CHAPTER 1
INTRODUCTION

1.1 The Role of Internet in Business

World is changing at a remarkable pace and so does the world of marketing. The limited options to communicate with the target audience have been widening. Even the technology has profoundly changed the way consumer process communication. Furthermore, the definition of “media” in the Internet age seems to stretch to include the virtual environment offered by web pages rather than the physical media such as the press and magazines, as well as broadcast media such as radio and television (Harridge, 2004). In the last few years the internet has played a major role in many fields of economy as it is commonly defined as a global media. As one of the most exciting technological innovations of the twentieth century, the Internet has profoundly altered the way we communicate and do business. Since the discovery of the internet as a new communication medium it has become a part of the strategy of firms. The internet has been largely used in management. It works as an advertising medium for firms to include in their campaigns, as a distribution channel and as a source of information. Internet application to the development of diverse firm strategies is a practice that has come to be called e-commerce (Samaniego, 2006). The dynamic technology provides marketers with efficient and powerful ways of designing, promoting as well as distributing products, conducting research, and gathering market information.

Today, businesses operate in a dynamic environment, in which various kinds of competitions determine the rule of the game. Managing a competitive edge in today’s business world demands an effective electronic strategy, concentrating on the convenience of electronic buying. In India the digital marketplace has been expected to rise by 33% to Rs 62,967 crore by the end of 2013 from Rs 47,349 crore in 2012, according to a report released by IAMAI (Internet and Mobile Association of India). In the era of electronic, most business organizations have realized that making more effective use of the Internet is a requirement for fighting competition in a dynamic business environment (Deitel et. al. 2001). The internet is witnessing tremendous enthusiasm and interest in India from last few years. The internet has become the key ingredient of quick and rapid lifestyle in India. Internet growth has led to a
host of new developments, such as decreased margins for companies as consumers turn more and more to the internet to purchase products and services.

1.2 Electronic Marketing

The rapid adoption of the Internet as a commercial medium has caused firms/marketers to experiment with the innovative ways of marketing thus changing the pattern of marketing strategies. As far as traditional marketing is concerned “Marketing is human activity directed at satisfying the need and want through exchange process” (Kotler, 2004). Dibb et al. (2001) have developed a broader definition of marketing, according to them, “Marketing consists of individual and organizational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas”. It is said that Electronic Marketing (E-marketing) first began in the beginning of 1990 with just text-based sites which provided product information. As we enter the twenty-first century, the Internet has become the hottest marketing medium ever known. Electronic Marketing is the lifeblood of modern business. It is described as the process to satisfy consumers along with building and maintaining customer relationship through internet activities and to satisfy the goals of both buyers as well as sellers. In the beginning, the Internet was cool but with the explosion of internet growth, Electronic marketing has started becoming popular. E-marketing creates additional customer value by transforming marketing strategies during effective segmentation, targeting, differentiation and positioning strategies (Vibhor 2010). With the growth in the internet, it is not solely concerned with selling products, but in addition to this, information about products, software programs, auctions, advertising space, and matchmaking.

The motive of marketing remains the same satisfying consumers by creating a strategy to deliver the right message to the right people, the only thing has changed is the way of communication, as Smith and Chaffey (2001) have remarked that E-marketing is Achieving marketing objectives through applying digital technologies. Though businesses will continue to make use of traditional marketing methods, such as advertising, sales promotion, personal selling, direct mail and Public Relationship, E-marketing adds a whole new ingredient to the marketing mix. Many businesses are producing great results with E-marketing. The flexible and cost-effective nature of E-marketing makes it particularly suitable for all kinds of
businesses. E-marketing produces lots of new ways for marketers to target customers, many of them are even more effective than traditional channels.

Electronic marketing or online marketing refers to the application of marketing principles and techniques via electronic media and more specifically the Internet. It can be described as the application of the Internet and related digital technologies in conjunction with traditional promotional techniques to achieve marketing objectives. According to Strauss and Frost (2001) E-Marketing is the use of electronic information and applications for planning and executing the conception, distribution and pricing of ideas, goods and services to create exchanges that satisfy individual and organizational goals. The terms E-marketing, Internet marketing and online marketing, can often be considered synonymous. E-marketing is the process of marketing or promoting products with the use of the Internet. It includes both direct response marketing and indirect marketing elements and uses a range of technologies to help connect businesses to their customers. E-marketing is achieving marketing objectives through the use of electronic communications technology (AMA, 2004). E-marketing campaigns not only create product awareness, but also reflect a generation of advertising with benefits such as self-selectiveness, interactivity, full integration of various media and marketing capabilities targeted towards specific individuals, nations or cultures (Wehling, 1996). E-marketing encompasses all the activities a business conducts via the internet with the aim of attracting new business, retaining current business and developing its product or brand identity with customer satisfaction.

