

**EMERGENCE OF INTERNET MARKETING –ORIGINS, NEEDS,  
CHALLENGES AND OPPORTUNITIES**

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Internet Marketing**

Internet marketing or online marketing or web marketing, is a revolutionary process for all types business operations. It is a modern topic in every business sector, and steadily plays an important role in any company's multi-channel marketing strategy. The base of the Internet has provided advanced business transactions and models for the international financial system. Internet marketing adapts to rapid development of online business. In the field of internet marketing, online advertising has accomplished great success. Companies must have to select carefully suitable internet marketing strategy as it is never certain that the strategy that works for one organization might not be effectual for the other. At present, Internet is extensively used by organizations to encourage the business and online promotion is one of the most successful and economical techniques of marketing for businesses.

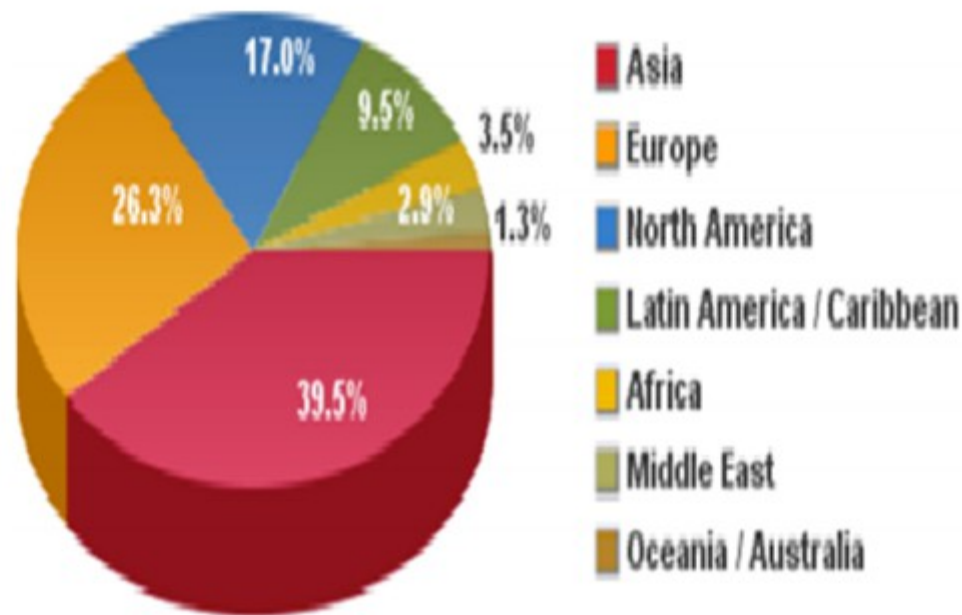
Main advantage of all strategies of internet marketing is that companies can conquer the barriers or boundaries of distance and management team can not only promote their products and services all over the world but sell them and generate huge revenues. Online marketing is reasonably priced in contrast with other traditional methods, and there are numerous creative and efficient ways in this marketing that companies can use in advertising or promoting products, brand, services. Online marketing also facilitates business, companies or individuals take advantage of the growing importance of social media sites such as Facebook, Twitter, LinkedIn, MySpace.

#### **1.2 Concept of Internet Marketing**

Internet marketing is described as the application of the Internet and associated digital technologies in combination with traditional communications to accomplish marketing objectives (Chaffey, Det, al., 2006). Internet marketing has many synonyms which are used in business such as e marketing (electronic marketing) or digital marketing even though they have a broader scope since they include electronic customer relationship management systems (e-CRM systems) as well. The conception of Internet marketing has developed and brought more opportunities for organizations to increase number of consumers at global level. Earlier, the Internet was only used as a tool to contact customers and it was a part of

direct marketing. Currently, the Internet, principally websites are becoming a popular media for any company to introduce its products and services. The Internet is considered as a sovereign and effectual marketing device. During 2000 to 2008, the number of Internet users has increased by 4 times (<http://www.internetworldstats.com/stats.htm> ). Records indicated that in Asia, there were biggest population of 39.5% of World internet users.

**Figure:** World's Internet users:



**Source:** [www.internetworldstats.com/stats.htm](http://www.internetworldstats.com/stats.htm)

Online marketing enable various organizations to track their customers and develop relations with them easily. Major creative mechanism of internet marketing include social Media Marketing, Email Marketing, Affiliate Marketing, Content Marketing and Online Video Marketing which are available for online businesses to incorporate their overall Internet Marketing crusade. Some of the other successful Internet Marketing Tools are Blogs, Keywords, New updates, and Domain name.

The feature of internet marketing is that it is growing at rapid rate and always changes with time. Consequently, it is recommended to companies, who adopt internet marketing strategies, must always update themselves with new technology as well as forthcoming, and use the latest technology or software's to take more advantages of online marketing. Major

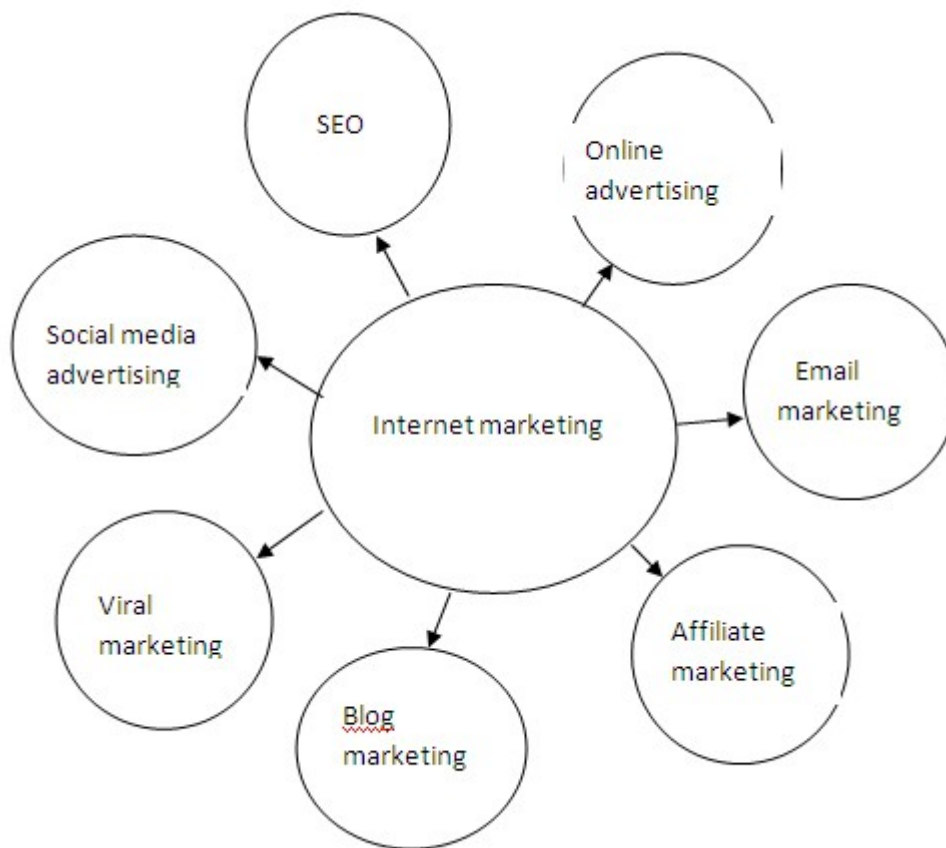
internet marketing activity is directed toward driving customers to an organization's website, where they are motivated to purchase online or through another channel. But internet marketing includes array of strategies to interact online with customers and with other stakeholders. The most common internet marketing activities include developing website for company, placing advertisements on the web, sending email messages, and engaging in search engine marketing efforts to put company's name in top list when a customer searches the Internet for a particular product or service.

Additionally, Internet marketing can include other activities, such as marketing through online games, mobile phones, or direct response television broadcasts. Internet marketing is dissimilar than traditional marketing as it offers novel ways of interacting with customers and other stakeholders. Huge information and services can be provided through online formats, which can be "taken by users as needed, rather than pushed to interested and uninterested stakeholders through conventional offline formats.

The advantages of adopting internet marketing strategies depend on company sizes. It is a new medium for advertising and PR (Public relationship) and a new product distribution channel. Internet marketing also provides new opportunities to develop new international markets without the continuation of representative or sales offices and agents. The Internet offers new methods to develop customer services and is considered as the most gainful marketing device as it reduces paper works and number of employees as well as by passes operating offices.

Internet marketing can be targeted to specific cultural groups because different groups may respond differently to the presence of the same stimulus. Additionally, manifestations of culture, such as values, heroes, rituals and symbols, offer insight in the way Internet marketers organize effective Internet advertising crusades. In such cases, efficiency is enhanced by Internet marketing, making these campaigns harmonious with consumers' culture and ensuring that proper symbols are used (Luna, Peracchio and de Juan, 2002).

## There are different Techniques Of Internet Marketing



### 1.3 Search Engine Optimisation

This can be regarded as a division of search engine marketing. This is used to enhance the quality of the traffic which arrives at a website from search engines. Whenever users search for a specific key word and find a match, they notice a few sites which are observable on the first page of search engine result. The aim of SEO is to give appropriate link of website to users. They want their client websites to be listed higher in search engine results. This way they give their clients i.e. companies a better chance to be noticed by consumers. SEO's can target various searches such as image searching, local searching or vertical search engines. People involved in search engine optimization are called search engine optimizers. They could be either company workers trained in search engine optimization or 3rd party agencies who take the responsibility for the company.

In general SEO employees have to recognize how search engines actually rank pages. This could be done through gaining knowledge in search engine algorithms, widespread knowledge of search engines through the mechanism of patents. SEO employees are required to amend their client web pages by adding exclusive information. Since they have to change

web pages related with companies, some companies may be hesitant to provide information as it could be private and there are security risks related to this. Companies must recruit SEO personnel to educate their workforce. There are two types of SEO personnel white and black. White hat SEO people utilize techniques which search engines find satisfactory. Black hat SEO personnel use methods which could cause link spams. The objective is to improve page ranking. Z.Gyongyi et al 2015 argued how link spams are formed such as by interconnecting web pages in a spam form to optimize ranks. They have also explained how page ranks can be maximized in spam farms.

#### **1.4 Social Networking and Social Media Based Advertising**

Internet marketing campaigns not only produce product awareness, but also reveal a generation of advertising with benefits such as self-selectiveness, interactivity, full integration of various media and marketing capabilities targeted towards specific individuals, countries or cultures (Wehling, 1996). Several websites of company have been responsible to create social networks where people post their information and also connect to each other either for business networking or dating. Major web-sites are tribe.net, myspace.com, orkut.com, linkedin.com. Originally they all started as sites which unite people. Some of them have generated profit through marketing. LinkedIn.com provides banner based advertising which focuses on specific targets.

Youtube.com can be considered as social media based advertising trendsetter. Fernando Angelo, (2007) describes how social media marketing schemes became popular among people at global scale. He emphasizes that consumer based content has importance which can be exploited by marketing personnel. He viewed social media as a means of intersection of software marketing, media, information and entertainment. For example, Youtube.com allows users to capture their videos and put it up on the site for sharing with others. Unregistered users can watch most videos on the site. It provides features to rate videos and also keep users can upload an unrestricted number of videos. Naim Moises, 2004 asserted that Youtube.com has great impact on the mind of people. Social media marketing companies can create interactions by customizing information for individual customers that permit customers to design products and services that meet their specific requirements. Social media can allow transactions between customers and firms that would usually require human contact (Watson et al. 2002).

