

EXPERIENTIAL DIMENSIONS IN INTERNET MARKETING: AN EXPLORATORY INVESTIGATION

Stewart Adam and Robin N. Shaw
Deakin University

Abstract

This paper examines the dimensions of an experience in product marketing conceptualised by Pine II and Gilmore (1998) – *customer participation* and *customer connection* – by extending the study of the dimensions to the online context. In online marketing, the business aim is to hold attention, have visitors more deeply penetrate a Website, purchase, and return to the site, among other objectives. The paper analyses and synthesises findings from a three-part study of Internet use, the WebQUAL Audit, and presents the proposition that the dimensions suggested by Pine II and Gilmore as attractors to many experiential offerings in the physical world, may not be applicable in the online environment populated by commercial Websites. The paper also suggests a future research agenda to reconcile the requirements of users and the perspective of Web designers and other contributors to commercial Websites as discussed in the literature review presented.

Introduction

Since 1993, marketing organisations have turned to the Internet (Net) in its graphical guise, the World Wide Web (Web), to increase turnover from an enlarged geographic marketplace and/or to gain operational efficiencies (Hanson, 2000). These organisations range from new businesses that operate only in the electronic domain or marketpace (Rayport and Svoikla, 1994), through to established businesses seeking to gain increased turnover and profitability by establishing a presence in the new interactive, global medium. Whether large or small, businesses have sought to attract consumers to public Websites, and business customers to secure, firewall-protected Extranet sites. Internal markets have not been neglected, as companies have sought efficiencies in internal communication via secure, firewall-protected Intranets. Businesses are exhorted by governments to use the Net and Web for such patriotic purposes as increasing gross domestic product (GDP), if not for their own enhancement (NOIE, 2000; Henry, Cooke and Montes, 1997). The continuing issue in this medium, as it always has been in marketing practice, is the need to attract potential customers and convert them to loyal customers who repeatedly purchase, and thus add value to the organisation. The issue for marketing academics is to make a contribution to this process in an environment of rapid convergence between Internet technologies and all manner of media, information, telecommunications and other technologies. It is in this context that this paper is presented.

Background

The consulting firm Accenture sees online marketing organisations passing through three stages of Website development whereby they *attract* potential customers, then *interact*, and finally *transact* with these customers (Jupp, 2000). Adam and Deans (2000; 2001), see the

stages as *communicate via the Net*, *transact via the Net*, and *manage relationships using the Internet*. The latter authors' findings indicate that there is not a linear path within specific markets from establishing a presence on the Net, to transacting online and then establishing and enhancing relationships. Moreover, the matter of using the Net effectively in any one of these roles is not clear-cut. Researchers examining online marketing communication have tended to focus on such aspects as banner advertising click-throughs (Hofacker and Murphy, 1998), the relationship between Website background effects and attitudes towards featured digitised commercials, and the role of Web backgrounds in the advertising hierarchy of effects (Stevenson, Bruner II and Kumar, 2000), among other studies. A more recent attempt has been made by Novak, Hoffman and Yung (2000) to research the earlier view of Web communication involving the notion of flow as an explanation of engaging online experiences, conceptualised by Hoffman and Novak (1996). Novak, Hoffman and Yung acknowledge that their non-probabilistic study of cognitive states is an early step in the direction of gaining an understanding of the part played by challenge and arousal, among other elements that comprise an engaging online customer experience. Studies of the nature of online transactions and relationship management have also occurred, however, they are not reported herein, for this paper focuses primarily on design elements in the use of new media in marketing communication.

In the period between Hoffman and Novak's (1996) conceptualisation and the rapid adoption of the Web by marketing organisations prior to 2000, the need for academic examination of online marketing practice became evident. While not exhausting the literature, a search shows that this examination was undertaken in Australia across businesses of all sizes (Adam and Deans 2000; 2001), with small and medium enterprises (SMEs) (Poon and Swatman, 1999), and in the United Kingdom across businesses of all sizes (Palihawadana and Nair, 2000); if not elsewhere. Moreover, during this period, a view of experiences put forward by direct response marketers Pine II and Gilmore (1998), involving the dimensions *customer participation* and *customer connection* was published. Consulting work, rather than published, probabilistic, empirical studies led Pine II and Gilmore to conceptualise four realms of an experience – graphically illustrated later in this paper – and to claim that those firms offering the “richest experiences – such as going to Disney World or gambling at a Las Vegas casino – encompass aspects of all four realms, forming a ‘sweet spot’ around the area where the spectra meet” (p.102). Pine II and Gilmore do not elaborate on the notion of a 'sweet spot' to the point where the present authors are able to provide a more detailed explanation.

