CHAPTER 7
CONCLUSIONS, SUGGESTIONS
AND RECOMMENDATIONS
Chapter 7

Conclusions, Suggestions And Recommendations

7.1 Conclusions

The major findings in our comparative study of Internet Marketing between India and UK can be summarized on the following lines –

Key Comparative Indicators of Internet Marketing between India and UK

- Internet Infrastructure / PC Penetration
- Literacy / Confidence Levels
- Government Legislations and Access
- Market Creation / Exploitation
- Industry Sector Practices

Internet Infrastructure / PC Penetration

1. Internet access infrastructure is comparatively better in the UK than in India. This is on account of the higher tele-density and earlier announcement of the Broadband policy rollout.

2. While presently India is undergoing a telecommunication revolution, and rural areas have just started getting connections, UK’s telecom penetration into the rural areas has been around for quite a long time – thereby making it easier to adapt the Internet technology in those areas, which, at least, initially was dependant on the telecom penetration.

3. The Internet has evolved in the UK over a period of 10 years. India is undergoing an Internet revolution in a race of pumping in of technology and capacity. The UK took about 3 years to get their broadband in place. In India, broadband implementation is just over 6 months into its implementation. This
revolutionary growth has created islanded information pools, that is likely to remain until the full implementation is complete.

4. Advances in Internet Technology in India have been hurried, in the implementation phase, whereas in UK, they have been enacted over an adequately long, experimentation, maturing and settling period. This rapid rate of adaptation of technology may not yield short-term returns, as its absorption rate into the existing business models could be slow.

**Literacy / Confidence Levels**

5. The Internet surfer population in the UK is far higher than the Internet surfer population in India. Therefore, the marketing investment is more remunerative in the UK than in India, for the same spend.

6. The success of B2C business in the UK is higher than the success of B2C business in India. One of the major enablers for this in UK is the high level of consumer protection. The consumers have a higher degree of confidence in online offers, and are less suspicious of possible misrepresentations and online hazards.

7. Bodies corporate and the government, in the UK, are exploiting the public awareness to offer them better quality of life, than the Bodies Corporate and the Government in India. E.g. data collected by the NHS in UK, can be accessed by the call center staff, for regular follow up measures and study of medical history for prognosis.

8. Call centers in the UK have exploited the Internet to a greater extent to give better service to their customers at large. E.g BT, Thomas Cook etc.
   - Respondents from senior management of companies in UK, opined that web enabled call centers will definitely improve the quality of their services.
- Apart from providing online help desk facilities, retail majors felt that in-house call centers could also make outgoing telemarketing calls to direct people to their website to avail of a promotion posted there.

- In addition, they could also follow up on online sales and instructions and indulge in online verification and ratification of online submissions in relevant situations.

- Call centers dedicated to travel bookings could be used to directly check on availability and status of tickets and reservations. Incorporating VPN’s / Webforms / Leased Lines Access / EDI and Workflows could also give an impetus to encouraging ‘safe’ business.

- Call centers in UK today present customers webforms for capturing customer specific data. In compliance with the Data Protection Act, these webforms feed the data directly into an encrypted database, where access to information would be guided by the ‘need to know’ policy.

- Call centers in UK to a certain extent can dip into public records, on the basis of ‘Right to Information Act’, to deliver better service to their clients.

- Almost all the Call centers and cyber cafe’s in the UK have incorporated security software that gives a higher degree of safety to their clients.

A majority of Call centers in India, due to lack of appropriate skill sets, act more as a buffer between the company and the customer. Marketeers have misused and exploited them without any concern for protection of the consumers’ privacy, necessitating a Supreme Court Judgement and an RBI notification, (Nov.2005) that mobile users may not be approached for soliciting business. Web based call centers on the lines stated above could help in order to remove repetition and redundancy right from the initial stages of authentication.

