An Analysis of the Value of Websites as a Promotional Marketing Tool:
A Case Study of the Institutional Catering Industry in Hong Kong.

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Declaration

Statement Of Originality

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to this copy of my thesis, when deposited in the University Library, being made available for loan and photocopying subject to the provisions of the Copyright Act 1968.

Acknowledgment Of Authorship/ Collaboration

I hereby certify that the work embodied in this Thesis is the result of original research, the greater part of which was completed subsequent to admission to candidature for the degree (except in cases where the Committee has granted approval for credit to be granted from previous candidature at another institution).

Signature: ______________________       Date: 19 September 2008
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ABSTRACT

This dissertation aims to evaluate the value of a Website for the institutional catering industry in implementing marketing strategies in Hong Kong. In view of the limited literature exploring why there are firms that are still not establishing Websites, this research investigates whether the adoption of a Website as an Internet marketing tool is under-valued by the firms or is inappropriate to suit a particular industry in a specific geographical location. This research evaluates whether a Website is an effective marketing tool for institutional catering companies in Hong Kong.

This exploratory research adopts a case study approach using qualitative methods. A purposive sampling design is adopted to identify the appropriate respondents. Semi-structured interviews were conducted with 5 firms with and 5 firms without a Website. A comparative analysis and content analysis are used to compare and analyse the findings of these two sub-samples. This research explores the underlying reasons and possible determinants of non-establishment of a Website for some firms. The findings indicated that there is a difference between perceived effectiveness and actual effectiveness of Websites in performing its basic functions as well as in implementing its marketing strategies. The actual usage of company Websites deviates from its intended use in implementing marketing strategies due to an incapability of current Website features to fully match with the desired strategic marketing implementation.

This research also provides a thorough discussion on the firms’ intention of adopting a Website as an Internet marketing tool in future. Moreover, the perceived trend of using a Website as a marketing tool has been examined. Findings indicated that firms with existing Websites would continue employing this marketing tool while those firms without Website would consider adopting one since it is perceived that this Internet marketing tool will increase in importance in the coming decade.
CHAPTER 1

1.1 Introduction

According to the latest statistics published by Internet World Stats (March, 2008), the total population of Internet users is 1,407 million globally. Among the global Internet user population, Asia ranks first with 529 million users. Although there is a substantial Internet usage growth rate of 363.4% over the years from 2000 to 2008, the penetration rate is only 14% (See Appendix 1). Among the Asian market users, the Internet user population in Hong Kong is 4.878 million which represents the second highest penetration rate of 69.9% with a usage growth rate of 113.7% between the years 2000 to 2008 (See Appendix 2). Judging from these statistics, the enormous growth trend of Internet usage contributes to the importance of a Website in performing a significant role as an Internet marketing tool. Despite this popularity in Internet usage, it is observed that most firms in Hong Kong have not established their own Website - only 18.2% of a total of 301,000 firms, among which include small and large enterprises\(^1\), (that is, 54,782 firms) have their own Website. Around 60% out of these 301,000 firms (that is, 180,600 firms), have a personal computer with an Internet connection (Census and Statistics Department of the Hong Kong Special Administrative Region Government, 2007). Under the service sector category of “wholesale, retail and import, restaurants and hotel” which represents half of the surveyed sample size, only 21% of a total of 154,000 firms\(^2\), among which include small and large enterprises, (that is, 32,340 firms) have established their own Website. For those firms without a Website, 96% of respondents do not have an intention to create one.

In respect of this low Website establishment rate in Hong Kong, there is limited empirical evidence on why firms do not establish Websites in specific industry sectors. Hong Kong is one of the leading business and commercial centres globally in terms of merchandise trade and services trade (HKSAR Government, 2007). It had a total merchandise trade

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\(^1\) Among these surveyed firms are a lot of small family businesses that most probably would not have a website.

\(^2\) Most hotels in this category have their own websites.
value of HK$5,555.5 billion and was the world’s 12\textsuperscript{th} largest trading entity in terms of merchandise trade value in 2007. Moreover, Hong Kong had a total services trade amount of HK$965.4 billion to make it the world’s 16\textsuperscript{th} largest trading entity in terms of services trade value in 2007. As Hong Kong has a remarkable position as a global business centre, this study will examine the observed phenomenon in this geographical context. To narrow down the research scope to a specific industry, this study will examine the institutional catering industry as nearly half of the firms within this industry have not established a Website (See Appendix 3). Moreover, the institutional catering industry is selected as a research context since little research has been conducted on this business sector. In addition, the choice of this industry is due to the importance of sales receipts from this business sector category of “wholesale, retail and import, restaurants and hotel”, with a total sales receipt of HK$95 billion in 2006, which accounted for a gross surplus of 39.5% of total sales receipt in Hong Kong. Within the above business sector category, approximately HK$69.83 billion is generated from restaurant receipts (Census & Statistics Department of the Hong Kong Special Administrative Region Government, 2007). Therefore, institutional catering as one of the catering industry sectors is chosen as the research focus.

In order to define the scope of the research topic, the definitions of “World Wide Web”, “Internet”, “Website” and “Webpage” will be explained to provide a clear understanding among the definitions of the above terminologies. The World Wide Web is defined as “a system with universally accepted standards for storing, retrieving, formatting, and displaying information in a networked environment” (Laudon and Laudon, 1998, p. 18). This electronic network that is widely-used worldwide is called the “Internet”. Within the Internet, some organizations or individuals create information on a Webpage which is a “Website”. On each Webpage, information is stored and displayed as an electronic page that can contain text, graphic, animations, sound and video. The Webpage is linked electronically to other Webpages that can be viewed on computers with a click or hit of the highlighted buttons or words (Laudon and Laudon, 1998, pp. 17 -18).
1.2 Literature Gap

Within the marketing mix of the 4Ps, namely product, price, place, and promotion; the promotional mix is a controversial subject in its definition and functions. The basic functions of promotional mix are to communicate and to promote business (van Waterschoot and Van den Bulte, 1992). The ultimate goals of promotion are to bring benefits to a firm such as brand image and brand equity building; customer loyalty; competitive positioning; and category differentiation (Kasulis, Morgan, Griffith and Kenderdine, 1999). In view of the importance of promotion, it is crucial to select the appropriate channel for distributing the marketing strategy.

With the growing popularity of the Internet since the 1990s, Websites have become a popular global marketing communication tool in promoting business worldwide and in creating brand awareness and creditability (Ngai, 2003). Much research has been conducted to investigate why the Website has been widely adopted as an Internet marketing tool (Rangaswamy and Van Bruggen, 2005; Postma and Brokke, 2002; Darby, Jones and Madani, 2003; O’Leary, Rao and Perry, 2004; Lin and Yu, 2006). In the past decade the Internet has played an important role as a marketing tool to disseminate product or service information to potential customers under a multi-channel marketing environment. A Website is a low-cost channel for firms to provide a basic product and service information search for customers before an actual purchase is made. In this sense firms can better allocate resources to provide customised products and to cater for the needs of specific target customer groups. For instance, firms can divert low-value customers to low-cost channels such as Websites and automated telephone service systems (Rangaswamy and Van Bruggen, 2005). Customers can access a firm’s Website on an immediate real-time basis 24 hours a day, seven days a week, with a click of a mouse. In addition, there is no limitation to the content and page numbers as well as no additional publishing and printing costs compared with the traditional print media. The most distinctive feature is the interactive characteristic of the Internet which allows two-way communication between the firm and the customer. With this hybrid technological communication media, the Website provides a platform for a firm to communicate with buyers through a 3-dimensional media.
For instance, the customers can purchase the products through online shopping features in the Website and can give feedback to the firm through the email feature in the Website (Darby, Jones and Madani, 2003). According to the empirical research conducted by Lace (2004), the primary role of a business-to-consumer Website is to provide information on products and services to the customer. Moreover, another primary function is to facilitate online purchases (Darby, Jones and Madani, 2003). Apart from the above primary functions, other secondary functions are ranked as; the priority of creating awareness; enhancing brand image; providing customer service (Lace, 2004).

Moreover, the advantages and disadvantages of using Websites as a marketing tool have been discussed by researchers. The emergence of Websites has changed the communication model from the traditional one-to-many to a many-to-many model, allowing interactive communication between a firm and prospective customers by the unique features of the Website (Eid and Trueman, 2002). In regard to the marketing strategy, a Website can help in lowering communication cost, in achieving competitive positioning through operational efficiency and in creating a customer relationship online through customer relationship management (Porter, 2001). On the other hand, the bargaining power of buyers will be increased due to lower switching costs by searching and obtaining information at a lower cost on the Internet. In view of the easy entry barrier to the industry by competitors, Porter (2001) argued that a firm should have a distinctive strategic positioning in order to maintain its competitiveness. The effectiveness of Websites in implementing marketing strategies depends on several factors such as: the quality of Website; Website content; investment; consumer behaviour; and the Web experience (Tigao, Couto, Natario and Braga, 2007; Huizingh and Hoekstra, 2003; Hoffman and Novak, 1986).

Some research has indicated that there is a positive co-relationship between firm size and a firm’s adoption of the Internet based information and communications technology (Damanpour, 1991). Moreover, large-sized firms tended to have more comprehensive
Websites than the small ones (Chan and Lin, 2007). In addition, it was noted that firm size has a significant impact on the ownership of a Website rather than the usage of a Website for commercial purposes (Dholakia and Kshetri, 2004). Concerning the location of a firm’s headquarter in affecting its decision to set up a Website and the adoption of e-commerce, there is no literature covering this issue. Furthermore, there are only a few studies exploring the relationship between a firm’s corporate culture and the Website content (Armstrong, 2003; Overbeeke and Snizek, 2005).

Despite research that has been carried out to investigate the effectiveness of a Website and its impact in implementing marketing strategies, a review of the literature shows that there is no research exploring the reluctance for firms to establish their own Website to implement their marketing strategies. Moreover, are there any possible determinants such as firm size and a firm’s country of origin that might affect a firm’s decision to establish a Website? In view of this gap in the literature and the observed phenomenon of the low Website establishment rate in certain industries in Hong Kong, this study aims to explore this low take-up rate.

1.3 Research Purpose

This exploratory research aims to investigate the contribution of a Website to institutional catering industries in implementing marketing strategies. Moreover, as most literature favours the adoption of a Website in implementing marketing strategies, does the phenomenon of a low Website establishment rate in Hong Kong reflect that these academic research findings are not applicable to a particular industry or a geographical location? In addition, this research aims to evaluate whether institutional catering companies over-value or under-value the adoption of a Website as an Internet marketing tool. This research will use a qualitative approach to explore the observed phenomenon from the managerial perspective of a firm.
1.4 Research Methodology

Qualitative methodology is adopted for this exploratory research using a case study approach since a qualitative approach is more suitable to collect abstract constructs, such as perception (Santasier and Plack, 2007). An inductive approach is adopted due to limited literature on the research topic and the observed unusual phenomenon in reality (Cavana, Delahaye and Sekaran, 2001). A case study approach is more appropriate for exploratory research when there is limited knowledge about the observed phenomenon (Yin, 1984). Moreover, the case study approach can provide more in-depth information and insights into a little-known phenomenon, thus allowing the researcher to probe the ‘how’ and ‘why’ questions as well as to construct idiographic knowledge (Ellram, 1996). In this multiple case study approach, five firms with existing Websites and five firms without a Website will be selected in order to evaluate the value of Websites as a promotional marketing tool in the institutional catering industry in Hong Kong. In order to obtain relevant and accurate information from a specific target group of respondents, purposive sampling is employed as the sampling design (Patton, 1990). Senior management or business owners of the institutional caterers will be identified as the target respondents. Therefore, the research will examine two sub-categories of organizations, those with and without Websites, by using comparative analysis (Bryman, 2004). The selection of organizations is based on a stratified sampling design, with the firms categorized according to; firm size; the main business scope of the firm; and the country of origin of the firm’s headquarters. A semi-structured interview schedule with open-ended questions will be the research instrument to obtain in-depth information from respondents by using face-to-face interviews in order to make the research credible and transferable (Johnson, 1997). The use of open-ended questions allows flexibility to obtain a wide variety of responses that were also coded. The data analysis method was conducted using codes that were derived from the research questions. Manifest coding was used in the content analysis of the interviews (Bryman, 2004). The similarities and differences of each identified theme under each research question will be explored to provide clarity and objectivity (Santasier and Plack, 2007). Finally, a content analysis of the companies’ Websites will be performed to validate the managerial perception on their company’s Website in performing its purpose of
establishment and in implementing the company’s marketing strategies. The purpose is to provide some triangulation on the managerial perception (Bryman, 2004).

### 1.5 Ethical Implication for the Research Design

This study involves human participants and therefore approval from the University ethics committee is required to conduct this research. Prior to conducting the interviews, the researcher will seek written approval from the organizations and recruited interviewees. Potential participants will be identified from the institutional caterers listed on the Hong Kong government Website. Then, a letter of invitation and organizational consent form will be sent seeking their consideration and consent. The letter of invitation to participate will include an information sheet, stressing the voluntary nature of participation. Pseudonyms will be used for protecting the privacy of potential participants and their organization in the research. In addition, the researcher will seek approval from interviewees to record the interview and permission to reproduce quotes in the dissertation. All collected raw data will be saved onto compact discs or memory cards and stored in a locked cabinet. All raw data including soft and hard copies of notes taken during the interview will be fully destroyed by shredder 5 years after the thesis is accepted by the University.

### 1.6 Benefits of Research

This exploratory research aims to provide a discussion on the observed phenomenon of the low Website establishment rate in the institutional catering industry in Hong Kong since there is no research conducted on this topic. Firstly, this research examines the reasons of not establishing a Website and the possible determinants in affecting the decision of establishing a Website. Secondly, it provides an insight to the key decision makers in this industry sector as to whether a Website is an effective tool in implementing marketing strategies and whether it is viable to adopt this marketing tool in future. Thirdly, this research demonstrates the compatibility of established theories with practical experience in
a particular industry in a specific geographical location particularly as the literature supports the adoption of Website as a promotional marketing tool. Fourthly, this research provides a basis for further research to be conducted in other industry and country settings.

1.7 Limitations of the Study

This research is mainly substantiated by exploring managerial perception on the subject using qualitative methods. These managerial perceptions could be justified with further statistical analysis on their company’s Websites (for example, consumer’s behaviour and response to these company’s Websites) in order to increase the external validity on the issue of the company’s Website function in implementing marketing strategies. Moreover, this research focuses only on the institutional catering industry in Hong Kong. Thus, the research findings might not be widely applicable in other industry and country settings.

1.8 Outline of Chapters

This thesis consists of five chapters with Chapter 1 providing an overview of the thesis; Chapter 2 analyses the literature and studies pertaining to the research topic; Chapter 3 addresses the research methodology; Chapter 4 presents and discusses the interview findings; and Chapter 5 analyses the findings and provides recommendations.

Chapter 1 provides an overview of the study in the context of; the literature gap; research purpose; the research methodology; ethical implication of research design; the benefits and limitations of this research; as well as outline of chapters.

Chapter 2 examines the concepts of marketing mix; promotion mix; marketing distribution channel; and marketing mix strategy. It is followed by a discussion of a Website as a promotional marketing tool; its impact on the traditional marketing mix and on a firm’s marketing strategy; the issues of Internet marketing; and the effectiveness of Websites in
implementing marketing strategies. Moreover, this chapter will also justify the research questions.

Chapter 3 introduces the research methodology of this exploratory study with justification of using qualitative methodology, a case study approach and purposive sampling design. The research design, data collection, and data analysis method will also be discussed.

Chapter 4 summarizes the findings of interviews conducted with the two sub-samples of firms. Managerial perspectives will be obtained in relation to the value of Website as an Internet marketing tool. There are six sub-sections in the summary of findings. The first sub-section discusses the reasons for establishing and not establishing Websites. In the second sub-section, the possible determinants of firm size and location of its headquarters in affecting the decision to build a Website will be examined. In the third sub-section, the functionality of the company’s Websites in achieving the purpose of its establishment along with the effectiveness of their Websites in performing its basic functions will be discussed. In the fourth sub-section, the perceived and actual effectiveness of a Website in implementing the company’s marketing strategies will be analysed. In the fifth sub-section, the intention to continue (for firms with Websites) or to consider adopting a Website (for firms without Websites) as a promotional marketing tool will be explored. Moreover, the future trend of using a Website as a promotional marketing tool in the institutional catering industry in Hong Kong will be discussed in the sixth sub-section. A content analysis of the company’s Websites will be conducted to validate the managerial perceptions on Website for those firms with Websites.

Chapter 5 discusses the findings of the interviews and performs a comparative analysis of the two sub-sample groups. It is followed by recommendations and managerial implications on the research topic. Finally, the benefits and limitations of this study as well as possible future research areas will be identified.
CHAPTER 2

2.1 Introduction

With the emergence of the Internet and a boom in personal computer usage since the 1990s, many organizations view the Internet as an essential marketing tool in a new marketing era. According to the latest statistics published by Internet World Stats (March 2008), the total population of Internet users is 1,407 million globally out of the world population of 6,676 million, that accounts for 21% of the world population and a usage growth rate of 290% over the years 2000 to 2008. Organisations have adopted the Internet as a marketing platform with the basic functions of disseminating information to their potential customers; creating brand awareness; enhancing brand image; providing customer service (Lace, 2004) and facilitating online purchase (Darby, Jones and Madani, 2003). The tremendous growth of Internet usage has resulted in a change in marketing mix as well as the deployment of marketing strategies of a firm (Porter, 2001). Coupled with the growing trend of Internet marketing, the impact and effectiveness of Internet marketing in implementing marketing strategy has been discussed by many researchers (Porter 2001; Kuhlmeier and Knight 2005; Lace 2004; Yang, Ahmed, Ghingold, Boon, Mei and Hwa , 2003; Ranchhod, Zhou, and Tinson, 2001). Some scholars have criticized the traditional marketing mix of McCarthy’s (1960) 4Ps marketing mix theory - product, price, place and promotion in the Internet era and analysed the role of the Internet as a new marketing tool (Kasulis, Morgan, Griffith, and Kenderdine, 1999; Goldsmith, 1999; Subramaniam, Shaw, and Gardner, 2000; Teo and Tan, 2002; Eid and Trueman, 2002; Thorbjornsen, Supphellen, Nysveen, and Pedersen, 2002; Eid, Trueman and Ahmed, 2006). The Internet has improved the competitive advantage of a firm in deploying strategy and Porter (2001) has assessed this issue by using his value chain analysis and the five forces analysis.

The purpose of this study is two-fold: to evaluate the phenomenon of low Website establishment rates and to examine the value of a Website as an Internet promotional marketing tool in implementing a firm’s marketing strategies from a managerial perspective in the institutional catering industry in Hong Kong. In the context of this study, the value of a Website is defined in terms of its effectiveness to achieve a firm’s business objectives
and strategic marketing objectives. The business objectives include, but are not limited to: satisfying customer needs under a business-to-consumer (B2C) and business-to-business (B2B) e-commerce environment (Eid and Trueman, 2002; Eid, Trueman and Ahmed, 2006); improvement on value-chain (Porter, 2001; Sultan and Rohm, 2004); and return on investment (ROI) from the Website (Tiago, Couto, Natario and Braga, 2007). The strategic marketing objectives include: brand advertising (Kasulis et al., 1999); acting as a communication channel (Subramaniam et al. 2000); brand building (Teo and Tan, 2002); customer loyalty building (Thorbjornsen et al., 2002); customer relationship management (Wu, 2002); creating brand awareness (Lace, 2004); enhancing brand image (Lace, 2004); and providing customer service (Lace, 2004).

The first section will discuss the concepts of marketing mix; promotion mix; marketing distribution channel; and marketing mix strategy. It is then followed by examining the Internet as a promotional marketing tool. The reasons of adopting the Internet as a marketing tool, its impact on marketing mix and on a firm’s strategy will be discussed. Moreover, the implications, issues and effectiveness of Internet marketing in implementing a firm’s marketing strategies will be examined. Afterwards there will be a brief summary describing the context of this research.

### 2.2 Marketing Mix and Promotion Mix

#### 2.2.1 Marketing Mix

The marketing mix is defined as “a set of marketing tools that the firm uses to pursue its marketing objectives in the target market” (Kotler, 1997, p. 92). The 4P classification in the marketing mix is well known for its simplicity in defining the basic concept of the elements of marketing mix which are product, price, place and promotion (McCarthy, 1964). The choice of marketing mix is essential when a firm decides to implement a new product in order to be compatible with the company’s objectives and resources during the profit potential analysis stage (Kotler, 1964). However, the over-simplification of the 4Ps
marketing mix theory has been criticized when this marketing mix concept is applied to the
service industry (van Waterschoot & Van den Bulte, 1992). Service industries refer to
firms that are involved in providing products that are intangible, inseparable, variable, and
perishable (Kotler, 1997, p. 433). Such services include hair-dressing, banking, catering
and so on. The perceived service quality concept introduced by Grönroos (1994) is
supplemented to the traditional 4P marketing concept. He argued that the promise concept
and trust were the crucial elements of relationship marketing. Relationship marketing is a
different approach when compared with traditional marketing that mainly focuses on an
isolated or a single transaction approach through the use of the 4Ps of marketing mix.
Grönroos stressed that the relationship marketing approach was more appropriate in
services marketing and this approach could be applied to those firms that pursued a long-
term marketing strategy. This service marketing concept is also complemented by Booms
and Bitner’s (1981) 7Ps framework which is an extension to the 4Ps framework in services
marketing that adds the elements of process, physical evidence and participants. They
argued that these three new elements were essential to “the definition and promotion in the
consumers’ eyes, both prior to and during the service experience” (Booms and Bitner, 1981,
p. 48).

2.2.2 Promotion Mix

Among the variables in the 4P schema, the fourth P, promotion, has been a controversial
subject among marketing researchers. The term ‘promotion’ is defined by some scholars as
‘communication’, ‘promotion’ or ‘sales or trade promotion’ and yet there is an unclear
distinction between these terminologies (van Waterschoot and Van den Bulte, 1992). The
basic functions of promotional mix are to communicate and to promote business.
According to McCarthy (1960), promotion is split into advertising, personal selling,
publicity and sales promotion. In contrast, van Waterschoot and Van den Bulte (1992)
suggested that the marketing mix should be classified in accordance with their main
functional category. As argued in their definition of ‘promotion’, it should be split into
communication mix and promotion mix to be applied in three different market sectors.
These three market sectors are mass (non-personal); personal; and publicity communication
channels. Among the elements of Brunner’s (1989) 4C concept (that is concept mix, costs mix, channels mix, and communications mix), the communications mix elements included not only the traditional and promotional element, but also information gathering, that is market research.

Promotional activities are positively related to brand awareness and market share (Land 1978, cited in Shoham and Kropp, 1998). The ultimate goals of promotion can bring benefits to the firm such as building brand image and brand equity, customer loyalty, competitive positioning, and category differentiation (Kasulis et al., 1999). In view of the benefits of promotion, the channels for distributing the marketing strategy are important in the marketing mix.

2.3 Marketing Distribution Channel and Marketing Mix Strategy

2.3.1 Marketing Distribution Channel

To cope with the marketing strategy of a firm, it is important to identify the use of appropriate distribution channels to reach the final customer. The promotion channel, which is part of channel management, plays an important role in promoting and selling the products or services. Channel assessment and the development of different channels are essential due to keen market competition and fragmentation of target markets (Gombeski, 1998). The selection of the appropriate channels have to align with a company’s objectives of differentiating, positioning and branding of the products or services in order to promote and sell the business to the target markets. In a multi-channel marketing environment, a firm needs to assess and allocate its resources and then determine the appropriate marketing channel in order to cope with its marketing strategy. For instance, a Website is a relatively low-cost channel compared with advertising on television in order to provide customers with product or service information prior to an actual purchase. In the study conducted by Autoshopper.com, it was found that 64% of potential buyers search for car information online prior to the actual purchase (J.D. Powers and Associates, cited in Rangaswamy & Van Bruggen, 2005).
2.3.2 Marketing Mix Strategy

Prior to the deployment of appropriate marketing mix strategies, managers need to consider the interactive effects between marketing activities and interactions with competitors so that they can incorporate the firm’s business and marketing strategies in determining and planning the optimal marketing mix (Naik, Raman and Winer, 2005). In order to optimize the firm’s resources in the marketing mix, a firm has to segment the mass market into relatively homogeneous sub-segments or target markets. To be effective in delivering the desired goods or services to the target markets, the choice of the appropriate marketing communication and distribution channel is essential. In today’s keen competitive marketplace, firms design personalised products or services and promote them through different marketing channels. For instance, through the Internet, personalised products can be delivered automatically to customers with specialised interests in particular products or services (Goldsmith, 1999).

In the international marketing context, a multinational firm has to decide on the international marketing strategy pertaining to: the strategic orientation (standardization versus adaptation); the degree of standardization of strategic resources mix (the resource allocation among advertising, promotion, personal selling and other marketing mix variables); and the desired degree of standardization of the strategy content (the product positioning, brand name, appropriate media, content of advertisement etc.) (Szymanski, Bharadwaj, and Varadarajan, 1993). In research conducted by Albaum and Tse (2001), it was found that a firm’s perceived instrumentality to success, as well as its adaptation strategy, had a positive relationship in linking a firm’s competitive advantage and its business performance in an international marketing environment.

