

E-commerce and Small UK Accounting Firms: Influence of Marketing Style and Orientation

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E-commerce has become the fastest growing sector within the world economy. The technology has the potential to alter many aspects of current marketing theory and practice. Early research studies have focused on the role of the Internet as a promotional tool. Case-based studies are beginning to emerge on how e-commerce may totally alter service sector marketing strategies. There is a need to compliment these qualitative studies with quantitative research. This study, therefore, seeks to empirically examine the influence of marketing style and orientation on involvement in e-commerce among small UK accountancy practices. A survey of practices indicated in relation to involvement in e-commerce, entrepreneurial accounting firms can be expected to adopt new electronic communications technology before their non-entrepreneurial counterparts. Only limited evidence was found to support the view that relationship orientated accounting practices, when compared with transactionally orientated competitors, are more likely to become involved in e-commerce. The implications of these findings are discussed and proposals made concerning the need for further research.

INTRODUCTION

Many national and strong regional accountancy practices have disappeared as major multi-nationals such as Price Waterhouse Coopers and Arthur Andersen have pursued a policy of mergers and acquisitions to achieve market dominance. Many of the remaining smaller practices now face competition from both multi-national practices and members of other

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professions such as solicitors, diversifying into the provision of financial services [Wheatley, 1992]. Linn [1994] concluded that survival in this increasingly more difficult trading environment and is critically dependant upon senior partners adopting a stronger market orientation when attempting to identify new and more effective ways of delivering financial services to their clients.

Electronic commerce offers all small service firms new opportunities for exploiting electronic communications technology, such as the Internet, as a path through which to gain access to new customers and enhance the portfolio of services being offered to existing customers [Sterret and Shah, 1998]. The USA has given birth to most of the marketing concepts associated with exploiting e-commerce. It is also the country where the first examples have emerged of small accounting practices utilising the Internet as a path through which to gain competitive advantage. One example is provided by a sole practitioner, John Lacher, who has created an on-line service building customised spreadsheets for clients in both America and Europe [Koreto, 1996]. Another practice which was early to exploit the Internet to attract new clients was that of James C. Crawford, CPA based in a small town in Louisiana [Koreto, 1997].

This trend has not gone unnoticed by the UK accountancy profession. For as can be demonstrated by undertaking a Web search, there are a number of practices who have moved to establish a presence on the Internet. Similar to other sectors of the financial services industry, when compared to their American counterparts, the proportion of firms using the Internet tends be lower [Pollack, 1999]. Furthermore, most are merely using the 'brochureware' dimension of the Internet as a promotional medium for communicating the range of services that are offered to their clients.

For those UK practices seeking guidance on how to exploit the Internet, one obstacle is the very short time since the initial launch of the World Wide Web. This means that only very recently have a significant number of research-based articles begun to appear in academic marketing literature. As noted by Balabanis and Vassileoiu [1999], most of these writings have examined the factors influencing the effectiveness of the Internet as an alternative promotional platform. However, *The Economist* [Anon, 1999] concludes that the Internet has the potential to totally alter the future management of virtually every sector of the world economy. Hence clearly the topic offers a rich vein of new research opportunities about new marketing management theories.

Most academic articles about the impact of the Internet on marketing strategies have been based upon a case-based examination of single firm scenarios. Hence opportunity exists for seeking to complement these qualitative writings with empirical studies of how electronic trading may

influence service market management theories. The purpose of this study, therefore, is to empirically examine the issue of how marketing style and orientation might influence attitudes towards involvement in electronic commerce among small, UK accountancy practices.

E-COMMERCE RESEARCH

An early focus of e-commerce research has been on the role of the Internet as a new advertising medium [e.g. Berthon *et al.*, 1996a, 1996b] and determining how Web page content might influence information, communication effectiveness etc. [e.g. Ho, 1997; Briggs and Stipp, 1999; Hoffman and Novak, 1996; Hoffman *et al.*, 1996]. Evolving out of these studies, researchers such as Balabis and Vassileiou [1999] are now beginning to identify the behavioural characteristics exhibited by the on-line shopper.