9. The average UK customer has a conviction of quality in an online purchase whereas an average Indian customer feels the need to personally inspect the
quality before purchase. People in the UK value the element of time more, and as most of the products are branded, they are satisfied buying on the net. Products in India, are not, by and large, of standard quality and the typical Indian psyche of 'cash 'n carry' has been an impediment in the development of B2C business in India.

10. The average age of corporate websites in India, as per a survey conducted, is reported to be around 3.5 years. Websites of corporations in the UK are comparatively older, some, almost a decade old. Thus the comfort level of the user in UK in web offers, is much higher than the average user in India. The Indian user still has apprehensions about the safety of his private information on the web. Only the test of time can increase confidence levels.

Government Legislations and Access

11. Government legislations governing transactions on the Internet are better evolved in the UK than in India. A sound legal and policy framework is present, that provides an enabling environment for business managers to capitalise the benefits of IT and the Internet.

12. Companies in the UK are more ready to build their business around an Internet delivery mechanism than in India due to a higher degree of perceived reliability. In India, as per RBI norms, we have merchant bankers who service the marketeers. As against the practice of UK websites of collecting payment information, Indian marketeers pass the encrypted transaction directly to a 'Payment Gateway'. Here the transaction is authenticated and confirmed back to the retailing site. The difference in this practice is that, the initiating website never has access to the payment authentication data embodied in a plastic card. This has opened prospective business areas for encouraging 'net shopping' like ITZ-Cash. This is a single use Credit Card that has a declared limit for spending. Thereby, the main Credit Card is never exposed.

\[^{1}\text{ValueNotes Database Pvt. Ltd., India, April(2004).}\]
13. There are a number of other cyber laws in the UK that make a positive impact on the confidence levels of the users. With the enactment of the RIPA (Regulation of Investigatory Powers Act, 2000), users feel safe even from the prying eyes of the Government. DPA (Data Privacy Act) establishes a certain anonymity in spite of ready availability of private data in cyberspace. These Acts have established a strong feeling of trust on the medium and the confidence that the Government will honour its own enactments.

**Market Creation / Exploitation**

14. Indian companies, by and large, lack any serious web strategy for online presence. Most of the senior management interviewed in various companies said that their objective was a mere 'web presence'. Less than half of the companies have created separate sets of messages aimed at different target audiences. Generally, the communication is the same for all. In the case of UK companies, online businesses (B2C) are in the practice of giving the right messages on their web sites, e.g. an unexpressed need in the form of time, convenience being articulated. The practice of incentivising online purchases is prevalent in the UK.

15. Less than half of the respondents from the corporate sector, in India said that their website was meant to attract prospective clients. On a different note, in UK respondents said that they used the Internet to keep up to date with information about customers, markets etc. Indian companies did not view their online presence as a crucial part of their strategy.

16. The investment ratio, between B2C and B2B sites in the UK, is greater than the investment ratio between B2C and B2B sites in India. Retail purchase is, by far, more numerous in the UK. One sees a higher percentage of retailers investing in expensive B2C websites in the UK and many of them co exist with B2B sites. In comparison, there are few B2C sites in India.

17. Investment in a website, in the UK, is analogous to having a company phone number, and the Internet is treated on par with other marketing media. In
India, there is a high expectation from the investment made in this area, in this area, to yield dramatic results. Several Indian companies have been quick in the adaptation of the medium without adequate strategy and planning. This is done to avoid missing out on opportunity. As a consequence, unplanned results are also an expectation – often unrealistic and hardly ever achieved. Exceptions are more of accidents, and in almost all exceptions, the company has been forced to go scampering for additional resources. Quoting the exceptions, a high level of expectation has been placed on the medium, in terms of its contribution to the country's GDP.

