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MEASURING THE PERFORMANCE OF E-COMMERCE WEBSITES

Effective web-based selling requires businesses to have adequate knowledge of how to measure the performance of their website as part of their management practices. Clear, useful measurements that capture website performance have long enabled businesses to improve strategies and operations as part of their evaluation effort. Given the website is a sales channel (sometimes a company's sole interface) between the business and customers and the world at large, plus the growing demands to see returns on internet related investments, a stronger focus on performance is becoming critical for internet-based e-commerce. In addition, the proliferation of websites, and the many calls from businesses for their use, has prompted researchers to investigate the effectiveness of such initiatives. However, this would not be possible without an appropriate tool for measuring the performance of their websites.

Measuring the performance of a website has been proposed in many ways and various contexts over the past decade. In many instances, a single or a collection of items were used to represent website performance. However, website performance is neither simple nor straight forward. Website performance is a complex concept; therefore its measurement is expected to be multidimensional in nature. The different perspectives are only adding another layer of complexity to the construct measurements. While the user and the designer perspectives are well advanced in the literature, there are sparse studies that address the owners' needs. Today, no multi-item scale is available to measure the performance of a website based on the owner's experience. The provision of such a scale will further enhance the owner's ability to realize benefits.

The importance of web performance metrics has been established in the literature since 2002 by Bremser and Chung; Huizingh; Jonathan; Wade and Nevo. e-commerce is one of the fields that implement such metrics but often there are controversies over the metrics to be used. Past studies indicate that issues pertaining to website management are of great importance to managers all over the world. Different metrics have been proposed in many ways and various contexts over the past decade. In general, however, practicing managers still have no structured set of

criteria upon which to gauge the performance of their e-commerce websites. In many instances, simplistic and rather varied measures in capturing an aspect of performance are utilized. This inconsistency has hampered conclusions regarding the effectiveness of websites and practices associated with their management.

Despite the uncertainty of the metrics of the web-sites performance, three main indicators are used:

1. Website Usage

A traditional method of measuring website usage is by conducting market research and asking users about their experience. Such an approach is often costly and time-consuming. Alternatively, data can be automatically collected about visits to the site which allow owners to aggregate data and possibly evaluate their website effectiveness.

Currently, there are tools that provide various statistics about website usage (for example, Google analytics, LiveSTATS.XSP, and CMS400.NET). Such tools only provide raw metrics of little benefit to businesses using them.

2. Financial returns

For online transaction websites, the financial returns are of special interest. Giaglis et al (1999) observed that the most common methods of evaluating information technology investments is by way of established accounting techniques, such as Return on Investment (ROI).

3. Owner Satisfaction

Recent literature reports that owners determine their IT expenditure according to their satisfaction with the website. When the website drives traffic, communicates certain features that enhance the users' experience, generates trust and strengthens the competitive position of the business, the owners are inclined to be satisfied. The extent to which this has been realised is either in monetary terms (sales increased or cost reduction) or in the form of intangible benefits (such as strengthening competitive position). The main reason businesses establish a presence on the web is to capture these tangible and intangible benefits.

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