In the following section, the discussion will focus on (1) the Website as one of the Internet marketing communication platforms; (2) the role and impact of the Internet on the traditional marketing mix; (3) the impact and implications of the Internet on a firm’s
marketing strategy; as well as (4) the effectiveness of the Internet in implementing a firm’s marketing strategies.

2.4 The Internet as a Promotional Marketing Tool

Since the 1990s the Internet has become a significant global marketing communication tool. Compared with the other traditional marketing tools, the Internet has gained importance in promoting business worldwide, creating brand awareness and credibility. Internet marketing is defined as “the process of building and maintaining customer relationships through online activities to facilitate the exchange of ideas, products, and services that satisfy the goals of both buyers and sellers” (Imber and Betsy-Ann, 2000, cited in Ngai, 2003, p. 24). In a review of both the traditional (offline) and new era (online) marketing environments, O’Callaghan and Fahy (2002) found that this new technology does not substitute the objectives of the marketers in implementing the marketing functions as mentioned above. Rather, the traditional marketers view the Internet as a powerful marketing mix tool to optimize the delivery of a firm’s products or services to their customers. In a study conducted on British advertisers (Lace 2004), it was found that the basic roles of the Website were to provide product and services information; create brand awareness; enhance brand image; and provide customer service under a U.K. business-to-consumer (B2C) environment. Moreover, more than two-thirds of respondents claimed that they would further develop e-business and would integrate it with the traditional marketing mix. A large portion of these respondents, 65%, believed that paying a registration fee and linkage to a Web search engine (for example, Google) was effective to drive customer traffic to the company’s Website. Moreover, approximately half of the companies believed that they could integrate the use of a Website with traditional marketing tools (such as sales promotion, direct selling) successfully (Lace, 2004). In the study conducted by Yang et al. (2003) 500 respondents were randomly selected from the Singapore Census to test and extend the AIPD model proposed by Simeon (1999). The AIPD model (an acronym formed from the initials of the first words of the four basic functions of the model) aimed to test the effectiveness of a Website and the results showed that an effective Website would possess the principal functions of: attracting the audience; informing the audience with
valuable information or content; positioning a company’s market strategy; and delivering desirable customer needs. The AIPD model aimed to (1) assess strategic potential of Websites; (2) provide a framework for the development of competitive Websites; and (3) compare Website strategies within sectors and across borders. The core assertion of this AIPD model is that a firm should enhance and integrate the overall capacity of a Website to achieve the functions of attracting; informing; positioning and delivering so as to develop or maximize the strategic potential of its Website. This study by Yang et al. (2003) proved the validity of the AIPD model on the characteristics of an effective Website. Furthermore, it was found that consumer privacy concerns and user-friendliness of Website design could help increase customer satisfaction. In this sense, this framework for an effective commercial Web application assists e-marketers in the design and implementation of Websites that can fit optimally between the resources, objectives and marketing strategies of the firm; and the consumer’s needs, wants and preferences.

2.4.1 Reasons for Adopting an Internet Marketing Tool

Much research has been conducted to investigate why a Website or the Internet is used as a marketing tool. To provide a more comprehensive analysis, the reasons for using the Internet from both the firms’ and customers’ perspectives will be examined.

In the past decade, the Internet has played an important role as a marketing tool to disseminate product or service information to potential customers under a multi-channel marketing environment. Before the actual purchase is made by the customer, a Website is a low-cost channel for firms to provide basic product and service information. In this sense, firms can better allocate resources to provide customised products and cater for the needs of specific target customer groups. For instance, firms can divert low-value customers to low-cost channels such as a Websites or an automated telephone service system (Rangaswamy and Van Bruggen, 2005). It was also found that personalization of direct marketing via the Internet can gradually increase the click-through rate and the effectiveness of
communication between firms and customers by attracting the interest of the potential customers and readers of a firm’s Website (Postma and Brokke, 2002).

There are several benefits for adopting Internet marketing from a firm’s perspective. The Website can maximize customer reach to a global level by providing information to customers without any time constraint. Customers can access a firm’s Website and retrieve information on an immediate real-time basis, 24 hours a day, seven days a week, with a click of a mouse. In addition, there is no restriction to the Webpage content and page number, thus no extra publishing cost will be incurred due to the richness of content compared with the traditional print media. The most distinctive and unique feature of the Internet is its interactive characteristic which allows two-way communication between the firm and the customer. The Website provides a platform for a firm to communicate with buyers through this hybrid 3-dimensional communication media. For instance, the customers can purchase the products through online shopping features in the Website and can give feedback to the firm through the email feature in the Website (Darby, Jones and Madani, 2003).

As mentioned above, the Internet assists relationship marketing with existing customers. The integration of Internet marketing, database marketing and the effectiveness of enhancing customer relationship management has been explored (O’Leary, Rao and Perry 2004). This research was carried out by using a combination of focus groups, convergent interviews and action research due to a lack of empirical data on the topic. The results showed that companies could benefit from integrating both Internet marketing and database marketing in the sense of increasing marketing effectiveness by focusing on those profitable customers and directing Internet marketing strategies to meet the needs of the target groups with customised products and services in terms of speed and relevance of communication. Moreover, a firm can benefit by pooling its resources to serve target customer groups by differentiating the market using database marketing. This enables firms to plan their marketing strategy by focusing on differentiated market sectors.
However, this study concentrates only on the business-to-consumer (B2C) market without considering the business-to-business (B2B) market.

From the customer’s perspective, the Internet allows them to compare the advantages and disadvantages of products or services before a purchase decision is made. The benefits associated with this relatively easy online information search are: time and cost savings; greater control over service delivery; reduced waiting time; a higher perceived level of customization; convenience of location; and efficiency and flexibility (Chiang and Dholakia, 2003; Kauffman and Lally, 1994, cited in Lin and Yu, 2006). According to a consumer survey conducted by the Dieringer Research Group in 2003, 114.1 million adults searched for information online and 98.9 million made actual purchases either online or offline after completing the online information research (The Dieringer Research Group, 2004).

2.4.2 Internet Marketing and Marketing Mix

The Website, as an Internet marketing tool, has shifted the traditional marketing paradigm in terms of the 4Ps (product, price, place and promotion). The importance of the characteristic of the Website’s interactivity in changing the communication model to a many-to-many communication model versus the traditional one-to-many communication model as a marketing tool has been noted (Eid and Trueman, 2002). The many-to-many communication model allows a firm and Internet users to interact directly via the Internet instead of the traditional communication model in which a firm communicates to numerous customers in a single direction without getting feedback. Such interactive characteristic allows the prospective customers to be aware of price standardization regardless of physical location, thus increasing their bargaining power. Therefore, companies should focus on branding to differentiate themselves from competitors to gain strategic positioning in the virtual marketplace. Moreover, the key to establishing a successful Internet marketing strategy is to create an interactive strategy and to provide different approaches for international marketing.
2.4.3 Internet Marketing and Strategy

The importance of the Internet as a new marketing tool has been emphasized in complementing traditional marketing tools as stated in the 4Ps (Porter, 2001). Porter (2001) argued that the Internet could act as an effective tool in bringing operational efficiency and in assisting a firm to achieve strategic positioning in the face of fierce competition depending on the industry structure. Porter provided insights to argue the advantages and disadvantages of the Internet by using five forces analysis in terms of: bargaining power of the supplier; bargaining power of the buyer; threat of substitutes; threat of entry; and competitive rivalry. The adoption of the Internet can help a firm in enhancing its value chain strategy by lowering operational costs and communication costs. Despite the benefits of adopting the Internet, there are disadvantages of using a Website as a promotional marketing tool. Porter noted that the best practice of maintaining operational efficiency of a Website would be imitated by competitors easily and thus lowered the entry barrier. On the other hand, the bargaining power of buyers will be increased due to lower switching costs by searching and obtaining information at a lower cost on the Internet. In view of the low entry barrier to the industry by competitors, Porter argued that a firm should have a distinctive strategic positioning in order to maintain its competitiveness in the Internet era. He also stressed the importance of incorporating the usage of the Internet with a firm’s value chain strategy in terms of effective use of customer relationship management (CRM), enterprise resource planning and supply chain management. Although Porter linked usage of the Internet to support his five forces analysis and value chain analysis, he failed to address the dynamics and the actual implementation of how to create a distinctive strategic market positioning in a competitive environment. In addition, he failed to diagnose the nature of different industry structures that were less effective in employing Internet marketing.

The standardization of price across borders via the Internet allows the bargaining power of potential customers to increase (Eid and Trueman, 2002). To counter this effect, Eid and Trueman (2002) argued that firms should employ a differentiated marketing strategy to build the company’s brand in order to gain strategic positioning in this virtual marketplace.
Furthermore, the relationship between advertising frequency of exposure and advertising effectiveness on the Internet has been explored (Broussard, 2000). Findings from this research indicated that the advertising impact of the Internet on the customer was dependent on the emphasis of the advertisement. If the emphasis is on brand building, then greater advertising frequency should be scheduled than in a direct response campaign, whilst direct response campaigns require a lower level of advertising frequency to achieve the campaign objectives. The findings suggest that companies are required to consider effective advertising frequency goals and cost efficiency when planning Internet advertising impressions. These findings highlight the key factors to consider when building branding awareness on a Website.

The application of different marketing strategies by a company on the Internet has to be determined by the product type and the market type. It is essential to incorporate the use of product and market characteristics with the unique characteristics of the Website when applying appropriate marketing strategies for different market sectors (Subramaniam, Shaw and Gardner, 2000). The product type is categorized into an innovative or personalised category and a functional category, while the market is classified into highly segmented or differentiated market and a less segmented market. For instance, in the highly segmented market to satisfy personalised customer’s needs, a firm needs to provide customised products to satisfy this type of customer. A built-to-order car is a good example of the highly segmented market and personalised product. For example, Ford allows potential customers to design their own car using their Website according to the customers’ preference (for example, colour) and the manufacturer will tailor make the car based on this personalised information (www.ford.com).

The role of the Internet in implementing a firm’s marketing strategy has been examined (Sultan and Rohm, 2004). The findings demonstrate that the Internet can assist firms in several strategic areas: (1) enhancing value chain efficiencies and cost reduction in distributing products or services directly to customers online; (2) building channel
partnerships and customer trust by using the customers’ information gathered via the Website in collaboration with the firm’s customer relationship management (CRM) system; and (3) enhancing communication and branding efforts by using the Internet as a medium in addition to the traditional stand-alone communication or distribution channel.

A framework has also been proposed for Internet marketers to consider the factors influencing Internet marketing strategies in emerging markets (Bandyopadhyay, 2001). The four factors are technology; target market; marketing mix; and marketing functions. In the marketing mix strategy, several strategies in terms of the 4Ps were suggested. Regarding the product strategy, companies should prioritize offering expensive and high quality products to affluent markets. For the promotional strategy, the firms should adopt a more pro-active approach in communicating information to potential customers. For example, personalised e-mail is a powerful tool to communicate to potential target customer groups with different needs. Moreover, firms need to pay attention to pricing strategy as business customers are more price sensitive than affluent customers. Concerning the distribution strategy, the companies can consider searching for partnerships with electronic facilitating agencies to solve the problem of disintermediation of physical distributors.

The application of e-commerce strategies in the hospitality industry has also been examined and a conceptual framework has been developed by Siagala (2002). It is proposed that the three features of reach, richness, and digital representation are critical elements in analysing competitiveness in the virtual marketplace. Reach refers to the access and connection in terms of the number of customers that a company can get access to and the number of products that a company can offer. Richness is defined as the depth of information that the company provides to customers or collects from customers. Digital representation refers to online transactions. Findings suggested that competitive e-commerce strategies should be designed to address and manage competition along the above three dimensions. Therefore, it is suggested to aim at achieving greater reach and exposure; exploiting richness in order
to build and maintain customer relationships; and simulating the shopping experience through virtual communities.

An effective Internet marketing strategy must also consider the customers’ viewpoint. In their research, Chen and Lee (2005) examined the impact of Website image and consumer personality on the personal preferences of consumers. In this way, the companies can adopt appropriate strategies to predict potential consumers’ buying behaviour based on the demographics and the impact of the Website.

2.5 Implications and Issues for Internet Marketing

After examining the impact of the Internet on a firm’s strategies, there are some implications and issues that a firm needs to consider when implementing Internet marketing.

2.5.1 Quality of the Website

The effectiveness of the use of Internet marketing varies depending on factors such as: Webpage context; intensity of its use; the investment made on developing a Website; the initial objectives of establishing the Website; the exploration of Internet potentialities; the commitment level of top management towards e-commerce and Internet marketing; and communication modalities of the firm (Tiago et al., 2007). The empirical research findings of Lii, Lim, and Tseng (2004) demonstrated that the key Web operational factors, namely reliability, accessibility, and feature enhancement of the Website, had a significant impact on Web operational effectiveness. The qualities of the Website such as reliability; trustworthiness; responsiveness; personalization; and customers’ privacy, also determine the success of the Website (Lee and Lin, 2005). In the research conducted by Chung and Law (2003), their findings showed that there was a significant relationship between a hotel's quality rating and the functionality performance of its Website. Moreover, personalised Websites have a stronger effect on the consumer-brand relationship for customers with extensive Internet experience (Thorbjornsen et al., 2002). A firm also needs to consider the critical success factors contributing to a successful Website when it decides to establish one.
For instance: marketing strategy factors; Website related factors; global dimension factors; internal company factors; and external related factors are critical success factors when a firm decides to establish a Website or not (Eid, Trueman and Ahmed, 2006).

### 2.5.2 Firm Size and Website Development

Firm size is identified as one of the determinants affecting the decision to adopt or develop a Website. Research conducted by Damanpour (1991) demonstrated that there was a positive co-relationship between firm size and a firm’s adoption of Internet based information and communications technology. Firm size and size-related characteristics such as resources and specialization are part of the organizational characteristics in affecting a firm’s judgement to adopt the Internet or not. This argument is also supported by the empirical research conducted in Taiwan by Chan and Lin (2007) which found that large-sized firms tended to have more comprehensive Websites than smaller-sized firms. However, firm size has a significant effect on ownership of a Website but has no effect on the use of a Website for commerce as found in research carried out in the United States by Dholakia and Kshetri (2004). This means that firm size affects the decision for a firm to own a Website but not on the use of a Website for commercial purpose. In addition, when the decision is aggregated at the enterprise-level, the individual attributes of the decision maker of a firm will affect a firm’s decision to adopt a Website. For instance, an owner-manager of a small firm will have direct authority over the decision to adopt a Website instead of a middle level manager who requires senior authorization (Thong, 1999). The literature indicates that firm size has a significant effect on the adoption or ownership of a Website but there is doubt as to whether the firm will fully utilize the Website as a source of revenue generation.
2.5.3 Corporate Culture and Website Development

As a company’s Website is a global marketing tool, a company’s corporate culture can be reflected in the content of a Website. Corporate culture is defined as “the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people behave and get things done” (Armstrong, 2003, p.263). It was found that U.S. firms are less likely to mention in their mission statement their values and beliefs than firms located in the European Union (EU) in the food service sector. Despite the country of origin, both U.S. and EU firms portray themselves as having an awareness of and acting as responsible corporate citizens on their Websites (Overbeeke and Snizek, 2005).

Despite the effect of globalization and the necessity of projecting global uniformity, research has indicated that adaptation to local culture is required for multi-national Websites in order to suit the variations in perception of customers from different cultural and linguistic backgrounds (Lee, So and Wong, 2006). It is important for marketers of international companies to consider cultural differences when designing the content of Websites for different regions or countries. In addition, it was also found that global corporate Websites across different countries and territories often consider providing customer-centred service as a top priority and for showing respect for their employees (Lee et al., 2006). This argument is complemented with the research results of Singh, Zhao and Hu (2005) who found that local Websites reflected not only the firms’ cultural values of the country of origin but also that there were significant differences on local cultural dimensions although the Website is a global marketing tool. There is no literature on a firm’s country of origin in affecting the decision to adopt a Website as a marketing tool.

2.6 Effectiveness of Internet Marketing

To gauge the effectiveness of Internet marketing, it is important for a firm to understand and satisfy the goals of the marketers and consumers under the interactive context of the
Internet in order to make the measurement of effectiveness of such interactivity meaningful (Stewart and Pavlou, 2002). The interaction of consumer behaviour and Internet usage has been discussed by many researchers. From the experiments conducted by Hoffman and Novak (1986), it was concluded that the opportunities for consumer interaction with the Internet was unprecedented due to several variables such as design of new product, development of marketing strategy, and innovation of Webpage content. Throughout the experiments, they also explained the experience flow of the consumer; experiential behaviour of the consumer; the stimulus and antecedents that affect flow experience and consumer decision making; consumer learning; as well as other distortions affecting consumers’ perceptions. Prior to analysing the effectiveness of a Website, it is essential to understand its basic functions.

### 2.6.1 Functions of Websites

The primary role of business-to-consumer Websites is to provide information on products and services to customers. Apart from this primary function, other secondary roles of Websites are ranked in the priority of enhancing brand image, creating awareness and providing customer service (Lace, 2004). The functions of a commercial Website are categorized in performing the functions of: providing information; communication; downloading; and transaction processing (Yeung and Lu, 2004). In the empirical research conducted by Huang, Le, Li and Gandhi (2006), it was identified that Website features provided the functions of: allowing customers to control information detail; aiding customers in online purchasing decision; and making the Website more personalised such as the layout, format and content of a Website according to customer’s preferences. According to Chu (2001), the content of travel and airline Websites should be informative, interactive and attractive. Findings by Au Yeung and Law (2006) also indicated that a successful hotel Website should provide not only useful information to its users but also be easy to use.
2.6.2 Determinants of an Effective Website

The effectiveness of digital marketing strategies can assist a firm in building online brand equity and to contribute to overall business growth. Moreover, this brand equity has a positive relationship on a firm’s financial growth in terms of market share and customer loyalty building in terms of higher profit growth (Teo and Tan, 2002). Other factors such as consumer usage and experience of the Internet, Internet proclivity, and the perceived risk of online shopping also affects the effectiveness of the Internet in implementing marketing strategies (Kuhlmeier and Knight, 2005). In addition, technology capacity; use of different Internet developers; approaches to evaluate online marketing effectiveness; and the marketing executives’ knowledge of Internet technology; are the critical factors in affecting the Website development and its effectiveness (Ranchar, Zhou and Tinson, 2001). An empirical survey also showed that the attributes of the Website such as interactivity, navigability, multimedia design and content also affected the effectiveness of a Website (Karayanni and Baltas, 2003). In the same study, it was also found that company-related information variables; interactivity responsiveness to customer needs; and customer-related information exchange are positively related to Internet sales and Website performance (Karayanni and Baltas, 2003).

On the other hand, empirical research conducted by Tiago, Couto, Natario and Braga (2007) on companies in the United States, Europe and Asia, concluded that the effectiveness of the Internet as a marketing tool relied on the areas of: (1) the context of Internet; (2) intensity of its use; (3) the investment made on the Webpage; (4) initial objectives to create the Webpage; (5) the developed areas; and (6) the communication modalities. Based on their findings, the results of Internet applications vary according to the exploration intensity of the Internet; the initial investment made in the Website; as well as the level of communication effort and activity exploration through the Internet. The results also demonstrated that the Internet was not only a means of sales promotion but also a medium for relationship management. Despite the application of different models in analysing Websites, the Website marketing models should be based on the company’s marketing
strategies; Webpage design; marketing information; and technical quality (Feng, Morrison and Ismail, 2003).

2.6.3 Consumer Behaviour

It is important for a firm to understand the impact and effectiveness of the Internet on the prospective customers’ purchase motives prior to adopting the Website as an Internet marketing tool. Consumer attitudinal changes have been examined by using the well-known hierarchy of effects model to test the advertising effectiveness of the Website (Huizingh and Hoekstra, 2003). This research was conducted on a focus group of 80 respondents by studying the consumers’ hierarchy effects of attention, cognition, affection and conation in order to understand how Websites affected both the attitudes and behaviour of customers. The focus of this experiment is the same as the concept of flow experiment proposed by Hoffman and Novak (1996). The flow experiment is the “process of optimal experience” that triggers the audiences’ responses and behaviour during network navigation throughout the states of (1) a seamless sequence of responses facilitated by interactivity with the machine; (2) intrinsically enjoyable; (3) a loss of self-consciousness; and (4) self-reinforcing in the flow experience (Hoffman and Novak, 1996). The experiment aims to study the Web experience of the customers and the effectiveness of a Website in affecting their motive of purchase. The results showed that effective Websites should combine the flow concept with the four levels of hierarchy of effects model.

A framework has been developed to explain the antecedents underlying consumer behaviour, response and attitude towards Internet marketing (Wu, 2002). It is essential to understand the impact of Internet marketing on the consumer and the subsequent consequences on consumer behaviour to trigger the buying motive. Moreover, it is important to build consumer trust, knowledge and understanding through effective Websites. According to Lee (2002), customers’ trust and confidence are the most important elements that contribute to online purchasing. The importance of consumer behaviour, customer knowledge leveraging and customization of Website content or
information according to customer preference has been mentioned when designing a Website in order to achieve advertising effectiveness (Rowley and Slack, 2001). It is also agreed that the role of customer behaviour and customer relationship management via Internet marketing are important in affecting the sustainable competitive advantage for a firm (Javalgi, Radulovich, Pendleton and Scherer, 2005).

2.6.4 Corporate Marketing Strategies

The implication of the Internet in the deployment of corporate strategy is the enhancement of the value chain in terms of operational effectiveness; creation of strategic market positioning and the improvement of customer relationship management (Porter, 2001). With the emergence of the Internet and mobile marketing, it is crucial for firms to sustain first-mover advantages in order to capture the potential customer via this new marketing communication platform (Sultan and Rohm, 2005). In the emerging markets, Internet marketers need to consider four major factors, namely technology, marketing functions, target markets, and marketing mix when developing a set of strategic propositions that can help maximize a firm’s competitive advantage. In the emerging markets where technology is a constraint, the Website was proposed for informational use rather than for transactional or product-delivery use (Bandyopadhyay, 2001). Moreover, it was found that the role of Internet strategy had evolved from generating revenue to creating value-chain efficiencies, reducing costs and building customer relationship. In addition, the Internet should be integrated with other existing marketing-communication media rather than as a stand-alone communication channel across multi-channels (Sultan and Rohm, 2004). It was also noted by Lagrosen (2005) that Internet communication activities should be integrated in the overall marketing communications mix. The communication strategy of the Internet has shifted from mass transactions to mass relationships for large centralized service companies; and from limited transactions to personalised relationships strategy for small or decentralized service companies.
2.6.5 Negative Impact of Internet Marketing

As mentioned previously, the Internet can create competition and lower market entry barriers through price standardization as operational efficiency can be easily imitated by competitors. In addition, lower switching costs for potential buyers increases the bargaining power of customers. Thus, a firm needs to create a distinctive strategic positioning to face fierce competition. Firms can only gain advantages through achieving and sustaining higher levels of operational effectiveness over their competitors. If a firm fails to create operational effectiveness, then it needs to achieve cost advantage or price premium in order to out-perform the competitors. There are also several disadvantages of adopting Internet marketing such as a lack of face-to-face contact with customers; an inability for touching the product online; and possible delays in navigating the Website (Porter, 2001).

In regard to customer relationship management, the issue of customer privacy is a great concern when firms gather customer information online and this has led to some lawsuits by consumers and consumer advocacy groups (Nakra, 2001). The impact of e-commerce on consumer welfare in the aspect of information disclosure has been emphasized (Hamilton and Gillies, 2003). Therefore, it is important for firms to perform Internet marketing ethically in order to retain customer loyalty and trust (Gauzente and Ranchhod, 2001).

Information reliability and the usefulness of a firm’s Website might cause negative aspects of consumer usage of a Website. For instance, if the reliability and usefulness of information has a negative performance, this will affect the overall customer satisfaction of using the Website (Cheung and Lee, 2004). In addition, the quality of the Website also affects customer satisfaction when navigating through a corporate Website. If the loading time of a Website is too long due to slow download speeds, a potential customer will either redirect the web browser to a competitor’s Website or quit using the Web. Thus, a firm
might lose the business opportunity due to the poor technical quality of its Website (Weinberg, 2000).

2.7 Context of the Discussion

Among the Asian market users, the Internet user population of Hong Kong is 4.878 million people, which represents the second highest penetration rate in the region of 69.9% and a usage growth rate of 113.7% over the years 2000 to 2008 (See Appendix 2). Judging from these statistics, the enormous growth trend of Internet usage contributes to the importance of a Website in performing a significant role as an Internet marketing tool. Despite this phenomenon of popularity in Internet usage and relatively high penetration rate in Hong Kong, it is unusual to observe that most of the firms in Hong Kong have not established their own Website to generate revenue through this channel - only 18.2% of a total of 301,000 firms (including small and big enterprises) have established their own Website (Census and Statistics Department of the Hong Kong Special Administrative Region Government, 2007). Under the service sector category of “wholesale, retail and import, restaurants and hotel”, only 21% of a total of 154,000 firms, among which small and big enterprises are included, have their own Website. Among those firms without an existing Website, 96% of respondents do not have the intention to create a Website in future.