Armstrong and Hagel [1996] suggest that marketers who only focus on the Internet are probably taking too narrow a view of how the changing world of electronic information interchange is impacting the marketing process. They recommend that it is much safer to consider the broader issue of how marketing practices are changing in relation to advances in all aspects of electronic (or e-commerce) business. Seybold and Marshak [1998] have made similar observations about how marketers should extend their thinking beyond the Internet to encompass all of the platforms which permit a firm to do business electronically.

Ghosh [1998] has proposed that in relation exploiting e-commerce, the following four distinct strategic marketing opportunities exist:

1. Establishing a direct link with customers (or others with whom the firm has an important relationship) to complete transactions or exchange trade information more easily (e.g. Staples, the office superstore chain, selling supplies on-line to large corporate customers).
2. Utilising the technology to bypass others within a value chain (e.g. on-line retailers such as the bookstore Amazon).
3. Developing and delivering new products and services (e.g. the on-line share trading system developed by FW Schwab in America).
4. Becoming a dominant player in the electronic channel of a specific industry by creating and setting new business rules (e.g. Dell in the electronic direct selling of computers to large corporate customers).

ENTREPRENEURS AND E-COMMERCE

Entrepreneurial marketing organisation exhibit the characteristics of being proactive, willing to take risks, flexible in response to changing market circumstances and able to react extremely rapidly to newly emerging opportunities [Covin and Slevin, 1988]. Over the last 20 years, the IT industry has already provided numerous examples of the benefit of adopting an entrepreneurial orientation during entry into newly emerging market sectors. Having acted entrepreneurially, some firms have been able to sustain their market position (e.g. Microsoft in software; Intel in microchips); whereas others having enjoyed early success, then lost market leadership to competition (e.g. Apple Corporation in the PC market; Netscape in the Web browser market).

Given the rapidly changing nature of the IT industry it is perhaps not surprising that e-commerce has also spawned a whole new generation of entrepreneurial marketing strategies. Many of these entrepreneurial marketing strategies are based upon exploiting e-commerce to evolve and enhance existing marketing operations [Pollack, 1999]. Major service sector firms have also not been slow to recognise the new opportunities offered by e-commerce. With the advent of the Internet, American Airlines has now evolved their online customer service operation to assist in flight selection, pricing alternative propositions, purchasing of tickets, auctioning seats and providing links to other sites such as hotels and car rental operations. This approach permits American Airlines to genuinely claim that they are able to offer a 'seamless travel service' to their frequent flyer clientele.

The potential of e-commerce to offer new product opportunities or offer a low cost process through which to enter new markets has not gone unnoticed by some entrepreneurial, service sector, Small and Medium-Size Enterprises (SMEs) [Sweetman, 1997]. For example PlanetAll is a company which has created a Web-based address book, calendar and reminder service. The company has now attracted over 1.5 million customers who use these services to store, update and manage their contacts with both business clientele and their personal lives [DeCovney, 1998].

MARKETING STYLE AND E-COMMERCE

Many of the early writings on the opportunities offered by e-commerce tended to focus on offering consumers a mechanism through which to obtain goods at the lowest available price. As such, the technology was presented as a new, effective way for both small and large firms to enhance their existing, transactional marketing strategies [Phelan, 1996]. This author notes, however, that such thinking may ignore e-commerce's greatest

strength; namely the ability to interactively transmit timely information between producers, channel members and customers.

Back in the early 1980s, long before the Internet began to impact world markets, studies of the marketing processes employed by both industrial and service firms led to the emergence of a new school of thought. Collectively this new orientation, which has both American [Berry, 1983] and Nordic [Gummesson, 1987] roots, is known as Relationship Marketing. Supporters of the 'new marketing' argue that organisations must focus on gaining a very detailed understanding of customer needs which can be used to construct long-term customer-supplier relationships [Webster, 1992].