Marketing is an important management activity responsible for identifying, anticipating and satisfying customer requirements profitability. This has emphasized the focus of marketing on the customer, while at the same time implying a need to link to other business operations to achieve this profitability. CPC (2008) defined “E-marketing is identifying, understanding, collaboratively creating and satisfying a human’s needs, wants and desires digitally”. Internet technology can be used to support these objects as follows:

- **Identifying** – the Internet is used for marketing research to determine customers' needs and desires.
- **Anticipating** – the Internet provides an additional channel by which customers can access information and make purchases.
Satisfying – a key success element in E-marketing is achieving customer satisfaction through the electronic channel, this raises issues such as is the site easy to use, time saving, does it perform adequately, what is the standard of associated customer service and how are physical products dispatched?

While the growth of the digital medium over the last decade has surpassed that of any other media, the year 2010 was especially important in this regard as Octane research reported 86% of top Indian marketers confirmed their use of this channel as the most vital client engagement platform. The basic role of E-marketing channels in 2010 was customer acquisition. For majority of Indian marketers this platform proved its effectiveness and a substantial number of marketers are utilizing this program for daily communications with their potential consumers. Overall the use of E-marketing platform in 2010 was focused on sending newsletters and promotional communications. In terms of budget allocation of E-marketing platform, most of Indian marketers’ have invested more than 10% of their marketing budgets in 2010. In terms of generating sales through online medium, it is interesting to know that marketers are generating more than 10% of their sales online. According to leading marketers of India, the top three online investment channels for 2011 are Social media, Email marketing and Search marketing (Octane Research, 2011).

Electronic marketing is a revolution in today's business world. Business organizations have been forced to adopt technological change over the last decade. E-marketing' utilizes electronic channels to carry through their marketing activities to attain marketing objectives of the organization (Petrovic, 2011). In a broad sense, electronic marketing is the utility of computer and internet technology, or electronic based activities, to improve marketing activities and performance. It improves the online execution of delivering customer benefits and satisfaction. E-marketing draws heavily on Internet communications to coordinate many marketing activities, such as market research, New product development, market segmentation, positioning, product distribution, customer services, promotion, customer feedback, etc. These internet or electronic based activities should, in turn, be integrated with the overall marketing strategy to support the corporate objectives of the E-commerce (Reedly et al, 2000).

E-marketing has become a vital component of the overall marketing efforts, and begun to get measurable results (Haines, 2001). In a competitive business environment, losing customers
is very easy as the competitor is just a click away. Implementing E-marketing strategy, therefore, requires an adequate understanding of changes in the way customers think and act on the World Wide Web. In other words, in a dynamic business environment, E-marketing is capable of cutting through the clutter to provide a precious opportunity for businesses to improve accessibility to the world and thrive (Mainardi, 1998).

1.3 Positivity of E-marketing

E-marketing offers numerous benefits to the entities involved in the business activities. Some of the specific benefits of E-marketing may include:

- **24-Hour Marketing:** With any time access of the website, customers can find out products or even the related information even if the office is closed.

- **More Interesting Campaigns:** Marketers can create interactive campaigns using music, graphics and videos through E-marketing. Marketers can send a game or a quiz whatever will interest them to their consumers.

- **Better Conversion Rate:** Unlike other media which require consumers to organize and make a phone call, mail a letter or go to a shop, E-marketing provides a seamless platform.

- **Global Reach:** A website can reach anyone in the world who has internet access as this allows marketers to find new markets and compete globally with only a small investment.

- **One-to-One Marketing:** E-marketing allows marketers to reach people individually who want to know about their products and services instantly with E-mails.

- **Lower Cost:** E-marketing campaign can reach the right customers at a much lower cost than traditional marketing methods if it is properly planned and effectively targeted.

- **Traceable and Measurable Results:** Detailed information about customer’s responses to advertising can be obtained. Marketing by email or banner advertising makes it easier to establish how effective campaign has been.

- **Personalization:** If customer database is linked to the website, then whenever someone visits the site, the customer can be greeted with targeted offers.
1.4 Evolution in E-marketing

Marketing is a source of trading. Since the day when human first started trading whenever it was that they first traded, marketing has been there. But, with time the methods of marketing have improved and changed. With the involvement of internet, communication among people has become easy and fast. As one of the most exciting technological innovations of the twentieth century, the Internet has profoundly changed the ways of communication and does businesses.

Although it seems like a new medium, this giant network of computer networks has actually been around since the early 1960s. The role of the Internet exploded in the early 1990s with the development of the World Wide Web, which organizes the vast storehouse of information on the Internet into interconnected pages of text, graphics, sound, and video. The first online marketing activity started in the early 1990s with the creation of simple, text-based websites with basic information about a product or company. These were complemented with basic emails often unsolicited spam that shared information in a rudimentary way. As web tools evolved, so too did the websites incorporating images, sounds, videos and more advanced formatting styles. Marketing activity has fragmented and expanded over recent years, mainly influenced by the rise of the world wide web and today by Web 2.0 and New Media.

