CHAPTER 1
AN OVERVIEW OF THE STUDY

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In the present study, this chapter deals with introduction of the study, statement of the problem, objectives of the study & the scope of the study

1.1 Background of the Study

An eMarketing facility opens several new golden opportunities to market out different kinds of goods & services & services of various industries. Local businesses can be easily converted into global by just developing and hosting website into the web servers. Any business can pick up an appropriate eMarketing business model from the list of B2B, B2C, and C2C etc.

eMarketing also referred to as digital marketing, i-marketing, web-marketing, online marketing or internet marketing is the marketing of goods & services or services over the Internet.

The Internet has brought media to a global addressee. The interactive nature of eMarketing in terms of providing instant responses and eliciting responses are the unique qualities of the medium. eMarketing is sometimes 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. Businesses can send emails/newsletters to their targeted consumers to make them aware about their existing or new goods & services. Marketing each and every one the way through emails is known as email permission marketing. eMarketing also refers to the placement of media along several different stages of the consumer engagement cycle each and every one the way through search engine marketing (SEM), search engine optimization (SEO), banner advertisements on specific websites, and Web 2.0 strategies. Businesses can register their URL name with search engines and can easily attract consumers towards themselves by showing their URL’s hyperlink(s) into the list of search pages of a search engine.

eMarketing is a business imperative because the Internet is an irrevocable and unstoppable trend. Even if you have a conventional, customary & traditional "brick-and-mortar" business, you'll lose valuable consumers without an online presence. Populace routinely searches for goods and services with their computers in lieu of the
yellow pages. If your business isn't on the Web, consumers will probably choose additional business with whom to do business.

Any business can display their web advertisements into several good numbers of highly popular websites like google.com, yahoo.com, AOL.com, hotmail.com, facebook.com etc. Also, online publicity and advertising is cheap. Publicity and advertising in the phone book or a newspaper is expensive, especially if you want an ad that has a presence on the page. An ad in an Internet directory is generally free, and you can include links directing consumers to your website for more information. And because you can make obtainable and provide consumers with a wealth of information, they no longer have to pick up the phone to have their questions answered.

Although you don't need a website to register your website in an online directory, your marketing efforts will be much more efficient and effective if you have your own website. The first thing to do is to register a domain name. The name of your business is usually a good place to start, because it can help to build your brand and will be easy for consumers to remember. If that's not obtainable, you may have to settle for additional name. Before you commit, give your domain name serious consideration; the name you choose will be your business's online identity for years to come.

Once you choose your domain name, you’ll need to build a professional website. You can use templates make obtainable and provided by your Web host, hire a Web designer to develop your website, or use software to design it yourself.

The hard and difficult part is to rise above the crowd and differentiate yourself from your competition. This is where a well thought out eMarketing plan can help. Here are the main components of any good online marketing plan:

- Registering your website with search engines and directories
- Optimizing your website for search engines
- Sponsoring search engine keywords
- Building a statistics and facts base of consumer email addresses
- Sending email newsletters
- Buying online advertisements

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The Internet is the most measurable and accountable of each and every one communication media while it comes to business statistics. The power to be able to monitor the efficient and effectiveness and continually fine-tune websites, Internet marketing (eMarketing) promotion and campaigns and strategies is one of its most powerful strengths for any marketer. Online marketing is an each and every one-inclusive term for marketing goods & services and/or services online and like several each and every one inclusive terms, eMarketing means different things to different populace.

Online marketing refers to the strategies that are used to market a product or service online, marketing strategies that include search engine optimization and search engine submission, copywriting that encourages website visitors to take action, website design strategies, online endorsement and promotions, reciprocal linking, and email marketing and that's just hitting the draw an attentions.

In any or most business, it is very important to advertise the goods & services. Several small businesses work hard to attract clients and consumers. Having a website and covering the web design basics is just one way to attract new consumers or market the business. Hence, the Internet can be a powerful tool that can help advertise and market goods and services.

