Strategic use of the Internet: Evidence from Forbes Global 2000 companies

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A company presence and activity in the Internet is becoming a key performance driver in digital economy. The number of Internet users and companies that use web technologies all over the world is rapidly increasing: the Internet offers a multichannel environment where companies and the public may communicate with each other (Kent and Taylor, 1998; Rybalko and Seltzer, 2010). Besides, new web-based technologies provide companies with opportunity to sell their products and services through the Internet and do it faster and with low transaction costs (Montoya-Weiss et al., 2003; Boehm and Gensler, 2005). All these changes encourage companies to reconsider the way they do business and seek for right positioning in web environment.

Considering companies' abilities to use the Internet to do business and promote themselves as company-specific competencies, this study lies in the intersection of two concepts: strategic group theory and resource-based theory (Barney, 1991). The study addresses the question whether there are clusters of companies with similar strategic behavior concerning their use of the Internet. Following the strategic group theory, this in turn raises the question whether pursuing any such strategy is rewarded by an increase in performance.

The empirical part of the study is based on the analysis of how Forbes Global 2000 companies use such Internet channels as their websites and profiles in social networks. Therefore, the first contribution of the study lies in the proposal of metrics with regard to which company use of the Internet can be analyzed. Conducting principal component analysis, we revealed three aspects that characterize how company use the Internet – use of social media, website authority and website visibility. Then companies were clustered according to these dimensions. As a result, three profiles were identified: 1) companies that focus on their visibility in the Internet; 2) companies that pay special attention to how trustworthy their website looks and 3) companies that tend to promote themselves in social networks and increase the authority of their corporate websites. The next step is to analyze the relationship between these clusters of companies and their performance.

Revealing clusters with regard to Internet use by analyzing global companies, the study contributes to the empirical verification of strategic group theory. Moreover, since companies can indirectly influence the proposed metrics, the practical contribution of this study lies in investigating possible link between strategic groups concerning the use of the Internet and their performance that might become a basis for managerial and policy decisions.

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