Today, millions of people around the world use the Internet, and experts’ projected number will still rise in the future. With the growth of the Internet at an exponential rate in recent years, marketers around the world are racing to take benefits of its interactive nature to communicate and develop relationships with customers, suppliers, and the public. The Internet has changed the design and implementation of marketing strategies. This dynamic internet technology has provided marketers the efficient and powerful methods of designing, developing, promoting, and distributing products, conducting market research, and gathering data. E-marketing has made it necessary for all kinds of organizations to change their ways of transacting business and it is the result of the blend of modern communication technology or the age old marketing principles that humans have always used.

1.5 Status of E-marketing in India

In India business organization have products or services to sell and they are advertising them via T.V, newspapers, brochures, magazines, radio etc. But it’s time to take the promotions
and advertisement online. Electronic advertising is an effective way of promoting a product that uses the power of the Internet and World Wide Web in order to deliver marketing messages and attract customers. Electronic marketing business is growing at a higher rate in India. Keeping step with the global market, Indian search engines are undergoing a phenomenal growth. According to a study by Internet and Mobile Association of India (IAMAI) in association with Pin storm, India alone produces more than half-a-million searches a month. The study puts light to the evolution and growth of search engine marketing in India. The study highlighted that more than 50,000 marketers are using this platform to capture the market share. The number of net users in India is increasing day by day at a rapid rate and studies have shown that people are spending more and more time on the web. Buying products online is convenient, hassle free and easy. Electronic marketplaces provide lots of opportunities to consumers, space market allow buyers to find out the best deals available without moving from their desks and choose the products they want which they could not find at the local supermarket. E-marketing in India is a fast growing market. The biggest advantage of E-marketing is that it helps marketers to track internet user online and understand online consumer behavior. Although, India has come out of the infancy stage of E-marketing and progressing rapidly but still it is far behind from developed countries like U.S.A, Canada and U.K. There are several factors which impacts the status of E-marketing in India. The majority of the Indian population lives in villages or under developed areas where the literacy level is low and the infrastructure required for E-marketing is inadequate. The instances of cyber crimes are rising at an increasing pace in the field of E-marketing. In the absence of adequate legal protection in India, people hesitate to indulge in Electronic marketing. The cultural scenario of India is altogether different from those countries where E-marketing has become a common practice. India is multilingual or multicultural country and about two dozen languages are spoken. The multilingual characteristic of India also hinders the growth of E-marketing. High initial investment in context of the infrastructures of E-marketing also counts towards the progress of E-marketing. However, in the light of advancement of technology the factors discussed above are diluting and it is expected that India will soon catch up with the advanced countries on this front.

1.6 Ethical Perspective of E-marketing

E-marketing growth depends not only on technical infrastructure, which makes the possibility of communication and recognition of the transaction through the internet, but likewise on the
proper relationship between buyers and sellers, where most important is trust (Kossecki et al, 2003). Lack of the personal interface may result in customer distrust of first-time interaction with electronic channels. It is also more difficult for providers to build a relationship with customers whom they never see (Dobie et al., 2001). There can be no transaction without trust.

Firms, particularly those attempting to convert visitors to buyers, still face the challenge of establishing consumers’ trust online. Thus, it is important to understand how companies can communicate their trustworthiness to consumers. Although it is necessary, investing in back-end technology to protect consumers’ information and ensure that e-commerce transactions run smoothly is not sufficient (Schlosser, 2006). The technology has given birth to various unethical practices in the electronic working environment. The enhanced capacity of online companies to collect, store, transfer and analyze the vast amount of data has raised public awareness and consumer concerns about online privacy. To ensure consumer confidence in this new market and its continued growth, consumer concerns about privacy must be addressed (Rochelle Codogen, 2001).

The online marketing or E-marketing activities offer lots of opportunities for companies to market themselves and their products inexpensively and effectively, but they need to exercise considerable care to ensure that their method or their E-marketing technique doesn't get them into legal or other difficulties. E-marketing has huge potential but, like any new technology, there are also pitfalls that need to be taken care of. Consumer concerns about unethical practices on the internet are directly having a direct effect on the take up of E-marketing. While many people want to access the internet and go for online purchase but unethical practices of E-marketing prevent them from purchasing via internet.

Unethical practices include all actions that result in unfairness to others, whether those behaviours are legal or not. Unethical actions can be aimed towards competitors. Businesses attempt to win customers away from competing businesses, as fair competition is a cornerstone to a free enterprise economy. However, when competition becomes unfair, it also becomes unethical (Wells and Spinks, 1996). To boost the E-marketing, the marketers must follow ethics in E-marketing.
Ethics is a concept that's difficult to define. There is no universally accepted definition of the term ethics, but one way to put it is provided by Magee (2003) as the Philosophical reflections on how we should live, and thereby what is right or wrong, good or evil, should or should not be done, duty, and other conceptions of this kind. Ethics is basically a general term for what is often described as the "Science of morality". In philosophy, ethical behaviour is that which is "good" or "right". Ethics are the theories of the moral and offer fundamental values about how we should and should not act. Ethics should lead the way for what is wrong or right and create our norms (Engstrom et al, 1999).

