CHAPTER 1: INTRODUCTION

1.1   INTRODUCTION AND DEMARCATION OF SUBJECT AREA

This study identifies factors for effective corporate online communication using a marketing public relations (MPR) perspective. These factors are tested amongst communicators and receivers of corporate online communication and modified accordingly.   An MPR perspective entails an integrated cross-disciplinary approach with a strong product and/or service focus.

Using an MPR perspective, the first area of the study identifies three factors that are significant for effective corporate online communication, namely credibility, trust and long-term relationships. An investigation of these factors by adapting an MPR perspective is directly related to an area of organisational communication known as marketing communications.

The second area of this study focuses on the way the concepts of credibility, trust and long-term relationships are applicable to MPR with regard to the selling of an organisation's product(s) and/or service(s). These concepts are thus applied in an organisational communication context.

The third area of this study discusses corporate online communication in relation to the three identified factors for effective corporate online communication. This area of study is also directly related to organisational communication because communication practitioners are increasingly practising corporate online communication.

The study is conducted in a South African context and includes the perspectives of both communicators and receivers of corporate online communication.

The subject area of organisational communication is described and demarcated in the title of the thesis: "A theoretical framework of corporate online communication: a marketing public relations (MPR) perspective*".*

1.2   AIM AND OBJECTIVE OF THE STUDY

The aim and objective of the study are outlined below:

1.2.1 Aim of the study

The aim of this study is to investigate and develop a theoretical framework of corporate online communication.

1.2.2 Objective of the study

The objective of the study is to identify and modify factors for effective corporate online communication using an MPR perspective. The objective of the research is both exploratory and descriptive. The objective is descriptive because it identifies factors for effective corporate online communication using an MPR perspective. It is also exploratory because it explains new knowledge. It modifies the factors in accordance with the perspectives of both the communicators and receivers of online communication within an MPR perspective.

1.3   NEED AND MOTIVATION FOR THE RESEARCH

The marketing and public relations disciplines have evolved over the years, and both play a key role in the organisation. These two disciplines are continuously adapting to accommodate new trends which, for instance, include integration of marketing and public relations techniques, greater awareness of corporate social responsibility, the building of better relationships with the organisation's publics/customers and the increasing use of electronic media such as the Internet.

Although the integration of marketing and public relations is an accepted new trend and has been practised for many years, there is still disagreement among academics about whether these two disciplines should be integrated. Over the years, the expanded view of public relations led to MPR, an integrated cross-disciplinary

approach with a strong product and/or service focus. Organisations increasingly appreciate the benefits that MPR brings to their marketing and public relations efforts in

the selling of their product(s) and/or service(s). The literature review in chapter 2 identifies the main benefits of MPR as increased credibility, increased trust and the establishment of long-term relationships with the organisation's publics/customers in the context of selling the organisation's product(s) and/or service(s). It is in this context that these benefits of MPR are drawn as a conceptual thread through this thesis.

To keep abreast of technological changes, marketers and public relations practitioners increasingly practise corporate online communication. The corporate website in particular is used by these two disciplines to practise corporate online communication to attain specific objectives. According to Ranchhod, Gurau and Lace (2002:6), the distinction between marketing and public relations messages has become more blurred, especially on the corporate website. They regard these two disciplines as the two main communication functions, which overlap and support each other.

According to a study by Merrilees and Fry (2002)[1], the trust and credibility built up from an organisation's operations do not necessarily carry over to its online operations (Merrilees & Fry 2003:127). Research by Middleberg and Ross at Columbia University's Graduate School of Journalism in New York indicates that journalists regard web content as noncredible. They conducted a study entitled "Media in Cyberspace", and found that the majority of journalists remain sceptical about most sites. In the survey of newspaper and magazine editors in the USA in 1999, they rated only trade association sites as credible (Jarvis 2000).

Perry and Bodkin's (2000) study on the Internet as a marketing communication tool also reveals that although organisations have an online presence, some do not make the most of their corporate online communication. Various organisations also do not know how to practise corporate online communication that complies with the needs

of their online customers in order to forge long-term relationships (Breitenbach & Van Doren 1998).

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[1]This study tests whether the connection between interactivity and online trust applies to both the traditional and online operations of an organisation and uses survey research.

Because of South Africa's highly regulated telecommunications industry and environment, it still lags behind the global Internet market. However, organisations increasingly sell their products and/or services online. The industry of business-to-consumers e-commerce in South Africa is growing by the day. This is underscored by the fact that approximately 500 000 to 600 000 South Africans transacted online in 2004 (E-commerce in South Africa … 2004).

The need for the study is underscored by the fact that there is undoubtedly a lack of a theoretical framework in which to practise corporate online communication in the context of selling the organisation's product(s) and/or service(s).