Online marketing has lots of advantages and disadvantages over conventional, customary & traditional marketing. It has fast implementation time, considered to be measurable and flexible. Using Online marketing makes your store open 24 hours a day, 7 days a week. The consumers worldwide can reach and can shop and basically do business anytime they want to. Aside from that, emailing subscription base is more often cheaper than sending a letter each and every one the way through mail in endorsing goods & services or in communicating with big or small companies. Updating the subscribers can be done almost instantly each and every one the way through email. Also, visitors of the websites can get up to the minute information on each visit.

Moreover, information sensitive business, such as law firms, newspapers or online magazines can deliver their goods & services directly to the consumers without having to use a courier. Despite these advantages, it also has number of
disadvantages. Since the cost of software, hardware, website design, maintenance of website, online distribution costs and of course, time, each and every one must be factored into the cost of providing service or product. These are expenditures though that looks minute if you see the potential of online marketing.

Several populaces prefer live interaction while they buy. If the business is small with one location, this may deter consumers from buying. Furthermore, there is no replacement for good old fashioned consumer service. The majority of Internet marketers lack consumer service and inquiry response programs. As a result, several online visitors of the website will already have painted the website as poor service before they have even contacted the proprietor. The majority of websites also have poor navigation, which makes it hard and difficult for visitors to discover and locate what they are looking for. But of course in time a help desk maybe added to your consumer service for a more personal touch or there are also live web help that can get you in touch with your consumers while they are in your website.

In addition to that, there are also lots of competitions in online marketing. By the time the customer discovers and locates the website, they have already been clicking several links not unless; they can discover and locate what they are looking for. That is how online marketing strategies can help you rise above the rest. Several of them expect something for free. Some visitors are afraid to trust their credit cards or accounts since they have no idea if it safe to procure on websites. Obviously, they are discouraged to make purchases.

Marketing involves generating leads, converting them to clients and reselling to clients. If businessmen are not attracting the number of consumers and clients they want, there should be an assurance that the marketing strategy isn't full of holes.

1.2 Importance of the Study

There are several pros & cons of starting online business operations. Businesses often calculate return-on-investment numbers before committing to any new technology. This has been hard and difficult to do for investments in electronic commerce because the costs and benefits have been hard to quantify. Costs which are a function of technology, can change dramatically even during short lived electronic
commerce implementation projects because the underlying technologies are changing so rapidly. Several firms have had trouble recruiting and retaining employees with the technological, design and business process skills needed to craft an efficient and effective electronic presence.

Transferring existing brands to the web or using the web to maintain an existing brand is much easier and less expensive than creating an entirely new brand on the web. In 1998, a large number of companies began spending significant amounts of capital to build new brands on the web. According to studies by the Intermarket Group, the top 100 electronic commerce websites each spent an average of $8 million that year to craft and build their online brands.

As per the online published article from http://www.articlecircle.com by Jay Peterson, Marketer of http://www.TicTacWebsites.com, it is covered up the following useful & relevant details to guide research study work. It is as below.

Businesses can sell their goods & services 24 X 7 Hours and 365 Days a year without interruption using their eMarketing concepts. But it is not coming without cost or anxiety. Business should bear the cost of technology. The technology investment includes technical manpower cost, website design/development cost, web hosting cost, maintenance charges, search engine registration charges, web advertisement charges, online security charges, hardware/software charges etc. In short, an eMarketing merits also comes up with several different types of costs and worries. For each and every one online business, it is must to measure the financial performance of their eMarketing operations to remain successful over the longer period of time and to compete with their competitors.

Consumers also can get several benefits of eMarketing facilities. Consumers can surf the net and search out any kind of information at any time. It will be much easier for them to compare the information details about various goods & services/services and they can take an appropriate buying or non-buying decisions. Consumers can have better goods & services at better prices each and every one the way through eMarketing facilities of the online businesses.

Consumers can also transfer their capital, pay telephone bill, pay electricity bill, know their balance of bank account, pay income tax, invest into the share market,
reserve transportation & theater ticket, reserve hotel room, enquire, arrange video conference, upload/download digital (audio/video/images) goods etc.