The rapid growth and evolution of the E-marketing has created a number of unethical practices along with ethical issues, especially in the area of privacy, spamming, frauds, cookies etc. As stated by Jeurissen (2006) Ethical problems of target marketing arise when advertisers violate privacy rights to acquire the information needed to identify target audiences effectively. The main ethical problems with Internet marketing, the authors believe, are its intrusiveness and the violation of privacy. A well-known example of intrusive Internet advertising is spam. Not everybody is aware that while connected to the Internet, their computer regularly accepts cookies: incoming small programs that nest in their computer which enable others to automatically record their computer activity without any user notice. This is an ideal way for marketers to “track” consumers as they surf the web, obtain insight into their buying behavior or areas of commercial interest, and to target them accordingly. Clearly, this raises one or two questions concerning privacy (Murphy et al. 2005).

1.7 Ethical Issues in E-marketing

With respect to business and marketing work environment that make use of computers and the Internet, the ethics reflect the ethical values of managers, information specialists, and users. E-business ethical issues affect not only employees but also customers. That is, misuse of customers’ data can cause negative effects on the reputation of an organization and jeopardize its competitive advantage (Sohal, 2004). Some of these ethical issues that find its place in e-marketing and are matter of concern are briefly outlined below:

1.7.1 Privacy: Consumer privacy has become a public policy issue that has received immense attention for last fifteen years. Consumer privacy concept is not new for consumers
as well as for marketers, consumers are worried for years about how their personal information is collected and used or misused by businesses organizations. To work with consumer privacy on the internet, clarity of privacy issue is essential. For privacy understanding, we shall define privacy as a state that exists when access to private information about a particular individual can be effectively controlled and managed by that individual even after a third party has collected such private information. The concern of privacy is not to prevent the use of collecting private information, but rather the misuse thereof. Ernst and Young (1999) indicated that the most important reason why consumers do not make purchases on the Internet is their concern about sending out personal and financial information. Godwin (1991) described consumer privacy as a subset of privacy, has been described as a two dimensional construct, involving physical space and information.

Privacy issues on the Internet relate to two issues. The foremost concern is the Internet users' ability to control the rate, type, and sequence of information they view or want to view. Although the control characteristic of E-marketing implies that consumers have the freedom to watch what they want to, many Internet users have become frustrated over their inability to control spam, or unsolicited commercial E-mails. The second privacy issue relates to how business organizations collect and use or misuse personal information on the Internet. Many Web sites require visitors to identify themselves and provide information about their wants and needs. Some Web sites track visitors through the site by storing a cookie or spyware on their computer. Some people fear that collecting such personal information through Website may violate their privacy rights, especially when it is done without their knowledge. Concerns like these have made Internet privacy a significant ethical issue in the evolution of the E-marketing because most business organizations engaging in E-marketing have not yet developed policies and codes of conduct to promote responsible behavior.

The online consumer marketplace is growing at an exponential rate but at the same time, technology has enhanced the capacity of online marketers to collect, store, maintain, transfer and analyze vast amount of data from and about the consumer who visit their websites. In a survey, the Federal Trade Commission (FTC) found that 99% of online companies collect personal information from the individuals visiting their web sites (Seligman and Taylor, 2000). This increase in the collection and use of data has raised consumers’ concern for online privacy. E-Marketing success depends upon trust as well as security of consumer information. Marketers are counting on better information, more complete and more detailed
as the key to future success. Thus, privacy concerns loom ahead as the Achilles' heel of marketing (Walker Smith, 2003).

Businesses are buying and selling customer data in a dizzying number of ways (Rendleman 2001). The two main issues for conducting business online are privacy and security. Various surveys have indicated that online shoppers are worried about their privacy, in particular about the confidentiality of the personal data they provide to online marketers (Kobsa, 2004). Customer privacy has become one of the burning issues of the E-marketing. Foxman and Kilcoyne's (1993) confined consumer privacy in the context of information and includes two factors of control and knowledge. Thus, the violation of privacy depends on (1) consumers' control of their information in a marketing interaction. (2) The degree of their knowledge of the collection and use of their personal data. In addition to this, privacy issues generally revolve around security and privacy of sensitive customer’s personal information related to online sales and services transactions, the collection and use of customer information as well as the protection of a customer’s right to privacy (Bothma, 2000). The invasion of privacy on the Internet is commonly regarded as the unauthorized collection, disclosure, or other use of personal information (Wang, Lee, and Wang 1998).

In order to maintain Privacy people need to control information about them, to maintain a diversity of relationships (Rachels 1975). Davis (1997) suggested that consumers have property rights to the personal information that database marketers buy and sell for marketing purposes.