In summary at this point, on the one hand, conceptualisations of the nature of consumer experiences at commercial Websites were developed, while on the other hand, online marketing practice moved on rapidly in a trial-and-error situation that has had many financial ramifications (Rayport, 1999). This paper draws on the results of use of a single two-part scale question in an online study devised to undertake an exploratory test of the Pine II and Gilmore (1998) conceptualisation of an experience as it might apply in the context of commercial Website design.

WebQUAL Audit Methodology

The WebQUAL Audit consists of three phases (Adam and Deans 2000; 2001). The first stage of the study involved an email invitation to a sample of 2,976 Websites drawn from the population of 81,563 Australian and 17,888 New Zealand domain names (com/co; asn; edu;

org; and gov). The online survey followed a pre-test of the email, including the scale questions under scrutiny in this paper, as well as the Web form interface and SQL database technologies employed. In Australia and New Zealand, the domain name listings were publicly available and these were used to draw samples in each country, using a skip interval of 31. The researchers visited each Website to obtain an email address, as opposed to using a commercially available *list* or *online directory* database. Potential respondents were sent an email inviting them to participate in the survey and supplied an access code to enter the Website containing the questionnaire. The online survey achieved an overall response rate of 17 per cent, with an overall useable response of 399 (13.4 per cent).

In this paper, the analysis only involves those responses from business domain names registered in Australia (com.au; and au.com) (n=248, and representing a 12.4 per cent response rate) and those who responded to the scalar questions concerning the *customer participation* and *customer connection* dimensions (n=196 or 79 per cent of business respondents). The scales used to measure the operationalisations of the Pine II and Gilmore experiential dimensions were developed in conjunction with industry professionals and executives, through a series of iterations to ensure consensus regarding their validity. The second WebQUAL Audit phase involved content analysis of respondent Websites by a single researcher, while the last phase involved personal interviews carried out in 2000. The paper draws on all three phases in presenting a discussion on the use of experiential elements in Internet marketing.

Findings and Discussion

Analysis of the responses by Australian businesses to a question contained in the online questionnaire concerning the two dimensions of an experience put forward by Pine II and Gilmore (1998), is presented in this section of the paper. It is re-iterated that the dimensions and any semantic difficulties could only be pre-tested for this study, as there was no antecedent research undertaken by Pine II and Gilmore at the time. The two nine-point scales used in the question asking how the organisation's Website was designed, in terms of allowing visitors to experience the website, were anchored as follows:

Participation dimension:

More like viewing television --- More like playing a game of cards

Connection dimension:

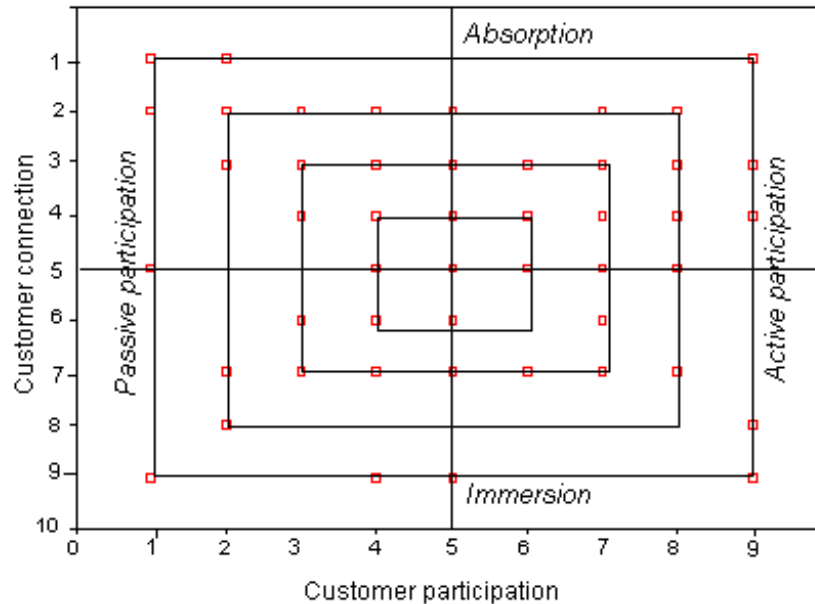
More like attending a seminar --- More like underwater scuba-diving

Figures 2 and 3 summarise the results from this analysis. If the Pine II and Gilmore dimensions are valid, in the sense of being relevant and distinguishable, and the scales as devised have validity, there should be evidence of respondents being able to relate the dimensions to their organisations' activities, and being able to distinguish clearly between the factors. To investigate this, initially a scatter plot of cases was prepared and is presented as Figure 2.