Research on building stronger customer loyalty has revealed this is often achieved by the various actors within a market system exhibiting a preference for creating 'networks' in which common goals are achieved through relationships based on co-operation, not confrontation [Hakansson and Snehota, 1989]. Evidence of the superiority of information interchange networks can also be found in the small business literature. Dubini and Aldrich [1991] and Carson *et al.* [1995] have both highlighted the importance of Personal Contact Networks (PCNs). These are constituted of co-operative relationships whereby individual owner/managers seek to obtain the necessary information and knowledge to optimise organisational performance.

The concept of community was also at the heart of the original Internet concept. Evolved by the defence and academic research communities, the early systems were designed to assist the rapid interchange of new knowledge. Gummesson [1994] has already identified the potential conceptual links that exist between marketers using communities or networks to build relationships and the similar motives exhibited by the original designers of the Internet. He noted that electronic relationships are rarely discussed within the marketing literature. This led to his proposal that effective exploitation of e-commerce would only occur once marketers (a) ceased viewing the technology as a mechanism for supporting transactional marketing, and (b) recognised that electronic information provides a foundation stone upon which to build closer relationships with customers. Recent confirmation of this perspective has been provided by a large-scale study of the European e-commerce industry undertaken by Andersen Consulting. From both large scale surveys and a review of case materials, they concluded that the most successful e-commerce strategies are to be found among firms who are using the new technology to foster closer collaborative communications and knowledge-sharing between companies and their customers [Andersen Consulting, 1998].

Pine *et al.* [1995] concluded that electronic technology provides the basis for recording every customer-supplier interaction. All phases of the

interaction from customers seeking information, making a purchase and requesting post-purchase services can contribute to the expansion of the firm's databases. These can subsequently be interrogated during the development of future services capable of further deepening the customer-supplier relationship. All these data also create a switching barrier as customers will have to spend time educating a competitor before this latter organisation could offer a similar level of service responsiveness [Grant and Schlesinger, 1995]. Additionally as the supplier gains a detailed understanding of customer need, this knowledge can provide the basis for electronically communicating to customers additional products and service offers which will appeal to the customer [Ing and Mitchell, 1994].

The power of e-commerce to underpin a relationship marketing strategy has not gone unnoticed in the financial services sector. Wells Fargo Bank, for example, is a sector leader in the exploitation of the Internet to build stronger customer relationships based upon offering 24 hour, automated, seamless multi-account/multi-product banking services [Seybold and Marshak, 1998]. Similarly in 1998 Bank One, the fifth-largest bank in the US, opened an on-line financial centre which offers services which are customised to the individual needs of the clients [Hennigan, 1999].

RESEARCH AIMS AND METHODOLOGY

Attempting to undertake empirical research in an emerging area of marketing theory is always difficult. This is due to the problems associated with evolving appropriate, validated measurement tools and identifying a sample frame that can generate a sufficient scale of response. Consequently the majority of writings on service sector e-commerce marketing strategies have tended to use case materials on individual firms. Researchers then codify observed behaviours to provide the basis for evolving possible theoretical models applicable in the management of electronic transactions.

It does appear that a need exists to triangulate existing qualitative studies by undertaking empirical research on how e-commerce is being incorporated into the strategic marketing thinking of service organisations. Published studies suggest that entrepreneurial firms are more likely to be 'first movers' in the exploitation of e-commerce. Additionally these studies propose that relationship orientated firms are the ones most likely to benefit from involvement in e-commerce.

Given that only a limited number of researchers have examined small service firms' use of e-commerce, this sector clearly warrants more attention. In order to minimise the influence of variance between different service sectors, it was decided that this research should focus on a single sector; namely small accounting firms. Small accountancy practices offer

the advantage of both providing a large scale database from which to sample and access to managing partners who can be expected to be closely involved in guiding the development of their practice's e-commerce strategy.

On the basis of case-based observations that have been made about e-commerce strategies, the two null hypotheses selected for an empirical pilot study were:

H1: Participation in e-commerce is not influenced by whether an accountancy practice exhibits an entrepreneurial or conservative (i.e. non-entrepreneurial) marketing style.