But their online transactions aren’t safe because likelihood of hackers/crackers and virus/worm/trojan attacks. Like online businesses, consumers also need to bear the cost of high speed communication internet lines, hardware & software cost, MODEM charges, internet service charges etc. They can be cheated easily by online scam too.

Ideally, eMarketing is grow up at a dramatic pace and is significantly impacting consumer and business market behaviors. As a result, most firms have started developing eMarketing strategies for the web. Nevertheless, the evolution and strategic direction of eMarketing in local environments has not been discussed and is the focus of the research investigation. The research will be focusing on online business (eMarketing) as the major part of the study will bring in special concern to online businesses as well as consumers of online businesses in the Gujarat Region. So, one of the core aims of research study to compare conventional, customary & traditional marketing with the eMarketing and to prove that eMarketing is the better option than the conventional, customary & traditional marketing. Each and every one the way through this type of research study, it will be explored how industry online marketing expenditures remain productive to generate the sufficiently more revenue than the usual (conventional, customary & traditional) marketing efforts. Additional, main research objective will be to measure ROI against the industry online marketing expenditure and to prove that ROI is quite at justified level & more than online marketing expenditure. In this project, it will be also focus on how eMarketing influence the buying behavior of consumers and how consumers can be benefited.

1.3 Scope of the Study

In the study, the study and survey will be conducted each and every one the way through questionnaire and interview to collect the statistics and facts from the targeted respondents of Gujarat State to measure the financial efficient and effectiveness and applicability of eMarketing approaches among the consumers and online businesses. There will be the consideration of equal number of “Brick & Mortar” as well as “Brick & Click” (Dot Com) online businesses in which preference
of B2C business model based online businesses more than B2B business model based
online businesses. In this case, consumers will be segmented into certain number of
categories like B2B, C2B, and C2C. In this research, there will be preference of more
number of consumers of C2B business model based businesses than the consumers of
C2C & B2B business model based businesses. The questionnaire will be kept free
from any kind of ambiguities, technical & non-technical jargons, spelling &
grammatical mistakes. Researcher will act as an enumerator in the most of cases to
avoid the problem of ill-hand writings, spelling/grammatical errors, inadequate/wrong
responses & don’t responses as well as any kind of biasness. It will be preferred
online mode to get responses from the remotely located consumers to maintain the
overall one economy of research work. An appointments or prior permissions might
be taken before meeting the business populace especially to avoid the problem of their
unavailability.

Somewhere researcher will ask the same question more than once in a
different manner to discover and locate the errors & to get the accurate and more
reliable statistical inferences. It will be preferred to keep more close ended
(dichotomous, blanks, MCQ) type of questions than the open ended ones. There
would be appropriate scales like ordinal, nominal to frame out questions. There would
be the use of integer values for the coding and then after tabulation purpose.

Different online businesses will be selected from the selected geographical
places within the Gujarat Region to conduct research study. Researcher will go each
and every one the way through the various possibilities to start eMarketing in a
business of this region. Researcher will study and survey about the charges of each
and every one such eMarketing options to understand the industry online marketing
expenditures against their returns of investments. Then after it will very feasible to
judge the influence, efficient and effectiveness of eMarketing against the traditional
marketing. In this project, researcher will also consider the consumers of online
businesses of the same region to measure the financial facet of their buying behavior.
By support of various literature reviews, task to understand the whole research topic
& research work will become easier and speedy. In literature review, there will be the
use of journals, articles/e-articles, books/e-books, online past research thesis and the
web.
1.4 Objectives of the Study

The study is undertaken with the following objectives:

1. To analyze the conceptual background of conventional, customary & traditional marketing effectiveness as well as eMarketing effectiveness.
2. To identify the various eMarketing facilities & it's appropriateness.
3. To measure the eMarketing preferences and usefulness among the customers.
4. To understand the online consumer’s level of satisfaction.
5. To know the drawbacks of online transactions for the online businesses as well as online consumers.