Consumers’ growing concern over their privacy is a significant problem for the potential growth of E-marketing. According to a survey of Internet marketers, 92% believe that consumer confidence of online privacy would lead to an increase in online purchasing (Javis 2000). Building consumers’ trust as a core component of relationship marketing may be one of the solutions to enhance E-marketing. Campbell (1997) viewed trust as an efficient means of managing consumer privacy concerns, and remarked that if consumers recognize that the personal information collected has the potential to build a relationship in which they could take part in the transfer of goods or services, their privacy concerns might be diminished or replaced by their desire to take part. Reducing privacy concerns and, in turn, increasing consumers’ willingness to disclose personal information, is one of the vital keys to the success of E-marketing. Congress enacted COPPA (Children’s Online Privacy Protection Act)
Act) following an extensive Commission effort to identify and educate industry and the public about issues concerning the online collection of personal information from minors and adults.

Environmental threats to privacy on the internet are mainly concerned to the fact that mostly E-marketing sites collect personal information about consumers and their interests each time consumers visit and buy a product or a service online. Kang (1998) revealed protecting the privacy of confidential personal information is becoming a measure of success in the business world, because companies improve their reputation when they take care to secure the personal data people entrust to them. Building customer’s trust is essential for marketers in acquiring consumer’s loyalty, increasing their satisfaction, encouraging clients to move their spending from traditional to E-market. In order to establish trust online companies are displaying their privacy policies; provide details of what kind of information will be collected, where and how it will be utilized. But still most of the company’s privacy policies are not clear or are very brief as well as difficult to understand.

There is no general data protection law in India. In May 2000, the government passed the Information Technology Act; a set of laws intended to provide a comprehensive regulatory environment for electronic commerce. Yet the Act has no specific provision for the protection of personal data. It has been used to argue some privacy related cases and its applicability is quite limited.

Specifically, the FTC (1998) advises commercial sites to address the following practices:

- **Notice:** Data collectors must disclose their information practices before collecting personal information from consumers.
- **Choice:** Consumers must be given options with respect to whether and how personal information collected from them may be used for purposes beyond those for which the information was provided.
- **Access:** Consumers should be able to view the accuracy and completeness of data collected from them.
- **Security:** Data collectors must take reasonable steps to ensure that information collected from consumers is accurate and secure from unauthorized use.
1.7.2 Spamming: E-mail is a major new communication tool that substitutes the fax and telephone along with removing the barrier of distance. Anybody can check and read e-mail whenever they wish regardless of time and place zone considerations. E-mail marketing communications tool offers a way for one-on-one messages for both B2B and B2C communications. Remarkably, it has become a universal communications tool in a mere few years. One of the most used words in the email marketing industry today is “spam” or unsolicited commercial email (UCE). Spam is simply unsolicited e-mail, sent in bulk. According to Krishnamurthy (2000) Spamming is regarded as an e-mail message of a commercial nature that has been sent without the explicit permission of the receiver. Spam is often regarded as unsolicited electronic e-mail (Sorkin, 2001).

Unfortunately, because email marketing is relatively inexpensive, unscrupulous culprits have flooded inboxes with unwanted junk mail. This has raised concerns on the part of Internet users. As spam is one of the huge problems, it is very difficult to distinguish between normal as well as genuine email marketing and spamming. In contrast of using emails, where the recipients have voluntarily consented to receive commercial email about an area of interest, some companies are inappropriately using internet mailing lists to spread the same message to a large number of recipients who did not ask for it. This kind of unsolicited commercial emailing is called spamming. “Spamming” occurs when email users are flooded with unsolicited information about products or services. Early spammers simply assumed that most of their recipients would not mind receiving marketing messages, even though these messages had no relevance for them. But it has become obvious to spammers that this tactic resulted in shut down servers, angry service providers and negative publicity.

Spam is an unethical communication practice from the standpoint of consumers (Richards, 1990). It attempts to sell the reader a product or service that a user might not want or might strongly object to (Grimes, 2004). In response to receiving these mails Consumers perceive Spam negatively. They do not read emails from senders they don't know and immediately delete messages that are not from friends, family or colleagues (Deckmyn, 1999).

The most irritating part of spam includes advertisements for gambling sites, pornographic material, easy financing, and diet supplements. It is estimated that approximately more than half of all emails received can be categorized as spam (Swartz, 2004). The term spam was named after the processed meat eulogized in a Monty Python sketch and was first time sent to
a computer in 1978. The definition of the “Spam” is tricky because many define spam as “unsolicited email sent in bulk”. Others believe “bulkiness” is irrelevant; it is only a matter of the fact that whether the message sent was solicited or unsolicited. Still others debate the importance of whether the message was commercial in nature or not. The coalition against unsolicited commercial email (CAUCE, 2003) believes that the largest and most pressing problems currently facing the business world is unsolicited commercial email (UCE).