H2: Participation in e-commerce is not influenced by whether an accountancy practice has adopted a relationship or a transactional marketing orientation.

By drawing upon the definition that entrepreneurial style encompasses the elements of risk-taking, innovation and proactiveness, Covin and Slevin [1988] evolved and validated a tool that uses six statements of managerial process to measure entrepreneurial style. Covin and Slevin have proposed that as any measurements of entrepreneurial behaviour are in fact a continuum, the recommended approach for classifying groups is to select the overall mean for all scale attributes as the dividing point. Hence firms which have a mean overall score equal or less than the overall sample mean can be classified as being biased towards operating as non-entrepreneurial (or conservative) firms. Those firms which have a mean score greater than the overall sample mean can be classified as being biased towards operating as entrepreneurial firms. Earlier research in Europe using this scale [Chaston and Mangles, 1997] revealed respondent comprehension problems with the Covin/Slevin item concerning 'degree of resemblance to style of top decision-making'. Hence this item was removed from the scale and an overall measurement of entrepreneurial behaviour is based on the mean value for responses to the other five statements within the Covin/Slevin scale.

To develop a tool for assessing the degree to which firms exhibit a relationship marketing orientation Chaston [1998a; 1998b] used the academic literature to evolve a series of statements concerning the management of customer relationships. The tool is comprised of six statements and respondents are asked to comment about their organisation using a seven point scale ranging from 'Very strongly disagree' (value 1) through to 'Very strongly agree' (value 7). Similar to the Covin/Slevin entrepreneurship tool, any measurements of relationship versus a transactional marketing orientation are also reflective of a continuum. Hence firms which have a mean overall score equal or less than the overall sample mean can be considered as being biased towards operating as

transactionally orientated firms. Those firms which had a mean score greater than the overall sample mean can be considered as being biased towards operating as relationship orientated firms.

The problem facing the positivist researcher interested in studying the field of e-commerce is the lack of validated quantitative research tools for measuring the degree to which firms are involved in exploiting this technology. A review of the literature revealed that possibly the most extensive comparative study of e-commerce in the UK, USA, Japan and Germany has been undertaken on behalf of UK Government by the consultancy firm Spectrum Strategy Consultants [1997; 1998]. These researchers recommend the approach of assuming participation in e-commerce can be measured by determining the degree to which firms have moved beyond simple applications such as e-mail and have adopted an integrated, electronic communication system for linking with their customer and/or suppliers.