1.4.1 Academic Disciplines Concerned with E-Commerce

The understanding of E-Commerce is so wide that a multidisciplinary perspective is required to know in detail as it is make obtainable and provided in the Figure 1.1. There are two primary approaches obtainable to know the usefulness of E-Commerce which is technical facet and behavioral facet.

1.4.1.1 Technical Approaches

Computer scientists & researchers are interested in E-Commerce as an exemplary and technical application of Internet technology. We are concerned about the development of computer hardware, software, and telecommunications systems, as well as procedures, policies standards, encryption, decryption and statistics and facts base architecture, design and operation. Management scientists are primarily interested in building mathematical applications of business processes and optimizing various processes. They are interested in E-Commerce as a prospect to study about how business firms can apply and exploit the Internet to get more efficient & efficient and effective business usages.
1.4.1.2 Behavioral Approaches

In the behavioral approach, information systems (IS) researchers are essentially concerned in E-Commerce because of its applications for firm and industry value chains, industry structure, and corporate strategy. The information systems discipline covers the technical approaches as well as behavioral approaches. For instance, technical populace within the information systems area of expertise also focus on statistics and facts warehousing, statistics and facts mining, search engine optimization design, and artificial intelligence. Economists generally have focused on consumer behavior at Websites, usefulness of website, pricing of digital goods & services, and on the unique features of digital electronic markets. The marketing professionals are interested in marketing goods, brand awareness, brand development, brand extension, consumer behavior on Websites, and the ability of Internet technologies to segregate and target consumer groups, and distinguish goods & services. Economists contribute to an interest with marketing scholars who have paying attention on E-Commerce consumer reaction to marketing and publicity and advertising promotion and campaigns, and the capability of firms to brand, segment markets, target addressees, and position goods & services to pull off above-normal returns on investment.

Figure 1.1 Disciplines Concerned with E-Commerce
Management scholars have paying attention on capitalist behavior and the challenges faced by young firms who are required to build up organizational structures in short time spans. Finance and accounting scholars have focused on E-Commerce firm evaluation and accounting practices. Sociologists and to a lesser degree psychologists have paying attention on general population studies of Internet convention, the role of social discrimination in skewing Internet benefits, and the use of the Web as a personal and group communications tool. Legal scholars have become concerned in issues such as preserving intellectual property, privacy, and content regulation. No one perception dominates research about E-Commerce. The challenge is to learn enough about a diversity of academic disciplines so that you can take hold of the significance of E-Commerce in its total.

1.5 Digital Marketing: Definition

Digital marketing is yet another term similar to Internet marketing. This has a similar meaning to electronic marketing – both describe the management and execution of marketing using electronic media such as the web, e-mail, interactive TV and wireless media in conjunction with digital data about customers’ characteristics and behavior.

Digital marketing involves: Applying these technologies which form online channels to market: Web, Email, databases, plus mobile /wireless and digital TV.

To achieve these objectives: Support marketing activities aimed at achieving profitable acquisition and retention of customers within a multi-channel buying process and customer lifecycle.

Through using these marketing tactics: Recognizing the strategic importance of digital technologies and developing a planned approach to reach and migrate customers to online services through e-communication and traditional communications. Retention is achieved through improving customer knowledge, then delivering integrated, targeted communications and online services that match their individual needs.
1.6 Internet Marketing Vs. Traditional Marketing

Internet marketing differs significantly from conventional marketing communications because of the digital medium used for communications. The internet and other digital media such as digital television and mobile phones enable new forms of interaction and new models for information exchange. A useful summary of the differences between these is as below:

1.6.1 Interactivity

The following characteristics inherent in a digital medium which are true for online marketing activity.