In respect of this observed phenomenon of a low Website establishment rate in Hong Kong, there is limited empirical evidence on specific industry sectors in discussing the reasons for non-establishment of company Websites. This exploratory research aims to investigate the contribution of a Website to institutional catering industry in implementing marketing strategies. In addition, this research aims to evaluate whether institutional catering companies over-value or under-value the adoption of a Website as an Internet marketing tool. Moreover, as most literature favours the adoption of a Website in implementing marketing strategies, does the phenomenon of a low Website establishment rate reflect that these academic research findings do not reflect the experience of a particular industry or a geographical location?
To narrow down the scope of research, this study will focus specifically on the institutional catering industry in Hong Kong as nearly half of the firms in this industry do not have a Website. Moreover, the history of Website creation in this industry is relatively new compared to other industries.

2.8 Literature Gap

From the wide range of literature that examined the relationship of marketing mix; promotion mix; distribution channel and various issues of Internet marketing from a firm’s point of view, it cannot be denied that Internet marketing plays a crucial role and has an impact on a firm’s marketing strategies in terms of operational effectiveness; brand building; customer relationship building and creating competitive strategic market positioning. Despite the discussion on the relationship between the impact of the Internet and its effectiveness, there is yet very limited discussion on the reasons for non-establishment of Websites and the low Website establishment rate in a specific industry sector.

An effective Internet marketing tool should cater to the following factors:

(1) Consumer perception, behaviour and the reaction towards Internet marketing (Hoffman and Novak, 1996);

(2) The critical success factors of designing, developing and maintaining an effective Website in the sense of informing, attracting, retaining and providing solutions to suit customer needs and preferences (Simeon, 1999); and

(3) The integration of a firm’s business and marketing objectives into the implementation of Webpage development (Sultan and Rohm, 2004).
Although much literature has examined the benefits and the reasons for establishing a Website, there is yet no literature to explore the low Website establishment rate and why there are firms still not adopting this marketing tool to generate revenue from this source. In view of this literature gap, this study aims to explore why most firms have not established Website. Are there any possible determinants in affecting the Website establishment decision? Moreover, this study also aims to investigate whether the value of a Website as an Internet marketing tool is under-valued or over-valued by the institutional caterers in Hong Kong. Despite the fact that some firms have established Websites, how do they perceive the value of their Website when managing their marketing strategies? In addition, how do these firms measure the effectiveness of their Website in managing their marketing strategies? Finally, will firms with current Websites continue its use and will firms without Websites consider adopting this marketing tool in future? This sets the scene for the discussion of the following research questions which form the foundation of this study.

The general research question is:

Is a Website an effective marketing tool for institutional catering companies in Hong Kong?

Sub-Questions:

1. Why have firms without a Website not established one?

2. Does the size of the firm affect its decision on the value of developing a Website?

3. Does the location of the headquarters of a firm affect its decision to develop a Website?

4. How effective are Websites in performing the functions of:

   (i) providing information on product and services;

   (ii) creating brand awareness;

   (iii) enhancing brand image; and
(iv) providing customer service?

5. How does a firm judge whether a Website as an Internet marketing tool is effective to implement its marketing strategies?

6. Do the firms currently using a Website intend to continue its use to manage their marketing strategy?

7. Do firms without a Website have an intention to establish one to manage their marketing strategy in future?

2.9 Conclusion

This chapter examines the theories of marketing mix; promotion mix; marketing distribution channel; and marketing mix strategy. Moreover, it discusses the Internet as a promotional marketing tool; its impact on traditional marketing mix and on a firm’s marketing strategy; as well as the effectiveness of Internet in implementing a firm’s marketing strategy. Yet, it is identified that there is no literature to explore the low Website adoption rate and the reasons of non-establishment of Website. Therefore, this literature gap provides the basis of the research questions which form the foundation of this study.
CHAPTER 3

3.1 Introduction

This chapter introduces the research methodology of this exploratory study with justification for adopting a case study approach using qualitative methods. A case study approach will be adopted as there is limited knowledge about the observed phenomenon of low Website establishment rates (Yin, 1984). Moreover, a case study approach can provide more in-depth information and insights into a little-known phenomenon, thus allowing the researcher to gather data for research questions that focus on the ‘how’ and ‘why’ as well as to construct idiographic knowledge (Ellram, 1996). The main focus of this research is to explore the low adoption rate of Websites. Purposive sampling will be used as the sampling method to identify the appropriate respondents. Firms are categorized based on a stratified sampling design in terms of: firm size; country of origin of headquarters; and main business scope. The research will examine two sub-categories of organizations, those companies with and those without Websites by using a comparative analysis. Two semi-structured interview schedules with open-ended questions will be the research instrument to obtain in-depth information from senior management or key marketing personnel of each organization by using face-to-face interviews. A multiple case method is used in order to generate similar or contrasting results for each theme. A comparative analysis is used to compare data and provide analysis of managerial perceptions from these two sub-groups. Interviews will be transcribed and categorized firstly utilising codes that appear in each question. Then, these codes and subsequent sub-codes will be grouped to identify relationships. The use of open-ended questions is to allow a variety of responses to the research questions. To increase reliability, a content analysis of company’s Websites will be performed. In addition, the ethical implications of the research design will be discussed.
3.2 Justification for using Qualitative Methodology, a Case Study Approach and Interviews

3.2.1 Justification for using Qualitative Methodology

As mentioned in Chapter 2, there is limited knowledge on the research topic; therefore an exploratory approach is adopted to obtain data on the observed phenomena (Cavana, Delahaye and Sekaran, 2001). As this research is exploratory, the research approach will not involve any theory testing. Rather, this research will connect to the discussion of established theories outlined in the literature review. Inductive reasoning will be used to collect detailed observations and data; analyse the data; and to develop the relationships and the findings (Cavana et al., 2001).

Quantitative methodology is associated with hypothesis or theory testing. This research approach involves a deductive process by which the research starts with a theoretical proposition and ends with empirical evidence (Cavana et al., 2001). Quantitative methods stress objectivity, internal and external validity, and data reliability by analysing the data in a scientific analysis process to test the theory or hypotheses (Bryman, 2004). The tenet of quantitative research is objectivity through enumeration, aggregation and causation. Statistical sampling techniques are most often applied to representative populations in order to draw generalisations (Abusabha and Woelfel, 2003). Quantitative research is concerned with reliability, replicability, validity, and objectivity. Reliability refers to the degree to which a measure of a concept is consistent. The key issue of internal reliability is whether the indicators that make up a scale of measurement are consistent (Bryman, 2004). Replicability means that the findings of a study can be repeated in other settings. Validity is concerned with the issue of whether an indicator can really measure the concept (Bryman, 2004). Objectivity refers to the belief that reality is independent of social actors or social phenomenon. Facts are derived from actual findings and can be measurable (Bryman, 2004). There are two types of validity namely internal and external validity. Internal validity refers to the soundness of findings that specify a causal inference in a quantitative research. External validity concerns with the generalizability and representativeness of
research subjects in a particular research area using cross-sectional and longitudinal designs (Bryman, 2004).

As this research is exploratory in nature, it does not aim to test any established theories or frameworks as stated in the literature review. Therefore, quantitative methodology using a deductive approach is inappropriate to apply to this research. Qualitative methodology is adopted for this research as the study requires the collection of personal opinion or perspectives on an observed phenomenon. Qualitative research involves subjectivity to study things in a natural setting with the attempt to interpret the meanings of the complexities of human behaviour related to a particular phenomenon (Greenhalgh and Taylor, 1997). In contrast with quantitative methodology, the qualitative approach is more suitable to collect abstract constructs such as perceptions, attitudes, values and beliefs (Santasier and Plack, 2007). In addition, qualitative methodology is more effective when the context is ill-defined, uncontrolled or situational (Santasier and Plack, 2007).

### 3.2.2 Nature of Qualitative Methodology

Qualitative methodology emphasises the use of an inductive approach to derive relationships between theory and research. It predominantly emphasises theory generation rather than testing hypotheses or established theories (Bryman, 2004). Qualitative research does not seek to show and explain statistical relationship nor cause and effect relationships. Rather, the emphasis is on describing social phenomena and human experience (Fade, 2003). Epistemology is concerned with the question of “what” should be regarded as accepted knowledge according to the principles, procedures and ethos of natural science (Bryman, 2004). Ontology is associated with the objectivity of the subject matter, that is a reality external to the social actors (objectivism) or it is socially constructed from the perceptions and actions of social actors (constructionism) (Bryman, 2004).
Qualitative methodology has been challenged on the grounds of subjectivity; reflexivity; transparency; trustworthiness and transferability in forming the base of theory and knowledge sharing. Quantitative researchers criticise qualitative research for being too subjective since the qualitative findings often rely on the interpretation of the researcher’s unsystematic views about what is significant and important. Moreover, qualitative research has been criticised for being difficult to replicate in other research settings (Rolfe, 2006). In addition, it is impossible to generalise the findings of qualitative research to other research settings. Thus, qualitative research is criticised for lacking representation and generalizability in knowledge sharing in terms of validity (Stenbacka, 2001). Furthermore, the trustworthiness of qualitative research has been criticised since there is a lack of transparency for other researchers to understand and to know the details and process of how qualitative researchers come to a study’s conclusions (Morse, Barret, Mayan, Olson and Spiers, 2002).

Despite these criticisms, there is yet argument from qualitative researchers defending the validity of their approach. It is argued that human experiences cannot be imitated and manipulated, as such this calls for flexibility in research (Abusasbha and Woelfel, 2003). This is also called interpretivist research. Interpretivism literally interprets the meanings of various forms of social actions and meanings that constitute a representational view of the world. This interpretivist paradigm is concerned with textual and value-laden representations (van Maanen, 1979). In the areas of epistemology and ontology, many interpretivist researchers argued that qualitative research methodology can help to better understand the research problem, as demonstrated by some medical research, when the qualitative research follows certain standards, criteria and guidelines (Malterud, 2001).

Trustworthiness in terms of credibility, dependability, confirmability, and transferability is an alternative criterion to assess qualitative research (Lincoln and Guba, 1985). These terminologies are similar to the nature of quantitative research in terms of validity; reliability; replicability; and objectivity. Credibility is equivalent to internal validity in
assessing the trustworthiness of the findings. Transferability, which is parallel to external validity, means the application of the findings in other contexts. Dependability, is similar to reliability, refers to the application of findings in other times. Confirmability is similar to objectivity in the sense of the inclusion of the researchers’ values in interpreting the research findings. Moreover, validity and relevance factors are essential in performing viable qualitative research (Hammersley, 1990). In fact, there are guidelines for qualitative researchers to follow in order to solve the controversy over the issues of reflexivity, transferability, interpretation and analysis. Moreover, the standards of good practice in the trustworthiness issue and the validity issue of the observed data and data interpretation have been suggested to assess qualitative research (Stiles, 1993).

Reliability refers to the measurement methods to test the findings of the research. It has been argued that qualitative methods produce specialized results and thus the reliability of the research results is questionable. However, Johnson (1997) argued that the qualitative research settings and scope were not randomly selected; readers could identify the research contextual information, data collection methods, and data analysis techniques. Thus, internal validity of the research results can be maintained and so is the reliability of qualitative research. In addition, reliability of qualitative research can be maintained by clearly stating the research study scope, research settings, methodology, techniques and results (Borman and LeCompte, 1986).

Reflexivity refers to the professional background and experiences of the researcher; the researcher’s belief and motivation on the research topic; perspective and theoretical foundations in relation to the researcher’s education and interest. In this regard, reflexivity can be maintained in qualitative research since the researcher can define the aim of research topic or questions and then interpret their findings according to the developed hypotheses although the hypotheses are not tested. In the context of transferability, it is the most important issue as the credibility of research findings is related to the application of such findings to other study settings on a universal basis. Although there is no universal
transferable of theory, it is important for research to be widely applicable provided that the findings are valid. To test the validity of qualitative research, both internal and external validations are required (Malterud, 2001). In order to obtain meaningful qualitative material, purposeful or theoretical sampling is usually applied to justify internal validity (Patton, 1990). External validity can be justified by replicating the interview process to different case study groups despite that the results might be different from the theoretical replication (Sobh and Perry, 2006). According to Johnson (1997), three types of validity namely descriptive validity, interpretive validity and theoretical validity are identified. In order to minimize researcher bias in qualitative research, Johnson (1997) also suggested various methods to increase validity of qualitative research using participant observation method such as increasing multiple observers, actively engaging in self-reflection, and looking for negative cases that are in contrast with the researcher’s expectations. The issue of validity also relates to the reliability of the research. According to Yin (1984), the use of a case study method can help improving the reliability and replicability of the study by developing a case study protocol that includes the interview guide, interview procedures and the database.

### 3.2.3 Case Study Design

A case study design supports the rationale of applying inductive reasoning when there is limited knowledge about the phenomena or research situation (Yin, 1984). Moreover, the case study approach can provide more in-depth information and insights to a little-known phenomenon, thus allowing the researcher to probe the ‘how’ and ‘why’ research questions as well as to construct idiographic knowledge (Ellram, 1996). According to Yin (1984), there are three types of case study namely the critical case, the unique case and the revelatory case. The critical case is where the researcher has a clear set of hypotheses and uses a case to test whether the hypotheses are valid or not. The unique case is where the observed case is extreme in nature and is commonly used in clinical studies. The revelatory case is where the researcher has observed and analysed a phenomenon that is previously unanswered by scientific investigation. The nature of this research is revelatory in the sense that there is an observed phenomenon of a low Website establishment rate in Hong
Kong despite most established theories and literature supporting the effectiveness and benefits of a Website. Case study design is adopted for this research since the topic engages in a complicated situation with limited knowledge in the research area that requires an intensive examination of the research setting (Bryman, 2004). As noted by Ellram (1996, p.99), “case studies focus on holistic situations in real life settings and tend to have set boundaries of interest, such as an organisation; a particular industry; or a particular type of operation”. There are two main types of case study method which are single case and multiple case methods. A single case method is usually applied when an investigation is conducted into a critical case or an extreme case or a unique case that reveals an inaccessible phenomenon to test well-formulated theory. A multiple case study, which is akin to a multiple experiment study, allows for replication of the experiment and generates a richer and more developed framework. Multiple cases are usually adopted to replicate findings to generate similar or contrasting results with predictable and explainable reasons through replication of the methodology. In most situations, six to ten cases are sufficient to provide compelling evidence to support or reject a set of initial prepositions (Ellram, 1996). In this research, multiple cases are used as the case study method in order to provide evidence in supporting similar or contrasting perceptions of each research question by replications. Moreover, a case study usually uses multiple sources of data to provide triangulation of the findings in order to overcome the problem of validity. These multiple sources include but are not limited to the use of multiple informants; internal company memos; procedures or documents; use of direct observation; questionnaires; and other data collection techniques (Ellram, 1996). Methodological triangulation refers to the use of multiple data sources to gain the most complete and detailed data possible on the observed phenomenon (Hall and Rist, 1999). In this research, in-depth interviews and content analysis of company Websites are employed. In addition, the comparative design of this case study allows the findings from two sets of companies to be compared and contrasted.

In summary, the nature of this research supports the adoption of qualitative research methodology utilising a multiple case study method to examine similar and contrasting opinions through replication of the research methodology.
3.3 Research Strategy

Qualitative methodology is chosen as the research strategy as in-depth information is required from identified companies in a particular industry in order to make the research credible. Respondents are required to express and elaborate their perspectives on the value of a Website in implementing their company’s marketing strategies. Therefore, it is difficult to collect this complicated information through a questionnaire or survey using quantitative methods. In addition, open-ended questions are adopted in the semi-structured interviews so as to obtain answers (data) that are useful for investigation on the research topic.

3.3.1 In-depth Interview Approach

In-depth interviewing is chosen as the primary qualitative research method as the required research data for analysis is confidential to the companies and is difficult to explore the required information by collecting it merely through survey questionnaires. As a method, the semi-structured in-depth interview aims to collect rich and detailed answers in relation to the research topic from the interviewees. In contrast with a quantitative interview, qualitative interviews tend to be more flexible in the question structure in order to allow the interviewee to reflect on their perspective on the research topic (Bryman, 2004). Convergent interviewing is an in-depth interview technique which is used “to collect, analyse and interpret qualitative information about a person’s knowledge, opinions, experiences, attitudes and beliefs through a number of interviews that are convergent on important issues” (Rao and Perry, 2003, p.237). The convergent interview has the advantage of flexibility in exploring subjective information from the interviewee that is relevant to the research problem. However, the interviewer might pose personal bias in interpreting the interviewee’s perspective. Moreover, the interviewee is required to possess adequate knowledge on the research topic or problem in order for the interviewer to gather and explore meaningful knowledge on the topic (Rao and Perry, 2003). As Patton (1990) suggested, purposeful sampling aims to obtain more meaningful material which bolsters internal validity, therefore the participants must be from the institutional catering industry.
in Hong Kong. The identified participants should be knowledgeable in the research area; otherwise, it is meaningless for the researcher to obtain information from inappropriate respondents. Therefore, the key personnel such as the General Manager or potential participants from the Managing Director level or the Business Development Manager level are identified in order to obtain more reliable and in-depth information so as to make this research more credible and comprehensive.

Another common qualitative method, the focus group, is an inappropriate method to collect data for this research as it is expected that the key personnel or senior management from each company would be unwilling to share their views and opinions on this sensitive research topic within an open forum. Moreover, due to the busy schedule of these senior management staff, it is difficult to manage their schedules and fix one time slot for holding a focus group session. Due to the two main issues of data confidentiality and time constraints, it is more appropriate to choose in-depth interview and content analysis of respondents’ company’s Website as the research methods. In this way, the researcher can schedule the appointment with individual interviewees and discuss the topic in a private setting. The ten interviews were conducted in May 2008 after ethics approval was granted. The interviews were held in the interviewees’ office conference room in order to ensure data privacy. The interviews were conducted in English with some explanation in Cantonese where required in order for the interviewees to better understand the questions. In addition, the research timeline can be managed in a more flexible way according to interview scheduling.

3.3.2 Content Analysis Approach

A content analysis of the company’s Websites will be performed to validate the managerial perceptions on the value of Website as a promotional marketing tool and to provide some triangulation of managerial perceptions on the topic. The content analysis of the Website refers to the identification of content-related issues; preparation of content inventory process; and analysis of the content patterns and relationships. The purpose of content
inventory analysis is to determine what data exists, who owns it, where it is stored, and the value of the Website. The content analysis assists in identifying and understanding various types of content that are required to be reconciled in the content management strategy (Augustyniak, Aguero and Finley, 2005). According to Fraser (2001), there are different types of data for each type of Web content. These are: identification data (for example, page title and URL); content data (that describes the page type and subject matter); and management data (that include the content owner or producer). Triangulation means the use of more than one method or source of data in the study of social phenomenon to cross-check the findings (Bryman, 2004, p.275). Methodological triangulation refers to the use of multiple data sources to gain the possible most complete and detailed data on the observed phenomenon (Hall and Rist, 1999). The company’s Website will be analysed based on the functions or features of the Website; Website design and Website content. In the context of this research, the Website features or functions are defined as the capability of the company’s Website in enabling the Web users to satisfy their needs. For instance, information search; online transaction; customer comment feedback are some examples of Website functions. The Website design includes but is not limited to the graphic, format, structure and layout of the Website. The Website content refers to the text content; page type and subject matter provided in the Webpage (Augustyniak, Aguero and Finley, 2005). The purpose of this triangulation is to verify the perceived effectiveness of Website versus the actual effectiveness of Website in achieving the purpose of its establishment and in implementing a company’s marketing strategies.

3.4 Sampling Method

This research will focus on the institutional caterers in Hong Kong whose business scope is defined as below. A sample size of ten firms out of a total population of 34 firms will be selected to participate. In this case study, there are two sub-categories of firms, those with and those without a Website. Five firms from each group are chosen. The rationale to select ten cases is justified by the use of theoretical sampling as proposed by Ellram (1996) that it is usual to select six to ten cases for the multiple case study methodology in order to support or reject a set of initial prepositions. Therefore, a total of ten firms are selected.
based on this theoretical sampling concept. Theoretical sampling refers to the process of data collection for generating theory whereby the data is collected, coded and analysed in order to develop the theory as it emerges. The data collection process is controlled by emerging theory which means that sampling is an on-going process instead of a distinct and single stage such as it is in probability sampling (Bryman, 2004). According to the definition from Strauss and Corbin (1998, p.201), “data gathering driven by concepts derived from the evolving theory and based on the concept of making comparisons will maximize opportunities to discover variations among concepts and to densify categories in terms of their properties and dimensions”. Moreover, the chosen sample size represents nearly one-third of the total population size in order to justify the findings of a multiple case study. Participants will be recruited by purposive sampling through the database of institutional caterers on the Hong Kong government Webpage, *Eatsmart Website* (Hong Kong Special Administrative Region Government, June 2008, http://school.eatsmart.gov.hk/files/pdf/database_lunch_suppliers_contact_tc.pdf). One representative from senior management ranks will be recruited from each firm. Purposive sampling is adopted in this study as participants must be from the institutional catering industry in Hong Kong. The key market players in the institutional catering industry are identified as research targets of this study. To identify the companies that fall within this research target, the business scope of the target companies should include at least one or more of the following business sectors: school meal catering (meal box delivery and/ or school canteen), staff canteen, industrial catering services, management service and outside catering services.

In this study, two main categories of institutional caterers are identified:

**Category 1** - companies that focus primarily on school catering and some outside catering business;

**Category 2** - companies that cater for a more comprehensive business scope including school catering, staff canteen, industrial catering services, outside catering and other auxiliary services such as management service and catering related consultancy services.
Of those in the first category, their clientele are mainly school children (for school catering) with occasional corporate clients (for outside catering). For those in the second category, their target clientele includes but is not limited to school children (for school catering); corporate clients (for staff canteen, industrial catering and outside catering businesses); private clients (mainly for outside catering), and any other clients who are in need of management service (for example, provide professional catering labour services, logistics management, clubhouse management and turnkey solutions) and catering related consultancy services (for instance, kitchen and restaurant building; turnkey consultancy services for catering related operational and marketing advice).

It is identified that there are 27 caterers in Category 1 and seven caterers in Category 2 according to the school lunch supplier database information on the Hong Kong Special Administrative Region Government Website. In Category 1, 25 firms are locally based and two firms are internationally-based while there are two international and five local-based caterers in Category 2. The firms are selected by a stratified design based on firm size, main business scope and the country of origin of a firm’s headquarter. Six firms from Category 1 and four firms from Category 2 will be selected. The rationale to select four local-based medium-sized firms for Category 1 is to increase the representation of this sub-category since there are 25 firms from this sub-category which represent a majority in the database. Two firms from the rest of each sub-category are chosen in order to have an equal base of comparison. Moreover, since there is a comparatively small sample size of international-based firms from Category 1 and 2 (a total of 4 international-based firms), the whole population of international-based firms is chosen in order to increase the representation of this firm category. The selection of two international-based firms from both Category 1 and 2 respectively is based on three reasons. Firstly, it allows for a comparison to examine if a difference in business scope might affect the decision on Website establishment. Secondly, the possible determinant of location of a firm’s headquarters (local-based versus international-based) is identified to examine if this determinant exerts any influence in affecting the decision of establishing a company Website. Thirdly, the rationale is to also compare the findings of local-based and
international-based firms, thus taking marketing strategies into consideration. The sample size is tabulated in Table 3.1 for easy reference.

Table 3.1 – Data Sampling Size Based on Firm Size, Country of Origin and Firm Category

<table>
<thead>
<tr>
<th>Type of firm size &amp; firm category</th>
<th>No. of Firms with Website</th>
<th>No. of Firms without Website</th>
<th>Total No. of firms interviewed</th>
<th>Total No. of firms in database</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local-based medium-sized (Category 1)</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>International-based large-sized (Category 1)</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Local-based medium-sized (Category 2)</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>International-based large-sized (Category 2)</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total:</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>34</td>
</tr>
</tbody>
</table>

In Category 1, four medium-sized local firms and two large-sized international firms will be chosen. Among these six firms, there are three firms with a Website (two local medium-sized firms and one international large-sized firm) and three firms without a Website (two local medium-sized firms and one international large-sized firm). In category 2, two medium-sized local firms and two international large firms will be selected. Among these four firms, there are two firms with a Website (one local medium-sized firm and one international large-sized firm) and two firms without a Website (one local medium-sized firm and one international large-sized firm). According to the definition of firm size by the Census and Statistics Department of Hong Kong Special Administrative Region
Government, the number of employees of small firms is less than 10, that of medium firms is from 10 to 99, and that of large firms is more than 100. Small-scale (that is employee number under 10) and family-type firms within the institutional catering sector are excluded from this study since there are numerous firms of this type that cannot be identified. Hence, these firms are out of the target research scope.