Cases are scattered throughout the plot space, suggesting that respondents were able to identify the characteristics in varying degrees, i.e., the dimensions may be useful in characterising aspects of operations, and that various levels were identifiable. However, the two dimensions were not completely independent, in that some slight pattern of distribution of responses is observable, and an inverse relationship is somewhat apparent (Pearson correlation $r = -0.25$, $p < 0.05$). In effect, the dimensions are not as unrelated to each other as

Pine II and Gilmore (1998) seem to suggest. In an examination of the way the cases are grouped, it is evident that the majority of the cases denote responses to each scale in the 3 to 7 (participation) or 4 to 8 (connection) range, where 5 is the midpoint on each scale. The mean, median, mode and standard deviation for each dimension are shown in Table 1.

Figure 2. Scatter Plot of Business Websites Classified on Two Experience Dimensions



There is some support for the notion that those firms designing commercial Websites tend to be grouped about the central points of each of the dimensions introduced by Pine II and Gilmore (1998). It is, however, arguable that their notion of a so-called ‘sweet spot’ using the two experiential dimensions *customer participation* and *customer connection* might be a mere artefact, or a “mid-point of convenience” for respondents.

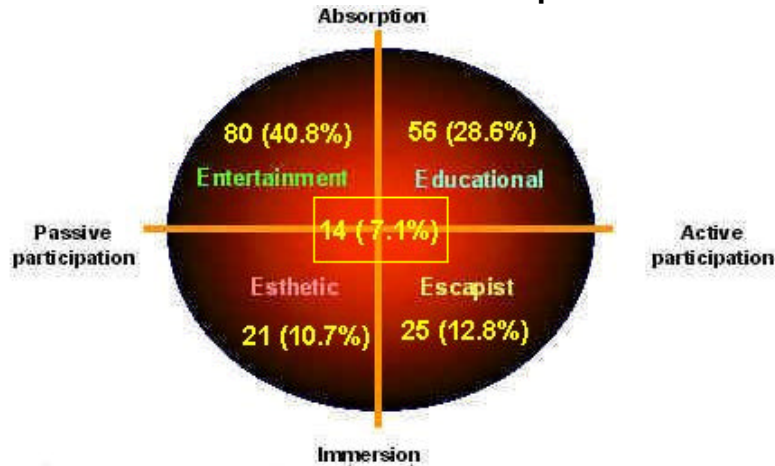
Table 1. Measures of Central Tendency – Customer Participation and Connection Dimensions (Nine-point scales)

	Customer Participation	Customer Connection
Mean	4.8	5.8
Median	5.0	6.0
Mode	3.0	7.0
Std Deviation	2.1	1.9

To comprehend more fully the implications of the spread of cases illustrated in Figure 2, the data have been summarised in Figure 3. It may be noted from Figure 3 that most businesses claim to be *entertaining* their Website visitors (40.8 per cent), followed by those whose response indicates they offer *educational* experiences on their Website (28.6 per cent). Those located at the intersection of the two dimensions are in the minority (7.1 per cent). When respondents are examined by including those whose response fell on the mid-point of the scales for one dimension only, the two highest experience groupings are *educational* (35.2 per

cent) and those almost at the ‘sweet spot’ (26.5 per cent). It is to be noted that only 14 (7.1 per cent) respondents fell into this category where the scores on each dimension were at the mid-point (5, 5). However, this may be too literal an interpretation, as Pine II and Gilmore (1998) saw the most salient area from the viewpoint of offering experiential benefits as the area surrounding the intersection of the spectra. Thus, respondents in the region bounded by, say, 4-6, may be relevant. From Figure 2, it is apparent that a large proportion of respondents fell in this region.

Figure 3. Business Websites Classified on Two Experience Dimensions



Source: After Pine II and Gilmore (1998 p.102).