## **1.5 Blog Based Marketing**

A blog is a website that details personal views of individuals on a particular topic. Some of the blogs act as personal diaries. A typical blog comprises of text, images, and links to other blogs, web pages, and other media related to its topic. Some of the blogs include photos, video, audio, podcasts. Blog is more effective through its content. Dawson Ron et al 2007 demonstrated the trend of blogging and their report revealed that 39% of American adults (57 million) are blog readers. The outcomes of blog marketing are excellent as these boost website search engine ranking and popularity, drawing in customers. But the time and need for top-quality appeal is vital to effective blog marketing and most business owners need to focus on their own company. Through blogs, businesses can promote brand awareness by sharing insider information, updating customers on new products, as well as providing links to the main sales channels. Blogs also make easy the posting of comments and feedbacks, allowing admirers and detractors to post opinions and questions to producers. This encourages the exchange of ideas between peers and can also promote honest discussion between individuals and companies to improve their defaults (Hafele, 2011).

## **1.6 Email marketing:**

This type of marketing use the power of electronic mail. Emails are sent mainly to develop strong relationship with the old and new consumers. Emails include advertisements/newsletters which are intended to entice new or older consumers to make purchases or inform them of new products/services.

There are several benefits of adopting email marketing techniques:

- Email marketing campaigns are lucrative when compared to campaigns such postal campaigns or printed newsletters.
- Email can be sent quicker as compared to normal post. The companies can do mass mailing with the help of mailing list. This facilitates distribute quality information to a specific range of consumers/customers.
- Companies can effortlessly track their returns when they use this system. They can also track how many campaigns were winning or how many unsuccessful with the help of read receipt, un-subscribed or messages that bounced on failure.



- Advertisers are able "push" the message to consumers whereas website marketing has to attract customers to come to the advertiser.
- Companies that use html based email can provide other links which can create further leads for them.
- Companies can also recognize the preferences of customers by sending emails which ask for opinions from consumers.
- Companies can target based on consumers interest that is only after taking consumers interest when he signs up for a particular email service.
- Email marketing does not take up paper so it is environmental friendly.

Though e mail marketing offer range of benefits to companies as well as customers, it also has some drawbacks. Spamming is major problems and it is very difficult to differentiate between authentic email marketing and spamming. Most of the companies establish spam filters but filters end up preventing even genuine emails from reaching. Companies are taking all efforts to stop Spam. Email marketing needs to be done cautiously so that it cannot be sent to spam.

### **1.7 Viral Marketing**

Viral marketing is a type of marketing techniques which use already existing social networks to enhance brand image with help computer virus like techniques. It is also known as word of mouth marketing. This method persuades consumers to transmit on marketing message in chosen way. Viral promotions could involve video clips, interactive flash, images, or even mobile messaging such as SMS. It works on the principle that customers who are impressed with company's message would tell people what they like and also communicate other people what they would not like. Dobele Angela et al stated that there is great role of emotions such as joy, surprise, sadness, anger, fear and disgust in making viral marketing a success (2007). Gender's role in viral marketing campaigns also has importance. It is found in their study that companies cannot rely on emotions alone in their viral marketing campaigns. Their campaigns should be effectual in capturing the imagination of the beneficiary in order to make it triumphant. Viral marketing campaigns which consider brand, product or service can succeed to persuade the customers. When entering an Internet marketing zone, a company should know some important issues such as different target customers, another way to contact customers, Internet security, and new competitors. Chaffey et al. stated that in order to get

success in Internet marketing, a strategic approach is necessary to manage the risks and deliver the opportunities available from online channels (2006). To implement Internet marketing, various steps include defining the online opportunity, selecting of the strategic approach and delivery result online. The key strategic decisions for e-marketing are the same as strategic decisions for conventional marketing which include selecting target customer groups, specifying how to deliver value to these groups. Segmentation, targeting, differentiation and positioning are all keys to effective digital marketing.

### **1.8 Drivers for Internet Marketing**

There are several factors that drive companies to follow internet marketing effectively. Maria Bengtsson et al provide valuable information in her periodical regarding the factors that would drive companies to implement to internet marketing (2007). They have categorized companies into different sizes depending upon the number of employees. Their study revealed that different factors drive companies of different sizes to pursue internet marketing. The drivers are willingness to cannibalize, entrepreneurial drivers, management support, and market pressure. Internet marketing acceptance depends on its perceived usefulness which entails the user's assessment of the ability of specific information technology to increase his or her performance at some task or activity (Pearson & Grandon, 2004).

Internet marketing include Web application such as website, good quality content, user interface, live chat application, secure transaction support. Success factors of internet marketing are density, proximity, saturation and depth.

### **1.9 Problems of Internet Marketing In India**

Today majority of nations are adopting Internet Marketing to promote products and services. In the campaign of internet marketing, countries face some issues. One of the major problems is a gap of prosperity between developed, developing and under-developed countries. Developed countries such as United States of America, Canada and Australia have considerably venture the world of Internet Marketing and their investments have given huge profit. Additionally research and development activities have taken place for several times that enables them to furnish marketing activities through electronic channels with the newest and the most advanced information communication technology. Meanwhile, the developing countries such as South East Asia have begun their information technology evolution in many

areas including business transactions. Education system has been modernized by incorporating the studies of ICT, introducing incentives for entrepreneurs to go online and improving facilities. Another aspect of Internet Marketing is trust and confidence, which are extensively attributed to safety. Lack of security is the important barrier to pervasive commerce on the Internet due to the intrinsic openness of the web (Wen, 2001). The lack of security is experienced in numerous ways such as unauthorized use of corporate network, packet sniffing, data modification, unregistered transactions, eavesdropping, and repudiation and spoofing. The threats and attacks to Internet based enterprises have included such Yahoo, E-trade and Amazon.com (Sussan and Kassira, 2003). These threats and attacks weakened the three main aspects of security that are confidentiality, integrity and availability of data. The absence of these three elements causes lack of confidence for consumers who involve in online business.

To summarize, Internet marketing use advanced technology of the Internet to market and trade goods or services. It enhances the brand image of the company or products or both, internet marketing is a means of generating profit through online business. Trustworthiness of the country is vital for success of internet marketing. Internet marketing can give exposure to out side corporate world. It has been observed that some of the 3rd party internet marketing provides only junk traffic which has a negative impact on the expansion of internet marketing. Internet marketing offers an opportunity for the company to expand its market nationally, even globally. Online shopping is very competitive, as consumers have access to comparison before buying. In addition to reaching new markets, online marketing can also improve relationships with active clientele.

### **1.10 Objective of the study:**

- ❖ To know about the online marketing company activities.
- ❖ To observe the online working environment of marketing companies.
- ❖ To examine the whole online marketing sector in India.
- ❖ To have exposure to functions of online marketing in India.
- ❖ To observe the various investment sources of online marketing companies.

### **1.11 Scope of the study:**

Manual marketing tactics has faced many challenges in recent years, but the emergence of Internet marketing has been a bright spot for companies that have embraced it. The strategy has been a significant generator of revenue, even as many retailers have experienced a drop in sales due to the uncertain economy. Surveys indicated a high percent growth in online marketing.

If you are not actively involved in online marketing, it would be wise to begin developing a strategy, as it will likely be a key criterion for growth moving forward. However, there are significant risks to be cognizant of, as companies have difficulty defining online marketing and the expectations within the business. Find out how to define and evaluate the company's specific risks related to areas such as the business model, supply chain, personnel and technology

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

An extensive literature review is done on the concepts and theories related to web advertising. A review of Research papers, articles is undertaken to take note of and acknowledge work that has been done in the field of web advertising as such. The Researcher has collected secondary data from reputed Journals and Magazines, Newspapers, articles, Internet websites and Archives. The Researcher has taken important literatures for Internet marketing found online and from books.

The researcher has identified more research papers along with few articles published in renowned journals on various topics such as Web ad, Web based ad market, E-commerce impact, trends of online marketing, consumer attitude to Web ad and sales/marketing strategy. The review of available Literature on each topic is taken into account in this chapter.

#### **2.2 Internet as a Marketing tool:**

**1. J Suresh Reddy has published an article named “Impact of E-commerce on marketing”.**

Marketing is one of the business function most dramatically affected by emerging information technologies. Internet is providing companies new channels of communication and interaction. It can create closer yet more cost effective relationships with customers in sales, marketing and customer support. Companies can use web to provide ongoing information, service and support. It also creates positive interaction with customers that can serve as the foundation for long term relationships and encourage repeat purchases. Even cyber shopping allows customers to sit in the comfort of their homes and purchases their goods. One can shop any kind of product or service in the mind of the night and from any part of the world.

**2. Vikas Bahadur (2011) has published his article on “Study on sales and marketing strategies”.** Internet is a really good thing. The Internet gives people a greater amount of information as we need. It is the best way to get a comparison of the products that we need. If we are interested in buying, it is best for us to check the Web sites. Also if we would like to

make our own Web page we can do this, without paying a lot of money. From where do we set all this information? The answer is from advertising, which we see, everywhere: on TV, on the Internet, in the newspapers and more.

Year after year we get more and more new, interesting information and in the future the Internet use will increase more than now. This article explains how internet is useful tool for advertisement.

### **3. Virendar Kumar published research paper entitled “Pushing and Pulling on the Internet”**

The internet is fast emerging as a domain sales channel. The Internet is expanding & it influences consumer which shifts the consumer behavior. It has changed the way product awareness is created<sup>28</sup>, developed new modes of product consideration.

It also creates new means of purchasing products. This has brought new opportunities, challenges and threats to both existing and new business. Traditional advertising propagated through the conventional channels of television, radio, and print media typically follows the AIDA (Awareness, Interest, Decision, and Action) where advertisements are deployed to “Push” awareness to arouse interest leading to influencing the decision and purchase action. However, the Internet is a medium where you can serve, support and interact with consumers beyond the AIDA model objectives. Therefore, it would be myopic to view the Internet as a mere push-marketing medium.

One has to look at the Internet as a business channel capable of performing multifunction-advertising, sales, and information exchange and after sales support. In this age of information overload, user chooses to see, read or hear what he/she want and promptly discard the rest to move on to the next relevant item. This is because a huge amount of self-awareness is created by Internet users actually going out and learning about new products and services. They not only watch the Web, they use it. This distinguishes the Internet as a pull medium as well as a push medium for information dissemination. In such a scenario, non relevant online advertisements such as pop-up ads or banners run the risk of annoying users and losing them forever. It's time for marketers to rethink their online advertising strategy and strive to develop a more targeted and focused approach towards their potential customers.

This article explains how internet is used for pulling the new customer and a push medium in information. Today's customers have unique needs, interests and demand. They use Web for getting more and more the information of the product. In this scenario web advertisement can be used to pull the new customer and increase the sale.

#### **4. Victor Van Valen has published article “Is Your Marketing Smart?”**

Today advertisers not only need to cater to and directly pinpoint a precise targeted audience, but they need to customize their advertisements as well. In print mediums, you have an idea of who will see your ad. For example, you know Femina magazine would be great to target women so you can promote your new beauty product in this magazine. But when it comes to online venues, how can you target the right audience when millions are browsing?

