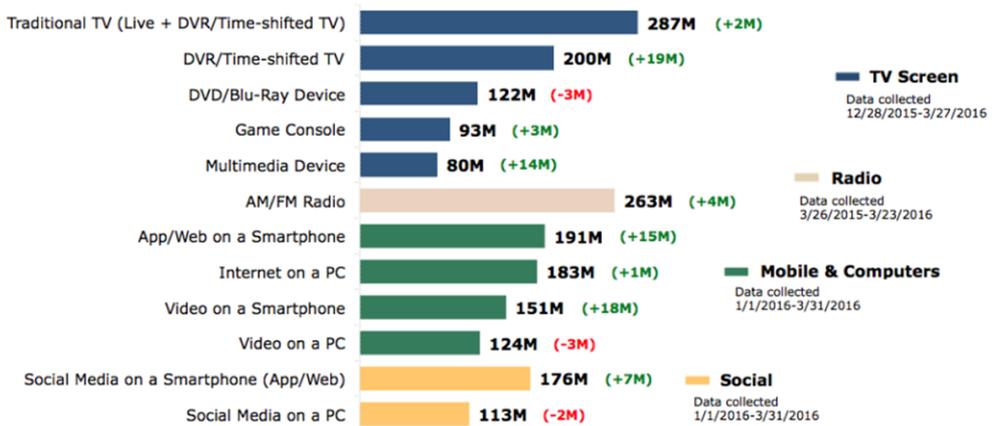


Figure 2 Media reach

The latest figures show that, at least in terms of internet reach, smartphone internet access *among adults only* has overtaken PC internet access *among the entire 2+ population*: During Q1 2016, 191 million adults used apps or the web on a smartphone on at least a monthly basis, up from 176 million during Q3 2015; while, 183 million people aged 2 and older used the internet on a PC on at least a monthly basis, up slightly from 182 million in Q3 2015.

This is the first installment of Nielsen’s Media Universe (2016) estimates that we’ve seen pegging the adult smartphone internet audience as being larger than the entire PC internet audience. As recently as Q4 2014, the gap in favor of PC internet use was 34 million! In fact, new data from comScore likewise shows that smartphone apps now represent half of all time spent online, with this milestone having been reached in July. In total, smartphones comprised 57% of digital media consumption for the month, with tablets adding another 11%, such that mobile devices were more than two-thirds of total digital media consumption. Meanwhile, the shift from PCs to smartphones

is evident in the video viewing audience, too. Indeed, Nielsen's (2016) figures show that smartphones are extending their lead on PCs as the most broadly used device for watching video. Specifically, in Q1 2016: 151 million adults watched video on a smartphone on at least a monthly basis, up by 18 million from Q3 2015; while, 124 million people aged 2 and older watched video on a PC, down 3 million from Q3 2015.

3. DATA AND METHODOLOGY

The main objective of the survey is to determine whether there is a link between the perception of the overall image of the selected business entity and perception of its website. The survey questioned potential as well as real customers of various Slovak business entities that use a website for promotional purposes. Data was collected in August and September 2016 via an online questionnaire.

The survey covered 159 respondents. The respondents were customers of Slovak business entities that used a website to persuade customers to buy their products and to build their image. Based on the above we have formulated the following hypothesis:

H₁: *We assume that the perception of the overall image of a business entity is closely related to the perception of its website.*

The research sample consisted of 67.92% of women and 32.08% of men. The sample was dominated by the respondents in the age group of 18-25 years with a share of 72.33%. The second most represented group were respondents of 26 to 30 years – the share of 18.24%. The least represented group were respondents in the age group of 36 to 40 years, with a share of 1.26%.

The set hypothesis was confirmed though a correlation analysis. The correlation analysis came with the correlation coefficient determining the relationship between variables. Thus, we were able to verify the statistical significance of the correlation coefficient and create a regression line and scatter plot. The collected data was evaluated using the program STATISTICA 12.

4. SURVEY RESULTS

Based on the above the purpose of the survey was to investigate how respondents rate and perceive the image of the selected business entity. 44.65% of respondents rated (and perceived) the image of the business entity as "good", 27.67% of the respondents stated a neutral approach. 25.79% of respondents rated the image of the business entity as very good. Only 1.89% of respondents stated the image of the business entity was bad. None of the respondents evaluated the image of the business entity as very bad.