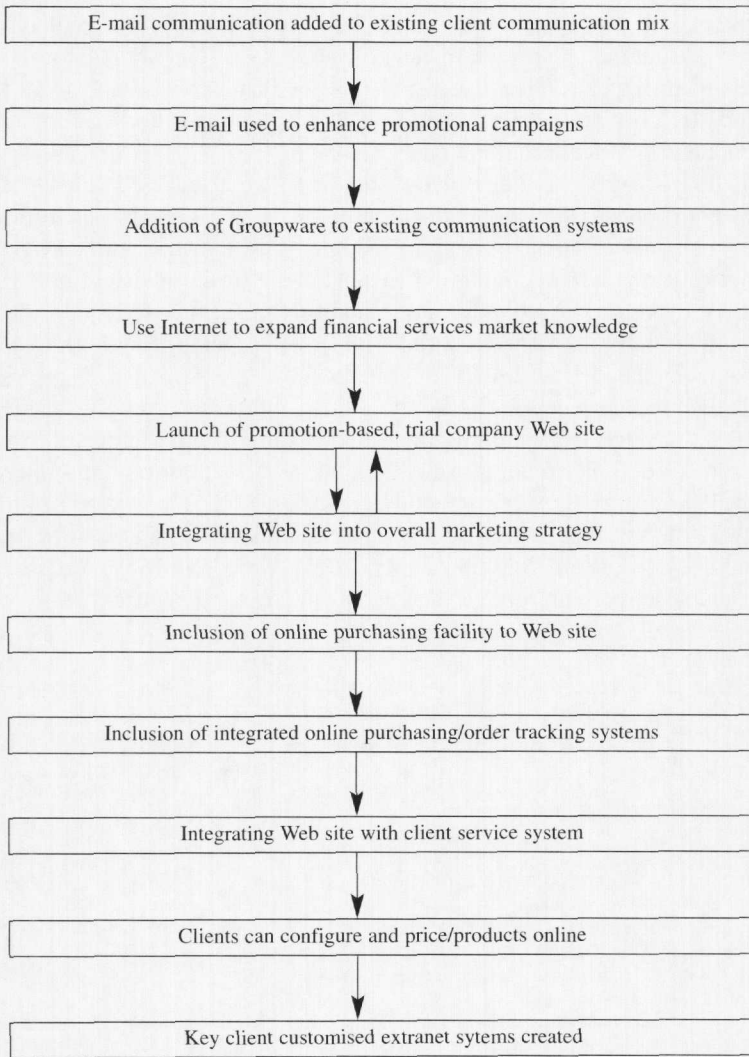
In order to determine whether the same principles could be adopted for this study, the Spectrum reports were used to evolve the visual model of technology shown in Figure 1. This model was presented in a series of focus groups to 27 senior partners in small UK accountancy practices. The majority of respondents considered that the diagram provided a reasonable representation of how they may progress their e-commerce involvement plans. On the basis of this feedback it was considered acceptable to use Figure 1 to evolve the 19 statements concerning involvement in technology shown in Table 2. In the survey tool, respondents are asked to comment on these various aspects of technology using a seven point scale ranging from 'Technology capability acquired over 12 months ago' (Value 1) through to 'Technology capability, if acquired, will not be adopted for at least 36 months from now' (Value 7).

Following pilot testing, the survey was mailed to the managing directors of 750 small UK accountancy practices selected at random from a Dun and Bradstreet database. For inclusion in the sample, practices were required to have not more than three offices and be autonomous trading entities (i.e. not a subsidiary of a national practice).

RESULTS

Usable responses received from 174 firms (representing a response rate of 23.2 per cent) were used to calculate inter-item reliability for the entrepreneurship and relationship marketing scales. The respective reliability scores of 0.89 and 0.80 exceeded the minimum reliability standard of 0.70 recommended by Ven de Ven and Ferry [1980] for scales used to measure organisational attributes. Further scale validation was

FIGURE 1
PROPOSED PROGRESSION FOR DEVELOPING AN E-COMMERCE SYSTEM FOR
SMALL ACCOUNTANCY PRACTICES



achieved using the procedure recommended by Allen and Yen [1979]. This involves factor analysis of the scale items in order to assess dimensionality or 'factorial validity'. For the entrepreneurship scale, all five items on the scales loaded above 0.4 on a single factor, indicating that it is probably appropriate to combine these items into a single scale. The calculated overall entrepreneurship style mean for all firms in the sample was 3.41. Applying this mean value suggested that 84 firms can be considered as conservative (or non-entrepreneurial) and that 88 firms are exhibiting an entrepreneurial orientation.

In the case of the six item relationship orientation scale, all items loaded above 0.4 on a single factor, indicating that it is also probably appropriate to combine these latter items into a single scale. The calculated overall relationship marketing orientation mean for all firms in the sample was 4.43. Applying this mean value suggested that 66 firms can be considered as transactionally orientated and that 108 firms are relationship orientated.

To understand attitudes to the Internet and e-commerce, firms were asked, using a seven point scale ranging from 'Very strongly disagree' (Value 1) through to 'Very strongly agree' (Value 7), to comment on five questions (see Table 1) concerning perceptions of opportunity and internal capability. Using the entrepreneurship scale as the factor, a Multiple Analysis of Variance (MANOVA) was undertaken. It can be seen from Table 1 that for all five questions, there were significant statistical differences between entrepreneurial versus non-entrepreneurial firms.