In conclusion, ten companies are selected out of the total sample size of 34 firms to conduct this research. The sample size is approximately one-third of the total population of identified caterers within this industry, thus this sample size is sufficient to provide justification on analytical generalization and the reliability of the study (Yin, 1984; Ellram, 1996).

### 3.4.1 Research Questions

The interview design gathers data on the following research questions.

**General Question:**

Is a Website an effective marketing tool for institutional catering companies in Hong Kong?

**Sub-Questions:**

1. Why have firms without a Website not established one?
2. Does the size of the firm affect its decision on the value of developing a Website?
3. Does the location of the headquarters of a firm affect its decision to develop a Website?
4. How effective are Websites in performing the functions of:
   (i) providing information on product and services;
(ii) creating brand awareness;

(iii) enhancing brand image; and

(iv) providing customer service?

5. How does a firm judge whether a Website as an Internet marketing tool is effective to implement its marketing strategies?

6. Do the firms currently using a Website intend to continue its use to manage their marketing strategy?

7. Do firms without a Website have an intention to establish one to manage their marketing strategy in future?

3.4.2 Design of Interview Schedule

The interview schedule will be divided into six main parts in relation to the above research questions.

(1) The firm’s perspective on why it did not establish a Website. (For firms without Website)

(2) The firm’s perspective on whether firm size and country of origin affect the decision to adopt Website. (For firms with and without Website)

(3) The firm’s perspective on the functionality of its Website in achieving its purpose of establishment. (For firms with Website)

(4) The firm’s perspective on the perceived and actual effectiveness of its Website in implementing marketing strategies. (For firms with and without Website)

(5) The firm’s intention to continue using a Website as an Internet marketing tool to implement its marketing strategies in future. (For those firms with Website).

(6) The firm’s intention to consider establishing a Website as an Internet marketing tool to implement its marketing strategies in future. (For those firms without any Website).
The first section examines the reasons why those firms without a Website have not established one. The second section gathers data on whether firm size and country of origin are possible determinants in affecting the firm’s decision in adopting a Website. The third section analyses the functionality of the firm’s Website as to whether it can perform the basic functions to achieve its purpose of establishment. In the fourth section, the background of each company’s marketing strategies is identified. Then the perceived and actual effectiveness as to whether a Website is effective in implementing the marketing strategies in terms of business and marketing objectives will be obtained from firms with Website. For those firms without a Website, managerial perspectives will also be sought to obtain their opinion on the perceived effectiveness of Websites in implementing their marketing strategies. The purpose is to compare perceived and actual effectiveness of the Website in implementing marketing strategies. The fifth section gathers data on the company’s direction as to whether it will continue using its Website as an Internet marketing tool to implement its marketing strategies. Moreover, the last section examines the intention of those firms without Websites as to whether they will establish one in future to implement its marketing strategies.

During the interview, semi-structured open-ended questions will be used to guide the interviewees answering the main themes of the research questions and to explore any other related information that is not pre-planned in the interview but is useful for the research discussion. The interview schedule is attached in Appendix 4.

3.4.3 Data Analysis Method

Qualitative content analysis is defined as one of the research methods for the subjective interpretation of the content of textual data through a systematic classification process of coding to identify themes or patterns (Hsieh and Shannon, 2005, p.1278). Qualitative content analysis is used for classifying large amount of text into a number of categories that represent similar meanings (Weber, 1990). Conventional content analysis is one of the qualitative content analysis methods that aims to describe a phenomenon and the data is
primarily collected from interviews with open-ended questions. The probes are also open-ended or specific to the interviewees’ comments rather than to a pre-existing theory. Since this research is exploratory, conventional content analysis is adopted in which coding categories are derived directly from the text data (Hsieh and Shannon, 2005). The purpose of conducting this content analysis is to provide knowledge and understanding of the observed phenomenon (Downe-Wamboldt, 1992, p.314 cited in Hsieh and Shannon, 2005). As identified by Bartunek, Bobko and Venkatraman, (1993), there are three requirements for methodological contributions in content analysis: importance and significance; adequate conceptual grounding; and adherence to methodologically directions.

Data analysis methodology is adopted since the goal of qualitative research is to understand a phenomenon and this methodology suits the domain of human behaviour in which little understanding or information currently exists. The purpose of this approach is to understand the meaning of information under study by discerning themes for commonalities and uniqueness (Armsworth and Stronck, 1999). There are a few steps of conducting data analysis. Firstly, the interview scripts are classified into open codes in which the concepts are defined and their properties and dimensions are identified in the data. Secondly, these open codes are categorized into sub-categories or axial codes. The final step is to categorize these axial codes, identify the themes and form explanation about the phenomenon (Strauss and Corbin, 1998). In this study, the interviews were conducted in English primarily and Cantonese, in part, when required. The interview audio recordings were transcribed and translated into English where required by the student researcher. After the interviews were conducted, the interview data was transcribed and coded under different questions. All the transcribed data was analysed to explore similarities and differences under the same question. These codes were categorised under each theme and then these themes were grouped to identify relationships in order to provide clarity and objectivity. These codes were categorised into six sections according to the sequence of interview as mentioned in section 3.4.1 in order to perform content analysis. After the content analysis was performed, the key themes were classified according to the sequence of research questions. Finally, the conceptual findings were developed based on the
identified themes. A content analysis of firms’ Websites was also conducted to add triangulation to the analysis.

3.5 Ethical Implications of the Research Design

This research involves human participants and therefore approval from the University ethics committee is required. In addition, as the research topic involves sensitive business information from the participant companies, the researcher must display high personal integrity in processing the raw data throughout the stages of collection, transcribing, analyses and presentation of the results. Prior to conducting the interviews, the researcher will seek written approval from the organizations and recruited interviewees. The researcher will initially contact the Human Resources Department of the institutional caterers listed in the above Hong Kong government website and send a letter of invitation and an organizational consent form seeking their consideration and consent to allow the researcher to approach the potential participants within the companies. The letter of invitation to participate will include an information sheet, stressing the voluntary nature of participation. After the potential respondents are identified, the researcher will send them a letter of invitation, information statement and participant consent form stating how the collected data will be handled in order to maintain data confidentiality. Pseudonyms will be used for protecting the privacy of potential participants and their organization. In addition, the researcher will seek approval from interviewees to tape record the interview and on the use of quotes reproduced in the thesis. All collected raw data will be recorded onto compact discs or memory cards which will be stored in a locked cabinet. All raw data including soft and hard copies of notes taken during the interview will be fully destroyed by shredder 5 years after the thesis is successfully accepted by the University. Upon completion of the research, the researcher will send the respective interviewees and their organization a summary of the research findings.
3.6 Conclusion

This exploratory research employs a qualitative research methodology using a case study of the institutional catering industry in Hong Kong. In-depth interviewing is adopted as the data collection method with the aim of obtaining in-depth information on managerial perspectives on the research topic. Purposive sampling is chosen so as to collect information from the relevant senior management personnel who are knowledgeable about their company’s marketing strategies and the relevance of company’s Website in relation to the marketing strategies. Ten companies (five with Websites and five without Websites) from this industry sector are selected as sample size that represent approximately one-third of the identified total sample size in order to maintain analytical generalization in terms of data credibility and transferability.

A comparative design methodology is used to make comparison and validate findings of the managerial perspectives on the research topic from the two sub-samples using a multiple case study method. In addition, the firms are selected by a stratified sampling design based on firm size, main business scope and the country of origin of a firm's headquarter as all these factors are possible determinants to affect the possibility of not having a company’s Website and the implementation of marketing strategies due to differences in marketing strategies. The interview transcripts are coded for analysis and a content analysis of company’s Website form the data analysis methods. The latter data analysis method adds some triangulation to this qualitative research.
CHAPTER 4

4.1 Introduction

This chapter summarizes the findings of the data gathered from the interviews in relation to the research questions. A brief summary of the interviewed companies will be provided to give an overview of each firm in terms of: firm size; main business scope; and country of origin of its headquarters. Different themes are identified and presented under each header. In the first section of findings, the reasons for establishing and not establishing a Website will be examined. In the second section, the possible determinants of firm size and location of firms’ headquarters will be analysed to determine if these factors exert any influence in affecting the Website establishment decision. The third section will examine the basic functions of company Websites in the aspects of providing information on products and services; creating brand awareness; enhancing brand image; and providing customer service. Then, the extent of the Website functions in achieving the purposes of its establishment will be discussed. Thereafter, the effectiveness of the Website in performing its basic functions will be examined. Both perceived and actual effectiveness from firms with Websites are discussed throughout this sub-section. The fourth section presents the managerial perceived and actual effectiveness of Website function in implementing a company’s marketing strategies from the viewpoints of firms with and without Websites. Moreover, the marketing strategies; resources of maintaining and investing in Websites; and the parameters of measuring marketing strategies are identified. The fifth section examines the content analysis of company’s Websites in the aspects of Website functions; Website design; and Website content. The sixth section discusses the future development of Websites to see if the firms with an existing Website will continue using it and whether firms without Websites will consider establishing one in the future. Moreover, the perceived advantages and disadvantages of using a Website in the future will be discussed. Furthermore, the intention of investing in Website and the intended resources for investing will be examined. Finally, the perceived future trend of using a Website in the institutional catering industry in Hong Kong will be discussed.
4.2  Overview of the Companies

A short description of the ten companies who participated in this study is provided below. For ease of referencing and to maintain anonymity, pseudonyms are used to identify the companies. The firms with Websites are identified as Company A through E, while those without Websites are identified as Company V through Z respectively.

Company A is a local medium-sized catering company with less than 100 employees, with the main focus on school meal catering. It is owned by a sole proprietor.

Company B is also a local medium-sized caterer focusing on school meals with occasional outside catering. It also operates some school canteens and tuck shops. The owner is a sole proprietor who has more than 30 years experience in catering.

Company C is a large listed firm employing more than 100 people. It is a wholly owned subsidiary of a multi-national mother company. Its business scope focuses mainly on school meal boxes, school canteens and school tuck shop operation.

Company D is a local medium-sized caterer. Its business scope is diversified including school meal boxes, outside catering and corporate canteen operations.

Company E is a subsidiary of a large foreign-based international listed company. It has a diversified business scope including school catering, outside catering, and corporate catering.
Company V is a local medium-sized caterer. It focuses mainly on school meal box catering with some tuck shop operations.

Company W is a local medium-sized caterer with main focus on school catering only.

Company X is a large company and is a wholly subsidiary of a foreign-based international listed mother company. Its business scope focuses on school meal box and tuck shop operation.

Company Y is a local medium-sized company. It focuses on school meal box catering and occasional outside catering.

Company Z is a wholly subsidiary of a large foreign-based international private company. It has a diversified business scope including school meal catering, corporate catering, outside catering, and management service.
The table below shows the categorization of firm on a stratified base of firm size, major business scope and the location of headquarter.

**Table 4.1 – Categorization of Interviewed Firms**

<table>
<thead>
<tr>
<th>Type of firm &amp; firm category</th>
<th>Firms with Website</th>
<th>Firms without Website</th>
<th>Total no. of firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local-based medium-sized (Category 1)</td>
<td>Company A&lt;br&gt;Company B</td>
<td>Company V&lt;br&gt;Company W</td>
<td>4</td>
</tr>
<tr>
<td>International-based large-sized (Category 1)</td>
<td>Company C</td>
<td>Company X</td>
<td>2</td>
</tr>
<tr>
<td>Local-based medium-sized (Category 2)</td>
<td>Company D</td>
<td>Company Y</td>
<td>2</td>
</tr>
<tr>
<td>International-based large-sized (Category 2)</td>
<td>Company E</td>
<td>Company Z</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>5</strong></td>
<td><strong>10</strong></td>
</tr>
</tbody>
</table>
4.3 Reasons for Establishing or not Establishing a Website

In the first part of the interview, the reasons for establishing or not establishing a Website were explored. The senior management of those firms without a Website explained the reasons for not establishing one and their opinions as to whether a Website could perform the basic functions. In contrast, the respondents of those firms with a Website justified the reasons and the purposes of Website establishment.

4.3.1 Reasons for not Establishing a Website

Some of the firms that had not established a Website held some solid reasons to explain why they did not do so.

Among the five firms without Websites, three claimed the main reason for not establishing a Website was that there was no business necessity. As these firms focus on school catering only (that is Category 1), they did not see the necessity of creating a Website. In addition, they did not see that a Website could assist business development in the school catering sector: “The Website cannot have a positive impact on our business development at this moment, so our company did not establish a Website” (Company V).

It was a norm that the potential customers (in this case, school principals or parents) searched for information on caterers either through word-of-mouth from the other existing customers (usually school principals have connections with each other) or from the caterers’ hard-copy brochure. It was seldom that potential customers searched for information online as claimed by the caterers without Websites:

Business necessity is the main reason to explain why our company does not establish a Website since our company focuses on school meal catering. Within the institutional catering industry in Hong Kong, there are not so many companies which have their own Websites to look for business.
Moreover, it is not a norm to use a Website within this industry. I think word-of-mouth and a company’s reputation are important for the customers to choose the caterer (Company X).

Apart from the business necessity issue, two firms did not establish Websites mainly due to production capacity issues. They did not expect more business to come from other sources such as Websites since their production capacity had already reached full capacity:

As our company size is not so big and our existing production capacity has reached a maximum, we might not be able to cope with an increasing business demand if there is more business coming from this channel. Also, our business is mostly referral by word-of-mouth from existing customers (Company Y).

Furthermore:

The Website cannot help in our business since our firm size is small and we do not require a high business volume because our company is not aggressive in the industry. Also, our production capacity cannot cope with increasing business volume, thus we did not establish a Website (Company W).

Among these five firms, one firm had an unusual reason that institutional catering was not the core business of the mother company, thus this subsidiary company had not established its own Website even though its mother company had already created one. In addition, this company had a very strict internal corporate governance policy and standard operating procedures that deterred the company from creating its own Website. Moreover, this company required the decision of top management from various internal departments at the corporate office in order to make the establishment of its own Website feasible. Furthermore, time resources were a critical factor for this company:
Institutional catering is not the core business of our company, so there is no urgency for our company to establish a Website. The decision of establishing a Website is neither related to capital investment nor return on investment. The most important resource is the time that we need to plan for prioritizing our resources in handling other urgent projects although we see the need to build a Website. It is not the cost issue but rather the job allocation priority issue that explains why we do not build a Website at this moment. In addition, since there are a few internal departments (for example, Corporate Affairs, Corporate Marketing, Corporate Information Technology – I.T.) to be involved when considering establishing a Website, this might affect a bit on the decision to build a Website. Also, as a multi-national company (MNC), our company has a full set of corporate governance and standard operating procedures to guide how our company should operate, especially control over the aspect of corporate marketing is tight since a Website is one of the marketing media. Therefore, this might create some barrier and it might also be one of the reasons to affect the decision of building a Website (Company Z).

The factor of return on investment (ROI) was a main concern of one company. According to this company’s policy, it required substantial financial justification in order to support the reason for establishing a Website. In addition, this company seldom adopted any marketing tools (except a company brochure) to promote its business:

Return on investment is somewhat related to business necessity. Rather than searching for information from [a company’s] Website, customers will seek opinions from other customers and look for information from the company’s print brochure and compare this with those of our competitors when short-listing the caterer. Therefore, our company will focus more on the content inside our brochure rather than putting effort into developing a Website (Company X).
Instead of building its own Website, one of the companies placed an advertisement in a search directory Website to promote its business. “Our company has placed some advertisement in other search directory Website such as www.yp.com.hk, therefore we do not need to establish our own Website at this moment” (Company Y).

A lack of maturity in the market of school catering to accept Websites as a marketing tool explained why some companies still used traditional marketing tools such as brochures, flyers, leaflets and so on. “Although many students [customers] have the habit of web browsing, many problems arise when it comes to e-ordering and e-payment online in the Website. For instance, customers are not familiar with e-ordering procedures, so we do not have a plan to establish a Website” (Company V).

The capital, Website maintenance and staff knowledge on information technology were not considered as reasons for not establishing a Website. “It relates neither to the setting up cost nor our staff knowledge in information technology and manpower support” (Company V).

In respect of the reasons for not establishing a Website, business nature and necessity were critical factors. The quotes from Companies X and Y indicated that a Website was not a main source for business development and revenue generation. Rather, the source of business usually came from word-of-mouth and referral by existing customers. At this point of revenue generation and business opportunity creation, these responses were contradictory to Company D’s experience where over half of the revenue came from Website sources. In addition, the focus of business sector was another solid reason to explain why an institutional caterer did not have a Website since this industry was not the core business of the company. Apart from this financial perspective, the structure of the company played an important role in determining the decision of establishing a Website.
Where a company structure was large and complicated, approval levels and corporate governance guidelines were major determinants to Website establishment. In addition, the capacity for business growth was another determinant to affect a firm’s decision on establishing a Website due to the production capacity issue. Moreover, the ownership of the Website was the main issue as to why some firms did not establish a Website. One firm chose to use other search directory engines instead of owning the Website itself to promote the business. In respect to Website ownership, the results conform to the findings of Dholakia and Kshetri (2004) that firm size had a significant effect on the ownership of a Website, but not the use of a Website for commerce. In this case, a medium-sized firm chose to ride on another marketing platform rather than creating and owning the platform itself. The reasons for non-establishment of company’s Website are summarised in the following table.

Table 4.2 – Reasons for Non-establishment of a Website

<table>
<thead>
<tr>
<th>Type of Reasons</th>
<th>Reasons of Non-Establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>No business necessity – not a source of revenue generation</td>
</tr>
<tr>
<td></td>
<td>Return of investment from Website promotion is unjustified</td>
</tr>
<tr>
<td>Other</td>
<td>Limited production capacity to cope with increasing business volume</td>
</tr>
<tr>
<td></td>
<td>Non-core business activities of the mother company</td>
</tr>
<tr>
<td></td>
<td>Strict corporate governance policy and complicated approval procedures of mother company</td>
</tr>
<tr>
<td></td>
<td>Limited time resources to develop a Website</td>
</tr>
<tr>
<td></td>
<td>Advertise on other Web search engine directory</td>
</tr>
<tr>
<td></td>
<td>Reluctance by customers to accept a Website as a promotional marketing tool</td>
</tr>
</tbody>
</table>
In short, most of the firms without Websites did not see that there was a business necessity to establish one due to the uniqueness of business nature in school catering. Some firms considered that the production capacity issue was a major reason for not establishing one. Only one firm had the non-core business sector issue as a reason for the non-establishment of Website. Other reasons included return on investment, time, strict internal corporate governance policy and levels of approval. Judging from these factors for not establishing a Website, it was notably important to understand why most of the institutional caterers did not set up a Website despite the reasons and benefits of having one, as will be discussed below. The findings in this section are important factors to explain the low take-up rate of Websites. Moreover, some underlying reasons of not establishing a Website gives insights to explain the observed phenomenon that previous literature has failed to identify.

4.3.2 Reasons for Establishing a Website

The primary reason for all firms to establish a Website was to provide basic information to customers on the company’s latest products and services. “Basically, the Website is to provide information. The Website is a source of business opportunity” (Company D).

Apart from providing information, the Website was also regarded as a communication platform and a channel for providing customer services to both existing and potential customers without any geographical and time limitations:

A Website is a direct channel for providing customer service. Customers can send a fax, dial the service hotline and send an email to feedback their comments to the company. It is a trend to establish a Website as the function of the Website is similar to the service hotline to provide customer services. The Website works 24 hours a day and throughout the year, thus it is cheaper to operate than a service hotline (Company C).
Some firms claimed that the establishment of a Website was to let both potential and existing customers know of the firm’s existence in the industry. One firm even described that a Website was similar to a kind of recognition by customers in the industry.

The Website was not regarded as a major source of revenue generation by most firms. The exception was Company D as “some of our potential customers search for information online and half of these searches in turn have become one of our business sources. Also, it promotes the company’s business and services”. As Company C noted: “the main purpose is to promote the company”. This was also the position of Company E: “a company’s Website is a window to the company as most people expect to see the Website of the company. If you do not have a Website, you are going to miss a business opportunity”.

The Website was also considered as a good channel for job recruitment. As noted by Company C: “This channel can serve as a source of job recruitment for the company”.

To sum up, the primary reason of firms to establish a Website was to provide basic company information to the potential and existing customers. Apart from this primary reason, some firms saw that the Website was a “window” to communicate with the customers; to let customers know about the existence of firm; to provide customer services; to be a channel for creating business opportunity; and even for staff recruitment. In view of the identified functions of a Website, these were supported by the previous empirical studies conducted by Lace (2004) in providing product and service information as well as providing customer service. The principal function of informing the audience with information was also supported by the empirical research by Yang, Ahmed, Ghingold, Boon, Mei and Hwa (2003) in testing Simeon’s (1999) AIPD model. Moreover, the Website was regarded as a low-cost channel for providing product and service information (Rangaswamy and Van Bruggen, 2005). Finally, the interactive characteristics of Websites allowed two-way communication between customers and firms without any restriction on
time and geographical location (Darby, Jones and Madani, 2003). The reasons for establishing a Website were largely supported by previous empirical research in the sense that the functions of Website could be applied and justified for the firms to set up a company’s Website. The following table summarizes the reasons for those firms that support the establishment of a Website.

**Table 4.3 – Reasons for Establishment of a Website**

<table>
<thead>
<tr>
<th>Types of Reasons</th>
<th>Reasons of establishment of a Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>A source of business opportunity</td>
</tr>
<tr>
<td></td>
<td>Provide information to customers at a lower cost</td>
</tr>
<tr>
<td></td>
<td>Provide customer services without geographical and time limitations</td>
</tr>
<tr>
<td>Marketing</td>
<td>A recognition by customers of a firm’s existence in the industry</td>
</tr>
<tr>
<td></td>
<td>A “window” to communicate with existing and potential customers</td>
</tr>
<tr>
<td>Others</td>
<td>A possible source of staff recruitment</td>
</tr>
</tbody>
</table>

### 4.4 Possible Determinants of Website Establishment Decision

As noted in some of the quotes above, there are several possible determinants in affecting a firm’s decision to establish a Website. This section will discuss the following factors which might have an influence on a firm when deciding to establish a Website. Since the sample of companies in this study is composed of organisations of differing size and with different countries of origin, these two dominant factors will be examined to determine whether they were influential in affecting the decision to establish a Website. Firms with and without Websites were interviewed to gauge if firm size and location of headquarter affected their company’s decision in developing a Website.
4.4.1 Firm Size

It was believed that resources and capital were the possible determinants in relation to firm size; and that there was a positive relationship between firm size and the decision to develop a Website.

Some firms believed that a firm’s capital and resources were the determinants to finance the establishment of Website:

Absolutely there is a relationship between the firm size and the decision of developing a Website. If the firm is too small, the firm might not even have the direction of business development in future. Moreover, the small firms might not have sufficient resources and capital to finance the Website (Company B).

This perspective was echoed by Company C, that a big company should have more resources to establish a Website. Company X also agreed with the capital issue when establishing a Website:

The first issue is the capital to establish a Website, depending on the size of the firm. A large firm does not have to worry much on the capital and resources. On the contrary, a small firm has more limitation on the capital and resources allocated to develop a Website, thus this might affect the decision of a small firm not to establish a Website (Company X).

Moreover, firm size was considered to be a determining factor to establish a Website in the sense of production capacity and capability of the firm in coping with business demand. This view was expressed by Company Y in that “it will be a waste of resources if a small firm has production capacity issue and might not be able to cope with more business demand coming from the Website channel”.
As proposed by Company C, a small firm should use an outsourced vendor to help them building a Website in order to promote business. It was also suggested by Company X that “small firm could ride on some existing Website platforms, for instance, put an advertisement banner on some search directory Websites to promote its business”.

The content of Website information was considered to be essential in relation to firm size and the decision to establish a Website. As noted by Company A:

It is not effective for a small firm to have a Website. Since a small firm does not have much information to host in the Website, if the Website content is not rich enough, the Web viewer might leave the Website in a short instance. Most people like browsing through a Website with more information and variety, so it is comparatively more advantageous for a larger firm to have its own Website. Thus, this affects the decision of a small firm to develop a Website. However, a Website can help a small firm letting potential customers know of its existence in the initial stage.

The importance of information content was also considered essential in determining a firm’s decision to put up a Website for large firms. As noted by Company E:

A multi-national or listed company should offer a decent level of information to potential customers or investors. If people browsing a Website feel comfortable with the type and quantity of information available to them, then they should feel more comfortable doing business with an organization. The higher the level of trust felt by a customer, the more likely they are to select your firm and the more likely they are to pay additional money for that level of trust.
Another factor was the level of approval related to firm size in affecting the decision of establishing a Website. If a small firm was owned by a sole-proprietor, the decision-making process was believed to be much easier than a large international company. This was expressed by Company W:

A small firm owned by a sole-proprietor can make a quick decision as to whether to develop a Website or not. If it is a must to develop a Website, then the owner will have established one. This is unlike for a large firm with different approval levels to make decision of developing a Website.