Spam is an unethical communication practice due to privacy violation, volume, irrelevance, deceptiveness, message offensiveness and targeting vulnerable consumers (Nebenzhal and Jaffe, 1998). The ethical status of spam is a prominent issue in computer ethics today, and is also topical in the broader world of email users and policy makers. Most of the focus to date has been on commercial spam, which currently comprises the majority of spam. In this context of the practical operation of a system of E-marketing we can point to the problems of spamming and of junk-mail as a major barrier to trustworthy marketing operations in E-marketing. Pew (2004) found that level of distress caused by spam increased and that growing numbers of Internet users were getting disillusioned with email. When customers use the internet and store email addresses for different purposes they can also be stored by search engines that use their email addresses as the basis for future marketing endeavors. This spam registration is very controversial because the customers have not authorized the search engines to use their email addresses to spread marketing messages (Cheeseman, 2000). Several laws have been proposed to tax spam, force identification tags or labeling, create do not spam lists, and impose criminal charges on behavior outside prescribed guidelines.

1.7.3 Spyware: Spyware can be defined as any software that gathers internet user’s information through the user's internet connection without their consent and knowledge. Spyware is similar to a Trojan horse in which internet users unwillingly install the unknown software when they install something else and installed unknown software collects the user’s information unethically. Spyware steals information by using the computer's memory resources.

Spyware is an agent technology or software, which is bundled into another piece of software (Rowland and McDonald, 2000). Spyware aids in gathering personal information about a person or organization without their knowledge online. On the Internet spyware is programming that is put in someone’s computer secretly to gather information about the user
and relay it to advertisers or other interested parties. Spyware can get in a computer as a software virus or as the result of installing a new program (www.whatis.com). Sun (2007) identified four types of software programs that represent the spyware universe: (a) System monitors that unobtrusively record and communicate personal information such as passwords typed in online transactions, (b) Trojans that steal information, install malicious programs, or hijack a computer, (c) Adware that monitor the online activities of individuals in order to deliver targeted pop-up advertisements, and (d) Tracking cookies that typically include text files downloaded to the user’s computer that store preferences related to particular websites.

It’s more or less computer-resident software applications that serve pop-up windows with advertisements that are not related to, or authorized by, the Web sites an individual chooses to visit (Urbach and Kibel, 2004). The comprehensive definition of spyware as provided by the Federal Trade Commission (FTC 2005) regard it as a software that aids in gathering information about a person or organization without their knowledge and that may send such information to another entity without the consumer's consent or that asserts control over a computer without the consumer's knowledge.

Spyware has emerged as one of the most serious scourges of the online marketplace. Millions of people likely have spyware software on their computers, and no one acknowledges they have it. Or, they may have agreed to its installation by clicking their assent to a license agreement that came with another software that they downloaded. Usually unknowingly installed spyware can control or manage user activities and can even gather important private or personal information like email passwords and Credit Card number. Spyware can significantly reduce a Computer's performance and led to Computer System Crashes. Because spyware exists as independent programs, have the ability to monitor keystrokes, scan files of computer and snoop other applications, like chat programs or word processors, install other spyware programs, read cookies, change the default home page on the web browser, consistently relaying this information back to the spyware owner who can either use it for advertising/marketing purposes or sell the same to another party.

It has been estimated that excluding cookies, almost 70 percent of user's computer contain some form of spyware (FTC Report, June 2005). The serious damage that spyware can cause includes the following:-
• Spyware can lead to identity theft when a Key stroke logger, Capturer all Key Strokes the user types on the Keyboard, Including passwords and PIN Numbers.
• It can monitor, manage and collect sensitive information.
• It can impair computer operation and performance.
• It can assent control over the operation of the computers in ways that substantially limit the ability of consumers to use their computers. In some cases, it may take the computer to adult content websites.

The right to privacy is a fundamental right as per our constitution. As indicated above, spyware is capable of sophisticated surveillance and has not been introduced into the computer in a candid manner. The computer user is not aware of the surveillance and therefore continues to behave in an open uninhibited manner.

Despite legal measures, the legal position of spyware is not well-defined and there are legal grounds for claiming that the software is legal. Brown (2007) found several states have passed anti spyware legislation. State attorneys have launched many legal proceedings against deceptive spyware firms based on the new antispyware legislation as well as other state and federal consumer laws such as the Computer Fraud and Abuse Act and the Electronic Communications Privacy Act.

1.7.4 Cookies: The ability of information technology to affect societal concerns, such as privacy, is widely recognized. Cookies are small text files downloaded without consent automatically to visitors' browsers. They are used for a number of tasks, from personalizing Internet content and enabling Web shopping carts to delivering ads based on browser behavior. A cookie is a small piece of software that a Web site places on a user’s computer to store data about the user’s activities on the site (Roberts, 2003). Cookies small data files embedded in Web pages and downloaded automatically to visitors' browsers are used for a number of tasks, from personalizing Internet content and enabling Web shopping carts to delivering ads based on browser behaviour (Quinton, 2005). Cookies are the invisible force behind just everything we do on the net- from accessing content and information to making purchases and communicating with others around the globe. Cookies are what makes the Internet so different to traditional broadcast media. Although the Net can never compete with
TV as a visual medium, it is infinitely more powerful as a personalisation tool- and all because of cookies (Segal, 2001).