TABLE 1
MANOVA OF ATTITUDES TO E-COMMERCE RELATIVE TO ENTREPRENEURIAL
MARKETING STYLE

	Hypoth. SS	Hypoth. MS	F Value	F Signi- ficance
1 Firm perceives e-commerce offers major new trading opportunities	51.93	12.98	6.53	0.00
2 Firm believes e-commerce provides an opportunity for gaining competitive advantage	55.53	13.88	7.92	0.00
3 Firm believes e-commerce will improve internal organisational efficiency	83.52	20.88	9.41	0.00
4 Firm can afford to make necessary investment to build an e-commerce system	30.32	7.58	4.00	0.00
5 Firm's employees have necessary skills to establish and update an e-commerce system	101.27	25.32	17.23	0.00
	Wilks Lambda	=	0.56	
	F Value	=	4.91	
	Significance of F=		0.00	

Firms were asked 19 questions concerning their plan to utilise various aspects of e-commerce technology described in Figure 1. Using the entrepreneurship scale as the factor, a Multiple Analysis of Variance (MANOVA) was undertaken. It can be seen from Table 2 that for 14 areas of technology, there were significant statistical differences between entrepreneurial versus non-entrepreneurial firms.

Using the relationship marketing orientation scale as the factor, a Multiple Analysis of Variance (MANOVA) was undertaken to determine whether the nature of marketing orientation influences respondent attitudes to the opportunities offered by e-commerce. It can be seen from Table 3 that for only one question was there a significant statistical difference between transactional versus relationship orientated firms.

TABLE 2
MANOVA OF INVOLVEMENT IN E-COMMERCE RELATIVE TO
ENTREPRENEURIAL MARKETING STYLE

	Hypoth. SS	Hypoth. MS	F Value	F Signi- ficance
1 Using e-mail to communicate with clients	32.09	8.02	3.42	0.01
2 Using e-mail to send promotional materials to clients	31.54	7.89	2.43	0.05
3 Using e-mail to operate online discussion groups	73.86	18.47	12.49	0.00
4 Using groupware to store and transfer data	46.30	11.57	2.78	0.03
5 Using the Internet to acquire and monitor market data	44.94	11.23	4.03	0.00
6 Registered Web site on Internet	69.75	17.44	6.20	0.00
7 Using service provider to manage Web site interface	79.45	19.86	7.18	0.00
8 Web operation linked to company's overall marketing strategy	77.49	19.37	10.32	0.00
9 Web site pages up-dated on a regular basis	115.31	28.83	12.68	0.00
10 To purchase goods or services clients must telephone, write or fax	94.64	23.66	8.43	0.00
11 Web site permits clients to purchase online	13.36	3.34	3.41	0.01
12 Online purchasing linked to automated e-mail confirmation system	2.66	0.67	2.50	0.05
13 Online purchasing system automatically checks client credit authority and/or credit card	2.07	0.52	2.28	0.07
14 Web site permits clients to check status of order	2.54	0.64	1.44	0.23
15 Web site is automatically linked to system to permit immediate intervention of client service personnel	2.19	0.55	2.56	0.04
16 Clients can configure and price customised orders online	69.70	17.42	7.68	0.00
17 Clients can obtain pre/post service assistance via the Web site	1.34	0.34	4.06	0.00
18 Firm has alliances with other Web sites to cross sell products or services	3.76	0.94	1.36	0.25
19 Key clients offered access to confidential Web pages to obtain specialist information or services	63.09	15.77	10.61	0.00
	Wilks Lambda	=	0.06	
	F Value	=	4.01	
	Significance of F	=	0.00	

TABLE 3
MANOVA OF ATTITUDES TO E-COMMERCE RELATIVE TO RELATIONSHIP
MARKETING ORIENTATION

	Hypoth. SS	Hypoth. MS	F Value	F Signi- ficance
1 Firm perceives e-commerce offers major new trading opportunities	25.64	8.55	4.17	0.01
2 Firm believes e-commerce provides an opportunity for gaining competitive advantage	6.83	2.28	1.12	0.35
3 Firm believes e-commerce will improve internal organisational efficiency	3.48	1.16	0.43	0.73
4 Firm can afford to make necessary investment to build an e-commerce system	3.02	1.01	0.49	0.69
5 Firm's employees have necessary skills to establish and update an e-commerce system	5.99	2.00	0.97	0.41
	Wilks Lambda	=	0.81	
	F Value	=	2.19	
	Significance of F	=	0.21	