Solution to this problem is Yahoo! SmartAds product, an innovative new advertising platform that allows marketers to deliver tailored ads to highly targeted audiences. SmartAds combines Yahoo!'s consumer insights and media capabilities with new ad serving technology. It automatically converts campaign creative and targeted offerings into highly-customized, relevant ad displays.

“Yahoo!'s SmartAds gives marketers what they want from online advertising: the ability to deliver customized marketing messages to consumers, and still engage very large audiences with their brand,” says Todd Teresi, Yahoo!'s senior vice president of display marketplaces.

#### **5. Scott F. Geld has written the article entitled “Cost savings between usual marketing and Online Marketing”.**

Marketing can be defined as 'whatever you do to promote and grow your business including market research, advertising, publicity, sales, merchandising and distribution. With traditional marketing techniques all of these things are delivered in print format or in person. Internet marketing however, uses the power of online networks and interactive media to reach your marketing objectives...no paper, no telephone calls, no in person appearances. Internet marketing can save your time, money and resources.

Electronic versions of catalogs, brochures, white papers, data sheets etc. don't have to be printed, stored or shipped to your customers resulting in an enormous savings in printing and storage costs. And what about manpower (or lady power) costs? It is no longer requires as many people to handle mailing and distribution of your marketing collateral...more savings.

Updating catalogs, brochures and any other marketing collateral you produce can be accomplished as needed online and in lightning speed. There's no need to send revised material out to a printer and then have to wait for a revised version, a great savings in time. And, time is money. More information can be provided to customers with little if any additional cost. Adding more pages to a document online involves virtually no expense compared to the additional cost and space required to deliver the same thing in print format. You can reach more customers than ever before and it doesn't cost a penny more. There's no postage or courier charges to pay. The difference between traditional and Internet marketing is money and Internet marketing improves your bottom line.



## CHAPTER 3

### CONCEPTUAL FRAMEWORKS

#### 3.0 Internet marketing

Internet marketing, also known as web marketing, online marketing, web advertising, or e-marketing, is referred to as the marketing (generally promotion) of products or services over the Internet. Marketing is used as an abbreviated form for Internet Marketing.

Internet marketing is considered to be broad in scope because it not only refers to marketing on the Internet, but also includes marketing done via e-mail and wireless media. Digital customer data and electronic customer relationship management (ECRM) systems are also often grouped together under internet marketing.

Internet marketing ties together the creative and technical aspects of the Internet, including design, development, advertising and sales. Internet marketing also refers to the placement of media along many different stages of the customer engagement cycle through search engine marketing (SEM), search engine optimization (SEO), banner ads on specific websites, email marketing, mobile advertising, and Web 2.0 strategies

#### 3.1 Types of Internet marketing

Internet marketing is broadly divided in to the following types:

- [Display advertising](#): the use of web banners or banner ads placed on a third-party website to drive traffic to a company's own website and increase product awareness.
- [Search engine marketing](#) (SEM): a form of marketing that seeks to promote [websites](#) by increasing their visibility in [search engine](#) result pages (SERPs) through the use of either paid placement, contextual advertising, and paid inclusion, or through the use of free [search engine optimization](#) techniques.
- [Search engine optimization](#) (SEO): the process of improving the visibility of a website or a web page in search engines via the "natural" or un-paid ("organic" or "algorithmic") search results.
- [Social media marketing](#): the process of gaining traffic or attention through social media websites such as Facebook, Twitter and LinkedIn.
- [Email marketing](#): involves directly marketing a commercial message to a group of people using electronic mail.

- [Referral marketing](#): a method of promoting products or services to new customers through referrals, usually word of mouth.
- [Affiliate marketing](#): a marketing practice in which a business rewards one or more affiliates for each visitor or customer brought about by the affiliate's own marketing efforts.
- [Inbound marketing](#): involves creating and freely sharing informative content as a means of converting prospects into customers and customers into repeat buyers.

### 3.2 Business models

Internet marketing is associated with several business models:

- E-commerce: a model whereby goods and services are sold directly to consumers (B2C), businesses (B2B), or from consumer to consumer (C2C) using computers connected to a network.
- Lead-based websites: a strategy whereby an organization generates value by acquiring sales leads from its website. Similar to walk-in customers in retail world. These prospects are often referred to as organic leads.
- Affiliate Marketing: a process wherein a product or service developed by one entity is sold by other active sellers for a share of profits. The entity that owns the product may provide some marketing material (e.g., sales letters, affiliate links, tracking facilities, etc.); however, the vast majority of affiliate marketing relationships come from e-commerce businesses that offer affiliate programs
- Local Internet marketing: a strategy through which a small company utilizes the Internet to find and to nurture relationships that can be used for real-world advantages<sup>1</sup> Local Internet marketing uses tools such as social media marketing, local directory listing,<sup>1</sup> and targeted online sales promotions.

#### 3.2.1 One-to-one approaches

In a one-to-one approach, marketers target a user browsing the Internet alone and so that the marketers' messages reach the user personally. This approach is used in search marketing, for which the advertisements are based on search engine keywords entered by the users. This approach usually works under the pay per click (PPC) method.

### **3.2.2 Appeal to specific interests**

When appealing to specific interests, marketers place an emphasis on appealing to a specific behavior or interest, rather than reaching out to a broadly defined demographic. These marketers typically segment their markets according to age group, gender, geography, and other general factors.

### **3.2.3 Niche marketing**

Niche and hyper-niche internet marketing put further emphasis on creating destinations for web users and consumers on specific topics and products. Niche marketers differ from traditional Internet marketers as they have more specialized topic knowledge. For example, whereas in traditional Internet marketing a website would be created and promoted on a high-level topic such as kitchen appliances, niche marketing would focus on more specific topics such as 4-slice toasters.

Niche marketing provides end users of such sites much targeted information, and allows the creators to establish themselves as authorities on the topic or product.

### **3.2.4 Geo-targeting**

In Internet marketing, geo targeting and geo marketing are the methods of determining the geo-location of a website visitor with geo-location software, and delivering different content to that visitor based on his or her location, such as latitude and longitude, country, region or state, city, metro code or zip code, organization, Internet Protocol (IP) address, ISP, and other criteria

## **4.0 Advantages and limitations of Internet marketing**

### **4.1 Advantages**

Internet marketing is inexpensive when examining the ratio of cost to the reach of the target audience. Companies can reach a wide audience for a small fraction of traditional advertising budgets. The nature of the medium allows consumers to research and to purchase products and services conveniently. Therefore, businesses have the advantage of appealing to consumers in a medium that can bring results quickly. The strategy and overall effectiveness of marketing campaigns depend on business goals and cost-volume-profit (CVP) analysis. Internet marketers also have the advantage of measuring statistics easily and inexpensively; almost all aspects of an Internet marketing campaign can be traced, measured, and tested, in many cases through the use of an ad server. The advertisers can use a variety of methods, such as pay per impression, pay per click, pay per play, and pay per action. Therefore, marketers can determine which messages or offerings are more appealing to the audience. The results of campaigns can be measured and tracked immediately because online marketing initiatives usually require users to click on an advertisement, to visit a website, and to perform a targeted action.

### **4.2 Limitations**

Marketer will not be able to use the x-factor/personal touch factor/human touch factor to influence the audience as the marketing is completely based on the advertisement and the information that the advertisement might lead to [websites, blogs and other channels]

### **4.3 Security concerns**

[Information security](#) is important both to companies and consumers that participate in online business. Many consumers are hesitant to purchase items over the Internet because they do not believe that their personal information will remain private. Some companies that purchase customer information offer the option for individuals to have their information removed from their promotional redistribution, also known as [opting out](#). However, many customers are unaware if and when their information is being shared, and are unable to stop the transfer of their information between companies if such activity occurs. Additionally, companies holding private information are vulnerable to data attacks and leaks. Internet browsing privacy is a related consumer concern. Web sites routinely capture browsing and search history which can be used to provide targeted advertising. Privacy policies can provide transparency to these practices. Spyware prevention software can also be used to shield the consumer.

Another consumer e-commerce concern is whether or not they will receive exactly what they purchase. Online merchants have attempted to address this concern by investing in and building strong consumer brands (e.g., [Amazon.com](http://Amazon.com), [eBay](http://eBay), and [Overstock.com](http://Overstock.com)), and by leveraging merchant and feedback rating systems and e-commerce [bonding](#) solutions. All these solutions attempt to assure consumers that their transactions will be free of problems because the merchants can be trusted to provide reliable products and services. Additionally, several major online payment mechanisms ([credit cards](#), [PayPal](#), [Google Checkout](#), etc.) have provided [back-end](#) buyer protection systems to address problems if they occur

#### **4.4 Usage trends**

Technological advancements in the telecommunications industry have dramatically affected online advertising techniques. Many firms are embracing a paradigm that is shifting the focus of advertising methodology from traditional text and image advertisements to those containing more recent technologies like JavaScript and Adobe Flash. As a result, advertisers can more effectively engage and connect their audience with their campaigns that seek to shape consumer attitudes and feelings towards specific products and services

#### **4.5 Effects on industries**

The number of banks offering the ability to perform banking tasks over the internet has increased. [Online banking](#) appeals to customers because it is often faster and considered more convenient than visiting [bank branches](#).

#### **4.6 Internet auctions**

Internet auctions have become a multi-billion dollar business. Unique items that could only previously be found at flea markets are now being sold on Internet auction websites such as eBay. Specialized e-stores sell a vast amount of items like antiques, movie props, clothing, gadgets, and so on.

As the premier online reselling platform, eBay is often used as a price-basis for specialized items. Buyers and sellers often look at prices on the website before going to flea markets; the price shown on eBay often becomes the item's selling price.

#### **4.7 Advertising industry**

In addition to the major effect internet marketing has had on the technology industry, the effect on the advertising industry itself has been profound. In just a few years, online

advertising has grown to be worth tens of billions of dollars annually. Coopers reported that US\$16.9 billion was spent on online marketing in the U.S. in 2006.

This has caused a growing impact on the United States' electoral process. In 2008, candidates for President heavily utilized Internet marketing strategies to reach constituents. During the 2007 primaries, candidates added, on average, over 500 social network supporters per day to help spread their message. President Barack Obama rose over US\$1 million in one day during his extensive Democratic candidacy campaign, largely due to online donors.

## **5.0 The benefits of E-Marketing over traditional marketing**

### **5.1 Reach**

The nature of the internet means businesses now have a truly global reach. While traditional media costs limit this kind of reach to huge multinationals, e-Marketing opens up new avenues for smaller businesses, on a much smaller budget, to access potential consumers from all over the world.

### **5.2 Scope**

Internet marketing allows the marketer to reach consumers in a wide range of ways and enables them to offer a wide range of products and services. E-Marketing includes, among other things, information management, public relations, customer service and sales. With the range of new technologies becoming available all the time, this scope can only grow.

### **5.3 Interactivity**

Whereas traditional marketing is largely about getting a brand's message out there, e-Marketing facilitates conversations between companies and consumers. With a two-way communication channel, companies can feed off of the responses of their consumers, making them more dynamic and adaptive.

### **5.4 Immediacy**

Internet marketing is able to, in ways never before imagined, provide an immediate impact. Imagine you're reading your favorite magazine. You see a double-page advert for some new product or service, maybe BMW's latest luxury sedan or Apple's latest iPod offering. With this kind of traditional media, it's not that easy for you, the consumer, to take the step from hearing about a product to actual acquisition. With e-Marketing, it's easy to make that step as simple as possible, meaning that within a few short clicks you could have booked a test drive or ordered the iPod. And all of this can happen regardless of normal office hours. Effectively,

Internet marketing makes business hours 24 hours per day, 7 days per week for every week of the year.