1.4 THEORETICAL AND CONCEPTUAL FOUNDATIONS OF THE STUDY

The factors that the study identifies for effective corporate online communication are derived from the benefits of MPR. MPR activities include both marketing and public relations techniques and tactics to enhance the selling of an organisation's product(s) and/or service(s). MPR activities are directed at abundant two-way interaction between the organisation and its various stakeholders and customers, at community involvement and at making the organisation's product(s) and/or service(s) more visible. Most of the literature on MPR hypothesises that when organisations use MPR effectively to promote their product(s) and/or service(s), credibility, trust and long-term relationships are enhanced. Because MPR includes techniques and tactics from both the marketing and public relations disciplines, the organisation can benefit from long-term relationships with its customers as well as more credibility and greater trust in selling its product(s) and/or service(s). The concepts of credibility, trust and the establishment of long-term relationships are universal and multidimensional and are applicable to all instances of communication in the organisation and to other disciplines. The theoretical review focuses on how these concepts apply to MPR.

Marketers and public relations practitioners now include corporate online communication in their communication strategies. Hence corporate online communication techniques are increasingly becoming integrated online. For instance, corporate websites are used to post testimonials from satisfied buyers, make new product announcements and allow the

organisation to publicly respond to events (as well as crises). Press releases are also used as online sales instruments (Steve 2000). Corporate online communication is also discussed in relation to the three identified factors for effective corporate online communication.

1.5 METHODOLOGICAL RESEARCH DESIGN

This study uses Q methodology and conducts Q sorting as a means of data collection. The data collection is cross-sectional because it was obtained over a specific period of time.

The researcher could have used various other research methods such as the Likert scale, self-administered questionnaires, focus groups or interviews to solve the research problem. However, Q methodology was regarded as a more desirable approach to this study because it provides a better way of establishing what participants make of the topic, in other words their opinions, judgment and understanding of corporate online communication. In Q sorting, participants compare various statements when deciding to allocate a particular score. The statements for this study could therefore be contemplated in more depth by the participants than if the researcher had used other research methods. Asking for interdependent rankings of statements, which is the procedure used in Q methodology, also produces the desired insight into the concourse. In addition, the nature of this particular study is such that the universe of participants is not applicable. According to Brown (2003b), Q methodology is not designed to be applied to large numbers of cases, or to be applied quickly or impersonally (says telephonically). It is designed to facilitate acquaintance with participants in order to promote a better understanding of their viewpoints.

1.5.1 Measuring instrument, research problem and research question

Data are collected by means of a Q sorting process. Q sorting in Q methodology is the process of sorting selected statements on the discourse of a specific topic in the participant's preferred order of preference on a large board, usually in the presence of the

researcher (see chapter 5 for a detailed discussion). This measuring instrument represents the operationalisation of theory, which follows from three literature reviews. The objective of the Q sorting process is to obtain responses from participants which provide insight into whether they perceive as significant the identified factors for effective corporate online communication using an MPR perspective.

The research design is based on the formulation of a research question. The structure and format of the measuring instrument are determined by the theoretical and conceptual foundations of the study, the research problem and research question.

The main research problem is stated as follows:

> Identification of factors that make corporate online communication effective using an MPR perspective

The main research problem can be subdivided into the following subproblems:

- Subproblem 1: Delineation of MPR
- Subproblem 2: Delineation of corporate online communication

Since this is an exploratory study, this thesis attempts to answer the following research question:

> Which factors are significant in effective corporate online communication?

1.6   DEFINITIONS OF KEY TERMS

To avoid misconception, it is necessary to define the following important terms which will be used throughout this thesis.

A corporate website exists on the World Wide Web and constitutes an organised way in

which organisations prefer to provide online information on their products and/or services to a global target audience. It is accessible through the uniform resource locator (URL), which is the address of a resource on the Internet. It consists of hypertext documents resembling a paper document (Todd 1999:37). For the purpose of this study, the term **"**corporate website" is used to distinguish it from an individual's personal website. It refers to the website of an organisation that uses Internet resources to practise corporate online communication to sell its product(s) and/or service(s).

Corporate online communication in an organisational communication context refers to online communication by an organisation using a computer and a specific Internet resource to employ online actions to attain specific goals. The term "corporate online communication" is used to distinguish such communication from individuals' communication on the Internet. For the purpose of this study, the corporate website is regarded as the most frequently used Internet resource to practise corporate online communication. This type of communication is usually integrated by means of various forms of marketing communications such as advertising, public relations and sales promotion. This thesis concentrates on online marketing and public relations as they are regarded as the two main communication functions (Ranchhod et al 2002:6).

Credibility is the believability of an entity's intentions at a particular moment in time. An organisation has credibility if it can be relied on to do what it promises to do. Credibility exists when one can confidently use past actions to predict future behaviour (Herbig & Milewicz 1995:6).   For the purpose of this study, credibility refers to the trustworthiness and believability of the organisation's communication about its product(s) and/or service(s).

A *factor* exists when a group of variables has, for some reason, a great deal in common. A factor is a dimension or construct which is a condensed statement of the relationships between a set of variables (Kline 1994:5).