TABLE 4
MANOVA OF INVOLVEMENT IN E-COMMERCE RELATIVE TO RELATIONSHIP
MARKETING ORIENTATION

	Hypoth. SS	Hypoth. MS	F Value	F Signi- ficance
1 Using e-mail to communicate with clients	4.9	1.64	0.36	0.78
2 Using e-mail to send promotional materials to clients	6.69	2.23	0.88	0.45
3 Using e-mail to operate online discussion groups	20.63	6.88	3.68	0.01
4 Using groupware to store and transfer data	3.66	1.22	0.28	0.84
5 Using the Internet to acquire and monitor market data	11.12	3.71	1.22	0.30
6 Registered Web site on Internet	10.54	3.51	1.08	0.36
7 Using service provider to manage Web site interface	18.89	6.30	1.88	0.14
8 Web operation linked to company's overall marketing strategy	24.83	8.28	2.38	0.07
9 Web site pages up-dated on a regular basis	22.89	7.63	2.40	0.07
10 To purchase goods or services clients must telephone, write or fax	33.61	11.20	3.47	0.02
11 Web site permits clients to purchase online	18.31	6.10	6.60	0.00
12 Online purchasing linked to automated e-mail confirmation system	3.19	1.06	3.97	0.01
13 Online purchasing system automatically checks client credit authority and/or credit card	3.47	1.16	5.20	0.00
14 Web site permits clients to check status of order	4.68	1.56	3.67	0.01
15 Web site is automatically linked to system to permit immediate intervention of client service personnel	25.05	8.35	3.25	0.02
16 Clients can configure and price customised orders online	0.16	0.05	0.50	0.68
17 Clients can obtain pre/post service assistance via the Web site	7.13	2.38	3.61	0.02
18 Firm has alliances with other Web sites to cross sell products or services	84.25	28.08	21.84	0.00
19 Key clients offered access to confidential Web pages to obtain specialist information or services	3.83	1.28	1.87	0.14
	Wilks Lambda	=	0.12	
	F Value	=	4.12	
	Significance of F	=	0.01	

Using the relationship marketing orientation scale as the factor, a Multiple Analysis of Variance (MANOVA) was undertaken in relation to the 19 questions concerning plans to utilise various aspects of e-commerce technology. It can be seen from Table 4 that for nine areas of technology, a statistically significant difference exists for transactional versus relationship orientated firms.

CONCLUSIONS

Table 1 indicates that entrepreneurial accountancy practices, when compared with their non-entrepreneurial counterparts, perceive that e-commerce offers major new trading opportunities, can deliver competitive advantage, will improve internal efficiency, technology is affordable and staff have appropriate skills. Table 2 indicates that in areas such as using e-commerce for promotion, establishing a Web site, permitting customers to purchase on-line and adding services to assist ease of on-line purchasing, the plans by entrepreneurial firms to introduce various aspects of e-commerce technology are more advanced than their non-entrepreneurial competitors. Hence it seems reasonable to conclude that this research is unable to support Hypothesis 1; namely that 'participation in e-commerce is not influenced by whether an accountancy practice exhibits an entrepreneurial or conservative (i.e. non-entrepreneurial) marketing style'. The implication of this research for small, non-entrepreneurial UK accountancy practices is that their more entrepreneurial counterparts are already beginning to implement an e-commerce marketing strategy that may soon become a new competitive threat.

This conclusion mirrors existing US market case materials where in a number of service markets, entrepreneurial firms have acted as 'first movers' and gained a pre-emptive advantage over competition. In such cases, less entrepreneurial organisations have then faced the choice of accepting a revenue loss or alternatively making a massive investment to rapidly acquire their own e-commerce capability. Possibly one of the most well documented examples of this scenario is that of the on-line bookstore Amazon. Once the real market impact of the Amazon initiative was recognised, leading book retailers such as Barnes & Noble were forced to fund the creation of Web sites in order to avoid losing any more customers to the more entrepreneurial Amazon operation.

