WHEN DO DIVERSIFIED INTERNET PORTALS GROW FASTER?
ROLES OF USER LOYALTY, SEARCH ORIENTATION, AND
CONFINEMENT WITHIN PORTALS

Abstract:
This study investigates the relationship between business scope, user loyalty, and the growth of Internet portals. Using the monthly web traffic data of 29 Korean Internet portals from January 2001 to May 2008, this study employs a portal-specific fixed effects panel data model to test suggested hypotheses on portal growth. First, the study suggests that diversified portals within the portal industry grow more rapidly than those focusing on only a few segments. Additionally, this suggests that portals with higher levels of user loyalty surpass others in terms of growth rate. Regarding the above-mentioned effects of within-industry diversification and user loyalty on portal growth, the study posits the moderating roles of search orientation and confinement within portals, that is, a portal’s tendency to induce its users to stay and use categories within that portal. This study finds that higher levels of search orientation strengthen the relationship between within-industry diversification and portal growth, and that a greater level of confinement within portals strengthens the relationship between user loyalty and portal growth. Therefore, Internet portals need differentiated growth strategies to accommodate their search orientations and tendencies to confine user traffic within portals.

Keywords:
Internet portal growth, within-industry diversification, user loyalty, search orientation, confinement within portals