On the contrary, some respondents held the view that there was no relationship between firm size and the decision to develop a Website. They believed that business necessity and the business scope of a firm were more critical elements rather than firm size to determine the Website establishment decision. As Company D expressed: “the decision of developing a Website has to depend on the customer profile; the business scope; and business needs of the firm”. This perspective was agreed with by Company V in that “lots of Websites of both large and small firms can be found regardless of the firm size”. Moreover, Company Z added that “the Website establishment also depends on the business nature of the caterer. For instance, B2B or B2C business”. It was also admitted by Company X that “it is necessary for a small firm to have a Website to let potential customers know of its existence through this promotion channel”.

The revenue generated from the Website rather than firm size was considered more important to determine establishment of a Website. As noted by Company E: “the only consideration of firm size in Website development is whether the site generates direct sales for the organization”. Table 4.4 summarizes the possible firm-size related factors and non firm-size related factors that might affect the decision for Website establishment.
### Table 4.4 – Possible Firm-size Related and Non Firm-size Related Factors in Affecting Website Establishment Decision

<table>
<thead>
<tr>
<th>Types of factors</th>
<th>Possible firm-size related factors that might affect Website establishment decision</th>
<th>Other possible Non firm-size related factors that might affect Website establishment decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Firm’s capital and resources</td>
<td>Revenue generated from company’s Website</td>
</tr>
<tr>
<td>Marketing</td>
<td>Other search directory Website as an alternative of Website ownership</td>
<td>Target customer profile</td>
</tr>
<tr>
<td>Others</td>
<td>Richness of company’s Website informational content</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Layers of decision making and approval level of a company</td>
<td>Business scope of the firm</td>
</tr>
<tr>
<td></td>
<td>Production capacity and capability of firm</td>
<td>Business nature of the industry</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business necessity</td>
</tr>
</tbody>
</table>

Judging from different managerial perspectives on the relationship between firm size and the decision to establish a company’s Website, it was controversial as to whether firm size played a critical factor. However, it could be concluded that the resources and capital were common concerns to affect a firm’s decision. In the areas of resources and capital, there was a consensus on the positive co-relationship between firm size and a firm’s adoption of the Internet based information and communications technology. This managerial perspective was supported by the research conducted by Damanpour (1991) that firm size and size-related characteristics such as resources and specialization were part of the organizational characteristics in affecting a firm’s decision to adopt Website or not. Moreover, the richness of Website content was important in relation to the firm size in affecting the decision to establish Websites as noted by Companies A and E. This
argument was supported by Chan and Lin (2007) that large-sized firms tended to have comprehensive Websites compared to smaller-sized firms. In this sense, firm size might be a determining factor in the Website establishment decision. Furthermore, the decision making and approval level in an enterprise would affect the adoption of a Website. This assertion was supported by Thong (1999) that an owner-manager of a small firm tended to have a direct decision capacity compared to a middle-level manager who had an indirect decision making capacity on the adoption of Website for a firm. In addition, some other basic factors mentioned by the participants, such as business necessity, business scope and business nature in affecting the decision of Website establishment, are findings that were not discussed in the literature.

4.4.2 Location of Headquarters of the Firm

Among the ten companies, eight did not think there was a direct relationship between the location of a firm’s headquarters and the decision to set up a Website. Most of them regarded that business necessity in terms of business scope; target customers within the local market; market strategy; customer needs; business nature; and business return were the determinants to affect the decision. “If the market strategy and business scope of an international firm does not focus on the Hong Kong local market, there is no need and it is meaningless for this international firm to establish a local Hong Kong Website” (Company B). Company D also shared the same perspective that the location of headquarters was not a determinant: “no matter whether it is a local or international firm, if the firm decides to enter a market, it must set up a Website to match its business development strategy, its target market and its customer needs”. This perspective was also agreed to by Company Z: “the decision to develop a Website is related to the business nature, business scope, the business necessity and the target market of the company rather than the location of headquarters”.

In addition to the business necessity, Internet usage would have an impact on a firm’s adoption of web strategy in a local market. Furthermore, it was also considered to depend
on how customers or potential clients searched for suppliers or service providers in that local market. It did not relate to the location of a firm’s headquarters that affected the decision of establishing Website. As Company E noted:

In countries with extremely low levels of Internet usage, a web strategy may be less important than local advertising, direct mail or telemarketing. In more developed countries, customers are more and more using the Website to source potential service providers and in a B2B business such as contract food service.

The actual benefit brought by the Website to a firm was considered more important in determining the decision to build a Website irrespective of the location of a firm’s headquarter. As claimed by Company F: “as long as there is a benefit to build a Website, a firm should establish one regardless of the location of its headquarter”. This argument was also agreed by Company X.

In contrast, two firms believed that there might be some relationship between the headquarters location and the decision of developing a Website. Company C argued the point as:

A multi-national company (MNC) should possess more resources in terms of staff knowledge on information technology, financial support and so on to set up a Website since the headquarter of a MNC usually has already established a corporate Website before entering a local market. In addition, it might be difficult for local companies to establish due to the maintenance of the Website and the resources invested in the Website.

In reality, the location of headquarter did influence the Website establishment decision for this company. The top management at the headquarters of this company did not involve themselves in the Website marketing strategy, theme and content during the initial stage of local market Website set-up. The decision for establishing the local market Website was in the hands of the local management. The purpose of setting up the Website by local
management was due to the popularity of company’s Website as a marketing media. It was not until several years after the local Website had been set up that the top management at the headquarters became more involved and tightened control over the Website content, copyright issue and the data privacy issue. In this case, it could be seen that decentralization of authority from the headquarters to local management might be a determinant in affecting a Website establishment.

The approval level from the headquarters could also be a supplementary factor to the decentralization of authority in decision making. Company W added that:

The location of a firm’s headquarter might have affected its decision to develop a Website. For example, if a firm is a foreign company, the local office has to seek approval from the corporate office at the headquarters. If the corporate office does not approve the decision, the local office has to comply with such decision from the corporate office.

It could be summarized that the decentralization of authority and the level of approval from a firm’s headquarters were the major determinants in affecting the decision of establishing a local market Website. This argument was supported by Thong (1999) that the decision making authority affects the adoption of Website of a firm.

Although most firms regarded that the location of a company’s headquarters did not play any influential role in affecting the decision for establishing a Website, it could not be denied that the headquarters’ location exerted some influence in some instances in affecting such decision. Such influence depended on a case-by-case situation as to whether the location of headquarters played an important role in the decision making as well as the approval level hierarchy of each company. In the case of a medium-sized local firm, these factors exerted only a minimal influence in the decision making. On the contrary, in the case of a large local or international firm, the level of influence of the corporate office on the local office as well as internal corporate governance were factors in affecting the Website establishment decision. These findings on the country of origin of a firm’s
headquarters in affecting the decision on Website establishment have not been discussed in any previous literature. The above findings are summarised in the following table.

**Table 4.5 – Possible Headquarter Location Related and Non-related Factors in Affecting a Company’s Website Establishment Decision**

<table>
<thead>
<tr>
<th>Types of factors</th>
<th>Possible headquarter location related factors that might affect Website establishment decision</th>
<th>Other possible Non headquarter location related factors that might affect Website establishment decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological</td>
<td>Staff knowledge of information technology and technical support from headquarter to local market</td>
<td>Internet usage rate in local market</td>
</tr>
<tr>
<td>Financial</td>
<td>Financial resources</td>
<td>Business return brought by company’s Website</td>
</tr>
<tr>
<td>Others</td>
<td>Decision making and approval hierarchy of the firm’s headquarter</td>
<td>Business scope of international firm and business focus on local market</td>
</tr>
<tr>
<td></td>
<td>Decentralization of authority from headquarter to local subsidiary</td>
<td>Target customers and customers’ needs within local market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Market / business development strategy in the local market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business nature of the industry</td>
</tr>
</tbody>
</table>
4.5 Functions of the Website

This section discusses the functions of Websites as to whether they can achieve the purposes of establishment along with their effectiveness in performing their basic functions as a promotional tool from the perspectives of firms with Websites. The perceived and actual effectiveness of Websites in achieving the above will be examined from the viewpoint of firms with Websites. Also, opinions of firms without Websites will be analysed so as to make comparisons between the two sub-groups on perceived effectiveness although this sub-group did not possess a Website.

4.5.1 Basic Functions of the Company’s Website

Among the five firms with Websites, all believed that their companies’ Website performed the common basic functions of providing information to potential and existing customers on the service scope and product or service range; and promoting the company’s business. Apart from the above two basic functions, Company B considered their Website as a communication channel to collect customer comments. Although the Websites were not a major source of revenue generation, Company C believed that business development was a future target function of their Website. Furthermore, Company D also claimed that one of the basic functions was to look for business opportunities via the Website as nearly half of their business came from this channel. In addition, the Website could perform online transactions such as e-ordering for outside catering. As was noted by Company E: “the functionality of a Website for outside catering can suit some simple processes, such as sandwich ordering, that most people will use this function to transact with us”.

It could be generalized that the basic functions of the Website were to provide information to customers and to promote a company’s business. These basic functions were in alignment with the previous empirical research conducted by Lace (2004), that a Website could provide the functions of providing information and creating brand awareness. In addition, the AIPD model (Simeon, 1999) supported the function of their Websites in
providing basic information to customers. In some cases, a Website could indirectly perform the role of business development. Moreover, a Website could help in a simple sales transaction process through some features such as e-ordering.

As identified by Lace (2004), the basic functions of business-to-consumer Websites are: (1) to provide information on products and services; (2) to create brand awareness; (3) to enhance brand image; and (4) to provide customer service. Since this research examines the promotional functions of a Website, other functions such as transactional and online purchase are not discussed in this context. Perceptions were obtained from firms with and without a Website on these four identified basic functions.

### 4.5.2 Providing Information on Products and Services

Firms with and without Websites unanimously agreed that Websites could perform the function of providing information to existing and potential customers. Company C agreed that “customers can directly search for information about the company and understand the product variety”. Although Company V did not have a Website, it believed that the basic function of providing information could be performed. Company V further added that “the information in the Website needs frequent updating to provide accurate and the latest information”. Company Y added that “the Website does not only provide information, but it also lets the potential customer know of the firm’s existence via this channel”. Company Z also claimed that “different customer groups can get the company’s information via the Website as it is an interactive communication platform”.

In summary, all ten firms had the same perspective that a Website could perform the basic function of providing information irrespective of whether the company had a Website or not and irrespective of firm size and country of origin.
4.5.3 Creating Brand Awareness

In connection with the function of creating brand awareness, there were various opinions on the Website in performing this function. Seven companies were in agreement that the Website could help in creating brand awareness in the sense of providing basic information about the caterer’s client list as a business reference, the activities participated in by the company, and the image created in the company’s Website. Company C claimed that “customers can know of the company’s existence, look for the service scope and the client list, thus it is easier for the customers to gain our business reference. In this way, this creates our company’s brand awareness”. Company D expressed that “it is a symbol for a structured company to have a Website. Thus, it shows the importance of a Website in creating brand awareness”. Moreover, the company’s brand could be reflected in the Website so as people could have a perception of what the brand was through the public domain. Company E expressed the importance of Website design in affecting the company’s image and cited an example:

If you go to the Microsoft Website, you expect something dynamic and different because Microsoft is the leader in the information technology industry. If Microsoft has a cool Website, it does reflect on the brand.

Company Y further added that “the Website can increase and penetrate into different market segments, thus the Website can let more potential customers know about the company’s brand”.

Although many firms admitted that Websites could perform the basic function of creating brand awareness, some other firms held different perspectives. Three companies believed that a Website could not perform this function since most customers in the school catering sector did not search for information online. Moreover, Company X added that “it depends on how the company makes use of this platform to promote the company”. 
Generally speaking, there was no consensus on the function of Website in creating brand awareness for the company. The success of creating brand awareness via a Website depended on the business nature of school catering sector, the intention of the company to promote itself via this channel, and Website content.

4.5.4 Enhancing Brand Image

The function of enhancing brand image was not totally agreed on by firms with and without Websites. Five firms did not concur that a Website could perform the function of enhancing a company’s brand image. Of these five firms, two have an existing Website while the other three firms did not. Some firms agreed that the actual service delivered to the customer was more important than the Website in performing the function of enhancing brand image. As claimed by Company A:

The Website cannot help much in enhancing the brand in the beginning. Rather, the actual service delivered to the customers is more important in letting the customers know about our company.

Company Z also held the same perspective in which “the actual service delivery is more important as the company can host or promote the [best] services price and service pledge in the Website”.

For those firms who opposed the above perspective, they considered that a Website could enhance a company’s image either directly or indirectly to a certain extent. Some claimed that customers could know about the company’s brand image and market positioning through the images hosted in the Website although there were no statistics held by these companies:

If the company Website is good, user-friendly, gives out the correct information and runs smoothly, it reflects on the brand image of the
company. If the company Website is poor, then it reflects as a poor caterer. The Website does have an impact, for sure (Company E).

Company X also asserted that “the Website can help in differentiating the market positioning of the company (for instance, high-end or medium market) through the images and design of a company’s Website”. One firm added that “the hyperlink to its mother company can help in not only enhancing the brand image of the subsidiary company but also of its mother company” (Company C).

To summarize the arguments for and against the function of enhancing brand image, there were two antagonistic perspectives on whether a company’s Website could directly enhance a company’s brand image. According to the firms that supported this argument, this could be done by differentiating the company and its market positioning through visual elements such as images and design installed in the company’s Website. Conversely, those who opposed the argument considered that the service delivery received by the customer was a comparatively important element than the virtual image or lip service posted in the company’s Website.

4.5.5 Providing Customer Service

There were again conflicting perspectives and debates over the issue of the Website’s function in providing customer services. Four firms expressed that they did not see how the company’s Website was providing customer services to both potential and existing customers. As claimed by Company A: “most customers contact us directly rather than through the Website to feedback comment or for enquiry”. In addition, Company B expressed that:

The feature in the existing company’s Website does not allow the Website to provide customer services. We will build a customer comment forum in the Website in future to collect feedback.
Although Company X did not have a Website, it totally disagreed that a Website could provide customer service as this respondent had heard of the failure of e-ordering from other companies. In addition:

E-ordering is not popular in school catering because not all the customers have access to a computer. For a customer enquiry, it is easier to dial the telephone directory service to ask for the company’s contact number rather than browsing for the company’s contact number in the Website (Company X).

For those firms who had positive comments on the Website in providing customer services, the common feature was to collect customer feedback and enquiry via either a customer comment forum or email hosted in the company’s Website. As noted by Company D: “although the company’s Website is equipped with the features to collect customer comment, it is a usual practice for the caterers to collect customer feedback directly in person”. Thus, the provision of customer services via the Website was limited. Apart from collecting customer feedback, some other customer services features such as e-ordering and e-payment were seen as facilitating the sales transaction and payment processes:

The e-payment is viewed by some firms as an enhanced Website feature to provide better customer services since the Website can act as a payment portal to facilitate payment process for customers (Company V).

Company Z added that “the Website can allow the company to conduct an online customer survey”. However, this company usually conducted its surveys using questionnaires or face-to-face interviews to obtain customer comments due to the fact that its business nature was more B2C. On the contrary, one firm disagreed:

Although the Website is capable of providing customer services such as collecting feedback, e-ordering and e-payment, the risk of providing such customer services online requires thoughtful consideration (Company W).
Despite that there were opposing views on the Website in providing customer services, all firms admitted that the Website could provide the features of collecting customer comment, e-ordering and e-payment. However, due to the business nature of institutional catering, especially the school catering sector, it was argued that a company needed to provide more personalised services such as personal contact with customers. In this sense, the Website failed to perform this personalised customer services and the extent of services required vary from customer to customer. Even for those firms with Websites that could provide the above-mentioned customer service features, these features were infrequently used as indicated by their hit-rate and visitor count meters.

4.5.6 Extent of Website Functions in Achieving the Purposes of its Establishment

The managerial perception and actual performance of the company’s Website in performing its purposes of establishment will be examined in this sub-section. Four companies acknowledged that their company’s Website could perform the basic function of providing information to customers. As one stated: “more potential customers know our company through the Website, so it helps bringing more business to our company” (Company A). Company D asserted that “the company’s Website is a major source of providing information to potential customers since most of the customers know the company via this channel”. Company E also agreed that “most of our outside catering customers search for information on the menu and prices. However, the Website was irrelevant to the school catering customers since most customers know about the company which is a key player in school catering sector”. Despite that the Website could provide information to customers, Company B argued that a Website could only perform this function to a very limited extent as shown in the low browsing rate indicated by the Website visitor count: “There was a visitor count of around 15,000 in the Website within two years since its establishment. The browsing rate depends on the Website content and frequency of information update”.
In regard to the function of promoting the business, most firms concurred that the Website could assist to promote the company to some extent in the sense of letting more potential customers know more about the firm, especially those medium-sized firms. Company D strongly agreed that the Website could greatly assist in business development as the company was registered with the government as an approved supplier and its company Website was visited by many government buyers. These buyers would send out a request for quotation (RFQ) to Company D after visiting the company’s Website:

The successful rate of obtaining business through this channel is very high, about 50% of business is closed after our submission of the RFQ. Our communication with the government departments for business via Website is very common and highly applicable (Company D).

Despite the controversies among the firms on the functions of Websites in achieving the purposes of establishment, there was a unanimous perspective that the Website could provide information to potential and existing customers. However, the extent of Websites’ functionality in fully achieving the purpose of establishment depended on the Website content and frequency of updating information. Though the Website could not perform its function of bringing business directly to the firms, it could help relating business enquiries and turning into potential business by providing information to potential customers. The following table summarizes the findings of the Website functions in achieving the purposes of its establishment.
Table 4.6 – Firms’ Perceptions on the Extent of Website Functions in Achieving Purposes of Establishment

<table>
<thead>
<tr>
<th>Website Function</th>
<th>Firms agreed on the functions in achieving the purposes of establishment</th>
<th>Firms disagreed on the functions in achieving the purposes of establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information on products and services</td>
<td>Company’s Website could perform this function.</td>
<td>Dependant on the Website content and frequency of information update.</td>
</tr>
<tr>
<td></td>
<td>Believed that a Website is an interactive communication platform.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website is a symbol of firm’s existence to existing and potential customers.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Useful in providing information to corporate customers but irrelevant to school catering customers.</td>
<td></td>
</tr>
<tr>
<td>Create brand awareness</td>
<td>Could assist promoting business to potential customers indirectly</td>
<td>Dependant on how the company makes use of this promotional platform.</td>
</tr>
<tr>
<td></td>
<td>Could affect a company’s brand and image.</td>
<td>School catering customers do not search online.</td>
</tr>
<tr>
<td></td>
<td>Could penetrate and increase into different market segments.</td>
<td></td>
</tr>
<tr>
<td>Enhance brand image</td>
<td>Could enhance brand image directly or indirectly and differentiate the company through visual elements and the company’s market positioning.</td>
<td>Actual service delivery is more important than virtual image or service pledge hosted in the Website.</td>
</tr>
<tr>
<td>Provide customer service</td>
<td>Could collect customer feedback and enquiry via customer comment forum, online survey or email hosted in the company’s Website.</td>
<td>Limitation of existing Website features to provide customer services (e.g. e-ordering).</td>
</tr>
<tr>
<td></td>
<td>E-payment as an enhanced feature in the Website to provide payment alternative to customers.</td>
<td>Customers raise enquiry or provide comment via direct contact rather than via company’s Website.</td>
</tr>
</tbody>
</table>
4.5.7 The Effectiveness of the Company’s Websites in Performing its Basic Functions

Managerial perception on the effectiveness of their company’s Website in performing its basic functions are examined here from the perspective of firms with Websites. This is referred to as the “perceived effectiveness”. As discussed in the previous section, the perceived effectiveness of company Websites was that it could only perform the provision of information to customers effectively but could only partially fulfil the purpose of exploring new business opportunities. This perceived effectiveness will be analysed through the evaluation of the actual performance of these company’s Websites. The actual performance of the Website in carrying out its basic functions will be analysed as to whether it can perform effectively as intended. This is referred to as the “actual effectiveness”. Among the five firms, only two claimed that their company’s Website was actually effective in performing its basic functions. One firm admitted that its Website was useful in providing information to potential customers since the company had linked its Website to some Internet search engines such as www.pccw.com.hk or www.yp.com.hk. In addition, another company uploaded the menu and school meal order forms onto its Website to allow parents to download menu information and an order form in performing meal ordering procedures (Company E). Apart from providing information, only one firm considered their Website as a source of business development as most business came from this channel after the customer’s information search and business negotiation (Company D). On the contrary, the other companies were reserved in their support for its Website in performing its basic functions. As Company B noted:

The Website is ineffective to provide information on the intangible products such as catering service since it is unlike other finished manufactured products with specific information such as dimensions of the products. Moreover, the culture and shopping habit in Hong Kong are unlike Western countries. Customers will visit the production plant rather than just search for information in the Internet before they choose a caterer. In addition, the company’s Website is not effective in providing customer service since the
sales and marketing team performs such function in building customer relationship and providing customer service.

Company C expressed a similar perspective:

The company’s Website is only effective to the key account clients as this company mainly deals with the key account representatives. Nevertheless, the company’s Website can help in building customer relationship by offering seasonal promotional discounts to the enrolled members in the company’s Website. Moreover, the company’s Website can act as a trading platform for some B2B and B2C customers to order goods online and pick up the ordered items at designated locations.

To summarize, the Websites were regarded as effective in providing information to some extent such as menu, order form and discount coupons. However, no managers saw that the company’s Website was effective in providing customer service and in promoting business. From the above managerial perceptions, their company’s Websites could only perform its basic functions of creating brand awareness; enhancing brand image; and providing customer service partially. Judging from the actual effectiveness as claimed by the managers, the company’s Website could not fulfil the reasons of its establishment to a large extent, especially in the areas of promoting business; creating brand awareness; creating brand image; and providing customer service. As shown by the data provided by the firms to justify the “perceived effectiveness” discussed in section 4.5.6, the “actual effectiveness” of the Websites indicates that there is a difference between “perceived” and “actual” in its effectiveness to perform its basic functions. Thus, the perceived effectiveness might be too “ideal” to be realized in actual implementation of justifying the purposes of Website establishment. The findings of the effectiveness of company’s Websites in performing its basic functions are summarised in the following table.
Table 4.7 – Effectiveness of Company’s Websites in Performing Its Basic Functions

<table>
<thead>
<tr>
<th>Website Function</th>
<th>Firms’ perceived effectiveness of its Website in performing its functions</th>
<th>Actual effectiveness of Website in performing its functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to customers</td>
<td>Useful to provide information when linked to other Internet search engines.</td>
<td>Ineffective to provide information on intangible products such as catering service.</td>
</tr>
<tr>
<td></td>
<td>Alternative source of business development to some extent.</td>
<td>Only useful for corporate customers.</td>
</tr>
<tr>
<td>Create brand awareness</td>
<td>No perception has been mentioned by firms on this area.</td>
<td>Can only fulfil partially.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ineffective to promote business.</td>
</tr>
<tr>
<td>Enhance brand image</td>
<td>No perception has been mentioned by firms on this area.</td>
<td>Ineffective</td>
</tr>
<tr>
<td>Provide customer service</td>
<td>No perception has been mentioned by firms on this area.</td>
<td>Can only fulfil partially.</td>
</tr>
</tbody>
</table>

4.6  The Effectiveness of Website Functions in Implementing Marketing Strategies

This section analyses the effectiveness (perceived versus actual effectiveness) of Website functions in implementing a company’s marketing strategies. The perceived effectiveness is defined as the managerial perceptions on the topic from both firms with and without Websites. The purpose of including those firms without a Website is to make a comparison on the perceived effectiveness between the two sub-samples and to contrast the perceived and actual effectiveness. As there are differences in each company’s marketing strategies based on its business scope, firm size and country of origin; the marketing strategies in
terms of marketing and business objectives of each firm will be identified before analysing whether the functions of a Website are effective in implementing the marketing strategies. In identifying the marketing strategies, the short-term and long-term business and marketing objectives will be defined. Moreover, it is essential to understand the resources of investment in the company’s Website as well as the parameters of measuring the marketing strategies. Despite that some firms do not have a Website, their opinions are important to compare the perceived effectiveness versus the actual effectiveness for those with a Website.

4.6.1 Business Objectives

In the aspect of short-term business objectives, five firms claimed that product promotion was the primary objective in boosting sales (Companies A, B, C, D and W). In addition to product promotion, some firms considered that increasing market share was their short-term business objective. Three firms asserted that it was important to retain their existing customers and to expand their customer portfolio in the existing market sector (Companies V, Y and Z). On the contrary, one firm argued that “the company will increase market share in school catering, corporate catering as well as retail catering sectors” (Company Z). In the aspect of market share, there were several arguments in the companies’ marketing strategies in expanding market share. Some firms argued that service quality was the short-term business objective. These firms emphasized that due to the production capacity issue, they would focus on a particular market sector (for instance, school catering) rather than expanding into other business sectors (for example, canteen and outside catering business) (Companies V and X).