They also help marketers measure the number of ad impressions and control their frequency. Cookies do not personally identify Web users. Names, addresses, lists of favourite Web sites and other backend records of consumer activity are not accessible via cookies. Rather, cookies build marketer-specific anonymous profiles of visitor activities that benefit marketers. Meanwhile they help marketers tailor content to the visitors’ interests or offer promotional prices based on purchase histories (Shermach, 2005). Companies are now able to target users and segment them on the basis of their browsing habits with the help of unknowingly installed cookies. Not only commercial firms find this information very useful, but federal web sites are tracking their users too. Information regarding consumer’s age, occupation, lifestyle, income level, marital status, and buying preferences can be gathered using cookies. How this information is used, depends on the individual companies collecting the information. They can use cookies to better design their products, design their advertisement and for a lot of marketing decisions, thereby reducing the gap between consumer’s expectations and the value their product delivers.

When Consumer log on to a website to get product’s information or to conduct an online transaction a “Cookie” might be placed on their personal computer, allowing sellers to track movement on that and perhaps other internet sites visited (Linn, 2004). When consumers download software, part of the usage agreement, sometime includes the acceptance of shadow software that record site surfs and targets pop-up ads of these users. In these ways, marketers gather considerable information about how consumers visit the web and in what specific sequence their purchase decision unfolds.

With the development of IT education in India, Internet users are increasingly aware that when they log on to surf or shop, their personal information is tracked by cookies and many are not happy with it. Lavin Marilyn (2006) investigated consumer knowledge about tracking cookies and considers the value of the information on those devices appearing in the privacy policies. The study found that the majority of the sample believed cookies were used to collect personally identifiable information and many of them regularly reject or delete all cookies on their computers.
1.7.5 Internet Frauds: Internet frauds are based on offers intended to cause the latent greed of their recipients to overwhelm their intelligence (Rimmer, 2003). The number of Internet users of consumer and enterprise level has grown exponentially, but e-business has not followed a similar growth pattern. Commercial efforts have been encouraged to produce online digital marketplaces for the consumer/enterprises to buy, sell, or engage in online commercial transactions. The market ensures therefore the supply (push) of viable e-business sites to attract potential consumers to transact over the Internet. Increasing cybercrime and cyber hooliganism are on the other hand generating insecurity and, overall, a lack of trust for digital transactions.

However, Internet shopping brings certain security risks. Personal information provided over the Internet can be retrieved by crooks if the vendor's website is not a secure site. A concern for the security and protection of personal and financial information is very important. Scams and other unscrupulous financial tricks can result from entering credit or debit card information, or any other method of payment that is required for online shopping that uses personal information. Often websites ask for personal information before users are allowed to enter their website. This type of action should be looked upon with some skepticism. One should be cautious if online transaction ask to provide personal information that is believed to be necessary to complete a shopping transaction, or for any other reason that seems legitimate, but could prove to be harmful to you. The personal information could be gathered and given to thieves for the purpose of causing a financial harm and irreparable damage to the financial well-being. While the Internet has many legitimate vendors doing business online, there are also people online that are dishonest. These so-called businesses are online to do scam and cheat the consumer. It is very easy for a dishonest and fraudulent business to appear reputable simply by designing an attractive website. Usually these types of businesses misrepresent their goods or merchandise.

The complexity of modern enterprises, their reliance on technology, and the heightened interconnectivity among organizations that is both a result and a driver of e-business these are rapidly evolving developments that create widespread opportunities for theft, fraud, and other forms of exploitation by offenders both outside and inside an organization.

The FBI defines Internet fraud as any fraudulent scheme in which one or more components of the Internet, such as Web sites, chat rooms and E-mail, play a significant role in offering non-
existent goods or services to consumers, communicating false or fraudulent representations about the schemes to consumers, or transmitting victims' funds, access devices or other items of value to the mastery of the scheme’s perpetrators.

The Federal Trade Commission (FTC) has published a rule as required by section 504 (a) of the Gramm-Leach-Bliley (GLB) Act. The GLB Act, enacted on November 12, 1999, places certain restrictions on financial institutions when disclosing non-public consumer information to third parties. The Act directed the FTC and other federal agencies to prepare regulations to enforce the requirements set out in the legislation.

1.8 Problem Statement

The utilization of the Internet as a means to purchase goods and services has been growing over the past two decades globally. Compared to traditional shopping, the Internet not only facilitates transactions between buyers and sellers from anywhere at any time, but also offers a full range of product choices and a platform for exchanging ideas for clients with low costs. In the past twenty years, we have witnessed the rapid growth of the Internet and the geometric growth of the Internet users.

