Sure, we all log onto web sites these days. But do we know how to deploy the web for the good of our own companies? Nina Koiso-Kanttila has reviewed the most salient internet research, and has a revealing quiz for you.
The internet is here to stay; but, still, many executives ask what the internet actually is - and whether it can help their companies prosper and grow. After all the talking and development efforts, is it just a modern version of yellow pages and of a self-service machine? What are the features that would make the medium special? There are many myths about the internet, but there is also a growing abundance of in-depth research.

**True or False? The internet isn’t catching on as a tool for selling.**
False. Presence on the internet is a working assumption for any company that serves consumers. For companies, this forum started as a convenient means to provide information. Gradually, many company web sites began to support transactions. The web sites enabled consumers to pay a bill, buy a ticket, or order a book, for example. And, as the capabilities grew along with the number of web sites offering sales transactions, so did volume of sales. One source reported in November 2005: “In 2003, the average shopper spent 2.4 hours shopping online, the 2005 survey records an average 3.1 hours per week. Twenty-one per cent of shoppers count purchases from internet sites as part of their overall shopping, not a supplement to in-store buys. That's a six point increase over 2003”.

**True or False? In the eyes of consumers, all web sites are equal.**
False. Studies find extreme distribution in traffic flows. As far back as 2000, studies found that the top 0.1 per cent of the 120,000 web sites surveyed captured 32 per cent of the users. The consensus is that a few web sites receive a disproportionate amount of traffic and links; the rest remain invisible to the majority of users.

Further insights are provided by Nielsen/NetRatings clickstream panel data on the usage patterns of 1,681 Finnish web users in 2002. Of these, 65 internet users were selected for my in-depth usage analysis. These 65 viewed 82,674 web pages during 2,717 web sessions over a four-month period. The users were from 10 to 65 years old.

Comparing web site aggregate data and individual level usage reveals that 44 per cent of the individuals’ three favourite web sites are among the top 50 sites, and a further 18 per cent are among the top 51 to 240 sites. Thus a good 38 per cent of the individuals’ favourites are not among the generally popular sites. They are more specialised sites. This implies that if only major companies are present in a system, the result is what amounts to a 44 per cent internet for consumers. This inevitably is a limitation, as the slow takeoff of mobile-specific digital content demonstrates.

**True or False? Then gaining consumer interest in my company web site is a matter of sheer luck.**
False. Research shows that consumers reach web sites by three primary means: via a search engine query, an associative link from a peer site, and by using bookmarks. Search engines display an index of web sites in response to keywords entered by a user. Google and Yahoo are examples of popular search engines. Google was also the most commonly used search engine in the empirical clickstream data studied. Search engines enable finding completely new areas of information and content on the internet. They are an extremely empowering means, and cater to the preference of internet users for speed.

Hyperlinks from a peer site are another means of accessing web sites. In other words, one web site offers a fast hop to another web site. The associative link decision situation is a binary yes-no approach: click this link or not. These processes are constructive. This means that the criteria are formed – and preferences often constructed – while the consumer interacts with the site they are on at the moment.

Lastly, the site may be bookmarked, or accessed on the basis of browser commands. In this case, the consumer will have a built-in link within their browser options. Alternatively, a person may remember the name of the web site and type it. Consumers tend to simplify buying by storing relevant information and making the process routine in the future.

**True or False? Consumers are capricious when accessing web sites; they tend not to stick with a site they have used before.**
False. Research shows that at the time consumers first select a web site, they overestimate their propensity to switch at a later point. When customers have become comfortable with navigation at a particular online site, they have a learning-related incentive to continue visiting that site, since increased knowledge of the web site design allows them to use that site more easily. Hence, a familiar web site gains an edge over other web sites.
True or False? Pareto’s 80:20 Rule applies to the internet.

True. Human activity tends to be concentrated. A few marathoners do most of the running, and a couple of commercial banks hold the vast majority of savings value. The 80:20 empirical rule of thumb describes the phenomena. It maintains that 20 per cent of the subjects tend to account for 80 per cent of a measure’s volume. It is derived from Pareto’s income distribution observations at the end of the 19th century. Internet studies have shown that this phenomenon holds true on internet usage.

In this Nielsen/NetRatings clickstream data, 20 per cent of the 1,681 Finnish web users account for 70 per cent of the online time recorded. The concentration in online time is further illustrated by the fact that three per cent of the panelists account for 30 per cent of the online time recorded, and also for 32 per cent of the total page views. Internet usage is highly skewed. Publicly available consumer average online hours are also much larger than their median online time.