Generally speaking, product promotion and increasing market share or customer portfolio in a particular market sector were the identified short-term business objectives although these firms have different business objectives.
4.6.2 Marketing Objectives

Various marketing objectives were identified as to whether they were short-term or long-term marketing strategies. Some firms regarded that brand building and increasing brand awareness were their company’s marketing objectives (Companies C and D). One firm added that increasing market exposure and enhancing market positioning in the institutional catering industry were its marketing objectives (Company C). Moreover, the marketing objectives of some firms were to explore more business opportunities and even increase geographical expansion into other markets such as China (Companies Y and Z). Conversely, one firm claimed that it would focus on promoting business in a particular business sector (Company X). Another firm, Company E, asserted that “Customer relationship management (CRM) is one of the firm’s long-term marketing objectives”. One firm aimed to provide value-added information (for example, nutritional analysis) to customers in its long-term marketing objectives (Company A). Another firm added that “the company’s marketing objective was to comply with the macro market environment requirement to sustain in the business. For instance, the government requires more food hygiene certification such as ISO 22000 in addition to food factory license to provide school meals” (Company W).

Although there were various short-term and long-term marketing objectives, some major marketing objectives such as brand building; increasing brand awareness; increasing market share and exposure; providing value-added services; and customer relationship management were identified.

4.6.3 Resource Requirements for Development and Maintenance of the Websites

A few aspects of resources were identified, namely time, manpower and the financial cost to set up and maintain a company’s Website.
Nearly all firms spent around a minimum of half a month up to a few months to establish a Website. The time spent by the companies mainly focused on the planning of the direction of setting up the Website, the content and the design. The time resources were limited as all firms outsourced the whole set-up process to Website building vendors who were responsible for technical aspect in developing, managing and hosting the Websites.

Concerning manpower, most firms assigned one to two staff members to design and draft the text content of the Website; to source the appropriate vendor; and to perform all co-ordination tasks. One firm allocated 6 to 7 staff during the initial setting up as it involved and sought input from different relevant departments such as production, operations, marketing, transportation and administration (Company B).

The approximate set-up cost of a Website ranged from HK$10,000 to HK$50,000 depending on the required functionality. Most firms spent approximately HK$20,000 to establish its Website.

In regard to maintenance, the frequency of updating content varied across companies. The time spent on maintaining the Website varied from half a man-day to 5 man-days on a monthly basis. Some Websites were updated on a monthly or bi-monthly basis while others were updated every six months. This affected the time and manpower to maintain the Website. Most companies allocated one staff member to be responsible for updating the content and responding to customer comment posted in the Website. The cost of maintenance varied from HK$1,000 to HK$5,000 monthly depending on the service scope required by each company.
To conclude, the resources for establishing and maintaining a company’s Website were not substantial since the tasks involved were mostly outsourced to outside vendors who were specialized in providing technical support and all related services.

4.6.4 Parameters for Measuring Marketing Strategies

It is essential to understand the parameters of each company in measuring its marketing strategies before the effectiveness of a Website in implementing marketing strategies can be analysed. Irrespective of the firms with and without a Website, the parameters for measuring its marketing strategies were defined.

Among ten firms, four claimed that there was no specific parameter to measure the marketing strategies. One of them asserted that: “the company did not put any quantitative analysis into place to justify the existence of a Website as long as the Website can be financially sustainable through the balance between income generated from the advertisements and the monthly maintenance cost” (Company C). Another firm claimed that: “the number of customer enquiry might be a parameter to measure marketing strategies” (Company A). For the remaining six companies, four argued that sales revenue and the minimum threshold revenue were one of the main parameters (Companies E, W, Y and Z). Apart from revenue, some other parameters such as market share, market size and business growth rate were the major parameters. Concerning market share, one firm made an interesting note that the market share within institutional catering was not made transparent as in the retail catering industry:

In the retail catering industry, market share can be measured by the number of outlets established in a particular area and this information is easier to obtain in the annual report or from the company’s Websites. On the contrary, the market within institutional catering, especially school catering, is not mature enough so the competitors are reluctant to disclose the full client list or share their market information, thus the market share
information is not so reliable and valid. In addition, the market size of school catering in terms of the number of students in a particular school, the number of schools in a particular area can be obtained from the Education Bureau in the government Website. However, this data might not be totally reliable since the government Website is not updated very frequently. Therefore, the company has to take reference from the past history of existing clients on the actual meal order quantity and benchmark the new clients with this data. The actual number of meal order is one of the important parameters to measure the market size (Company X).

In addition to meal order quantity and number of schools, some firms also set the profit margin and the number of referral business as the parameters in measuring marketing strategies (Companies W, Y and Z).

To conclude, there were some major parameters to measure marketing strategies namely sales revenue, business growth, market share, and market size in terms of number of meal order quantity and number of outlets. Some other parameters such as profit margin and number of referral business were also defined as a measurement tool of a company’s marketing strategies.

4.6.5 Perceived and Actual Effectiveness of a Website’s Functions in Implementing Marketing Strategies

For firms with Websites, managerial opinion was obtained first to identify the use of their company’s Website to implement its marketing strategies. On the other hand, the opinions from firms without a Website were used to compare whether their perceived effectiveness under ideal circumstances could be realized by comparing these with the actual effectiveness of those firms with a current Website. This is the perceived effectiveness. Then, the functions of their company’s Website were examined in evaluating its effectiveness in implementing their company’s marketing strategies. Statistical data was
required to prove whether the effectiveness of their company’s Websites in implementing marketing strategies could be achieved. This is the actual effectiveness.

Among the five firms with a Website, four agreed that the functions of the Website could help in implementing their company’s marketing strategies in terms of the above business and marketing objectives. “The company’s Website has replaced the traditional promotional tools such as flyers and leaflets to provide promotional information to customers” (Company A). Some firms regarded their company’s Website as a communication channel to approach the customers as the first contact point (Companies C and E). Company C even targeted this channel as a gathering portal for customers, especially students, with the aim to change the role of their Website visitors from information searchers to frequent users. For instance, the Website was primarily for students to search for information such as the menu. The firm attempted to use its Website to perform marketing functions such as coupon download, thus encouraging students to become frequent Webpage users. Moreover, “the company’s Website is treated as a customer relationship management (CRM) tool as approximately 5% of customer feedback is received from this channel” (Company C). Concerning brand building, it was controversial that some firms agreed that the company’s Website could increase company recognition and exposure rate (Company D). On the contrary, another firm argued that:

It is difficult to quantify as the membership system is applied in the company’s Website, so there is no parameter to measure whether the customer know about the company’s Website or the customers did not register in the Website (Company C).

Another firm added that:

The company’s Website does not bring business directly to the company just by customer Website browsing. It can partially help in allowing the customer knowing about the firm’s existence (Company B).
In the area of business development, Company C claimed that “the Website is effective in developing business as approximate 10 corporate customers searched the company’s Website in previous year”. Conversely, one firm argued that the Website was ineffective to implement marketing strategies in the sense that the Website content was not mature enough (Company B).

Among the five firms without Websites, four believed that the functions of Website could help in implementing marketing strategies. Most of them regarded that a Website could be a communication platform or a door to promote a company’s products and services to more potential customers (Company V) and to let them know of the firm’s existence via this channel (Company Y). All firms concurred that a Website could assist to provide information to potential customers and to attract potential business opportunities (Companies V to Z). However, they considered that a Website could not directly or fully implement the company’s marketing strategies in terms of business objectives. Some firms believed that a “Website is just a promotional tool only” (Company X). “Word-of-mouth is rather more important to promote business especially in school catering” (Company V). One firm added that: “since the nature of institutional catering industry is a personalised service, the Website cannot provide a total solution online to the customers” (Company Z). This company agreed that the Website could help in building brand awareness and brand image to implement marketing objectives. Another firm held a different view that a Website might not directly assist business growth as business growth depended on the actual service delivered to the customer and the established business reputation in the market (Company X). Conversely, some firms asserted that a Website would help business growth and development in the sense that “this promotional tool has no geographical and time limit, thus it can close the gap that the sales team fails to serve and it can also increase efficiency and effectiveness to obtain more business” (Company Z). In the aspect of business growth, there was another perspective that:

It might not be advantageous for a firm to grow rapidly since it is more important for a firm to be capable of coping with such business growth derived from this channel. Since the catering industry is a labour intensive
business, a firm might not be able to cope with a huge business volume if the business grows too fast (Company W).

In order to verify the claims by firms with Websites, statistical data was requested to prove the actual effectiveness of each company’s Website in implementing its marketing strategies. Only one firm currently used statistical data to analyse the functions of its Website in implementing its marketing strategy. Three firms did not have any statistical analysis since the adoption of their company’s Website. One firm had used the statistical analysis in the beginning of adopting Website: “however, there are a lot of statistical data and these data are not useful in analysing the market and in the implementation of marketing strategies” (Company E). One firm claimed that it uses “some informal statistics such as the revenue growth and number of customer enquiries” to indicate the functions of the company’s Website in implementing its marketing strategies (Company A). Table 4.8 summarizes the perceived effectiveness and actual effectiveness of company’s Website in implementing marketing strategies.
## Table 4.8 – Perceived and Actual Effectiveness of Company’s Website in Implementing Marketing Strategies

<table>
<thead>
<tr>
<th>Marketing strategies</th>
<th>Perceived effectiveness in implementing marketing strategies</th>
<th>Actual effectiveness in implementing marketing strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Objectives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firms with Website</td>
<td>Does not bring business directly.</td>
<td>Only use revenue growth and number of customer enquiries as measurement parameters.</td>
</tr>
<tr>
<td></td>
<td>Effective in developing business.</td>
<td>No formal statistical data to show actual effectiveness.</td>
</tr>
<tr>
<td>Firms without a Website</td>
<td>Could not bring business directly as word-of-mouth is more important especially in school catering.</td>
<td>Not applicable.</td>
</tr>
<tr>
<td></td>
<td>Could not provide total solution to customers online as catering is a personalised industry.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Could help business growth.</td>
<td></td>
</tr>
<tr>
<td><strong>Marketing Objectives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firms with a Website</td>
<td>Has replaced traditional promotional tools.</td>
<td>No statistical data to prove the actual effectiveness.</td>
</tr>
<tr>
<td></td>
<td>As a first contact point or communication channel to approach customers.</td>
<td>One firm used statistical analysis in the beginning but the analysis was not useful in analysing the function of its Website in implementing marketing strategies.</td>
</tr>
<tr>
<td></td>
<td>Perform marketing functions such as coupon and menu download to frequent Website users.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>As a customer relationship management tool.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increase company recognition and exposure rate.</td>
<td></td>
</tr>
<tr>
<td>Firms without a Website</td>
<td>As a communication platform to promote products and services to potential customers.</td>
<td>Not applicable.</td>
</tr>
<tr>
<td></td>
<td>Attract more business opportunities.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Could help in brand awareness and bran image.</td>
<td></td>
</tr>
</tbody>
</table>
One important finding was that there was a difference between perceived and actual effectiveness of a Website in implementing a company’s marketing strategies. It could be seen that most firms except one did not analyse the actual effectiveness of its company’s Website as intended by the managerial perception on the use of Website in implementing its marketing strategies. There was no statistical data to prove the actual effectiveness of the Websites as what was perceived by the senior management under an ideal circumstance. It meant that the actual effectiveness might not be realized due to the actual implementation of what the Website was used for.

From the managerial perceptions of both firms with and without Websites, there were two common elements in regard to the perceived effectiveness of a Website versus actual effectiveness in implementing marketing strategies. Firstly, nearly all firms agreed that a Website in general could be effective as a promotional channel in distributing the company’s information to customers. Secondly, most firms did not consider the Website as a direct channel in bringing business to the company. Rather, the Website could only lead business opportunities to the companies. Thus, all firms homogeneously agreed on this point that the Website could not fully implement a company’s marketing strategies in terms of revenue generation but could partially achieve the marketing objectives in terms of promoting business. It can be concluded that there was little difference in the managerial perception on the effectiveness of a Website in implementing marketing strategies regardless of whether the firm had a Website or not. Perhaps, it might be due to the business nature of the institutional catering industry, especially school catering as mentioned by Company Z. In conclusion, the perceived effectiveness of a company’s Website intended for implementing marketing and business objectives in sections 4.6.1 and 4.6.2 differed from the actual effectiveness as shown in the discussion in section 4.6.5. It was notably crucial in identifying the gap between the “ideal” and “actual” effectiveness of Website. The perceived effectiveness of Website was not fully achieved in what a Website actually did in reality and how the companies actually used their Website.
4.7 Content Analysis of Company Websites

After examining the managerial perspective on the actual effectiveness of their Websites, this section aims to analyse the factual information of the company’s Websites of these respondents and to validate the managerial opinion about the functions and effectiveness of their Website in performing the reasons of establishment and in implementing its marketing strategies. The purpose of performing the content analysis of company’s Websites is to provide some triangulation of the managerial perception on the research questions. The Websites have been analysed based on the functions of the Website; Website design; and Website content. In this research context, the definitions are interpreted as follows. The functions of a Website are defined as the features and capabilities of the Website in delivering the basic functions of the Website such as providing information; acting as a communication channel; creating brand awareness; enhancing brand image; providing customer services; and facilitating online transactions. Website design is defined as the graphics; images; layout; visual effects; audio effects and presentation. Website content is defined as the quality and richness of textual information as well as other information provided by the Website in terms of the presentation style and the amount of information.

4.7.1 Website Functions

In all the Websites, the basic function was to provide customers with factual information such as the menu, company background and contact information. All the Websites also provided the communication function in allowing the customers to contact the firm either by fax, email or phone. All Websites had a hyperlink to the email address of the company for easier communication via email. In some of the Websites, customers were able to download menu and lunch enrolment forms. However, no e-payment and e-ordering functions could be found in any Websites. In this sense, these firms provided limited customer service to allow customers performing online transactions through the company’s Website. In two of the Websites, a hyperlink to their job vacancy webpage was included. This was a value-added function for the potential candidates in searching for vacancies in the company. To conclude, all the companies’ Websites could perform the function of
providing information to customers. In addition, it could act as an interactive communication platform in the sense of providing an email function and customer comment forum within the Website. Referring to the functions of increasing brand awareness and enhancing brand image, most of the firms’ Websites could not perform these functions since some Websites were poorly designed and too simple in achieving such functions.

### 4.7.2 Website Design

Among the five Websites, only three were designed professionally with a large amount of graphics and text content. One of them had a dynamic animation to increase the visual effect of the Web browsers. It was identified that the design of two large firms’ Websites had some common characteristics in that the design was professional with neat and clean images. Moreover, the graphics and text were uniformly spaced out in the Webpage. In addition, both Websites had bi-lingual (Chinese and English) functionality for Chinese and English speaking Web browsers. For the other two medium-sized local firms, the design was relatively simple with few graphics and text. One of these Websites was built by riding on a telephone directory search engine which might explain the simplicity in Website design. In contrast with the large firms’ Websites, the three medium-sized local Websites were presented in Chinese (traditional or simplified Chinese) only. Perhaps the target market of these firms was mainly Chinese customers, so they did not have any other language version (for example, English). Although there was no evidence supporting the design of Website in affecting the effectiveness of a Website in performing its basic functions, there might be some impact on the effectiveness in implementing marketing strategies. For instance, if a Website was poorly designed, this might reflect the brand image of the caterer as quoted by Company E in section 4.5.4. In this sense, the Website would fail to implement the marketing objective of enhancing brand image. The attributes of a Website such as interactivity, navigability, multimedia design and content could affect the effectiveness of Website (Karayanni and Baltas, 2003).
4.7.3 Website Content

Among the five Websites, all provided the basic information on the company’s background; service scope; and contact details. In the large firms’ Websites, additional information such as corporate mission and vision; menu downloads; products with prices; meal order forms; payment methods; customer comment forum; data privacy statement; and proprietary right statement were found. Some companies with a focus on school catering had more additional information on school meal production procedures; meal nutrition; and hygiene standard compliance control (HACCP). It was observed that only one Website had relatively simple information on company background; menu; contact details; and email column. In view of the analysis of the Website content, there was a large variation in the information context in terms of the richness and the amount of information provided in the Website. This might explain why some firms did not see that a Website could help in building brand awareness; enhancing brand image; and providing customer services. The simpler the Website content was, the lesser the extent of functions that could be performed by Website. It was observed that none of the five Websites had a visitor counter or the click or hit rate statistics. Therefore, it was difficult to quantify the effectiveness of these Websites in implementing marketing strategy. It could be summarized that most of the company Websites could perform the function of providing very basic information as mentioned above. However, the other functions in increasing brand awareness; enhancing brand image; and providing customer service were hindered by the Website content.

4.8 Future Development of a Website as an Internet Marketing Tool

The intention of firms with Websites to continue their use as an Internet marketing tool in future will be discussed. Meanwhile, this section also analyses those firms without Website as to whether they will consider adopting one as an Internet marketing tool in the future. The purpose is to understand the perceived value and the future development of a Website as an Internet marketing tool. Moreover, this section will discuss the perceived advantages and disadvantages of using a Website in the future. Furthermore, the firms’ intention and intended resources for investing in their Website will be examined. Finally, managerial
perception on the future development of using a Website in the institutional catering industry will be analysed.

4.8.1 Future Website Intentions

Among the five firms with Websites, all firms agreed unanimously that they would continue using a Website as an Internet marketing tool. Some of these firms regarded online promotion to be a continuous activity in market promotion (Companies A and C). Apart from purely promoting the company, two firms asserted that the Website could assist in building brand image (Companies B and C). Company E also added that the role of the Internet would not change significantly in coming future:

It is essential to operate a reputable business and expect customers to find the company’s Website on the Internet. The role of a Website in marketing will not change significantly in the next decade as the Website is still a valid and an important marketing tool.

Company B also agreed that: “it is a future trend for customers to go to a Website for information searching on the company’s background, products and services”.

Among the five firms without Website, only two of them would not consider building one in near future (that is, within two to three years). The main reason of not considering adopting a Website was business necessity. Company W did not consider a Website as an important marketing tool to assist it to obtain more business in school catering as their business came mainly by referral or direct personal selling. Company V also believed that it would not consider establishing a Website until one could perform e-ordering function in order to save administrative work and cost in processing meal order more effectively and efficiently. Company X would not consider establishing a Website in the near future “since the company is not aggressive to obtain so much business due to the limited production
capacity”. On the contrary, the other three companies considered establishing a Website as an Internet marketing tool. Two firms believed that there would be a growing trend in information searching by customers using the Internet (Companies V and Z). Moreover, two firms believed that a Website could promote their businesses and help in business development to some extent as some business for Company Y came from other directory search engines (Companies Y and Z). Company Z also regarded that a Website could enhance the company’s image and brand name. Finally, “the cost of establishing and maintaining the Website is relatively less when compared with other promotional means such as brochure and print advertising” (Company Y).

From the comments made by the two sub-groups, eight firms will continue or consider using a Website as marketing tool in future. For those with existing Websites, they could see some benefits from continuing to use this marketing tool since it was a continuous marketing promotion process. Although the other firms did not have a Website, they still saw the benefits and the trend of using a Website as an Internet marketing tool. For the remaining two firms who did not consider this marketing tool, it was just a matter of time and the functionality of the Website that did not suit their business requirement at this moment. Otherwise, they would consider adopting a Website in future. Therefore, it can be concluded that most firms agreed that the Website is an important Internet marketing tool as they saw the increasing trend in customer usage of this marketing tool. Table 4.9 summarizes the intention of firms with and without Website in establishing a company’s Website in future.
### Table 4.9 – Firms’ Intention to Establish Website in Future

<table>
<thead>
<tr>
<th>Firms’ Intention to continue or consider using a Website</th>
<th>Firms with a Website</th>
<th>Firms without a Website</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will continue using a Website</td>
<td>5 firms</td>
<td>Not applicable</td>
<td>Online promotion is a continuous marketing promotion activity.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Role of the Internet as a promotional tool would not change significantly and is a valid and important marketing tool in the coming decade.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Assist in brand building.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Future trend for customers to search for information online</td>
</tr>
<tr>
<td>Will consider using a Website</td>
<td>Not applicable</td>
<td>3 firms</td>
<td>Growing trend in customer online information search.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Enhance company’s image and brand name.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Could help in business development.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cost of establishing and maintaining Website is relatively less than other promotional means.</td>
</tr>
<tr>
<td>Will not consider using a Website</td>
<td>Not applicable</td>
<td>2 firms</td>
<td>No business necessity.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Limited production capacity to cope with increased business.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Existing e-ordering function is not fully developed.</td>
</tr>
</tbody>
</table>
4.8.2 Perceived Advantages and Disadvantages of Using a Website in the Future

Among the five firms with Websites, some commented that the advantages of its use were building brand awareness (Company A); building the company’s image (Companies B, D and E); creating business opportunities (Companies D and E); being a symbol of value of firm’s existence (Company A); and creating a channel for staff recruitment (Company A). In addition, the cost of setting up and maintaining a company’s Website would be lower in future when Websites would be more popular and adopted by more users (Company C). All firms homogeneously agreed that there was no specific disadvantage of using their Website in the future apart from the cost and manpower of maintaining it.

Among those firms without Websites, only one did not see any advantage of using a Website in future. The remaining four firms asserted that there were several advantages of using a Website in the future. They had similar perspectives in that a Website could create brand and company awareness (Companies W, Y and Z); act as a communication platform for customers to search for information in the Internet especially for small business owners without a sales and marketing team (Companies Y and Z); allow customers to search for information without a time limit (Company Y); assist in generating business opportunities (Companies W and Y); and increase efficiency as well as provide better customer services by e-ordering and e-payment services (Company V). Despite of various advantages brought by using a Website, there were yet various disadvantages of using Website as seen by these firms. As Company V noted:

The maintenance and updating of Website creates additional workload to existing staff. Moreover, if the Website is not updated frequently, it will provide inaccurate information to customers and thus will create negative image to customers. In addition, the use of a Website can only be effective when the time to build a Website is synchronized with the popularity of using a Website by the customers. In other words, the customers [students] in school catering are not well-prepared to communicate with the firm via
the Website, thus the Website cannot be seen as an effective selling tool at the moment in school catering (Company V).

Company X also echoed that: “the Website cannot directly bring business to the company”. Some firms claimed that the biggest disadvantage of using Website was that:

The Website provides a transparent information channel for both customers and competitors. In this sense, competitors would copy from a company’s Website such as menu, selling prices and this might lead to keener competition on price (Company Z).

It has been shown that firms with Websites advocated its use in future due to several advantages and no significant disadvantage. On the contrary, although most firms without Website were in favour of some advantages of using Website in future, there were yet several foreseeable disadvantages. These factors explain why these firms have not established a Website.

4.8.3 Intention to Invest in a Website in the Future

As most firms favoured the adoption of a Website as marketing tool, it is worthwhile investigating the intention to further invest for firms with Website and the willingness to invest for firms without Website.

All firms with Websites intended to further invest in their company’s Website. Some firms would further invest in enhancing customer services such as the establishment of a customer comment forum (Company B). One firm stated that:

We are willing to invest more in the Website in order to shift the role of the company’s Website from a product promotion tool to a communication
bridge with customers and further towards a revenue centre (business unit) to generate business by selling merchandise online (Company C).

On the other hand, one firm argued that:

The investment level in the Website does not need to be extremely high but rather to keep information up-to-date and relevant. Moreover, the investment should be made in ensuring that the company’s Website is visited by target clients and to ensure that the company’s Website ranks highly on Google searches and other trade Websites (Company E).

This perspective was also agreed to by Company D in that: “the Website should penetrate more market sectors in bringing more business opportunity to the company”.

Among the five firms without a Website, only two firms were not willing to invest in a Website as a marketing tool. Both firms regarded that there was no foreseeable benefit and no business necessity due to the limited market size within school catering (Companies W and X). For the remaining three firms, they were willing to invest in a Website as an Internet marketing tool within one to three years (Companies V, Y and Z). One firm would build a Website when this tool would be popular and widely accepted by its customers and when primary students could manage to use this tool frequently (Company V). Another firm was willing to invest in a Website because “it needs to look for more business to sustain the financial performance of the new plant after the company expands its business” (Company Y). One firm added that:

We are willing to build a Website since our company is a long-term service provider and has a relatively large market share in the institutional catering business sector. Therefore, we need to build a strong brand image in the Website. In addition, the Website might be a source for generating business and is a platform for providing customer services (Company Z).