The Internet is a communication interface of networked computers with their associated resources, including, but not limited to e-mail, file transfer protocol (FTP), gopher and the World Wide Web. It is not a single technology, but consists of several technologies working in conjunction with one another (Prescott & Van Slyke 1997:119;120).

Internet resources refer to Internet applications such as the World Wide Web, e-mail and the corporate website (Prescott & Van Slyke 1997:119).

For the purpose of this study, *long-term relationships* refer to loyalty towards the organisation's product(s) and/or service(s) based on two-way interaction and the fulfilment of needs.

Marketing public relations (MPR) is an integrated cross-disciplinary approach with a strong product and/or service focus. MPR constitutes an integrated and interactive way of planning, executing and evaluating communication in order to enhance credibility, trust and long-term relationships with the organisation's stakeholders and customers in the selling of its product(s) and/or service(s).

Online marketing and public relations techniques constitute online actions that the marketer and public relations practitioner can take by using the corporate website to attain specific corporate online communication objectives such as e-commerce, improved relationships with the organisation's online customers, customer service, media relations, company-related information and product-related information, etc.

The World Wide Web (WWW) refers to "a wide-area hypermedia information retrieval initiative aiming to give universal access to a large universe of documents" (Marlow 1996:26).

For the purpose of this study, *trust* is having confidence in the organisation's product(s) and/or service(s) because they pose no risk.

1.7 LAYOUT OF THE THESIS

This thesis comprises 8 chapters.

Chapter 2: Marketing public relations (MPR): a theoretical overview

This chapter reviews the disciplines that form the foundation of this study, namely marketing, public relations and marketing public relations (MPR). Chapter 2 concludes by indicating how the literature suggests that MPR can benefit the selling of the organisation's product(s) and/or service(s) in terms of credibility, trust and establishing long-term relationships. These form the base from which statements were drawn from the discourse about corporate online communication for the empirical part of the study.

Chapter 3: Credibility, trust and long-term relationships

This chapter reviews the concepts of credibility, trust and long-term relationships. These three concepts are universal and multidimensional and applicable to all instances of communication in the organisation and to other disciplines. They may have different meanings in different contexts. Theorists have various perspectives on the meaning of these concepts.

This chapter focuses on these three concepts, their various dimensions and their relevance to MPR. This discussion is important because the statements for the empirical part of this study were selected from the discourse about corporate online communication in accordance with these dimensions and their relevance to MPR.

Chapter 4: Corporate online communication: an MPR perspective

This chapter conceptualises and contextualises corporate online communication and represents the discourse about corporate online communication from which statements were selected for the empirical part of the study.

This chapter first discusses the impact of the Internet on organisational communication. Brief reference is also made to the digital divide because of its impact on the effectiveness of corporate online communication. The corporate website is then discussed as the most frequently used Internet resource to practise corporate online communication. Various corporate online communication techniques are highlighted. In conclusion corporate online

communication is discussed in relation to the identified factors for effective corporate online communication using an MPR perspective. Reference is also made to the nature of corporate online communication.

Chapter 5: Q methodology

This chapter discusses the theoretical foundation of Q methodology and its five parts. It also highlights its benefits and limitations. Q factor analysis is explained as a procedure for statistical data analysis.

Q methodology is a research methodology that permits the systematic study of subjectivity and the communicability of subjective perceptions in a discourse about a specific topic. It adopts the participant's point of view and understanding as being central to its investigative procedures (Goldman 1999:589).

A Q study generally follows a sequence of five phases. The researcher first collects a discourse from people involved in it and then selects a sample of statements that are representative of the range of communicated ideas in the discourse. Participants are selected from the people involved in the discourse and they are asked to sort statements in their preferred order of importance on a large board, known as the Q sorting process. The Q sorting process usually occurs in the presence of the researcher. The participants' sortings of statements are then compared by means of Q factor analysis. Finally, the results are analysed to establish trends in the discourse (Stricklin & Almeida 1999).

Chapter 6: Operationalisation

This chapter provides a breakdown of categories and statements that make up the structured Q sample and explains how these categories and statements are selected. It also discusses the selection of the person-sample and the Q sorting process. In conclusion it outlines the software program and steps for data analysis.

Chapter 7: Findings of the Q study

This chapter discusses the findings of the Q study for both the communicators and

receivers of corporate online communication. It thereafter provides a detailed explanation of the theoretical significance of these findings in terms of the structured Q sample for each factor that emerged from the statistical analysis.

Chapter 8: Summary, assessment, conclusions and recommendations

This chapter summarises the findings of the research. It summarises the findings for each factor and then relates the findings to the overall theory of the study. It also critically assesses the findings. The thesis concludes with recommendations for further studies and highlights the limitations of this study.

1.8 SUMMARY

This study identifies factors for effective corporate online communication using an MPR perspective. These factors are tested amongst communicators and receivers of corporate online communication and modified accordingly.

The next chapter, chapter 2, reviews the disciplines that form the foundation of this study, namely marketing, public relations and MPR.