By closing the gap between providing information and eliciting a consumer reaction, the consumer's buying cycle is speeded up and advertising spend can go much further in creating immediate leads.

### **5.5 Demographics and targeting**

Generally speaking, the demographics of the Internet are a marketer's dream. Internet users, considered as a group, have greater buying power and could perhaps be considered as a population group skewed towards the middle-classes.

Buying power is not all though. The nature of the Internet is such that its users will tend to organize themselves into far more focused groupings. Savvy marketers who know where to look can quite easily find access to the niche markets they wish to target. Marketing messages are most effective when they are presented directly to the audience most likely to be interested. The Internet creates the perfect environment for niche marketing to targeted groups.

### **5.6 Adaptively and closed loop marketing**

Closed Loop Marketing requires the constant measurement and analysis of the results of marketing initiatives. By continuously tracking the response and effectiveness of a campaign, the marketer can be far more dynamic in adapting to consumers' wants and needs.

With e-Marketing, responses can be analyzed in real-time and campaigns can be tweaked continuously. Combined with the immediacy of the Internet as a medium, this means that there's minimal advertising spend wasted on less than effective campaigns.

Maximum marketing efficiency from e-Marketing creates new opportunities to seize strategic competitive advantages.

The combination of all these factors results in an improved ROI and ultimately, more customers, happier customers and an improved bottom line.

## **6.0 Online marketing**

Online marketing is a form of electronic commerce whereby consumers directly buy goods or services from a seller over the Internet without an intermediary service. An online shop, e-shop, e-store, Internet shop, web shop, web store, online store, or virtual store evokes the physical analogy of buying products or services at a bricks-and-mortar retailer or shopping centre. The process is called business-to-consumer (B2C) online marketing. When a business buys from another business it is called business-to-business (B2B) online marketing.

## **6.1 History**

In 1990 Tim Berners-Lee created the first World Wide Web server and browser. It opened for commercial use in 1991. In 1994 other advances took place, such as online banking and the opening of an online pizza shop by Pizza Hut. During that same year, Netscape introduced SSL encryption of data transferred online, which has become essential for secure online marketing. Also in 1994 the German company Intershop introduced its first online marketing system. In 1995 Amazon launched its online marketing site, and in 1996 eBay appeared

## **6.2 Customers**

Online customers must have access to a computer and a method of payment.

In general, higher levels of education, income, and occupation of the head of the household correspond to more favorable perceptions of non-store shopping. Also, increased exposure to technology increases the probability of developing favorable attitudes towards new shopping channels.

In a December 2011 study Equation Research found that 87% of tablet users made an online transaction with their tablet device during the early holiday shopping season.

## **6.3 Logistics**

Consumers find a product of interest by visiting the website of the retailer directly or by searching among alternative vendors using a shopping search engine.

Once a particular product has been found on the web site of the seller, most online retailers use shopping cart software to allow the consumer to accumulate multiple items and to adjust quantities, like filling a physical shopping cart or basket in a conventional store. A "checkout" process follows (continuing the physical-store analogy) in which payment and delivery information is collected, if necessary. Some stores allow consumers to sign up for a permanent online account so that some or all of this information only needs to be entered once. The consumer often receives an e-mail confirmation once the transaction is complete. Less sophisticated stores may rely on consumers to phone or e-mail their orders (though credit card numbers are not accepted by e-mail, for security reasons).

## **6.4 Payment**

Online shoppers commonly use a credit card to make payments, however some systems enable users to create accounts and pay by alternative means, such as:



- Billing to mobile phones and landlines
- Cash on delivery (C.O.D., offered by very few online stores)
- Check
- Debit card
- Direct debit in some countries
- Electronic money of various types
- Gift cards
- Postal money order
- Wire transfer/delivery on payment

Some sites will not accept international credit cards, some require both the purchaser's billing address and shipping address to be in the same country in which site does its business, and still other sites allow customers from anywhere to send gifts anywhere. The financial part of a transaction might be processed in real time (for example, letting the consumer know their credit card was declined before they log off), or might be done later as part of the fulfillment process.

## **6.5 Product delivery**

Once a payment has been accepted the goods or services can be delivered in the following ways.

**Downloading:** This is the method often used for digital media products such as software, music, movies, or images.

**Drop shipping:** The order is passed to the manufacturer or third-party distributor, who ships the item directly to the consumer, bypassing the retailer's physical location to save time, money, and space.

**In-store pickup:** The customer orders online, finds a local store using locator software and picks the product up at the closest store. This is the method often used in the bricks and clicks business model.

**Printing out, provision of a code for, or emailing of such items as admission tickets and scrip (e.g., gift certificates and coupons).** The tickets, codes, or coupons may be redeemed at the appropriate physical or online premises and their content reviewed to verify

their eligibility (e.g., assurances that the right of admission or use is redeemed at the correct time and place, for the correct dollar amount, and for the correct number of uses).

Shipping: The product is shipped to the customer's address or that of a customer-designated third party.

Will call, COBO (in Care Of Box Office), or "at the door" pickup: The patron picks up pre-purchased tickets for an event, such as a play, sporting event, or concert, either just before the event or in advance. With the onset of the Internet and e-commerce sites, which allow customers to buy tickets online, the popularity of this service has increased.

## **6.6 Shopping cart systems**

Simple systems allow the offline administration of products and categories. The shop is then generated as HTML files and graphics that can be uploaded to a web space. These systems do not use an online database.

A high end solution can be bought or rented as a standalone program or as an addition to an enterprise resource planning program. It is usually installed on the company's own web server and may integrate into the existing supply chain so that ordering, payment, delivery, accounting and warehousing can be automated to a large extent. Other solutions allow the user to register and create an online shop on a portal that hosts multiple shops at the same time.

Commercial systems can also be tailored to one's needs so the shop does not have to be created from scratch. By using a pre-existing framework, software modules for various functionalities required by a web shop can be adapted and combined.

## **6.7 Online marketing**

Like many online auction websites, many websites allow small businesses to create and maintain online shops (ecommerce online marketing carts), without the complexity that involved in purchasing and developing an expensive stand alone ecommerce software solutions.

## **6.8 Design**

Customers are attracted to online marketing not only because of the high level of convenience, but also because of the broader selection, competitive pricing, and greater access to information. Business organizations seek to offer online marketing because it is

much lower cost compared to bricks and mortar stores, offers access to a world wide market, increases customer value and builds sustainable capabilities.

### **6.9 Information load**

Designers of online shops are concerned with the effects of information load - whether consumers can be given too much information in virtual shopping environments. Information load is a product of the spatial and temporal arrangements of stimuli in the web store. Compared with conventional retail shopping, the information environment of virtual shopping is enhanced by providing additional product information such as comparative products and services as well as various alternatives and attributes of each alternative, etc. Two major dimensions of information load are complexity and novelty. Complexity refers to the number of different elements or features of a site, often the result of increased information diversity. Novelty involves the unexpected, suppressed, new, or unfamiliar aspects of the site. The novelty dimension may keep consumers exploring a shopping site, whereas the complexity dimension may induce impulse purchases.

### **6.10 Consumer needs and expectations**

A successful web store is not just a good looking website with dynamic technical features, listed in many search engines. In addition to disseminating information, it is about building relationships and making money.

Businesses often attempt to adopt online marketing techniques without understanding them and/or without a sound business model, producing web stores that support the organizations' culture and brand name without satisfying consumer's expectations. User-centered design is critical. Understanding the customer's wants and needs and living up to promises gives the customer a reason to come back and meeting their expectations gives them a reason to stay. It is important that the website communicates to the customer that the company cares about them.

Customer needs and expectations are not the same for all customers. Age, gender, experience, culture are all important factors. For example, Japanese cultural norms may lead users there to feel privacy is especially critical on shopping sites and emotional involvement is highly important on financial pensions sites Users with more online experience focus more on the

variables that directly influence the task, while novice users focus on understanding the information.

To increase online purchases, businesses must expend significant time and money to define, design, develop, test, implement, and maintain the web store. It is easier to lose a customer than to gain one and even "top-rated" sites will not succeed if the organization fails to practice common etiquette such as returning e-mails in a timely fashion, notifying customers of problems, being honest, and being good stewards of the customers' data.<sup>1</sup> Because it is important to eliminate mistakes and be more appealing to online shoppers, many web shop designers study research on consumer expectations.

### **6.11 User interface**

The most important factors determining whether customers return to a site are ease of use and the presence of user-friendly features. Usability testing is important for finding problems and improvements in a web site. Methods for evaluating usability include heuristic evaluation, cognitive walk through and user testing. Each technique has its own characteristics and emphasizes different aspects of the user experience.

### **6.12 Market share**

E-commerce B2C product sales totaled \$142.5 billion, representing about 8% of retail product sales in the United States. The \$26 billion worth of clothes sold online represented about 13% of the domestic market, and with 72% of women looking online for apparel, it has become one of the most popular cross-shopping categories. Forrester Research estimates that the United States online retail industry will be worth \$279 billion in 2015.

For developing countries and low-income households in developed countries, adoption of e-commerce in place of or in addition to conventional methods is limited by a lack of affordable Internet access.

### **6.13 Advantages**

#### **6.13.1 Convenience:**

Online stores are usually available 24 hours a day, and many consumers have Internet access both at work and at home. Other establishments such as internet cafes and schools provide access as well. A visit to a conventional retail store requires travel and must take place during business hours.

In the event of a problem with the item it is not what the consumer ordered, or it is not what they expected—consumers are concerned with the ease with which they can return an item for the correct one or for a refund. Consumers may need to contact the retailer, visit the post office and pay return shipping, and then wait for a replacement or refund. Some online companies have more generous return policies to compensate for the traditional advantage of physical stores. For example, the online shoe retailer Zappos.com includes labels for free return shipping, and does not charge a restocking fee, even for returns which are not the result of merchant error. (Note: In the United Kingdom, online shops are prohibited from charging a restocking fee if the consumer cancels their order in accordance with the Consumer Protection (Distance Selling) Act 2000).

### **6.13.2 Information and reviews**

Online stores must describe products for sale with text, photos, and multimedia files, whereas in a physical retail store, the actual product and the manufacturer's packaging will be available for direct inspection (which might involve a test drive, fitting, or other experimentation).

Some online stores provide or link to supplemental product information, such as instructions, safety procedures, demonstrations, or manufacturer specifications. Some provide background information, advice, or how-to guides designed to help consumers decide which product to buy.

Some stores even allow customers to comment or rate their items. There are also dedicated review sites that host user reviews for different products. Reviews and now blogs give customers the option of shopping cheaper or organise purchases from all over the world without having to depend on local retailers.

In a conventional retail store, clerks are generally available to answer questions. Some online stores have real-time chat features, but most rely on e-mail or phone calls to handle customer questions.

### **6.13.3 Price and selection**

One advantage of shopping online is being able to quickly seek out deals for items or services with many different vendors (though some local search engines do exist to help consumers locate products for sale in nearby stores). Search engines, online price comparison services and discovery shopping engines can be used to look up sellers of a particular product or service.

Shipping costs (if applicable) reduce the price advantage of online merchandise, though depending on the jurisdiction, a lack of sales tax may compensate for this.