Table 4.10 summarizes the firms’ intention to invest in company’s Website for firms with and without existing Websites.
Table 4.10 – Firms’ Intention to Invest in a Website in Future

<table>
<thead>
<tr>
<th>Firms’ Intention to invest in a Website</th>
<th>Firms with a Website</th>
<th>Firms without a Website</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will invest in a Website</td>
<td>5 firms</td>
<td>Not applicable</td>
<td>Enhance customer services such as customer comment forum.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Shift the role of the Website from a promotional tool to a communication bridge with customers and further towards a revenue centre.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No need to have high investment level but to keep information up-to-date and relevant.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Bring more business opportunity by penetrating into more market sectors.</td>
</tr>
<tr>
<td>Will invest in a Website</td>
<td>Not applicable</td>
<td>3 firms</td>
<td>Need to expand business to sustain financial performance.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Build a strong company image via Website.</td>
</tr>
<tr>
<td>Will not invest in a Website</td>
<td>Not applicable</td>
<td>2 firms</td>
<td>No foreseeable benefit.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No business necessity due to limited market size within school catering.</td>
</tr>
</tbody>
</table>

4.8.4 Resources Intended for Investing in a Website in the Future

The firms with existing Websites were willing to further invest funds ranging from a few thousand Hong Kong Dollars up to HK$30,000 to enrich their Website content (Company A), improve the design (Company D) and ensure customer traffic on searches (Company E). Concerning manpower, most firms were willing to allocate one to two staff members for updating and modifying Website content (Companies A to D). There were some variations in the time resource spent on the Website. Two firms would not spend much time
(Companies A and D) while some firms would spend around two to three months in upgrading their Websites (Companies B and C).

For the three companies that were willing to establish a Website, one firm would spend one to two weeks (Company Y) while the other two firms would spend approximately three to six months (Companies V and Z) on planning and negotiation with an outsourced vendor. On the capital issue, there was a large range varying from HK$12,000 (Company Y), HK$50,000 to HK$80,000 (Company Z) and even up to HK$300,000 (Company V) in the investment of building a Website. Concerning manpower, Company Y would assign one staff member to perform administrative, Website content update and sales order administration duties. Company V would assign one staff member from its I.T. department and one staff member from its sales and marketing department to be responsible for Website content design and planning. Company Z would assign three to four staff members from I.T, administration, sales and marketing respectively, and headed by a project leader to handle the development of the Website. Moreover, it would hire an outsourced vendor to build the Website. On the contrary, the two firms that were reluctant to invest in a Website did not see that time, manpower and financial resources were impediments to establishing one. Rather, both firms stated that there was no real business necessity to justify the need in establishing a Website due to the business nature of institutional catering (Companies W and X).

To summarize, it is observed that those firms with existing Website would further invest a similar amount of financial and manpower resources, but not time resources, in maintaining their Website. However, for those firms that intended to invest in a Website, there was a huge variation in time, manpower and financial resources.
4.8.5 Future Trends for Using a Website as an Internet Marketing Tool in the Institutional Catering Industry in Hong Kong

Irrespective of the firms with and without a company Website, all firms except Company X agreed that it would be a future trend and popular for the institutional caterers to adopt a Website as an Internet marketing tool in future. One company stressed that “more and more Websites will be established within the institutional catering industry in future due to keener competition” (Company C). Most regarded that the firms would need a Website in future in order to provide basic information on the company to the customers. Company E had a perspective that: “the information provided to customers should be more customer-oriented such as discount coupon download, top-up smart card and so on”. Company C also agreed that: “the Website needs to enhance more back-end support in customer service and building image of the company”. One firm added that:

There is an increasing future trend in using a Website since the operating mode in the institutional catering industry has changed. Moreover, the social environment has changed as there is more demand for information. The Website can act as an interactive communication platform between a firm and customers in allowing a company to collect customer profiles through the Website and help in analysing the customer profile (Company B).

In order for a Website to be effective, one firm added that: “the language proficiency of staff is important to handle customers speaking foreign languages if the Website attracts customers from different countries” (Company A). Some firms even asserted that the Website as a marketing tool could not be ignored. Otherwise, the company might lose business opportunities (Companies D and E). Company V admitted that: “it is necessary to have a Website in running a business since the cost of building one is not substantial”, although this company did not intend to build one in near future. Having said that it would be popular to adopt a Website in the institutional catering industry in Hong Kong, two firms still argued that word-of-mouth from other customers and a site visit to the
production plant were more important elements than relying on a Website to obtain business in school catering sector (Companies W and X). Company W however admitted that: “a Website is only useful for outside catering business sector and for those firms with diversified business scope”.

4.9 Conclusion

This chapter has explored the underlying reasons of establishing and not establishing a company Website. The findings on the reasons for non-establishment of a Website are crucial to explore the phenomenon of a low Website establishment rate. This finding helps explain the underlying reasons of non-establishment of Website which previous literature failed to cover. From the arguments on the functionality of Website in performing the purpose of its establishment, there is no consensus among firms with existing Website. However, both firms with and without Websites concur that a Website can perform the most basic function in providing information to customers. Concerning the effectiveness of Website in implementing marketing strategies, there are still controversies on the subject except that the Website can promote the company by distributing information as seen in its basic function. One important finding is that there is difference in perceived effectiveness and actual effectiveness of a company’s Website that the managers intend to use under an ideal circumstance. The actual effectiveness of a company’s Website could not be achieved due to variance between the perceived effectiveness and actual implementation of firm’s Website in executing the marketing strategies. Although there are different opinions between the two sub-groups, there is yet a consensus that most firms will intend to continue or consider using a Website in the future. Finally, there is a unanimous perspective that Websites will be widely adopted as a promotional marketing tool in the institutional catering industry in future. The research findings in attempting to answer the research questions are summarised in Table 4.11.
### Table 4.11 – Findings in Answering the Research Questions

<table>
<thead>
<tr>
<th>Research questions</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Why have firms without a Website not established one?</td>
<td>Refer to section 4.3.1 and Table 4.2</td>
</tr>
<tr>
<td>2. Does the size of the firm affect its decision on the value of developing a Website?</td>
<td>Refer to section 4.4.1 and Table 4.4</td>
</tr>
<tr>
<td>3. Does the location of the headquarters of a firm affect its decision to develop a Website?</td>
<td>Refer to section 4.4.2 and Table 4.5</td>
</tr>
<tr>
<td>4. How effective are Websites in performing the functions of:</td>
<td>Refer to section 4.5.7, Table 4.6 and Table 4.7</td>
</tr>
<tr>
<td>(i) Providing information on product and services</td>
<td>Refer to section 4.5.2</td>
</tr>
<tr>
<td>(ii) Creating brand awareness</td>
<td>Refer to section 4.5.3</td>
</tr>
<tr>
<td>(iii) Enhancing brand image</td>
<td>Refer to section 4.5.4</td>
</tr>
<tr>
<td>(v) Providing customer service?</td>
<td>Refer to section 4.5.5</td>
</tr>
<tr>
<td>5. How does a firm judge whether a Website as an Internet marketing tool is effective to implement its marketing strategies?</td>
<td>Refer to section 4.6.5 and Table 4.8</td>
</tr>
<tr>
<td>6. Do the firms currently using a Website intend to continue its use to manage their marketing strategy?</td>
<td>Refer to section 4.8.1, Table 4.9 and Table 4.10</td>
</tr>
<tr>
<td>7. Do firms without a Website have an intention to establish one to manage their marketing strategy in future?</td>
<td>Refer to section 4.8.1</td>
</tr>
</tbody>
</table>
CHAPTER 5

5.1 Introduction

This chapter will discuss the findings of the interview data so as to provide some insights on the research subject. The seven research sub-questions will be discussed with reference to the literature review in order to establish whether the literature theories can fit into the practical context of the institutional catering industry in Hong Kong. Since this research is exploratory, the purpose of this discussion is not to refute the theories as discussed in the literature review. Rather, the discussion aims to evaluate the appropriateness for applying these theories to practice for businesses. It is followed by recommendations that give some insights to managers. Nevertheless, the benefits and limitations of this research will be examined to lay down the possible future research areas in relation to the subject.

5.2 Discussion of the Findings

This section summarizes and analyses the major findings previously discussed in Chapter 4. These findings, which attempt to answer the research questions, are analysed with reference to the literature. These major findings relate to: (1) the reasons for firms not establishing a Website; (2) firm size as a possible determinant in affecting Website establishment decision; (3) location of a firm’s headquarter as a possible determinant in affecting Website establishment decision; (4) perceived effectiveness of Website to perform its basic functions; (5) perceived and actual effectiveness of Website in implementing marketing strategies; (6) intention to continue using Website in future for firms with existing Website; (7) intention to consider adopting Website in future for firms without Website; and finally (8) the future trend of using Website in institutional catering industry in Hong Kong.
5.2.1 Reasons for not Establishing a Company Website

From the opinion of firms without existing Websites, the major reason of not establishing one was due to the lack of business necessity. Moreover, it was due to the business nature of institutional catering industry especially in the school catering sector that the business source did not come directly from the Website but from the word-of-mouth or referral business. The use of the company brochure in collaboration with a Website was commonly adopted as marketing tools in the school catering industry; this practice was supported by the theory of Sultan and Rohm (2004) who argued that the Internet should be integrated with other existing marketing communication media rather than as a stand-alone communication channel in a multi-marketing channel environment. In addition, the focus of the mother company in the non-core institutional catering sector was one reason explaining the non-establishment of Website. Other reasons included return on investment from the Website; time resource; decision of top management; strict internal corporate governance policy; limited production capacity issue; and the readiness of the market to accept Website as marketing tool explaining why some caterers did not establish their own Website.

As reflected in the literature review as to why a firm established a Website, the reasons included providing information to customers at a comparative lower cost (Rangaswamy and Van Bruggen, 2005); increasing customer reach globally without geographical and time constraints (Darby, Jones and Madani, 2003); allowing interactive communication between a company and customers (Eid and Trueman, 2002); lowering operational and communication cost (Porter, 2001) and maintaining customer relationship (Porter, 2001; Sultan and Rohm, 2004). Despite these benefits of establishing a Website, the above-mentioned solid reasons of non-establishment of Website outweighed all the benefits. It can be concluded that the positive reasons for establishing a Website did not necessarily explain the real situations of why some firms did not establish a Website. These positive reasons could only explain and support those firms with established Websites. The findings of those reasons not supporting the establishment of a Website provided useful insight to diagnose the underlying reasons of the low Website establishment rate in the
institutional catering industry in Hong Kong. Moreover, this finding may give insights on the low Website establishment rate in other countries and industry settings. In addition, these findings were not mentioned in any previous literature in exploring the low take-up rate of a Website.

5.2.2 Firm Size as a Possible Determinant of Website Establishment

There were controversies over the relationship between firm size and the decision for establishing a Website. Despite various perspectives on the subject, two common elements were identified in relation to firm size in affecting the decision of establishing a Website. Firstly, the resources that were required to establish a Website were one of the primary factors. Secondly, the capital to finance Website establishment was another primary concern of the two groups of respondents. There was a unanimous perspective that a large company had both financial resource and capability to allocate for establishing a Website. On the contrary, a small firm might not have the pre-requisites in terms of finance, manpower and time, thus this might deter a small firm from establishing a Website. Some other factors that were related to firm size included the firm’s capability in terms of production capacity; Website content in terms of the richness and variety of company’s information; and the approval hierarchy. All these factors were identified as possible determinants in relation to firm size in affecting the decision for establishing a Website. On the other hand, there was argument that firm size did not influence the Website establishment decision. The main argument was that the business nature and business scope of a firm as well as the revenue generated from the Website were more crucial factors in determining such a decision.

In regard to the resource issue in affecting the Website establishment decision, this was also supported by the research conducted by Damanpour (1991). This research supported the managerial perspective as mentioned above on the importance of resources and capital which were part of organizational characteristics to finance the establishment of a Website. Regarding the hierarchy of decision making, the individual attributes of a decision maker as
well as the level of decision making played significant roles in affecting the decision for establishing a Website. This finding is supported by the research carried out by Dholakia and Ksheteri (2004), who found that firm size had a significant effect on the ownership of Website. This argument was further supported by Thong (1999), who found that the owner-manager of a small firm had direct decision-making authority to adopt a Website. Concerning the information content within the Website in affecting the decision of Website establishment, this argument was supported by empirical research conducted by Chan and Lin (2007) that larger-sized firms tended to have more comprehensive Websites than smaller-sized firms. Thus, the interview findings were matched with the arguments in previous research as stated in the literature review. To conclude, some major factors such as resources; capital; level of approval and decision-making authority in relation to firm size were essential to affect the decision in establishing a Website. However, some other reasons such as business necessity, business scope and revenue generated from Websites were not mentioned in previous literature. These other reasons were crucial to explain the low Website establishment rate in the institutional catering industry. Thus, it was useful to explore these factors which might be industry specific rather than firm size specific in affecting such decision.

5.2.3 Location of Headquarters as a Possible Determinant of Website Establishment Decision

Most firms concurred that there was no direct relationship between the location a firm’s headquarters and the decision to set up a Website. Rather, business necessity in terms of business scope; target customers within the local market; market strategy; customer needs; business nature and business return were crucial determinants that affect the decision of establishing a Website. In addition, the level of Internet usage in a local market also affected a firm’s decision as to whether to adopt a web strategy in a local market. This finding coincides with the research by Bandyopadhyay (2001) who found that the Website was intended for informational use rather than for transactional purposes in emerging markets where technology was a constraint. However, some firms argued that a multinational firm should have more resources to establish a Website than a local firm.
Moreover, the extent of decentralization of authority from a multi-national firm to local management, as well as the hierarchy of approval, affected a subsidiary firm in making the decision to establish a Website. Thus, the decision of a subsidiary company in a local market depended on the extent of influence of the corporate company. This perspective was supported by the research of Thong (1999) on the effect of the level of approval and decision making required in establishing a Website. It was found that there was no consensus on the location of a firm’s headquarters in affecting the decision of establishing a Website. Nevertheless, it can be concluded that the level of decision-making authority and the decentralization of authority from the headquarters exerted certain influence in a local subsidiary firm on such decision. This finding is useful to explain why some subsidiary companies had some constraints in establishing a local Website due to the above-mentioned factors.

There was no research conducted previously in analysing the location of a firm’s headquarters in affecting the decision to establish a Website. There was only some research that noted corporate culture as affecting the content of a Website in different regions or countries due to cultural differences (Overbeeke and Snizek, 2005; Lee, So and Wong, 2006). As such, these findings are significant as to the importance of a firm’s headquarters in affecting the decision to establish a Website.

5.2.4 Perceived Effectiveness of a Website to Perform its Basic Functions

Managerial perceptions from firms with Websites on the functions of their company’s Website as well as the overall functions of Website as identified by literature review are analysed. In addition, it examines the opinion of those firms without a Website on the general functions of Website and its effectiveness in performing its basic functions.

The findings showed that only two out of five firms agreed that their Website was effective in performing its basic functions. The function of providing information to customers was
contested among those firms with existing Websites. One firm argued that this function could be effective provided that the content of the Website was accurate and regularly updated. This argument was supported by Cheung and Lee (2004) who found that information reliability and usefulness of information on the Website might lead to negative aspects for consumer usage if the content is not precise and regularly updated. On the contrary, another firm argued that a Website was ineffective to provide information on intangible products such as catering services. It was however interestingly noted that firms of the two sub-groups homogeneously agreed that Websites could perform the function of providing information to potential and existing customers. Therefore, it can be concluded that there is a positive perception on the Website in performing this function. This finding coincided with the literature as Lace (2004) identified that the primary role of Websites was to provide information on products and services. However, the effectiveness of individual company Website in performing this function varied. This might be due to the Website content and frequency of information update.

In connection with the function of creating brand awareness, there were debates over the success of this function as performed by Websites. Despite most firms with Websites agreed that it could perform such a function, some firms argued that the customers of the school catering sector did not search for information online and thus the Website seldom created brand awareness. The Website was ineffective in creating brand awareness most probably due to the business nature of the school catering sector that the customers (that is, school principals and parents) were not retail customers. This finding was supported by the research conducted by Lace (2004) who found that the function of creating brand awareness and image ranked highly in the fast moving consumer goods (FMCG) market sector. For instance, a consumable product such as shampoo is one example of the fast moving consumer goods. In this sense, this might explain why this function did not work well in the institutional catering business.
There were antagonistic perspectives regarding the function of enhancing brand image. Most firms agreed that the actual service delivery to the client was more important than the service pledge hosted in the Website. They considered that the service received by customers directly affected a company’s brand image. Conversely, some firms argued that the design and images hosted in the Website could help in differentiating a company’s market positioning from competitors. As mentioned before that the function of enhancing brand image ranked highly in the FMCG sector, the interview findings reflected an opposing perspective to the research conducted by Lace (2004). This again might be due to the difference in the business nature of institutional catering compared with other retail businesses. Apart from creating brand awareness and enhancing brand image, the function of providing customer service also ranked highly in the research by Lace (2004). Nevertheless, the interview results showed that a Website could only provide the features of collecting customer feedback; e-ordering; and e-payment to some extent only. These findings do not conform to the empirical results carried out by Darby, Jones and Madani (2003) and Yeung and Lu (2004) that the functions of Websites are for facilitating online purchase and transaction processing; allowing customers to provide feedback comments; and providing communication channel. It was due to the business nature of institutional catering that the caterers needed to provide more personalised service to customers and maintain relationship in person rather than online. In this sense, the Website failed to perform this personalised service and the extent of services varied from customer to customer.

To conclude, the identified basic functions of a Website in the literature were partially fulfilled and effective in the institutional catering industry. The Website could only perform the function of providing information but failed to perform the functions of creating awareness; enhancing brand image; and providing customer service since the business nature was of a more personalised service industry. This result provided an insight that the identified functions in the literature were not necessary effective in some industry settings.
5.2.5 Perceived and Actual Effectiveness of a Website in Implementing Marketing Strategies

There were debates over the perceived effectiveness of a Website in implementing marketing strategies irrespective of those firms with and without Websites. To define the scope of marketing strategies, the scope was divided into business and marketing objectives respectively. Among the business objectives, product promotion and increasing market share were the focus of short-term business objectives. For marketing objectives, there were various objectives namely building brand; increasing brand awareness; increasing market exposure; enhancing market positioning; increasing geographical expansion into other markets; and managing customer relationship. In order to evaluate the measurement of marketing strategy in an appropriate manner, the parameters of measurement were identified by the respondents. In fact, most firms did not have a specific set of parameters to measure the company’s marketing strategy. Some identified possible parameters included the number of customer enquiries; sales revenue; minimum threshold revenue; market share; market size; business growth rate; the actual meal order number; profit margin; and the number of referral business. Although there were no statistics to justify that the above-mentioned parameters were appropriate in analysing the effectiveness of their Website in implementing marketing strategies, the managerial perception (qualitative analysis) rather than statistical data (quantitative analysis) played a more important role in understanding whether the Website was perceived as an effective marketing tool in implementing marketing strategies. These managerial perceptions are the perceived effectiveness of a Website. Although there were different perceptions on this subject, nearly all firms concurred that a Website could be effective as a promotional channel in distributing company information to customers since there was no time and geographical limit in reaching potential customers in different markets. Moreover, most firms did not consider a Website as a direct revenue generation channel. In this sense, it could be concluded that Website could partially implement the marketing objective in terms of promoting business to customers but could not implement the business objective in terms of revenue generation.
Some of the above findings were indirectly supported by some of the literature on the role of a Website in implementing marketing strategy. For instance, the Website could help a firm to distribute information at a comparatively lower cost (Rangaswamy and Van Bruggen, 2005). In this sense, this helped a firm in enhancing its value chain strategy by lowering its communication cost (Porter 2001). Moreover, the Website helped in enhancing brand awareness to some extent that in turn indirectly might have a positive impact on a firm’s business opportunity. This argument was supported by Teo and Tan (2002) that brand equity had a positive relationship on a firm’s financial growth in terms of market share; and customer loyalty building in terms of higher profit growth. The positive impact of brand equity and customer loyalty on the financial return might probably explain the adoption of Website as a promotional marketing tool for some firms. Thus, the possible positive effect of brand awareness on revenue growth might explain why those firms with a Website adopted this marketing tool as a possible source of business opportunity. In short, the findings on the perceived effectiveness of a Website in implementing marketing strategy were useful to provide some insight for the decision makers to consider the value of a Website in implementing their marketing strategies from a qualitative perspective instead of a quantitative approach.

In contrast with the perceived effectiveness mentioned above, four out of five firms with Websites agreed that it could help in providing the latest company information to customers. The other five firms without Websites also supported this perspective. However most firms, irrespective of having a Website or not, disagreed that the Website could bring business to the company directly. They regarded that a Website could be an indirect channel for potential business leads. To sum up, most firms agreed that the Website could achieve partially the marketing objective in promoting the company but failed to achieve the business objective in bringing business directly. Compared with the perceived effectiveness, the actual effectiveness did not match with what the managers intended to use their company’s Website for. For instance, the managers perceived the Website could increase brand awareness so as to increase more potential business. In reality, their company’s Website could partially perform this function of bringing business to firm
indirectly. This finding is opposite to the finding by Teo and Tan (2002) that brand equity had a positive relationship on a firms’ financial growth. In this regard, it was particularly essential for the decision makers to revisit whether their perceived effectiveness was too “ideal” and might not be viable as reflected in actual effectiveness of the company’s Website. There might also be another possibility that the companies did not make “good” use or fully utilize the company’s Website to its full extent to achieve the intended targets to implement its marketing strategies. For example, some advanced features such as e-ordering and e-payment could be installed in the company’s Website to improve routine customer service in sales transaction.

5.2.6 Intention to Continue Using a Website as an Internet Marketing Tool

The firms with Websites unanimously agreed that they would continue using their Website as an Internet marketing tool. They considered that online promotion was a continuous activity in market promotion. The Website was regarded as an irreplaceable powerful marketing tool and its role in providing information would not change significantly in the next decade since it created a trend for customers to search for information online. Apart from providing information, the Website also symbolized a firm’s existence in the industry. It also played an indirect role in creating business opportunities; building company image and creating a staff recruitment channel. There was no specific disadvantage as seen by firms with existing Website, so this explained why these firms saw the benefits of using a Website and their willingness to continue using this marketing tool. Some firms were willing to further invest in the company’s Website in order to enhance customer services; and to shift the role of their Website from a communication channel to a revenue centre. To conclude, the willingness of firms to continue using a Website as marketing tool reflected the perceived importance of a Website and its important role for marketing in the future.

This finding supports previous studies on adopting a Website as an Internet marketing tool as it provides customized information to specific target groups (Rangaswamy and Van
Bruggen, 2005); communication with customers through two-way interaction (Eid and Trueman, 2002); enhancing customer relationship (O’Leary, Rao and Perry, 2004); encouraging customer feedback; and facilitating online purchases (Darby, Jones and Madani, 2003).

5.2.7 Intention to Adopt a Website as an Internet Marketing Tool

There was some argument among those firms without Websites as to whether to adopt a Website as a marketing tool. Those firms who were opposed to using this marketing tool argued that the current features of a Website failed to meet their business needs. Another factor for not developing a Website was the firm’s incapability to cope with an increase in business volume. Furthermore, it was not until the Website could perform e-ordering functions effectively that some firms would consider adopting it so as to save administration work and costs. On the contrary, most firms saw the accelerating trend of customers searching for information online as an advent that would inevitably lead to the adoption of this marketing tool. In addition, the promotion cost of using a Website was relatively less compared with other promotional tools such as brochure and print advertising. Nearly all firms saw the advantages of using a Website in creating brand and company awareness; assisting in business opportunities; increasing efficiency; and providing better customer service through e-ordering and e-payment functions. Despite some negative impacts of using a Website such as the frequent maintenance of accurate information update, those firms without a Website could foresee the emerging importance of a Website as an Internet marketing tool. This explains why most firms without Websites were willing to establish and invest in one in future.

The perceived positive effects of adopting a Website as an Internet promotional tool are explained by the benefits of adopting Website as mentioned above in section 5.2.6. However, the negative impact of adopting a Website might indirectly explain why some firms still hesitated to establish one. For instance, the quality of the Website such as the information reliability and usefulness of information (Cheung and Lee, 2004) might affect a
firm decision for establishing a Website. In addition, the Website feature (e.g. e-ordering feature) as one of the Web operational factors also affects the firms’ intention to adopt a Website as a marketing tool (Lii, Lim and Tseng, 2004). Moreover, other factors such as business necessity and limited production capacity were not explored in previous literature in explaining the firms’ intention not to adopt a Website as a promotional tool.

5.2.8 Future Trends for Website Use in the Institutional Catering Industry in Hong Kong

It was popular for potential and current customers to search for information online and the growth rate of using the Internet has been accelerating. Thus, it would be a future trend for companies to adopt a Website as an Internet marketing tool. Apart from providing information, a Website should provide more customer-oriented service such as allowing discount coupon download, back-end support and so on. Moreover, the Website could be an interactive communication platform to allow customers to give their comments and allow the company to collect customer profiles from this tool. It was foreseen that having a Website was necessary especially for the small firms due to keener competition. It was also expected that more Websites would be established in the institutional catering industry since the cost of establishing and maintaining a Website was not substantial. In conclusion, there was a general agreement that a Website would be widely adopted as a marketing tool in future irrespective of the different arguments over the advantages and disadvantages of using one. The perception that a Website will perform multi-functions is aligned with the previous research findings that a Website can perform the functions of providing information; communication; downloading; and transaction processing (Yeung and Lu, 2004). This explains why most firms perceive that Websites would be widely adopted as a marketing tool by institutional caterers in the future. Some firms were reluctant to adopt a Website since the acceptance and ability of potential customers were considered to not be mature enough. Moreover, the enhanced Website features such as e-ordering and e-payment have not yet been fully developed. The role of a Website was predicted to change from its existing marketing role to a value-chain efficiency enhancer in the sense of
enhancing operational efficiency such as minimizing meal order administrative procedures (order form printing and meal preference consolidation) and meal payment collection.