Case studies from the third phase of the WebQUAL study illustrate that while there is an experiential richness permitted by use of the medium, it does not necessarily follow that firms are thinking of providing experiences of the type conceptualised by Pine II and Gilmore for visitors to their Websites.

Conclusion and Future Research

The conceptualisation of an experience by Pine II and Gilmore suffers from weaknesses, both from the viewpoint of the dimensions as they articulate them, and from the way the dimensions have been anchored in this online study. Regardless of the approach taken in such studies, it is suggested that an examination of experiential elements of online marketing is incomplete unless there is a marriage of Web users’ perceptions of their online experiences with different classes of Website, as Novak, Hoffman, and Yung (2000) have begun to explore, with those of the aims and outcomes of the commercial Websites as the study behind this paper explores. Such studies should focus on the gamut of industries if the results are to be analysed across specific industries, for it may well be the case that not all visitors to all types of Websites are seeking experiential enhancement. Novak, Hoffman and Yung (2000, p 40) make similar points in that they see "a need to investigate the relationship between online customer experience and online marketing outcome variables". They further point out, "the model [they present] suggests the "interactivity metrics" of duration time and browsing depth [they] recently proposed to measure sponsored websites will be highly positively correlated with a compelling online customer experience". There is a need to develop empirically the dimensional structure of Web experiences, especially as it relates to relevant market segmentation approaches.

References

- Adam, Stewart and Deans, Kenneth R (2000). "Online Business in Australia and New Zealand: Crossing a Chasm", *AusWeb2K Conference Proceedings*, Cairns: Australia, Southern Cross University, <http://ausweb.scu.edu.au/aw2k/papers/adam/index.html>, (24-25 November).
- and ---- (2001). "Inter-Study Comparisons of Small Business Internet Use in Australia and New Zealand", *AusWeb01*, Coffs Harbour: Southern Cross University, <http://ausweb.scu.edu.au/aw01/papers/refereed/adam/index.html>, (21-25 April).
- Hanson, Ward. (2000). *Principles of Internet Marketing*, Cincinnati, Ohio: South-Western College Publishing.
- Henry, Dave, Cooke, Sandra and Montes, Sabrina (1997). "The Emerging Digital Economy". *Secretariat on Electronic Commerce*, Washington:U.S. Department of Commerce.
- Hoffman, Donna L. and Novak, Thomas P. (1996). "Marketing in Hypermedia Computer-Mediated Environments: Conceptual Foundations". *Journal of Marketing*, 60 (3), 50-68.
- Jupp, Vivienne (2000). "Implementing e-Government: Rhetoric or Reality". Accenture, No. 2, Insights for Government Executives. <http://www.accenture.com>. Accessed April, 2001.
- Hofacker, Charles F. and Murphy, Jamie (1998). "World Wide Web banner advertisement copy testing". *European Journal of Marketing*, 32 (7/8), 703-12.
- NOIE (2000). "e-Commerce beyond 2000". Canberra: Commonwealth Department of Communications, Information Technology and the Arts, Australia. <http://www.noie.gov.au>
- Novak, Thomas P., Hoffman, Donna L. and Yung, Yiu-Fai (2000). "Measuring the Customer Experience in Online Environments: A Structural Modeling Approach". *Marketing Science*, 19 (1), 22-42.
- Palihawadana, Dayananda and Nair, P. (2000). "An Investigation of Internet Use in Business-to-Business Marketing in Britain". *Academy of Marketing Annual Conference 2000*, Derby, UK, University of Derby.
- Pine II, B. Joseph and Gilmore, James H. (1999). *The Experience Economy*, Boston: Harvard Business School Press.
- and ---- (1998). "Welcome to the Experience Economy". *Harvard Business Review*, 76 (4), 97-105.
- Poon, Simpson and Swatman, Paula M. C. (1999). "A Longitudinal Study of Expectations in Small Business Internet Commerce". *International Journal of Electronic Commerce*, 3 (3), 21-33.
- Rayport, Jeffrey F. (1999). "The Truth about Internet Business Models". *Strategy+Business*, (26 July): www.strategy-business.com/briefs/99301/page1.html.

Rayport, Jeffrey F. and Savoikla, J.J. (1994). "Managing in the Marketspace". *Harvard Business Review*, 72, 141-50.

Stevenson, Julie, Bruner II, Gordon C and Kumar, Anand (2000). "Webpage Background and Viewer Attitudes". *Journal of Advertising Research*, 40 (1/2), 29-34.