Shipping a small number of items, especially from another country, is much more expensive than making the larger shipments bricks-and-mortar retailers order. Some retailers (especially those selling small, high-value items like electronics) offer free shipping on sufficiently large orders.

Another major advantage for retailers is the ability to rapidly switch suppliers and vendors without disrupting users' shopping experience.

## **6.14 Disadvantages**

### **6.14.1 Fraud and security concerns**

Given the lack of ability to inspect merchandise before purchase, consumers are at higher risk of fraud on the part of the merchant than in a physical store. Merchants also risk fraudulent purchases using stolen credit cards or fraudulent repudiation of the online purchase. With a warehouse instead of a retail storefront, merchants face less risk from physical theft.

Secure Sockets Layer (SSL) encryption has generally solved the problem of credit card numbers being intercepted in transit between the consumer and the merchant. Identity theft is still a concern for consumers when hackers break into a merchant's web site and steal names, addresses and credit card numbers. A number of high-profile break-ins in the 2000s have prompted some U.S. states to require disclosure to consumers when this happens. Computer security has thus become a major concern for merchants and e-commerce service providers, who deploy countermeasures such as firewalls and anti-virus software to protect their networks.

Phishing is another danger, where consumers are fooled into thinking they are dealing with a reputable retailer, when they have actually been manipulated into feeding private information to a system operated by a malicious party. Denial of service attacks are a minor risk for merchants, as are server and network outages.

Quality seals can be placed on the Shop web page if it has undergone an independent assessment and meets all requirements of the company issuing the seal. The purpose of these seals is to increase the confidence of the online shoppers; the existence of many different seals, or seals unfamiliar to consumers, may foil this effort to a certain extent. A number of resources offer advice on how consumers can protect themselves when using online retailer services. These include:

- Sticking with known stores, or attempting to find independent consumer reviews of their experiences; also ensuring that there is comprehensive contact information on the website before using the service, and noting if the retailer has enrolled in industry oversight programs such as trust mark or trust seal.
- Before buying from a new company, evaluate the website by considering issues such as: the professionalism and user-friendliness of the site; whether or not the company lists a telephone number and/or street address along with e-contact information; whether a fair and reasonable refund and return policy is clearly stated; and whether there are hidden price inflators, such as excessive shipping and handling charges.
- Ensuring that the retailer has an acceptable privacy policy posted. For example note if the retailer does not explicitly state that it will not share private information with others without consent.
- Ensuring that the vendor address is protected with SSL (see above) when entering credit card information. If it does the address on the credit card information entry screen will start with "HTTPS".
- Using strong passwords, without personal information. Another option is a "pass phrase," which might be something along the lines: "I shop 4 good a buy!!" These are difficult to hack, and provides a variety of upper, lower, and special characters and could be site specific and easy to remember.

Although the benefits of online marketing are considerable, when the process goes poorly it can create a thorny situation. A few problems that shoppers potentially face include identity theft, faulty products, and the accumulation of spyware. Whenever you purchase a product, you are going to be required to put in your credit card information and billing/shipping address. If the website is not secure a customer's information can be accessible to anyone who knows how to obtain it. Most large online corporations are inventing new ways to make fraud more difficult, however, the criminals are constantly responding to these developments with new ways to manipulate the system. Even though these efforts are making it easier to protect yourself online, it is a constant fight to maintain the lead. It is advisable to be aware of the most current technology and scams out there to fully protect yourself and your finances. One of the hardest areas to deal with in online marketing is the delivery of the products. Most companies offer shipping insurance in case the product is lost or damaged; however, if the buyer opts not to purchase insurance on their products, they are generally out of luck. Some shipping companies will offer refunds or compensation for the damage, but it

is up to their discretion if this will happen. It is important to realize that once the product leaves the hands of the seller, they have no responsibility (provided the product is what the buyer ordered and is in the specified condition).

#### **6.14.2 Lack of full cost disclosure**

The lack of full disclosure with regards to the total cost of purchase is one of the concerns of online marketing. While it may be easy to compare the base price of an item online, it may not be easy to see the total cost up front as additional fees such as shipping are often not be visible until the final step in the checkout process. The problem is especially evident with cross-border purchases, where the cost indicated at the final checkout screen may not include additional fees that must be paid upon delivery such as duties and brokerage. Some services such as the Canadian based Wishabi attempts to include estimates of this additional cost, but nevertheless, the lack of general full cost disclosure remains a concern.

#### **6.14.3 Privacy**

Privacy of personal information is a significant issue for some consumers. Different legal jurisdictions have different laws concerning consumer privacy, and different levels of enforcement. Many consumers wish to avoid spam and telemarketing which could result from supplying contact information to an online merchant. In response, many merchants promise not to use consumer information for these purposes, or provide a mechanism to opt-out of such contacts.

Many websites keep track of consumers shopping habits in order to suggest items and other websites to view. Brick-and-mortar stores also collect consumer information. Some ask for address and phone number at checkout, though consumers may refuse to provide it. Many larger stores use the address information encoded on consumers' credit cards (often without their knowledge) to add them to a catalog mailing list. This information is obviously not accessible to the merchant when paying in cash.

#### **6.14.4 Hands-on inspection**

Typically, only simple pictures and or descriptions of the item are all a customer can rely on when shopping on online stores. If the customer does not have prior exposure to the item's handling qualities, they will not have a full understanding of the item they are buying. However, Written and Video Reviews are readily available from consumers who have purchased similar items in the past. These can be helpful for prospective customers, but these



reviews can be sometimes subjective and based on personal preferences that may not reflect end-user satisfaction once the item has been received.

Because of this, many consumers have begun going to real-world stores to view a product, before purchasing online. To combat the process, Target has requested distributors give them equally low prices, or alternatively, exclusive products available at their store only.

#### **6.14.5 Product suitability**

Any successful purely virtual companies deal with digital products, (including information storage, retrieval, and modification), music, movies, office supplies, education, communication, software, photography, and financial transactions. Other successful marketers use Drop shipping or affiliate marketing techniques to facilitate transactions of tangible goods without maintaining real inventory.

Some non-digital products have been more successful than others for online stores. Profitable items often have a high value-to-weight ratio, they may involve embarrassing purchases, they may typically go to people in remote locations, and they may have shut-ins as their typical purchasers. Items which can fit in a standard mailbox—such as music CDs, DVDs and books—are particularly suitable for a virtual marketer.

Products such as spare parts, both for consumer items like washing machines and for industrial equipment like centrifugal pumps, also seem good candidates for selling online. Retailers often need to order spare parts specially, since they typically do not stock them at consumer outlets—in such cases, e-commerce solutions in spares do not compete with retail stores, only with other ordering systems. A factor for success in this niche can consist of providing customers with exact, reliable information about which part number their particular version of a product needs, for example by providing parts lists keyed by serial number.

Products less suitable for e-commerce include products that have a low value-to-weight ratio, products that have a smell, taste, or touch component, products that need trial fittings—most notably clothing—and products where color integrity appears important. Nonetheless, some web sites have had success delivering groceries and clothing sold through the internet is big business in the U.S

#### **6.14.6 Aggregation**

High-volume websites, such as Yahoo!, Amazon.com and eBay, offer hosting services for online stores to all size retailers. These stores are presented within an integrated navigation

framework. Collections of online stores are sometimes known as virtual shopping malls or online marketplaces.

#### **6.14.7 Impact of reviews on consumer behavior**

One of the great benefits of online marketing is the ability to read others' reviews, which could be from experts or simply fellow shoppers on one product and service.

The Nielsen Company conducted a survey in March 2010 and polled more than 27,000 Internet users in 55 markets from the Asia-Pacific, Europe, Middle East, North America and South America to look at questions such as "How do consumers shop online?", "What do they intend to buy?", "How do they use various online marketing web pages?", and the impact of social media and other factors that come into play when consumers are trying to decide how to spend their money on which product or service.

According to that research, reviews on electronics (57%) such as DVD players, cell phones or PlayStations and so on, reviews on cars (45%), and reviews on software (37%) play an important role and have influence on consumers who tend to make purchases and buy online. In addition to online reviews, peer recommendations on the online marketing pages or social media play a key role for online shoppers while researching future purchases of electronics, cars and travel or concert bookings. On the other hand, according to the same research, 40% of online shoppers indicate that they would not even buy electronics without consulting online reviews first.

### **7.0 Online marketing is a tool of Direct Marketing**

#### **7.1 Direct marketing**

Direct marketing is a channel-agnostic form of advertising that allows businesses and nonprofits to communicate straight to the customer, with advertising techniques such as mobile messaging, email, interactive consumer websites, online display ads, fliers, catalog distribution, promotional letters, and outdoor advertising.

Direct marketing messages emphasize a focus on the customer, data, and accountability. Characteristics that distinguish direct marketing are:

1. Marketing messages are addressed directly to customers. Direct marketing relies on being able to address the members of a target market. Addressability comes in a variety of forms including email addresses, mobile phone numbers, and Web browser cookies, fax numbers and United States and international postal addresses.

2. Direct marketing seeks to drive a specific "call to action." For example, an advertisement may ask the prospect to call a free phone number or click on a link to a website.
3. Direct marketing emphasizes traceable, measurable responses from customers — regardless of medium.

Direct marketing is practiced by businesses of all sizes — from the smallest start-up to the leaders on the Fortune 500. A well-executed direct advertising campaign can prove a positive return on investment by showing how many potential customers responded to a clear call-to-action. General advertising eschews calls-for-action in favor of messages that try to build prospects' emotional awareness or engagement with a brand. Even well-designed general advertisements rarely can prove their impact on the organization's bottom line.

## **7.2 Popularity of Direct Advertising**

A recent study by the Direct Marketing Association reports that in 2010, marketers — commercial and nonprofit — spent \$153.3 billion on direct marketing, which accounted for 54.2% of all ad expenditures in the United States. Measured against total US sales, these advertising expenditures generated approximately \$1.798 trillion in incremental sales. In 2010, direct marketing accounted for 8.3% of total US gross domestic product. Also in 2010, there were 1.4 million direct marketing employees in the US. Their collective sales efforts directly supported 8.4 million other jobs, accounting for a total of 9.8 million US jobs.

## **7.3 History**

Mail order pioneer Aaron Montgomery Ward knew that by using the technique of selling products directly to the customer at appealing prices could, if executed effectively and efficiently, revolutionize the market industry and therefore be used as an innovative model for marketing products and creating customer loyalty. The term "direct marketing" was coined long after Montgomery Ward's time.

In 1967, Lester Wunderman identified, named, and defined the term "direct marketing". Wunderman — considered to be the father of contemporary direct marketing — is behind the creation of the toll-free 1-800 number and numerous loyalty marketing programs including

the Columbia Record Club, the magazine subscription card, and the American Express Customer Rewards program.

In 1872, Aaron Montgomery Ward produced the first mail-order catalogue for his Montgomery Ward mail order business. By buying goods and then reselling them directly to customers, Ward was consequently removing the middlemen at the general store and, to the benefit of the customer, drastically lowering the prices. The Direct Mail Advertising Association, predecessor of the present-day Direct Marketing Association, was first established in 1917. Third class bulk mail postage rates were established in 1928.

## 7.4 Direct Marketing Channels

Any medium that can be used to deliver a communication to a customer can be employed in direct marketing, including:

### 7.4.1 Email Marketing

Sending marketing messages through email or Email marketing is one of the most widely used direct-marketing methods. One reason for email marketing's popularity is that it is relatively inexpensive to design, test, and send an email message. It also allows marketers to deliver messages around the clock, and to accurately measure responses.