18. The rate of growth of companies using the Internet in the UK for marketing is not very high on an average, but in India, quite the reverse is true. In UK, large monolithic companies with large online revenues, have been found to show relatively low growth rate as they are competing in a market where almost every player has effectively adopted the same medium. In India, growth is measured over the existing lines of business. In UK the main growth drivers are, by and large, diversification and mergers and acquisitions, whereas profit margins lend stability to the business. We refer to chapter 6, (6.2, 6.3) where we have calculated Compounded growth rate of companies in the sample study. Growth Rate Index Nos of companies in India indicate more progressive trend than the Growth Rate Index Nos of companies in UK.

Table: 7.1 Index Nos. of Compounded growth rate of sample companies in India

<table>
<thead>
<tr>
<th>Growth Rate</th>
<th>FY-01-02</th>
<th>FY-02-03</th>
<th>FY-03-04</th>
<th>FY-04-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Index (base yr.2001)</td>
<td>100</td>
<td>152.44</td>
<td>238.94</td>
<td>392.38</td>
</tr>
</tbody>
</table>

Applying the method of Least Squares, the line of best fit is given by

\[ Y = -19.97 + 96.364 \] (working details in Appendix III-c)

Projected estimates of Compounded growth rate for FY:05 – 06 = 461.91, and for FY:06 – 07 = 558.214
Index Numbers of Compounded Growth Rate indicate progressive growth rate.
(Ref.: Appendix III-c for graphical representation)

Table: 7.2 Index Nos. of Compounded growth rate of sample companies in UK

<table>
<thead>
<tr>
<th></th>
<th>FY-01-02</th>
<th>FY-02-03</th>
<th>FY-03-04</th>
<th>FY-04-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Rate</td>
<td>19.43</td>
<td>26.26</td>
<td>37.04</td>
<td>48.19</td>
</tr>
<tr>
<td>Growth Rate</td>
<td>100</td>
<td>135.13</td>
<td>190.63</td>
<td>248.00</td>
</tr>
</tbody>
</table>

Applying the method of Least Squares, the line of best fit is given by

\[ Y = 43.565 + 49.95X \]  (working details in Appendix III-f)

Projected estimates of Compounded growth rate for FY :05 – 06 = 293.315,
and for FY :06 – 07 = 343.265

Index Numbers of Compounded Growth Rate indicate progressive growth rate.
(Ref.: Appendix III-f for graphical representation)

**Industry Sector Practices**

19. The average level of investment in B2B websites in UK is lower than the average level of investment in B2B websites in India. In UK, websites of B-B businesses, as in shipping companies, for instance, are necessarily communicative of the information about the company and the benefits and services they offer.

20. Planning for growth in UK appears to be a more formal process and better disseminated among the shareholders, than planning for growth in India and dissemination of these plans with the shareholders.

21. The absence of proper usage of web metrics and analytics, in order to gauge the efficacy of web marketing in Indian companies is prominent. A majority of businesses do not use metrics to measure the realization of the benefits of the medium. Web reporting tools are not commonly used. Management,
modification and maintenance of the website is not undertaken in synchronization with the developing business of the company. It is common to find web sites offering information that is outdated.

