ABSTRACT

As the Internet expands to include individual applications such as banking, shopping, information gathering, and so on, brand managers and marketers have turned to the Internet to utilize it as an effective branding vehicle. Consequently, understanding how the Internet could be used effectively in e-branding becomes imperative. One barrier to a successful utilization of the Internet as a branding tool is the rate at which individuals adopt and use the various e-services made available to them. As will be discussed, adoption depends, in part, on the users’ level of Internet self-efficacy. This chapter illustrates a conceptual framework for understanding Internet self-efficacy and presents findings from an exploratory experiment designed to investigate the link between self-efficacy, attitudes toward e-services and individuals’ likelihood of using such e-services. Results are presented and managerial implications for e-service providers are drawn.
INTRODUCTION

The Internet has radically impacted the field of marketing as many companies recognize the potential of this unique medium for efficiently delivering targeted messages, generating sales, and facilitating two-way communication with consumers (Hoffman & Novak, 1996). Marketers have been taking advantage of this new medium in their marketing communications efforts since branding a product online can be relatively quick and easy (Kania, 2000). One of the areas significantly impacted by the advent of the Internet is the service sector (Krishnan & Hartline, 2001). Popularly referred to as e-services, the 2007 spending in this area is expected to reach $565 million in North America according to the Service & Support Professionals Association (SSPA) (BusinessWire, 2006). Therefore, both e-services and the use of the Internet in branding such services have begun to play a pivotal role in today’s e-commerce driven society.

Many firms such as eBay.com, ancestry.com, and www.fedex.com have been able to create strong online brands by taking advantage of this new and powerful medium (Fisk, Grove, & John, 2004) by providing traditional services online. The success of eBay is a good example of how the service industry has greatly benefited from taking its services online. From a small company to a large marketplace with over 125 million users worldwide, eBay’s success story is phenomenal (CBS 60 Minutes, 2005). So, how does eBay do it without any sort of inventory or products to sell or ship? By providing the service of an online marketplace for individuals to transact and auction items so much so that thousands have quit their day jobs to become full-time merchants on eBay making its market value worth more than Bloomingdale’s, Macy’s, Sears, and Toys ‘R Us all put together (CBS 60 Minutes, 2005).

Despite the growing financial worth of the e-service industry and the increasing number of players in the sector, very little research has been done to understand consumer usage and adoption of such services online. One of the factors influencing adoption of e-services that is frequently mentioned in literature is the role of consumer perceptions of technology and their ability to use it, which is often referred to as Internet self-efficacy. Internet self-efficacy or consumer confidence in using the Internet plays a significant role in influencing the perception and adoption of service brands online (Daugherty, Eastin & Gangadharbatla, 2005).

The current chapter begins with a brief description of the e-service industry and details the use of the Internet as a branding tool for service-oriented businesses. We then review literature in the area of e-service adoption and Internet self-efficacy and develop a theoretical framework that postulates a link between Internet self-efficacy, attitudes toward e-services and the likelihood of using such services. In order to test the relationship between the proposed constructs, we run a simple laboratory experiment. Results are presented, and both theoretical and practical implications are drawn.

LITERATURE REVIEW

Understanding the E-Service Industry

A service is defined as “a deed, performance, and/or effort” offered in exchange by a company to a consumer (Hoffman & Bateson, 1997, p. 5; Rathmell, 1966 p. 33) and includes four distinguishable characteristics such as intangibility, simultaneity, heterogeneity, and perishability (Fisk, Grove & John, 2004). Intangibility refers to a company’s ownership of an offering because customers are unable to claim physical ownership of an “experience,” “time,” or the “process.” For example, when a customer pays for or uses the services of a Web site like www.mapquest.com (e.g., popular consumer site that provides direc-
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