5.3 Recommendations and Managerial Implications

Despite the controversies over the usage of a Website as an Internet marketing tool, it was ascertained that the role of a Website was eminently important in online marketing. Although most firms did not treat their Website as a capital investment project, it was worth exploring the value of a Websites in performing its functions as to whether it could be effective in implementing a firm’s marketing strategies. The findings show that managerial perceived effectiveness of a company’s Website could not be realized as shown in the actual effectiveness. There might be two possibilities why the perceived and actual effectiveness did not match during the implementation of marketing strategy. Firstly, the managerial perception on what a Website intended to perform was too “ideal” and could not be achieved in reality. Secondly, the Website was not fully utilized to implement the intended company’s marketing strategy. The decision makers should revisit the need for establishing a Website instead of building one just because of the increasing Internet usage rate and the trend of using a Website as an Internet marketing tool. In the interview findings, some firms resisted establishing a Website since the Website could not accommodate the unique business nature of the school catering sector. It is difficult to judge whether the institutional caterers under-use or over-use the Website as an Internet marketing tool. To some firms, the present moment might not be an appropriate time for adopting this tool as the customers might not be ready and widely accept this communication platform. In addition, the existing functions of e-ordering and e-payment were not well-developed to ensure smooth and secured online transactions. Thus, some firms do not see the immediate benefit of enhancing operational efficiency in terms of processing meal order transactions and related administrative duties.

From the research findings, it is suggested that managers need to identify the intended purposes of establishing the Website prior to its establishment. Moreover, the managers
should review how the Website features can help in implementing its marketing strategies. For instance, if the company intends to use the Website in facilitating online transaction, then advanced Website features such as secured e-ordering and e-payment systems are required to be installed in the company’s Website. The e-ordering feature is one of the functions of the Website to facilitate online transaction (Darby, Jones and Madani, 2003). In addition, the managers should establish a set of parameters to measure the effectiveness of the Website in implementing its marketing strategies. For example, the revenue generated from e-ordering can be used as an indicator to measure the effectiveness of promoting business online. In this regard, this quantitative indicator can justify whether the investment on building the e-ordering Website feature is financially viable. Finally, managers should adopt a differentiated marketing strategy to distinguish the company’s advantages from its competitors in the virtual marketplace. As mentioned by Porter (2001), the company should establish a differentiated marketing strategy to distinguish itself from its competitors within the virtual marketplace. For instance, the caterer can provide healthy menu recipes to those customers registered online on a monthly basis via the e-mail feature. On one hand, the company can provide useful information to the customized target group who is more health-conscious. On the other hand, the company can gather more customer preferences and can build up its customer database. Database marketing can help a firm to establish a differentiated marketing strategy to focus on specific target customer groups using database management (O’Leary, Rao and Perry, 2004).

5.4 Benefits of this Study

This qualitative exploratory study analysed the low Website establishment rate and explained the underlying reasons for such a low adoption rate. Moreover, this research provided insights for key decision makers in understanding the dynamics of Website establishment such as Website functions; Website design; and Website content when adopting one. Furthermore, the discussion examined the future trends of adopting a Website as an Internet marketing tool in the institutional catering industry.
5.5 Limitations of this Study

This study was substantiated by exploring managerial perceptions on the research topic without any quantitative data support. Thus, these perceptions could not be justified by statistical data to prove its validity. Nevertheless, this exploratory research provided some insights for key decision makers in considering the value of Websites in implementing a company’s marketing strategy. This research also explained the factors that hindered the establishment of a Website. Further research could be made to investigate whether the Website was an effective Internet marketing tool in implementation of marketing strategies in other industries and country settings. The business nature of different industries might have an impact on the role and effectiveness of Website in implementing marketing strategies.

5.6 Conclusion

This research has examined the reasons for a low Website establishment rate in the institutional catering industry in Hong Kong in spite of the high Internet usage and penetration rate in Hong Kong. Although much literature studied the functions of a Website by conducting quantitative analysis, little literature has discussed the functions of a Website from a managerial perspective using a qualitative approach. In addition, firm size and location of a firm’s headquarters are examined as to whether these are possible determinants in affecting the decision to establish a Website. This research also provides an analysis in examining the perceived and actual effectiveness of Website function in implementing a firm’s marketing strategies. It is crucial to identify the gap between the perceived and actual effectiveness of a Website in implementing marketing strategies. As identified in the literature review, the Website was seen as performing the basic functions effectively. However, this effectiveness could not be achieved fully in a practice when these theories were applied to a particular industry setting in a specific geographic location. The most significant finding of this research is to explore the value of Website as an Internet marketing tool as well as the firms’ intention of adopting this marketing tool in future.
REFERENCES


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APPENDICES
Appendix 1

World Internet Usage Statistics

(Source: Internet World Stats, March 2008)
<table>
<thead>
<tr>
<th>World Regions</th>
<th>Population (2008 Est.)</th>
<th>Population % of World</th>
<th>Internet Usage, Latest Data</th>
<th>% Population (Penetration)</th>
<th>Usage % of World</th>
<th>Usage Growth 2000-2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>955,206,348</td>
<td>14.3 %</td>
<td>51,022,400</td>
<td>5.3 %</td>
<td>3.6 %</td>
<td>1030.2 %</td>
</tr>
<tr>
<td>Asia</td>
<td>3,776,181,949</td>
<td>56.6 %</td>
<td>529,701,704</td>
<td>14.0 %</td>
<td>37.6 %</td>
<td>363.4 %</td>
</tr>
<tr>
<td>Europe</td>
<td>800,401,065</td>
<td>12.0 %</td>
<td>382,005,271</td>
<td>47.7 %</td>
<td>27.1 %</td>
<td>263.5 %</td>
</tr>
<tr>
<td>Middle East</td>
<td>197,090,443</td>
<td>3.0 %</td>
<td>41,939,200</td>
<td>21.3 %</td>
<td>3.0 %</td>
<td>1176.8 %</td>
</tr>
<tr>
<td>North America</td>
<td>337,167,248</td>
<td>5.1 %</td>
<td>246,402,574</td>
<td>73.1 %</td>
<td>17.5 %</td>
<td>127.9 %</td>
</tr>
<tr>
<td>Latin America/Caribbean</td>
<td>576,091,673</td>
<td>8.6 %</td>
<td>137,300,309</td>
<td>23.8 %</td>
<td>9.8 %</td>
<td>659.9 %</td>
</tr>
<tr>
<td>Oceania / Australia</td>
<td>33,981,562</td>
<td>0.5 %</td>
<td>19,353,462</td>
<td>57.0 %</td>
<td>1.4 %</td>
<td>154.0 %</td>
</tr>
<tr>
<td><strong>WORLD TOTAL</strong></td>
<td><strong>6,676,120,288</strong></td>
<td><strong>100.0 %</strong></td>
<td><strong>1,407,724,920</strong></td>
<td><strong>21.1 %</strong></td>
<td><strong>100.0 %</strong></td>
<td><strong>290.0 %</strong></td>
</tr>
</tbody>
</table>

NOTES: (1) Internet Usage and World Population Statistics are for March 31, 2008. (2) CLICK on each world region name for detailed regional usage information. (3) Demographic (Population) numbers are based on data from the US Census Bureau. (4) Internet usage information comes from data published by Nielsen/NetRatings, by the International Telecommunications Union, by local NIC, and other reliable sources. (5) For definitions, disclaimer, and navigation help, please refer to the Site Surfing Guide, now in ten languages. (6) Information in this site may be cited, giving the due credit to www.internetworldstats.com. Copyright © 2001 - 2008, Miniwatts Marketing Group. All rights reserved worldwide.
Appendix 2

Asia Internet Population and Usage Statistics

(Source: Internet World Stats, March 2008)
### Internet Users in Asia

**December 2007**

![Pie chart showing internet usage distribution]

Source: www.internetworldstats.com  
Copyright © 2008, Miniwatts Marketing Group

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### Internet Usage in Asia

*Internet Users & Population Statistics for 35 countries and regions in Asia*

<table>
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</thead>
<tbody>
<tr>
<td>Asia Only</td>
<td>3,776,181,949</td>
<td>56.6 %</td>
<td>529,701,704</td>
<td>14.0 %</td>
<td>37.6 %</td>
<td>363.4 %</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>2,899,938,339</td>
<td>43.4 %</td>
<td>878,023,216</td>
<td>30.3 %</td>
<td>62.4 %</td>
<td>255.9 %</td>
</tr>
<tr>
<td>WORLD TOTAL</td>
<td>6,676,120,288</td>
<td>100.0 %</td>
<td>1,407,724,920</td>
<td>21.1 %</td>
<td>100.0 %</td>
<td>290.0 %</td>
</tr>
</tbody>
</table>

NOTES: (1) Asiatic Internet Usage and Population Statistics were updated for March 31, 2008. (2) Population numbers are based on data from the US Census Bureau. (3) The most recent usage comes mainly from data published by Nielsen//NetRatings, ITU, official country statistics and other trustworthy local sources. (4) Data on this site may be cited, giving due credit and establishing an active link back to Internet World Stats. (5) For definitions and help, see the site surfing guide. Copyright © 2008, Miniwatts Marketing Group. All rights reserved.
Asia Top 10 Internet Countries
December 2007

- China: 210.0
- Japan: 87.5
- India: 60.0
- Korea, South: 34.9
- Indonesia: 26.0
- Vietnam: 18.2
- Taiwan: 15.4
- Malaysia: 14.9
- Philippines: 14.0
- Pakistan: 12.0

Source: Internet World Stats - www.internetworldstats.com
Copyright © 2008, Miniwatts Marketing Group
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Afganistan</td>
<td>31,889,923</td>
<td>1,000</td>
<td>535,000</td>
<td>1.7 %</td>
<td>0.1 %</td>
<td>53,400.0 %</td>
</tr>
<tr>
<td>Armenia</td>
<td>2,971,650</td>
<td>30,000</td>
<td>172,800</td>
<td>5.8 %</td>
<td>0.0 %</td>
<td>476.0 %</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>8,120,247</td>
<td>12,000</td>
<td>1,000,000</td>
<td>12.3 %</td>
<td>0.2 %</td>
<td>8,233.3 %</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>150,448,339</td>
<td>100,000</td>
<td>450,000</td>
<td>0.3 %</td>
<td>0.1 %</td>
<td>350.0 %</td>
</tr>
<tr>
<td>Bhutan</td>
<td>671,887</td>
<td>500</td>
<td>30,000</td>
<td>4.5 %</td>
<td>0.0 %</td>
<td>5,900.0 %</td>
</tr>
<tr>
<td>Brunei Darussalem</td>
<td>374,577</td>
<td>30,000</td>
<td>176,029</td>
<td>47.0 %</td>
<td>0.0 %</td>
<td>486.8 %</td>
</tr>
<tr>
<td>Cambodia</td>
<td>13,995,904</td>
<td>6,000</td>
<td>44,000</td>
<td>0.3 %</td>
<td>0.0 %</td>
<td>633.3 %</td>
</tr>
<tr>
<td>China *</td>
<td>1,321,851,888</td>
<td>22,500,000</td>
<td>210,000,000</td>
<td>15.9 %</td>
<td>41.1 %</td>
<td>833.3 %</td>
</tr>
<tr>
<td>East Timor</td>
<td>1,084,971</td>
<td>--</td>
<td>1,000</td>
<td>0.1 %</td>
<td>0.0 %</td>
<td>0.0 %</td>
</tr>
<tr>
<td>Georgia</td>
<td>4,646,003</td>
<td>20,000</td>
<td>332,000</td>
<td>7.1 %</td>
<td>0.1 %</td>
<td>1,560.0 %</td>
</tr>
<tr>
<td>Hong Kong *</td>
<td>6,980,412</td>
<td>2,283,000</td>
<td>4,878,713</td>
<td>69.9 %</td>
<td>1.1 %</td>
<td>113.7 %</td>
</tr>
<tr>
<td>India</td>
<td>1,129,866,154</td>
<td>5,000,000</td>
<td>60,000,000</td>
<td>5.3 %</td>
<td>13.0 %</td>
<td>1,100.0 %</td>
</tr>
<tr>
<td>Indonesia</td>
<td>234,693,997</td>
<td>2,000,000</td>
<td>20,000,000</td>
<td>8.5 %</td>
<td>4.3 %</td>
<td>900.0 %</td>
</tr>
<tr>
<td>Japan</td>
<td>127,433,494</td>
<td>47,080,000</td>
<td>87,540,000</td>
<td>68.7 %</td>
<td>19.0 %</td>
<td>85.9 %</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>15,284,929</td>
<td>70,000</td>
<td>1,247,000</td>
<td>8.2 %</td>
<td>0.3 %</td>
<td>1,681.4 %</td>
</tr>
<tr>
<td>Korea, North</td>
<td>23,301,725</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>0.0 %</td>
</tr>
<tr>
<td>Korea, South</td>
<td>49,044,790</td>
<td>19,040,000</td>
<td>34,910,000</td>
<td>71.2 %</td>
<td>6.8 %</td>
<td>83.4 %</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>5,284,149</td>
<td>51,600</td>
<td>298,100</td>
<td>5.6 %</td>
<td>0.1 %</td>
<td>477.7 %</td>
</tr>
<tr>
<td>Laos</td>
<td>6,521,998</td>
<td>6,000</td>
<td>25,000</td>
<td>0.4 %</td>
<td>0.0 %</td>
<td>316.7 %</td>
</tr>
<tr>
<td>Macau *</td>
<td>456,989</td>
<td>60,000</td>
<td>216,600</td>
<td>47.4 %</td>
<td>0.0 %</td>
<td>261.0 %</td>
</tr>
<tr>
<td>Malaysia</td>
<td>24,821,286</td>
<td>3,700,000</td>
<td>14,904,000</td>
<td>60.0 %</td>
<td>3.2 %</td>
<td>302.8 %</td>
</tr>
<tr>
<td>Maldives</td>
<td>369,031</td>
<td>6,000</td>
<td>20,100</td>
<td>5.4 %</td>
<td>0.0 %</td>
<td>235.0 %</td>
</tr>
<tr>
<td>Mongolia</td>
<td>2,951,786</td>
<td>30,000</td>
<td>310,000</td>
<td>10.5 %</td>
<td>0.1 %</td>
<td>933.3 %</td>
</tr>
<tr>
<td>Myanmar</td>
<td>47,373,470</td>
<td>1,000</td>
<td>300,000</td>
<td>0.6 %</td>
<td>0.1 %</td>
<td>29,900.0 %</td>
</tr>
<tr>
<td>Nepal</td>
<td>28,901,790</td>
<td>50,000</td>
<td>316,800</td>
<td>1.1 %</td>
<td>0.1 %</td>
<td>533.6 %</td>
</tr>
<tr>
<td>Pakistan</td>
<td>164,741,924</td>
<td>133,900</td>
<td>12,000,000</td>
<td>7.3 %</td>
<td>2.6 %</td>
<td>8,861.9 %</td>
</tr>
<tr>
<td>Philippines</td>
<td>91,077,287</td>
<td>2,000,000</td>
<td>14,000,000</td>
<td>15.4 %</td>
<td>3.0 %</td>
<td>600.0 %</td>
</tr>
<tr>
<td>Singapore</td>
<td>4,553,009</td>
<td>1,200,000</td>
<td>2,421,800</td>
<td>53.2 %</td>
<td>0.5 %</td>
<td>101.8 %</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>20,926,315</td>
<td>121,500</td>
<td>428,000</td>
<td>2.0 %</td>
<td>0.1 %</td>
<td>252.3 %</td>
</tr>
<tr>
<td>Taiwan</td>
<td>22,858,872</td>
<td>6,260,000</td>
<td>15,400,000</td>
<td>67.4 %</td>
<td>3.0 %</td>
<td>146.0 %</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>7,076,598</td>
<td>2,000</td>
<td>19,500</td>
<td>0.3 %</td>
<td>0.0 %</td>
<td>875.0 %</td>
</tr>
<tr>
<td>Thailand</td>
<td>65,068,149</td>
<td>2,300,000</td>
<td>8,465,800</td>
<td>13.0 %</td>
<td>1.8 %</td>
<td>268.1 %</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>5,097,028</td>
<td>2,000</td>
<td>64,800</td>
<td>1.3 %</td>
<td>0.0 %</td>
<td>3,140.0 %</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>27,780,059</td>
<td>7,500</td>
<td>1,745,000</td>
<td>6.3 %</td>
<td>0.4 %</td>
<td>23,166.7 %</td>
</tr>
<tr>
<td>Vietnam</td>
<td>85,262,356</td>
<td>200,000</td>
<td>18,226,701</td>
<td>21.4 %</td>
<td>3.6 %</td>
<td>9,013.4 %</td>
</tr>
<tr>
<td>TOTAL ASIA</td>
<td>3,733,783,474</td>
<td>114,304,000</td>
<td>510,478,743</td>
<td>13.7 %</td>
<td>100.0 %</td>
<td>346.6 %</td>
</tr>
</tbody>
</table>
Appendix 3

Institutional Caterers in Hong Kong

(Source: Eatsmart Webpage, HKSAR Government, 12 June 2008)
<table>
<thead>
<tr>
<th>Company's Name</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assino Food Limited</td>
<td><a href="http://www.assinofood.com">http://www.assinofood.com</a></td>
</tr>
<tr>
<td>Bestfood Company</td>
<td></td>
</tr>
<tr>
<td>Best Kitchen Limited</td>
<td></td>
</tr>
<tr>
<td>Compass Group Hong Kong Limited (Chartwells)</td>
<td><a href="http://www.compass-hk.com">http://www.compass-hk.com</a></td>
</tr>
<tr>
<td>Danny Catering Service Limited</td>
<td><a href="http://www.dannycatering.biz.com.hk">http://www.dannycatering.biz.com.hk</a></td>
</tr>
<tr>
<td>Delicious Chef King Catering Limited</td>
<td><a href="http://www.deliciousck.com">http://www.deliciousck.com</a></td>
</tr>
<tr>
<td>Epoch Central Kitchen</td>
<td></td>
</tr>
<tr>
<td>Fit For Life Luncheon &amp; Catering Service</td>
<td></td>
</tr>
<tr>
<td>Fook Lam Food Supplies</td>
<td></td>
</tr>
<tr>
<td>Four Seasons Catering Services Limited</td>
<td></td>
</tr>
<tr>
<td>Give Me S Catering Limited</td>
<td></td>
</tr>
<tr>
<td>Grace Banquet Catering Services and Consultancy Limited</td>
<td></td>
</tr>
<tr>
<td>Happy Dolphin Catering Services Limited</td>
<td><a href="http://www.happydolphin.com.hk">http://www.happydolphin.com.hk</a></td>
</tr>
<tr>
<td>Happy Holdings Limited</td>
<td><a href="http://www.yp.com.hk/happyholding">http://www.yp.com.hk/happyholding</a></td>
</tr>
<tr>
<td>Hearty Meal</td>
<td><a href="http://www.heartymeal.com.hk">http://www.heartymeal.com.hk</a></td>
</tr>
<tr>
<td>Hong Kong Gourmet Limited</td>
<td><a href="http://www.hkgourmet.com.hk">http://www.hkgourmet.com.hk</a></td>
</tr>
<tr>
<td>Hung Ngai Catering Development Limited</td>
<td><a href="http://www.hncatering.com">http://www.hncatering.com</a></td>
</tr>
<tr>
<td>LSG Catering China Limited</td>
<td></td>
</tr>
<tr>
<td>Macy's Food and Services Limited</td>
<td><a href="http://www.macyscandies.com">http://www.macyscandies.com</a></td>
</tr>
<tr>
<td>Murray Catering Company Limited</td>
<td><a href="http://www.murray.com.hk">http://www.murray.com.hk</a></td>
</tr>
<tr>
<td>Murray Food &amp; Beverage Limited</td>
<td></td>
</tr>
<tr>
<td>Mutual Benefit Nutritionally Balanced Meals Provision Co. Ltd.</td>
<td></td>
</tr>
<tr>
<td>Nine To Five Limited</td>
<td></td>
</tr>
<tr>
<td>NutriPower Food Servicing</td>
<td><a href="http://www.healthymind.com.hk">http://www.healthymind.com.hk</a></td>
</tr>
<tr>
<td>St. James Settlement Student Meal Service</td>
<td><a href="http://www.sjs.org.hk">http://www.sjs.org.hk</a></td>
</tr>
<tr>
<td>Sun Generation Limited</td>
<td></td>
</tr>
<tr>
<td>Taste of Asia Company Limited</td>
<td><a href="http://www.hktaste.com/index.htm">http://www.hktaste.com/index.htm</a></td>
</tr>
<tr>
<td>YHY (East East Food Manufacturers Limited)</td>
<td></td>
</tr>
<tr>
<td>Wing Kee Catering</td>
<td></td>
</tr>
<tr>
<td>321 Nu Concept (Food &amp; Beverage Limited)</td>
<td><a href="http://www.321nuconcept.com">http://www.321nuconcept.com</a></td>
</tr>
</tbody>
</table>
Appendix 4

Interview Schedules
Appendix 4 – Interview Schedules

Interview Questions (For those firms with Website)

Part I - Establishment and Functionality of the Website

1. What were the main purposes for establishing your company’s Website? / Why did your company establish its Website?
2. What are the main/ basic functions of your company’s Website?
3. How do you perceive your company’s Website in achieving the purposes of its establishment?
4. Does your company’s Website perform the following basic functions:
   (a) providing information on product and services;
   (b) creating brand awareness;
   (c) enhancing brand image; and
   (d) providing customer service)?
5. Do you see your company’s Website as being effective in performing its basic main functions?
6. Is there any statistical information of proof (e.g. Website click-through rate, browsing rate, sales revenue generated from Website, etc)?
7. What are your company’s marketing strategies (short-term and long-term)?
8. How do you see the functionality of your company’s Website in implementing marketing strategies in terms of business and marketing objectives?
9. Does the size of the firm affect its decision on the value of developing a website?
10. Does the location of the headquarters of a firm affect its decision to develop a website?
Part II - Effectiveness of the Website

1. What are the costs of setting up the Website (e.g. time, manpower, financial cost)?
2. What are the costs of maintaining the Website (e.g. time, manpower, financial cost)?
3. What are your company’s parameters for measurement of marketing strategies in terms of business and marketing objectives?
4. Do you think your company’s Website is effective in implementing your company’s marketing objectives?
5. Is there any statistical information for justifying the effectiveness of your company’s Website in implementing your company’s business and marketing objectives (e.g. return on investment; exposure rate on brand advertising; brand building; etc)?

Part III - Firms’ intention to continue using a Website as Internet marketing tool in future

1. Does your company have any intention to continue using its Website as an Internet marketing tool in future? If so, why? If not, why?
2. Do you see that there are any advantage(s) or disadvantage(s) of continuing with the Website in future?
3. Is the company willing to further invest in its Website as an Internet marketing tool in future? If so, why? If not, why?
3a. If the company is willing to invest, how much resources (e.g. time, capital, manpower, etc.) are estimated to be invested?
3b. If the company is not willing to invest, are the resources (e.g. time, capital, manpower, etc.) impediments to set up a website?
4. How do you see the future trend of using a Website as an Internet marketing tool in the institutional catering industry in Hong Kong?
**Interview Questions (For those firms without Website)**

**Part I - Reasons of not establishing Website / Perception on Website functionality**

1. Why has your company not established a Website? (Capital / Website maintenance / Staff knowledge on information system / Return on investment / Necessity / Other reasons?)

2. Do you believe a Website can perform the following basic functions:
   (a) providing information on product and services;
   (b) creating brand awareness;
   (c) enhancing brand image; and
   (d) providing customer service)? If so, why? If not, why?

3. What are your company’s marketing strategies (short-term and long-term)?

4. Do you believe that the functionality of a Website can help your company in implementing marketing strategies in terms of business and marketing objectives?

5. Does the size of the firm affect its decision on the value of developing a website?

6. Does the location of the headquarters of a firm affect its decision to develop a website?

**Part II - Perception of effectiveness of Website**

1. If your company developed a Website, would you consider it to be effective in implementing your company’s marketing strategies in terms of business and marketing objectives? If so, why? If not, why?

2. What are your company’s parameters for measurement of marketing strategies in terms of business and marketing objectives?
Part III - Firms’ intention to establish Website as Internet marketing tool in future

1. Will your company consider establishing a Website as an Internet marketing tool in the future? If so, why? If not, why?

2. Do you believe that there are any advantage(s) or disadvantage(s) of adopting a Website in the future?

3. Is your company willing to invest in a Website as an Internet marketing tool in the future? If so, why? If not, why?
   3a. If the company is willing to invest, how much resources (e.g. time, capital, manpower, etc.) are estimated to be invested?
   3b. If the company is not willing to invest, are the resources (e.g. time, capital, manpower, etc.) impediments to set up a website?

4. How do you see the future trend of using a Website as an Internet marketing tool in the institutional catering industry in Hong Kong?