Yet, people still avoid making purchases on the Internet due to unethical practices in the new electronic environment. Past researches have indicated that unethical practices in Electronic marketing constituted a key barrier to the use of Internet shopping as well as long-term commitment to the relationship building.

According to IAMAI report 2012 as on June 2012, 99 million urban Indians claimed to use the internet and 80 million actively use the internet. During the same period, rural India claimed to have 38 million internet users and 31 million active users. As the number of people using the internet for their shopping steadily rises, number of Laws, Regulations agencies have been constructed semantically namely FTC, COPAA, to control the unethical practices of E-Marketing but even then there are a number of practices in Electronic-marketing which cross the ethical boundaries.

The review of the existing literature reveals that number of studies have been carried out on various aspects of E-Marketing but a very few comprehensive studies in this area could be
found which provides detailed information regarding Ethical issues in E-Marketing and also no study could be cited out which could explain the perceptions of respondents/individuals. As the consumer can only decide what is right or wrong or even permissible in the field of E-marketing hence study regarding their behavior becomes significant. In the light of the above discussion comprehensive and detailed study regarding perceptions of respondents toward various ethical issues in E-Marketing is in dire need. Since these consumers are the only scapegoat of this unethical business, hence their perceptions and attitudes toward the ethical issues in E-marketing becomes an important matter of study.

1.9 Objectives of the Study
The major objective of the study was to study consumer’s perceptions towards different ethical issues in E-marketing. To accomplish this major objective the following specific objectives were framed:

1) To study the perceptions of respondents towards E-Marketing and its Unethical practices and their implications for the marketers thereof.
2) To study the perceptions of respondents towards major ethical issues in E-Marketing (i.e. Privacy, Spamming, Spyware, Internet Fraud & Cookies) and its implications for the marketers as well as for the society thereof.
3) To map the profile of respondents on the bases of psychographic and demographic variables Vis-a-Vis their perceptions towards different ethical issues in E-Marketing.
4) To assess the awareness level of respondent regarding different types of frauds committed due to breach of privacy on the Internet (E-Marketing) and preventive measures taken by them regarding these.
5) To study the level of awareness of respondents regarding the legal / regulatory framework for ethical issues in E-Marketing.

1.10 Structure of the Thesis
This thesis is organized into nine chapters. In this first chapter the introduction, Background of the research area, the statement of the problem, research objectives are presented followed by demarcation of the study. In this chapter the key concepts regarding e-marketing have been discussed.
Chapter two comprises the review of literature regarding the key ethical issues relating to E-marketing i.e. Privacy, Spamming, cookies, frauds and spyware. In this chapter an attempt has been made to represent the literature reviewed with reference to specific issues and in accordance with the variables.

Chapter three presents a discussion of research design and methodology. The need of the research is stated along with the objectives. The research design and sampling methods are described as well as the data capturing, data editing and data analysis techniques have been discussed.

In chapter four the first objective of the research i.e. “to study the perceptions of the respondents towards E-Marketing and unethical practices and its implications for the marketers thereof” has been discussed. This chapter has been divided into two sections, first section is concerned with the E-marketing and second section deals with Ethical concern in E-marketing.

In fifth chapter the second objective of the research “to study the perceptions of the respondents towards different ethical issues in E-Marketing and its implications for the marketers thereof” is discussed. The purpose of this chapter is to identify perceptions of respondents towards different ethical issues that have emerged as a result of electronic marketing and issues that are uniquely related to electronic marketing. Using Psychological Reactance as the framework, an attempt has been made to understand consumer perceptions towards major Ethical issues namely; Privacy, Spamming, Internet fraud, Spyware and cookies. The factor analysis technique has been applied to study the perceptions of the respondents regarding the various variables in different ethical issues in E-marketing. This chapter has been divided into five sections; each individual section is concerned with different ethical issues in E-marketing.

The sixth chapter deals with the Profiling of respondents based on psychographics and demographic variables. It has been divided into two parts i.e. section A and B. Section A deals with the different clusters framed by analyzing responses of the respondents towards different perceptual statements. For this purpose, the cluster analysis technique has been used to classify the respondents into different groups on the basis of their psychographic tendencies, based upon their perceptions, towards E-marketing and related issues in E-
marketing. Section B is devoted to profiling mapping of the respondents belonging to different clusters. For mapping the profile MDA (Multiple Discriminant Analysis) technique has been used.

Seventh chapter deals with the awareness level of respondents regarding Internet frauds which take place due to violation of online privacy in E-marketing. The Chapter has been divided into two sections A and B. In section A an attempt has been made to study the awareness of respondents regarding Internet related frauds while section B deals with the precaution taken against the internet frauds.

In eighth chapter the awareness level of the respondents regarding the different kinds of Act/Regulation relating to E-marketing and concerned ethical issues are examined. Chi-square test and Symmetric Measures are applied in order to study whether the awareness level of the respondents depends upon their gender and age attributes.

Chapter nine deals with the summary and conclusion along with suggestions have been presented.