Table 1 Evaluation of the business entity's image

| Evaluation of the business entity's image | (%) | Total (N=159) |
|---|-------|---------------|
| 1 – very bad | 0 | 0 |
| 2 | 1,89 | 3 |
| 3 | 27,67 | 44 |
| 4 | 44,65 | 71 |
| 5 – very good | 25,79 | 41 |

Table 2 Evaluation of the business entity's website

| Evaluation of the business entity's website | (%) | Total (N=159) |
|---|-------|---------------|
| 1 – Very bad | 1,89 | 3 |
| 2 | 11,32 | 18 |
| 3 | 45,91 | 73 |
| 4 | 32,70 | 52 |
| 5 – Very good | 8,18 | 13 |

The survey also investigated how respondents rate the quality of the selected business entity’s website. Neutral rating was given by 45.91% of respondents. 40.88% of respondents rated the website as “good” or “very good”. 13.21% of respondents perceived the website of the mobile operator as “bad” or “very bad”.

Table 3 Correlation analysis (the perception of the business entity’s image vs. website importance)

| Var. X & var. Y | Avg | SD | r(X,Y) | r2 | t |
|---|----------|----------|----------|----------|----------|
| The importance of the business entity’s website | 3,584906 | 0,880893 | | | |
| Overall image of the business entity | 3,943396 | 0,781473 | 0,333413 | 0,111165 | 4,431210 |

Note: Given correlations are significant at the level. $p < ,05000$; In case of missing data responses were not taken into consideration

Table 4 Correlation analysis (the perception of the business entity’s image vs. website importance)

| Var. X & var. Y | p | N | Const. dep.: Y | Direc. Dep.: Y | Const. dep.: X | Direc. dep.: X |
|---|----------|-----|----------------|----------------|----------------|----------------|
| The importance of the business entity’s website | | | | | | |
| Overall image of the business entity | 0,000018 | 159 | 2,883041 | 0,295783 | 2,102855 | 0,375831 |

Note: Given correlations are significant at the level. $p < ,05000$; In case of missing data responses were not taken into consideration

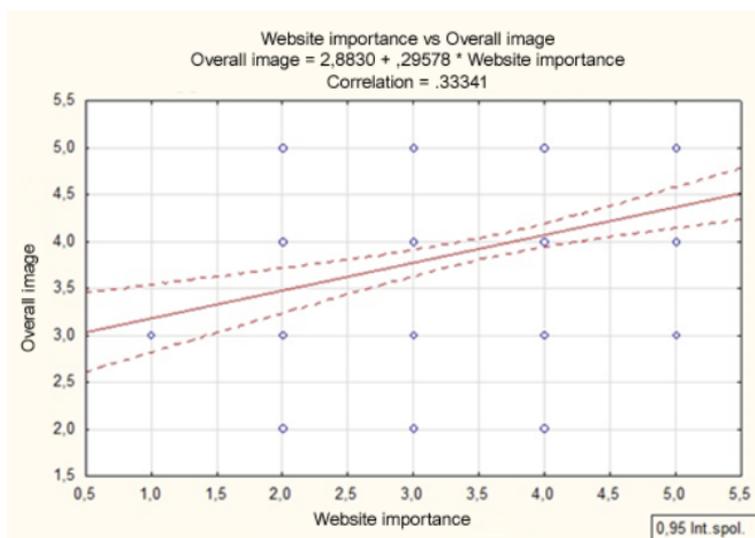


Figure 3 Scatter plot (The relationship between the perception of the image and the website)

It was assumed that the higher the rating of the business entity’s website, the better the perception of its image among the respondents. The correlation analysis confirmed this hypothesis - the correlation coefficient amounted to 0.333413, which, although does not mean a very strong relationship, is still strong enough to prove its statistical significance. The results are shown in the Figure 1 above.

5. CONCLUSION

The main reason why Slovak business entities started using online marketing is the two-way communication between a business entity and its customers which had been very limited before the arrival of the Internet. This allows a business entity to forge a long-term relationship with its customers and build a stronger brand. In today's saturated market such a relationship is of a great advantage. The Internet also allows for precise targeting and personalization, so business entities are able to reach a specific target audience and greatly reduce advertising spending. Compared to traditional media the Internet offers better measurability, which is being increasingly sought after by customers.

The results show that even though the business entity already uses many modern tools of promotion, some of them are still not fully utilized. A clear advantage of these tools is that with minimal costs a business entity can get a lot out of them.

The analysis revealed there is a statistically significant link between the perception of the image of the business entity and its website. Our research was based on the assumption that if the rating of the business entity's website increases, its overall image perceived by respondents will increase as well. The correlation analysis confirmed this hypothesis, since the value of the correlation coefficient was 0.33341. Although such value does not indicate a very strong relationship between the variables studied, it is sufficient enough to be statistically significant.

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