22. Businesses in the UK are quicker in adapting industry sector trends and hence are able to last out in competition. E.g., trends in airline industry in the form of e-tickets, the facility to get full refund on return of a product within 14 days of purchase in the retailing sector, etc.
<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>INDIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>E-Commerce Transactions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Many B2C</td>
<td>Few B2C</td>
</tr>
<tr>
<td></td>
<td>Highly secure environment</td>
<td>Relatively less secure</td>
</tr>
<tr>
<td>2</td>
<td>Bandwidth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Very High Bandwidth available</td>
<td>Relatively less high bandwidth Available</td>
</tr>
<tr>
<td></td>
<td>Security also addressed by ISP</td>
<td>ISP take no responsibility for security</td>
</tr>
<tr>
<td>3</td>
<td>Consumerism</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Very strong consumer courts</td>
<td>Relatively weaker consumer courts</td>
</tr>
<tr>
<td></td>
<td>Very Fast Judgement</td>
<td>Very slow Judgement</td>
</tr>
<tr>
<td></td>
<td>Peoples’ trust in the system</td>
<td>People’s cynicism</td>
</tr>
<tr>
<td></td>
<td>High penalties</td>
<td>Low penalties</td>
</tr>
<tr>
<td></td>
<td>Restrict Investigatory Powers Act</td>
<td>No such Act</td>
</tr>
<tr>
<td></td>
<td>Antitrust Act</td>
<td>No Antitrust Act</td>
</tr>
<tr>
<td>4</td>
<td>Privacy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Data Privacy Act strong</td>
<td>Collected Data peddled by collectors</td>
</tr>
<tr>
<td>5</td>
<td>Reliability</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Multiple levels of fail-safe mechanism</td>
<td>Few levels of fail safe mechanism</td>
</tr>
<tr>
<td>6</td>
<td>Cyber Identity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Digital signatures not found effective</td>
<td>Digital signatures not adapted</td>
</tr>
<tr>
<td></td>
<td>Difficult to forge identity</td>
<td>Easy to forge identity</td>
</tr>
<tr>
<td>7</td>
<td>Telecommunications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Densely Connected</td>
<td>Uneven spread of connections</td>
</tr>
</tbody>
</table>
7.2 Suggestions & Recommendations

1. Understanding that there is and will be a set of consumers who are not net savvy, the move of the UK Government in opening learning centers all over the city could be replicated in India. If the need to implement e-governance strategies is felt to be strong enough, the Government should embark on such educational missions on a large scale – much like the proliferation of the PCO’s that peppered the country in the late 80’s.

2. The rural connectivity policy needs to be revisited, taking into account the telecom penetration that needs to be different from an urban one. One proposal is the setting up of regional high traffic hubs from which rural connections could be extended. Sops for setting up such regional hubs would attract the private sector into the activity.

3. Incentives to use the medium, could be extended to the rural population, as also, attractive schemes to experiment with the medium (eg. DTH movies, regional language based web quizzes offering rewards)

4. Easy information facilities like prices of food grains at different markets, could attract farmers who are looking for the best returns on their harvest.

5. Formulation of fiscal policies that encourage the setting up of self operating exchanges / markets / cooperatives would contribute towards a fair price regime and counter black market / grey market practices.

6. Granting that the most frequently visited websites fall in the B2C category, there is strong need to define the intended reaction to a strategy and compare it to actuals. High variance can suggest faulty assumptions, strategy, planning execution, timing, pricing, presentation etc. that will all need mid stream correction – perhaps even continuous monitoring. Creation and use of tools for such study will benefit the industry and may be worth the investment.
7. There is a preponderance of various reports, returns and applications required by various departments of the government for all of the activities that they undertake. Expediting the capture of these inputs through web forms can reduce the numbers of willing defaulters. Tax collection is likely to improve. Improvement in having control over civic amenities, receiving civic complaints etc. could all fall within the purview of e-governance that touches the lives of the citizens. If and when achieved, there is a ready group of citizens already tutored into the vagaries of the net, that could be addressed for various marketing messages.

8. Understanding the psyche of the consumer is important in any marketing venture. The size of the middle class, is the highest, anywhere in the world, and there are an adequate number of retailers vying for their share of the consumer expenditure. The Indian consumer is typically suspicious of quality, apprehensive over safety, concerned about SPAM and highly price sensitive. The larger majority of such shoppers may make low volume purchases and may not be conversant in the language of the web. In such a situation, he/she will not readily accept online offers and coercion for action.

To dispel fears, there are a number of legislations required to give the Indian consumer a confidence to shop online. In addition, artificial sops could be introduced, like ‘web purchases are VAT exempt’. Marketeers should start making print based web invitations in the vernacular to attract consumers to the web. Incentivising volume purchases may be fruitful in the long run. Marketeers could also extending limited credit to the extent of the limits designed on any loyalty program. This will also give rise to the growth of ‘brands’, the quality of which will be assumed rather than be inspected. Market practices like, return within __ days for a full refund, with close followup mechanisms are likely to propel the web marketeers into an Indian online market.