### 7.4.2 Online Tools

With the expansion of digital technology and tools, direct marketing is increasingly taking place through online channels. Most online advertising is delivered to a focused group of customers and has a tractable response.

- **Display Ads** are interactive ads that appear on the Web next to content on Web pages or Web services. Formats include static banners, pop ups, videos, and floating units. Customers can click on the ad to respond directly to the message or to find more detailed information. According to research by e-Marketer, expenditures on online display ads rose 24.5% between 2010 and 2011.
- **Search:** 49% of US spending on Internet ads go to search, in which advertisers pay for prominent placement among listings in search engines whenever a potential customer enters a relevant search term, allowing ads to be delivered to customers based upon their already-indicated search criteria.<sup>1</sup> This paid placement industry generates more than \$10

billion dollars for search companies. Marketers also use search engine optimization to drive traffic to their sites.

- **Social Media Sites**, such as Facebook and Twitter, also provide opportunities for direct marketers to communicate directly with customers by creating content to which customers can respond.

### 7.4.3 Mobile

Through mobile marketing, marketers engage with prospective customers and donors in an interactive manner through a mobile device or network, such as a cellphone, smartphone, or tablet. Types of mobile marketing messages include: **SMS:** (short message service) — marketing communications are sent in the form of text messages, also known as texting. **MMS:** (multi-media message service) — these messages use elements such as images, video, and audio; **Mobile Applications:** Smartphone-based mobile apps contain several types of messages. Push Notifications are direct messages sent to a user either automatically or as part of a campaign. They include transactional, marketing, geo-based, and more. Rich Push Notifications are full HTML Push Notifications. Mobile apps also contain Interactive ads that appear inside the mobile application or app; **Location-Based Marketing:** marketing messages delivered directly to a mobile device based on the user's location; **QR Codes** (quick-response barcodes): This is a type of 2D barcode with an encoded link that can be accessed from a Smartphone. This technology is increasingly being used for everything from special offers to product information. **Mobile Banner Ads:** Like standard banner ads for desktop Web pages but smaller to fit on mobile screens and run on the mobile content network

### 7.4.4 Direct Mail

The term "direct mail" is used to refer to communications sent to potential customers or donors via the postal service and other delivery services. Direct mail is sent to customers based on criteria such as age, income, location, profession, buying pattern, etc.

Direct mail includes advertising circulars, catalogs, free-trial CDs, pre-approved credit card applications, and other unsolicited merchandising invitations delivered by mail to homes and businesses. Bulk mailings are a particularly popular method of promotion for businesses operating in the financial services, home computer, and travel and tourism industries.

In many developed countries, direct mail represents such a significant amount of the total volume of mail that special rate classes have been established. In the United States and United Kingdom for example, there are bulk mail rates that enable marketers to send mail at rates that are substantially lower than regular first-class rates. In order to qualify for these rates, marketers must format and sort the mail in particular ways – which reduces the handling (and therefore costs) required by the postal service. In the US, marketers send over 90 billion pieces of direct mail per year

Advertisers often refine direct mail practices into targeted mailing, in which mail is sent out following database analysis to select recipients considered most likely to respond positively. For example, a person who has demonstrated an interest in golf may receive direct mail for golf-related products or perhaps for goods and services that are appropriate for golfers. This use of database analysis is a type of database marketing. The United States Postal Service calls this form of mail "advertising mail" (ad mail for short).

#### **7.4.5 Telemarketing**

Another common form of direct marketing is telemarketing, in which marketers contact customers by phone. The primary benefit to businesses is increased lead generation, which helps businesses increase sales volume and customer base. The most successful telemarketing service providers focus on generating more "qualified" leads that have a higher probability of getting converted into actual sales.

The National Do Not Call Registry was created in 2003 to offer consumers a choice whether to receive telemarketing calls at home. The FTC created the National Do Not Call Registry after a comprehensive review of the Telemarketing Sales Rule (TSR). The do-not-call provisions of the TSR cover any plan, program, or campaign to sell goods or services through interstate phone calls. The provisions do not cover calls from political organizations, charities, telephone surveyors, or companies with which a customer has an existing business relationship.

Canada has its own National Do Not Call List (DNCL). In other countries it is voluntary, such as the New Zealand Name Removal Service.

#### **7.4.6 Voicemail Marketing**

Voicemail marketing emerged out of the market prevalence of personal voice mailboxes, and business voicemail systems. Voicemail marketing presented a cost effective means by which to reach people directly, by voice. Abuse of consumer marketing applications of voicemail

marketing resulted in an abundance of "voice-spam," and prompted many jurisdictions to pass laws regulating consumer voicemail marketing. More recently, businesses have utilized guided voicemail (an application where pre-recorded voicemails are guided by live callers) to accomplish personalized business-to-business marketing formerly reserved for telemarketing. Because guided voicemail is used to contact only businesses, it is exempt from Do Not Call regulations in place for other forms of voicemail marketing. Voicemail courier is a similar form of voicemail marketing with both business-to-business and business-to-consumer applications.

#### **7.4.7 Broadcast Faxing**

Broadcast faxing, in which faxes are sent to multiple recipients, is now less common than in the past. This is partly due to laws in the United States and elsewhere which regulate its use for consumer marketing. In 2005, President Bush signed into law S. 714, the Junk Fax Prevention Act of 2005 (JFPA), which allows marketers to send commercial faxes to those with whom they have an established business relationship (EBR), but imposes some new requirements. These requirements include providing an opt-out notice on the first page of faxes and establishing a system to accept opt-outs at any time of the day. Fax senders must begin complying with these new requirements, which are described in this fact sheet. Roughly 2% of direct marketers use fax, mostly for business-to-business marketing campaigns. Also, due to the popularity of a variety of digital communication methods, the overall use of faxes is less than in the past.

#### **7.4.8 Couponing**

Couponing is used in print and digital media to elicit a response from the reader. An example is a coupon which the reader receives through the mail and takes to a store's check-out counter to receive a discount.

**7.4.8.1 Digital Coupons:** Manufacturers and retailers make coupons available online for electronic orders that can be downloaded and printed. Digital coupons are available on company websites, social media outlets, texts, and email alerts. There are an increasing number of mobile phone applications offering digital coupons for direct use.

Daily Deal Sites offer local and online deals each day, and are becoming increasingly popular. Customers sign up to receive notice of discounts and offers, which are sent daily by email. Purchases are often made using a special coupon code or promotional code. The largest of these sites, Groupon, has over 83 million subscribers.

#### **7.4.9 Direct Response TV**

Direct marketing via television (commonly referred to as DRTV) has two basic forms: long form (usually half-hour or hour-long segments that explain a product in detail and are commonly referred to as infomercials) and short form, which refers to typical 30-second or 60-second commercials that ask viewers for an immediate response (typically to call a phone number on screen or go to a website). TV-response marketing — i.e. infomercials — can be considered a form of direct marketing, since responses are in the form of calls to telephone numbers given on-air. This allows marketers to reasonably conclude that the calls are due to a particular campaign, and enables them to obtain customers' phone numbers as targets for telemarketing. One of the most famous DRTV commercials was for Ginsu Knives by Ginsu Products, Inc. of RI. Several aspects of ad, such as its use of adding items to the offer and the guarantee of satisfaction were much copied, and came to be considered part of the formula for success with short-form direct-response TV ads (DRTV)

#### **7.4.10 Direct Response Radio**

In direct response radio, ads contain a call to action with a specific tracking mechanism. Often, this tracking mechanism is a "call now" prompt with a toll-free phone number or a unique Web URL. Results of the ad can be tracked in terms of calls, orders, customers, leads, sales, revenue, and profits that result from the airing of those ads.

#### **7.4.11 Insert Media**

Another form of direct marketing, insert media are marketing materials that are inserted into other communications, such as a catalog, newspaper, magazine, package, or bill. Coop or shared mail, where marketing offers from several companies are delivered via a single envelope, is also considered insert media.

#### **7.4.12 Out-of-Home**

Out of home direct marketing refers to a wide array of media designed to reach the consumer outside the home, including transit, bus shelters, bus benches, aerials, airports, in-flight, in-store, movies, college campus/high schools, hotels, shopping malls, sport facilities, stadiums, taxis — that contain a call-to-action for the customer to respond.

#### **7.4.13 Direct Response Magazines and Newspapers**

Magazine and newspaper ads often include a direct response call-to-action, such as a toll-free number, a coupon redeemable at a brick-and-mortar store, or a QR code that can be scanned



by a mobile device — these methods are all forms of direct marketing, because they elicit a direct and measurable action from the customer.

#### **7.4.14 Direct Selling**

Direct selling is the sale of products by face-to-face contact with the customer, either by having salespeople approach potential customers in person, or through indirect means such as Tupperware parties.

#### **7.4.15 Grassroots/Community Marketing**

The door-to-door distribution of flyers and leaflets within a local community is a business-to-consumer form of direct marketing used extensively by restaurants, fast food companies, and many other businesses focusing on a local catchment. Similar to direct mail marketing, this method is targeted purely by area and community.

### **8.0 The law and selling online**

If you are selling online, there are a number of pieces of legislation you need to be familiar with. These are designed to ensure customers' personal data is kept secure, goods and services meet quality and suitability standards and online contracts are legally binding.

The **Data Protection Act** regulates how you use and protect personal information held about living people, in customer records. The Act affects information that you have on computer as well as some paper-based records. To comply with the rules you need to follow the eight data protection principles.

The **Consumer Protection (Distance Selling) Regulations** require you to give your customers specified information before they place an order. You are also required to send the buyer an order confirmation and give them a 'cooling off period' in which they can cancel their purchase if they wish. See our guide on **distance selling and online trading**.

The **E-commerce Regulations** are designed to ensure online contracts are legally binding. They specify what information about your business and contract you must share with online customers and sets out guidelines for advertising and promotions. See our guide on **e-commerce and the law**.

If your business is a limited company or limited liability partnership (LLP), under the terms of the **Companies Act 2006**, your website must show:

- the full name of the company or LLP
- the registered office address of the company or LLP
- the registered number of the company or LLP
- the place of registration of the company or LLP
- if the company is being wound up
- the VAT number (if VAT registered)

## **9.0 Internet and e-commerce industry in India**

Online business activity i.e. business through internet is called ecommerce. Ecommerce is showing tremendous business growth in our country. Increasing internet users have added to its growth. Ecommerce has helped online travel industry in many ways and added a new sales avenue through online retail industry in our country.

Almost a decade back when dot-com businesses were showing downfall trends and during those time, no commercial activities was happening on internet. And without any commercial activity internet means nothing. Since those early experiments, the growth of ecommerce has been slow. But it is the beginning to take off. Though this industry is growing at a very fast pace, still Indian ecommerce has a long way to go and its infrastructure and practices are in its infancy stage. In present environment, technological development in the field of telecommunication and computer technologies has made computer networks an integral part of our economic infrastructure. It provides multiple benefits to consumers and facilitates goods at lesser cost, more choices and saves time. Consumers can buy goods sitting at their homes or offices. Similarly online services such as ticketing for all kind of travel, banking, bill payment, hotel bookings etc. have been of tremendous benefits for consumers. As per industry experts, this industry will increase exponentially in times to come.