Table 3 indicates that relationship orientated practices, when compared with their transactional counterparts, have only statistically significant differing perceptions in relation to being enthusiastic about the opportunities offered by e-commerce. Table 4 indicates that in some areas concerned with the adoption of e-commerce technology (e.g. offering the facility of permitting clients to purchase services online) the plans of

relationship orientated firms do differ from transactionally orientated organisations. Hence it seems reasonable to conclude that this research only partially vitiates Hypothesis 2; namely that 'participation in e-commerce is not influenced by whether an accountancy practice has adopted a relationship or a transactional marketing orientation'.

This conclusion does mean that in the case of the UK accounting industry, this study is unable to totally support Gummesson's [1994] and Andersen Consulting's [1998] proposals that e-commerce is most likely to be exploited by relationship marketing orientated firms. Two possible reasons may explain this conclusion. Firstly the commercial potential offered by e-commerce has not yet been recognised by small, relationship orientated, UK accountancy practices. Alternatively, e-commerce offers opportunities to all firms, no matter whether they have adopted a transactional or a relationship marketing orientation.

If one turns to the US market, it is currently possible to identify successful e-commerce examples in both transactional and relationship orientated service sector industries. For example some of the most popular Web sites are those offering on-line auctions where both consumers and businesses can bid for a diverse range of products, such as airlines accepting bids for unsold seats on their flights. Another example of a highly popular transactional sector is the car market where over 15 per cent of all US sales are now generated by consumers visiting sites such as Autobytel and Autoweb to obtain the best possible quote on the model they wish to purchase [Rushe, 1999].

Visitors to transactional sites are exploiting the capability of the technology to offer highly competitive prices, convenience and rapid response. Typically customers interested in this type of site do not perceive the need for assistance from the supplier during the purchase transaction. This can be contrasted with relationship orientated market sectors where a much higher level of supplier interaction is perceived to be beneficial by the customer. Here again various American firms have also demonstrated the added-value which can be offered to relationship orientated customers by making available an interactive e-commerce communications platform. Seybold and Marshak [1998], for example, have documented how within the car rental industry, Hertz has consolidated their market leadership position by using e-commerce to build an even deeper relationship with their Club Gold customers around the world.

FURTHER RESEARCH

This study avoided using an extremely lengthy questionnaire in order to generate an adequate response rate. The authors recognises, however, that

this does mean the survey was unable to probe the critical issues of how service firms (a) evolve their e-commerce marketing strategy and (b) revise marketing practices in order to optimise their exploitation of the new opportunities offered by e-commerce. Clearly, therefore, further research is needed in order to generate empirical understanding of how the management of the service marketing process needs to be modified as firms move towards using e-commerce to manage supplier/customer relationships.

Another critical area where there is a need for further research is the degree to which e-commerce offers the opportunity for service firms to gain additional competitive advantage. Earlier in the decade, prior to the advent of e-commerce, Bharadwaj *et al.* [1993] proposed that Information Technology offers competitive advantage through the routes of:

1. Spawning new businesses by making new products technically feasible and/or creating derived demand for new products.
2. Permitting the creation of higher switching costs that can deter customer switching and/or the entry of new competitors.
3. Offering the opportunity to gain cost advantage through reducing information management costs.
4. Offering the opportunity for differentiation through customisation of services and/or value enhancement by the bundling of information.

It seems reasonable to suggest that e-commerce can be used to exploit all four of these routes to competitive advantage. Where further research is needed includes both determination of the scale of competitive advantage which is provided by each of these routes and the nature of the marketing management processes that might be used by service firms when implementing new strategies aimed at gaining advantage over competition. Given the rapidity with which e-commerce is leading to fundamental changes in service sector marketing strategies, it is clearly necessary that the academic community give priority to undertaking such research.

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