9. Acknowledging that the easiest device to access the Internet is the PC, the Government should take steps to step up the sales of PC by offering
manufacturers low entry barriers, low taxes and free public Administration software – that will gravitate tax payers and consumers to reach for the PC rather than by other means.

10. Information Technology has ushered in a new era of openness, transparency and awareness that is resulting in a new paradigm of “Governance” revolving around value proposition and involving the following two relationships –
   • Nature of Governance – Citizen as a shareholder
   • Business of Government – Citizen as a Customer

With the advent of web technology and Internet, “the citizen as a shareholder” is likely to seek an opportunity to provide several inputs to the policy making itself. On the other side, the “Citizen as a Customer” is seeking better services from the Government. The Government and municipalities should seek active feedback from the citizen using as many modes of contact as possible – the web being one of the participating media.

11. Enactment of laws to provide a legal framework for safety on the web, defining governmental standards for security, encryption etc is likely to pay dividends over the longer term.

12. In accordance with these changes, a change implementation program needs to be put in place so that the business, the citizens and government employees are oriented towards these new procedures.

13. Capital Markets have a potential for using the web to a very large degree, if one were to go by the transaction load of the various stock exchanges in the country. While a few online brokers have established their presence on the web in India, the transactions under their control would constitute a very small percentage of the total business transacted. The proposal for legislations to encourage more web brokers would pay rich dividend, as
also handsomely reward the Government by generating tax streams of revenues.

14. The creation of a e-market place where various entities can have a web presence and also engage in communications with each other could be a new paradigm that may be governed by a set of new commercial laws. The judiciary could be invited to study electronic records of transactions to settle disputes.

15. SETS (Secure Electronic Transaction Services) needs to be implemented on the communication infrastructure discussed above. SETS is a group of services that are provided to the corporate and individuals to transact on the network. This secured environment is necessary to provide the confidence for the citizens and encourage online transactions. A group of service providers – banks, credit card companies, financial institutions, stores and malls may need to drive the requirements of SETS. The following facilities need to be provided on the SETS layer:

- Electronic Funds Transfer from Point of Sale – debit the amount from the bank account.
- Multipurpose ATMS – Payments and Deposits to any of the banks, Internet services at the Public Call Offices, etc.
- Multi-media kiosks – To encourage information dissemination about the city – tourism related, travel related, policies of government, upcoming events, etc.
- SMARTCARD network – Pre-paid multipurpose store cards/ ‘debit cards’ that allows customers to make transactions across the net.
- EDI – Secured Electronic Data Interchange between Corporate – Financial and Non-Financial
- Virtual Banking Concept
- Bills Presentment and Payment Services
- Mechanism for citizens to provide suggestions, lodge complaints, raise issues, provide inputs on decision making, track their petitions and representations.
16. The laws related to the following issues should be considered and certain laws that are obsolete and more suitable for offline transactions should be eliminated.

1. Digital Signatures
2. Endorsements
3. Piracy Acts
4. Security-risk exposure and management
5. Citizen protection
6. International trade practices and statutory rights of commerce

17. Several IT and Core Business Companies would be building portals for products and services. The customers / citizens need to have an access to these portals at a very attractive and competitive price. Planning for a bulk of such consumers to gravitate towards the web, the capacity of the telecoms would need to be beefed up. The network infrastructure would therefore need to be strengthened using Private and Public enterprises, who should also be given incentives for such development.