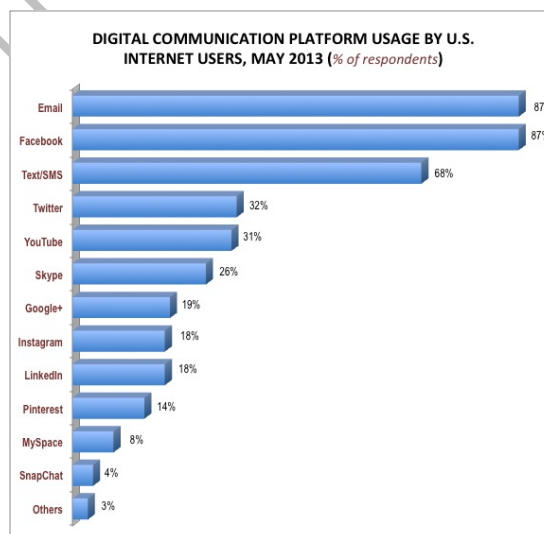
## FACTORS INFLUENCING GROWTH

Ecommerce industry has touched turnover of Rs 48,520 crore with 49 % growth in 2013 .Out of which 81 % (i.e. Rs 37890 crore) of ecommerce revenues are from online travel vertical. The factors mentioned below are major reasons for ecommerce boom in India.

**Increasing Internet Users** - Growing internet users is one of the main factors for the growth of this industry. As per the data available from IAMAI (iamai.in), internet users have grown by 38 % in 2011 and touched a subscriber base of 121 million.

Though internet users have grown 38 % in 2011 and 121 million internet users account for only 9% of our population (130 crore or 1300 million in 2011). India has 9% internet penetration whereas in China and U.S it is 40 to 45 percent. Still 121 million internet users is the third largest online population in the world. This growing data base shows that our countryman has started familiarity with web services. While travel industry dominated ecommerce revenues with 80 % market share in 2011. With the entry of some e-tailers online non travel industry is also expected to grow tremendously. The internet is getting into Daily life of every citizen. It involves everything from banking and videos to education and healthcare will be delivered online in coming times.

An interesting tale – Indian railway portal irctc.co.in has started its operations in the year 2002. It has booked 27 tickets only on first day of launching. Today it books 4 lacs tickets a day. It is India's largest ecommerce company with a turnover of Rs 765 crore in the year 2013. At present it is the most successful ecommerce model.



## **GROWING DISPOSABLE INCOME IN MIDDLE CLASS**

With the growth of small and medium enterprises, entry of powerful multinational companies, allowing foreign direct investment in our country, growing industrialization, liberal economic policies have created millions of jobs opportunities in India. That resulted in increased income level in middle class that eventually turned into increased consumerism and web users' customers which helped ecommerce industry also. Moreover availability of many domestic and global brands as well as services is restricted to metropolitan cities such as Delhi, Bangalore and Mumbai etc. It has forced online shoppers of tier II and tier III city consumers to go for online marketing. In this way ecommerce has helped middle class consumers turning to ecommerce for various services and sophisticated consumer products.

## **EASE IN PAYMENTS**

Initially online payment by consumers used to be the biggest challenge for ecommerce industry in India. India was lacking the required infrastructure to support new businesses like ecommerce. However new payment gateways have contributed to the growth of ecommerce tremendously. Indians have an aversion to credit cards.

Interestingly an estimated 2 % only of our population holds a credit card. New payment system like cash on delivery, net banking facilities are mandatory for every ecommerce platform. It has helped a lot to this industry. Cash on delivery is being very well accepted by e shoppers as it safeguards their interest also. Even it created a new business opportunity of cash collection for ecommerce industry.

Recently a Hyderabad based company (Gharpay .com) is betting big on the growing need of cash collection. This company works in 7 metros now and helps online shoppers in cash collection.

## **LOGISTICS ISSUES**

Earlier logistics companies dealing with ecommerce industry have been notoriously unreliable. Interstate logistics regulations makes it more complex .Though support services are in nascent stage in India , but expected to see a lot of happenings . It is largely felt that logistics part of ecommerce business is a big hurdle and it gave birth to a new business opportunity also i.e. 'Logistics for ecommerce companies. Today some firms specialize in delivering the product at customer's doorstep. These firms' works only for ecommerce

companies only .One such firm is chottu.in. All these activities gave tremendous boom to customer confidence as well as ecommerce business in India. Online Travel industry does not need any kind of logistics. For instance IRCTC already have very advanced reservation system in place. It can tell oneself about availability, pricing and other details of customer importance. It has easy payment system e.g. card payment since long. It is one of the reasons; travel industry has captured 80 % of ecommerce industry revenue.

## **ECOMMERCE – THE REAL CHALLENGES**

Following are some of the infrastructural barriers responsible for slow growth of ecommerce in India. Though some of these even offer new business opportunities, betterment is already happening in those areas of growth. These factors are as below :

**Taxation** – Difference in state tax policies, VAT, octroi etc. creates commercial hurdles in ecommerce business of thin margins. For example imposing of service tax on ecommerce transactions may result in making online marketing more expensive.

**Vendor Management** – Even if one's system may be most advanced, one is needed to deal with insufficient system of inventory management for product procurement .For updating the pricing on one's website there is no mechanism in place to check for daily pricing.

**Payment Collection And Logistics** - Though these both services are in correction mode and due to this ecommerce industry has witnessed tremendous growth in recent years. Still a lot of work is required on these two factors. Even payment collection and logistics for ecommerce industry presents new business opportunities for new age entrepreneurs. If the product is delivered safe and secure to right person in right time frame, it gives a seamless experience to user. An honest approach to logistics and payment collection can multiply growth in coming times **Business of Thin Margins** - Ecommerce is a business of thin margins. Following an aggressive business model cannot be recommended. Even the insurance on high value shipped articles is needed sometimes, resulting in increasing the cost. Low value items have significant transportation cost again resulting in increasing the cost.

Activities that make online marketing expensive may result in downward trend for ecommerce industry. Though growth in market is easy, profitable growth is not. Managing an effective back-end ,a country wide delivery network ,warehouses, inventory management ,logistics, etc. are the key factors in managing the cost .As price wars controls revenue side of

any business ,companies should be careful about burning cash in ads or in irrational price wars to bag customers. Cyber act and legal system - Though IT has offered many advantages, number of challenges has been posed to legal system. The information transferred electronically makes into a contract that raises many issues that cannot be answered by existing provisions of contract. Some of the issues can be summarized in following manner:

- Formation of e-contracts
- Validity of e-transactions
- Errors in data feeding on website
- Jurisdictions – Electronic transactions does not have any national or international boundaries .So in case of any dispute it cannot be resolved with common law principles of that land .As different nations have different laws for cyber space . The jurisdiction issues can not include one nation and hence needs global resolution.

#### **MAKING ONLINE MARKETING MORE EFFECTIVE- SOME TIPS**

1. Making the payment mechanism more customer friendly and safer
2. Mention clearly the delivery time and delivering the product within that timeframe.
3. Strong government policies against online frauds and cyber crimes and policies favoring ecommerce industry.
4. Complete and transparent information about product.
5. Providing price comparison to customer.
6. Selling branded goods and providing innovative and Quality products with best pricing.
7. Limited personal information
8. Products offered and products delivered should not vary.

The global promise of new communications technologies has become a subject of great public interest, as businesses and governments discuss the best ways of introducing these technologies and of sharing with consumers the benefits they offer. By marrying the user-friendliness of the computer/television screen to the instantaneous transmission of telecommunications, these technologies are providing a new means for the delivery of information, entertainment and business services, bringing consumers and business closer together. Consumers are being empowered, more than ever before, to dialogue with producers and to precisely express their particular needs and desires.

Advertisers and marketers are helping to develop the new media just as they helped to develop the traditional media of the past. Today, advertising represents the main source of revenue for traditional media. Similarly, advertising and marketing will make a vital

contribution to the new interactive media by allowing it to offer more affordable goods and services to a wider, global audience.

The International Chamber of Commerce (ICC) is the world's foremost developer of self-regulatory codes of ethical conduct for advertising and marketing practices. The ICC believes that advertising and marketing on the Internet, World Wide Web, and online services should reflect the highest standards of ethical conduct as laid down in the ICC International Code of Advertising Practice and other relevant ICC self-regulatory Codes.

The global character and technological properties of the new media have created a unique business environment. Media owners, in the traditional sense, do not exist, which has led to the bypassing of traditional intermediaries such as publishers and broadcasters. Responsible advertisers and marketers (which, in this new context, will mean any person or company posting an electronic commercial message) should recognize that it is in their own interest to observe self-disciplinary guidelines specifically adapted for electronic or interactive advertising and marketing. Advertisers and marketers should strive to create an electronic environment which all the world's consumers can fully trust.

Consumers and marketers should seek to cooperate in order to minimize the potential cost and to enhance efficiency savings of electronic networks. By choosing to share pertinent data about themselves, consumers can be provided with relevant product information and efficient and economical services. This will enable consumers to choose goods and services better adapted to their needs and tastes.

The ICC recognizes that advertising and marketing in the interactive media is at an early stage of development and acknowledges that the relevant principles and guidelines may have to change and evolve as we learn more about the new technologies and their specific uses. Thus, in light of experience acquired, the ICC presents hereafter an updated version of the 1996 Guidelines. The ICC commits itself to the regular review of these guidelines to ensure their continued viability.

With the above in mind, the ICC recommends the worldwide promulgation of the guidelines below, which intend to fulfil the following objectives:

- to enhance the confidence of the public at large in advertising and marketing provided over the new interactive systems;
- to safeguard an optimum of freedom of expression for advertisers and marketers;
- to minimize the need for governmental and/or inter-governmental legislation or regulations; and
- to meet reasonable consumer privacy expectations.

These Guidelines apply to all marketing and advertising activities on the Internet for the promotion of any form of goods or services. The Guidelines set standards of ethical conduct to be observed by all involved with advertising and marketing activities on the Internet.

For the purpose of these guidelines:

- the term "Internet" refers to the public network of computer networks which enables the transmission of information between users, or between users and a place on the network, as well as to all interactive media and electronic networks such as the World Wide Web and online services;
- the term "content" means all forms of advertising and marketing information and covers text, pictures, animation, video and audio, and may also include software;
- the term "World Wide Web" refers to the network of resources accessible on the Internet using the Hypertext Transfer Protocol ("http").

All advertising and marketing on the Internet should comply with the spirit as well as the letter of the principles set forth in the ICC's Codes on Advertising Practice, Sales Promotion, Direct Marketing, Environmental Advertising, and Sponsorship as well as the ICC-ESOMAR Code on Marketing and Social Research Practice.

All advertising and marketing should be legal, decent, honest and truthful. "Legal", in the context of these guidelines, is presumed to mean that advertising and marketing messages should be legal in their country of origin

Advertising and marketing messages should be sensitive to issues of social responsibility and should in addition conform to generally accepted principles as regards ethical marketing.



Advertising and marketing messages should not be designed or transmitted in such a way as to impair overall public confidence in the Internet as a medium and marketplace.

Advertisers and marketers of goods and services who post commercial messages via the Internet should always disclose their own identity and that of the relevant subsidiary, if applicable, in such a way that the user can contact the advertiser or marketer without difficulty.