For web sites, the same empirical material reveals that 20 per cent of the web sites among the top 240 ranking account for 79 per cent of the page views measured. When the number of visitors is considered, 20 per cent of the web sites included account for 64 per cent of the cumulative unique audience measured. In comparison, the October 2005 top 10 web site rankings for the United States and the United Kingdom indicate a conformance to the 80:20 curve.

True or False? Internet users start “fresh” each time they log on. They don’t plan where they are going to go on the internet.

False. The Finnish study especially investigated how the heaviest of the 65 users move around the net. The most common means of reaching a web site was by memory - either external or human memory (see Figure 1). These users knew exactly where they were headed when they logged on. This signifies that consumers have learned how to find familiar alternatives on the internet, just as they would in a bricks-and-mortar retail environment. It appears...
that the internet is quite familiar to consumers. It is interesting in another way that the memory-based pattern gained such a large share. Grown-up users particularly employ their memory of sites. This finding associates with the observed concentration in web site usage on an individual level. Each person’s own favourite web sites were accessed using this means. Additionally, two types of sites were practically always accessed on the basis of memory: web-based e-mail and e-banking.

True or False? Then search engines are not the usual starting point for internet users.
True. Search engine queries are less prevalent than direct-memory access. This may be contrary to popular beliefs. Grown-up, active web users access eight per cent of their sites with search engines. For comparison, one 2001 study found that in the United States, high-frequency users access six per cent of their web sites with search engines. A 2005 study, in turn, says that almost half of American internet users employ search engines no more than a few times a week, while one third use them daily. Curiously, for teenagers, the share of sites accessed via searches is double that of each reference grown-up group. Why? Quite possibly this is because many of the teenager search queries are for music-related content, which appeared scattered throughout the web. Artists and bands often have their own web sites. This contrasts, for example, with real estate sites, where a larger number of houses and apartments are presented on one web site. Other explanations are also possible. Grown-ups may have found their favourites and are content with them. Furthermore, teenagers may be more comfortable with the web and, consequently, more likely to seek new content through search engines.

True or False? Given all this, there’s little my company can do to enhance its web magnetism.
False. There are many lessons to be learned from consumers’ internet usage. Four key lessons follow.

1. Focus for content volume; segment for penetration. If one’s company sells content that adapts well to frequent purchasing and that is sold on a per-unit basis, active users are good targets for promotions. But if the goal is to achieve wide penetration, for network connections or devices or e-banking, it is essential to take into account moderate and light users and their concerns. This suggests focusing for content volume and segmenting for penetration. In this respect,
combining usage information with information about the benefits relevant for each segment holds much potential for profitable business. Companies may also facilitate consumer evaluation by using within-site-search tools to present these benefits.

2. **Promote sampling to allow consumers to find their favourites.** Consumers visit the vast majority of the different web sites for only a short while. It is nevertheless in the interests of businesses to allow consumers to find their favourites. The implication is to welcome occasional visitors and allow them to sample online content. Companies must also weigh the value of the jungle of site-specific user IDs and passwords: The hassle of registering discourages experimenting with new content. Building on the unique capabilities of the web – convenience, speed, and ease of use – allowing users to try your site provides a better ground for acceptance than rigorous entry measures.

3. **Build top-of-mind awareness to gain a place at a bookmark list.** The memory-based pattern emerged as the most popular means of reaching a web site. Users may know a relatively large number of web sites. They may also simply remember the ones that they visit most frequently. On the internet, brands are not specified in context. In such an environment, a particularly important goal for promotion is to facilitate top-of-mind brand awareness.

   The number of different offline or online advertising media used to promote a web site correlates positively with the number of visitors to a site. Online ads are, therefore, one means to attract visits and potential bookmarks. In terms of where to place the ads, generally popular sites excel in volume, while intertwined web sites can help to gain the attention of the most relevant prospects. Furthermore, a practical hint of the type “add this page to your bookmarks” can be valuable on one’s own web site or on a subsection of it.

4. **Attract visitors and differentiate with associative links.** Links referring to peer sites represented the second most common means of navigation. To benefit from the pattern, businesses can form alliances with complementary sites. By cross-referencing, a company can build an ecosystem of links, and these links can form an alternative to online ads for attracting visitors. From a branding perspective, multiple alliances are worth exploring. Currently, large web sites have more links to each other than to smaller web sites, and smaller web sites also tend to have more links to larger sites than to each other. But, due to the familiarity of the generally popular web sites, companies could well offer more specialised links that their customers would not necessarily recognise – links that are still associated with that web site. The practical business implication relates to the selection of online affiliates; one should be bolder in providing links. Such less obvious associative links form one way of offering value to customers. This presents a differentiation opportunity for online businesses.

**Resources**


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