18. There are major applications developed for the enterprise wide administration of businesses. Companies like SAP, PeopleSoft, Vantive, Broadvision etc. are vendors who provide solutions for ERP, Customer Relationship Management, Supply Chain Management etc. that are internal to organizations. With increasing M & A activity, there is the need for an all encompassing platform that can transcend across the acquiring and acquired organizations. The easiest interface across such disparate solutions can best be implemented across the web. Development of such web based interfaces can ease out the transition of one management to another.

19. Plastic cards play the role of bridging the divide between physical and electronic purchase. These have also come under sharp criticism for their susceptibility to criminal breaches of security. A national level mechanism, based on technologies like ‘biometrics’ may increase web
security and instill confidence in the users. Other technologies like a national open encryption system could reinforce web security.

20 The development of a single identification card to transcend all aspects of citizens interacting with others could be a boon. This card could serve the purpose of providing identification, credit check, address proof etc. all, in a simple highly encrypted package. Access to medical records in the public domain, land records, ownership rights etc. could be tied in a large all encompassing digital economy. Continuing this level of argument, the technology for the above is in vogue, but the development of application systems and the implementation of the same could take over a decade.

21 ‘Land records’ is an application, in India that has taken much government attention for over a decade. Once the records are converted into digital form, access to the government databases on a ‘Right to Information’ basis will require the enactment of legislations to permit smooth implementation.

22 The development of a universal identity card as mentioned in (20) above could extend itself to facilitating applications like bills settlement, travel etc.

23 While there are a plethora of the medical fraternity operating all over the country and attending at various hospitals, there is a marked absence of a Healthcare Policy governing practices across the country. The introduction or recall of a medical formulation should enjoy the immediate attention of the whole fraternity rather than on the ripple effect of dissemination today. At the same time, initiatives in Telemedicine and Telesurgery could be implemented across the web, once its response predictability and bandwidth become more acceptable. In the same breadth, the online inventory of specific drugs could be closely monitored to prevent its misuse.
At the National Level, Projects of National Importance could be monitored, based on data, pictures, audio and movies being captured in situ. Depending on the criticality of the project, access to the same could be guarded through multiple levels of security and with multiple access routes – to avoid national level catastrophes or Force Majeure.

The U.S. has provided a three-year moratorium not to levy any tax on e-commerce transactions. NASSCOM has already recommended a five-year moratorium on e-commerce transactions and suggested a comprehensive study on the various issues involved, before a final decision is taken to tax e-commerce. In fact due to the global nature of e-commerce, it is suggested that India should support a permanent ban on taxes on Internet access, a permanent ban on custom duties on electronic transmissions. International tax rules should be framed that are neutral, simple and certain. There should be simplification of state and local taxes.

The largest consumer for the web services could be the Government itself, in implementing its e-governance initiatives. The administration of schools, hospitals, collectorates, Government Departments and collection centers could be outsourced to some vendors who are adjudged to be qualified in constructing an infrastructure at that scale. Their interest could be maintained by commitment to a minimum business volume and they could also be given the additional task of construction of the infrastructure capable of handling the prospective volumes for the next decade or so.

If one is able to perceive the difference between the two countries, one sees the advances that UK has made in the field of Internet marketing. On the other hand, India is on an accelerated growth path and is expected to be at the same technical platform within a couple of years. But, what India has to achieve is the proliferation and popularity of the medium that businesses and consumers can exploit for mutual advantage.

In closing we would like to quote here some of the views of today’s Business leaders’ which are indicative of the times to come for India—
• “It is the Knowledge society that will transform India into a
developed Nation” (Vision for 2020)
  APJ Abdul Kalam

• “India is a developed country as far as intellectual capital is
  concerned”
  Jack Welch, GE

• “We are expanding our presence in India to take advantage of the
  ample R&D talent available”
  John Chambers, CISCO

• “India can be a major part of Dell’s operations and we are looking to
capitalize on India’s human capital”,
  Michael Dell, Dell

• “India is handling the most sophisticated projects in the world. I am
  impressed with the quality of work”
  Bill Gates, Microsoft