Advertisers and marketers should clearly inform users of the cost of accessing a message or a service where the cost is higher than the basic telecommunications rate. Users should be provided with such notice of cost at the time they are about to access the message or service. This notice mechanism should allow users a reasonable amount of time, as set by the marketer or mandated by applicable law, to disconnect from the service without incurring the charge.

Advertisers and marketers should respect the role of particular electronic news groups, forums or bulletin boards as public meeting places which may have rules and standards as to acceptable commercial behaviour. Advertising and marketing messages posted to public sites are appropriate:

- when the forum or site receiving the message has a fundamentally commercial nature or activity; or
- when the subject or theme of the bulletin board or news group is pertinent to the content of the advertising or marketing message; or
- when the forum or site has otherwise implicitly or explicitly indicated consent to the receipt of advertising and marketing messages.

### **1. Collection and use of data**

Advertisers and marketers should disclose the purpose(s) for collecting and using personal data to users and should not use the data in a way incompatible with those purposes. Data files should be accurate, complete and kept up to date.

## **2. Data privacy**

Advertisers and marketers should take reasonable precautions to safeguard the security of their data files.

## **3. Disclosure of data**

The user should be given the opportunity to refuse the transfer of data to another advertiser or marketer. Personal data should not be disclosed when the user has objected except by authority of law. Online mechanisms should be put in place to allow users to exercise their right to opt-out by electronic means.

## **4. Correction and blocking of data**

Advertisers and marketers should give the user the right to obtain data relating to him and, where appropriate, to have such data corrected, completed, or blocked.

## **5. Privacy policy statements**

Advertisers and marketers are encouraged to post their privacy policy statement on their online site. When such privacy policy statements exist, they should be easy to find, easy to use and comprehensible.

## **6. Unsolicited commercial messages**

Advertisers and marketers should not send unsolicited commercial messages online to users who have indicated that they do not wish to receive such messages. Advertisers and marketers should make an online mechanism available to users by which the users can make known to the advertisers and marketers that they do not wish to receive future online solicitations. Unsolicited online advertising or marketing commercial messages should be clearly identified as such and should identify the advertiser or marketer.

Advertisers and marketers offering goods or services to children online should:

- not exploit the natural credulity of children or the lack of experience of young people and should not strain their sense of loyalty;
- not contain any content which might result in harm to children;
- identify material intended only for adults;
- encourage parents and/or guardians to participate in and/or supervise their children's online activities;
- encourage young children to obtain their parent's and/or guardian's permission before the children provide information online, and make reasonable efforts to ensure that parental consent is given;
- provide information to parents and/or guardians about ways to protect their children's privacy online.

## **CHAPTER 4**

### **CHALLENGES AND OPPORTUNITIES**

#### **4.1 Importance of Internet Marketing**

Below are some of the reasons why it is absolutely important for any business to invest in online marketing for their brands.

##### **Cost effective**

IM (internet marketing) is one of the best cost effective ways of advertising because marketing products on the internet is less expensive in comparison to physical marketing due to short chain of middlemen in online marketing as well as less expenses on the physical outlet of the showrooms and the use of marketing articles or social media in establishing an online presence is minimal and you don't have to incur cost of rental property and its maintenance because you will not have to purchase stocks in bulk for display in a store.

##### **Convenient**

Internet marketing enables to provide 24\*7 services without worrying about the opening and closing hours of a physical store. It's also convenient for your customers because they can browse your online store at any time and from any place worldwide and place their orders at their own convenient time.

##### **Increase website traffic**

The use of articles or social media as a marketing strategy will help to increase traffic to a business website. The more people visiting the site the more likelihood to closing with more sells and generating more interests of people in the products.

##### **One-to-one Marketing**

Internet marketing overcomes barriers of distance is overcome by internet marketing because you can sell goods in any parts of the world without setting up a local outlet over there, thus

the scope of target market becomes very wide. However if you want to sell the product or services internationally you will have to use localization services to ensure that your products are suitable for local markets and comply with local business rules and regulations. Localization of services include translation and product modification which reflect the differences in local market.

### **Improves customer seller relationship**

Better platform to build relationships with customers to increase customer retention level is provided by internet. For example when a customer has purchased a product, first step to begin the relationship by sending a follow up e-mail to confirm the transaction and then thank the customer. You can also invite the potential customers to give product reviews on your website regarding the existing product and this will help to build a sense of community.

### **Personalization**

By building a profile of their purchasing history and preferences, internet marketing will help a business to personalize offers for customers. You can do this by tracking the product information and web pages that helps to prospect, visit and make targeted offers which reflect their interests.

### **Increases sales**

Internet marketing will increase your sales because it provides the consumers opportunity to purchase the products online rather than physically going to a place or sending an order form by mail. This will increase the impulse rate of purchasing power resulting in an increase of revenue for business organizations and an excellent return on their investments.

### **Always available to consumers**

Using internet marketing techniques businesses can give their consumers a 24 hour outlet for finding the products they want, in physical outlets shopping is done in only normal working hours which impact the work schedule and lifestyle of the customers.

## **Better conversion rate**

If you have a website of your business organization, then your customers are only few clicks away from completing a purchase from your website. Unlike other media, e-marketing is seamless, which require people to get up and make a phone call, post a letter or go to a shop.

## **CHALLENGES OF E- MARKETING**

Since late 1990s, there is a boom in the use of internet .hence, so many web-based companies have been starting up every day. What more is available? What are the new opportunities for growth? , is expanding the reach and capabilities of the cyberspace. But for all these some problems are faced by these industries which are unique in itself. Special set of challenges are faced by these web-based industries. In this article, we have taken a look at those and their possible solutions.

### **1. Marketing integration**

Multiple channels are employed by the sales efforts which are online and offline, e.g. email advertising, social networking, outbound call handling and so on.

The problem faced with these is that they are supposed to serve a concrete and measurable goal as part of an integrated campaign even though they are often handled as different parts of the work. So to coordinate all marketing efforts must be a priority.

Alongside the traditional campaign, e-marketing should be done and should not be tacked at the end of the business plan.

2. Security and privacy Most people do not completely trust Web companies and, thus, they hesitate about offering information about themselves on the cyberspace.

When companies that collect data are exposed to scammers and spammers, this is especially true. To adopt a sound policy and implement a fool-proof security measure, it becomes imperative for e-businesses. In a particular Encryption systems are a tool that online companies should seriously consider investing in. 3. Impersonal service Electronic methods

of providing customer service are used by businesses which are operating online, such as posting and emailing info on the website to answer possible user questions. Sometimes customers perceived this to as just too impersonal or uncaring. Merchants must develop efficient checkout procedures for selling goods via the Web, for addressing this problem. Hiring call handling services is also taken into consideration, so that customers can talk to real people when they have inquiries about problems that need instant answer.

#### **4. Improving brand awareness**

A big challenge for companies is that: primarily use the Internet to sell their products and services (tangible and intangible products). This is because, online adverts can be shut off by users unlike traditional advertising, (such as television, radio, billboard, and print) in which the campaign's message can be reinforced and repeatedly introduced to consumers at the marketers' will. So the challenge faced by web companies is to be more innovative in terms of advertisement.

Other Challenges Are As Follows:

##### **1. Dealing with the IT Department**

There is a circle of IT vs. marketing for a long time. But, it's a time to understand that we need to be partner with our IT friends to implement our marketing programs more efficiently. In simple sense, we need them and they need us or we can say that both complement each other.

##### **2. Continuing Education**

Constant learning is needed by the marketers of 21st Century. It is said that knowledge in marketing comes with an expiration date and continues professional development is a necessity for up gradation. Take a class, get a certification, read a book, attend a seminar or conference whatever works for you, but keep learning.

##### **3. Bad Marketing**

Anyone can call themselves a web designer, marketer, consultant, SEO expert and so on. Poorly created and executed marketing programs degraded our profession and also create mistrust among clients, marketers and other related parties. By doing marketing in a right time or way helps you to tip the scale in favor of our own profession which helps in long run survival.

##### **4. Lack of Trust**

In general, identity theft, Spam, intrusive advertising and technological glitches have left many mistrusting of marketing. You are either part of the problem or part of the solution, you have to decide it.

5. Know-It-Alls Nobody is able to fully understand all aspects of marketing. There is simply too much to know, and whatever you do to know is changing at supersonic speed. If you are going to be an expert, you will have to get specialization in one aspect of e-marketing.

6. Ethical Practices An unprecedented mass of un-ethical businesses has been spawned by the Internet. There have always been scam regarding bottom feeders and artists, but the Internet seems to have brought them out in epic numbers. Make sure that your own practices are squeaky clean and try to educate your customers about some of the pitfalls of e-commerce.

7. Corporate Culture In many companies every department "owns" the website and no department "owns" the website. Websites should belong to marketing, not finance/operations/IT or legal. When the committee doesn't have a clue, it is difficult to produce good marketing by committee. Collaboration is an important in this situation and your associates should provide 100% input for this, but marketing should make the final decisions.

## **8. International Commerce**

The Internet has made possible to provide products and services available around the world as close to customers and their living room (or wherever they have their computer). Unprecedented revenue flows in and out of foreign countries is allowed by this new world channel and that impact could eventually have a dramatic effect on our domestic economy. We have a lot in common with people of other countries in term of culture and traditions, but there are some differences as well which is known as Unity In Diversity. Understanding is the key for good international commerce as well as relations.

## **9. Intellectual Property**

It has never been easier to steal someone else's hard work. Everyday everything from music to software, movies and images are lifted from the Internet. This is a bad thing. 10. Customer Expectations Never before customers had expected too much. Managing your customer expectations is vital to marketers, because if you don't know your competitors will, you are not able to survive in long run in the market. Without customers you will not have a business because customer is treated as a king of market, so take the time to get to know them, treat them with due care and respect, and in the same way you want to be treated as a customer.



## **CHAPTER 5**

### **CONCLUSIONS**

Internet marketing offers businesses the opportunity to garner data about their consumer base to an extent that has till now been very difficult to achieve via traditional marketing methods. The development of internet marketing and social media advertising has led to examples of businesses in recent years that appear to little more than categories and filter information relating to products and services on the Internet, taking a small cut from any transaction that may occur as a result. In the next few years, online marketing in India will strengthen even further.

However, long-standing sustainability directly depends on factors like changes in the market, innovations and interactivity by market players. Owing to increased penetration of credit cards and easy access of computing witnessed a promising growth. Moreover, bargain-hunting consumers are latching on this trend as Internet retailers are known to offer products at special discounted prices compared to store-based retailers. Consumers in the country can now truly expect a well streamlined, efficient and world-class shopping experience supported by the best technology.

I have analyzed the determinants of satisfaction of online marketing customers with a number of elements of satisfaction. My results support the finding of that there is no significant difference in the online marketing and consumer attitude. Y result also shown how comers are ready to buy online. In India buying online is increasing day by day. By this we can get what will happen in next 5 year in India online business sectors. There is a huge opportunities' for new entrepreneurs top do business online. And online marketing is also a tool of direct marketing and we all know future of marketing is direct marketing.

As evidenced by this study, several factors influence consumer to buy online. When people buying online thy also get free home delivery service which is also a motivation techniques. Online marketing company gives the good product at a reasonable price at consumer doors steps. Online company also uses good techniques to influence consumer for buying online.

This study was conducted solely out of personal interest in the subject, and not in cooperation with any of the Online marketing organization. I have attempted to provide a general understanding of what underlies the intention to purchase online, and how this understanding can help to increase the awareness of shopping online in the India consumer market.

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