- The customer initiates contact
- The customer is seeking information (pull)
- It is a high intensity medium – the marketer will have 100 per cent of the individual’s attention when he/she is viewing a web site
- A company can gather and store the response of the individual
- Individual needs of the customer can be addressed and taken into account in future dialogues

The following Figure 1.2(a) shows how traditional media are predominantly push media where the marketing message is broadcast from company to customer and other stakeholders. During this process, there is limited interaction with the customer, although interaction is encouraged in some cases such as the direct response advert or mail order campaign. On the internet, it is often the customer who initiates contact and is seeking information through researching information on a web site. In other words it is a ‘pull’ mechanism where it is particularly important to have good visibility in search engines such as Google, Yahoo! And MSN when customers are entering search terms relevant to a company’s products or services. Note through, that outbound e-mail marketing and online advertising can be considered as ‘push’ broadcast techniques. Figure 1.2(b) shows how the internet should be used to encourage two way communications, which may be extensions of the direct response approach. The digital media represent such a shift in the model of communication that it is a new model or paradigm for marketing communications. The internet represents
a computer-mediated environment in which the interactions are not between the sender and receiver of information, but with the medium itself.

![Diagram of Traditional TV, Print, Radio Media and Direct Mail Communication](a)

![Diagram of Two-way Feedback](b)

**Figure 1.2 Communication Models (a) Traditional Media (b) New Media**

The above two models clarifies the conceptual differences between the traditional marketing communications and the internet marketing communications. It shows an interaction can take place between a firm and a consumer.

**1.6.2 Intelligence**

The internet can be used as a relatively low cost method of collecting marketing research, particularly about customer perceptions of products and services. A wealth of marketing research information is also available from the web site itself. Marketers use the web analytics approaches to build their knowledge of customer preferences and behavior according to the types of sites and content which they consume when online.
1.6.3 Individualization

Another important feature of the interactive marketing communications is that they can be tailored to the individual at relatively low costs, unlike in traditional media where the same message tends to be broadcast to everyone. Importantly, this individualization can be based on the intelligence collected about same visitors and then stored in a database and subsequently used to target and personalize communications to customers to achieve relevance in all media. The process of tailoring is also referred to as personalization – Amazon is the most widely known example where the customer is greeted by name on the web site and receives recommendations on site and in their e-mails based on previous purchases. This ability to deliver ‘sense and respond communications’ is another key feature of internet marketing.

Another example of personalization is that achieved by business-to-business e-tailer RS Components (www.rswww.com). Every customer who accesses their system is profiled according to their area of product interest and information ascribing their role in the buying unit. When they next visit the site information will be displayed relevant to their product interest, for example office products and promotions if this is what was selected. This is an example of what is known as mass customization where generic customer information is supplied for particular segments, i.e. the information is not unique to individuals, but is relevant to those with a common interest.

(a)
1.6.4 Integration

The internet provides further scope for integrated marketing communications. Figure 1.4 shows the role of the internet in multi channel marketing. When assessing the marketing effectiveness of a web site, the role of the internet in communicating with customers and other partners can best be considered from two perspectives. First, there is outbound internet based communications from organization to customer. Second, inbound internet based communications customer to organization: how can the internet complement other channels to deliver customer service to these customers? Many companies have now integrated e-mail response and web site callback into their existing call center or customer service operation.
Some practical examples of how the internet can be used as an integrated communication tool as part of supporting a multi-channel customer journey is the following:

- The internet can be used as a direct response tool, enabling customers to respond to offers and promotions published in other media.
- The web site can have a direct response or callback facility built into it.
- The internet can be used to support the buying decision even if the purchase does not occur via the web site. For example, Dell has a prominent web specific phone number on their web site that encourages customers to ring a representative in the call center to place their order. This has the benefits that Dell is less likely to lose the business of customers who are anxious about the security of online ordering and Dell can track sales that result partly from the web site according to the number of callers on this line. Considering how a customer changes from one channel to another during the buying process, this is referred to as mixed mode buying. It’s a key aspect of devising online marketing communications since the customer should be supported in changing from one channel to another.
• Customer information delivered on the web site must be integrated with other databases of customer and order information such as those accessed via staff in the call center to provide what Seybold (1999) calls a ‘360 degree view of the customer’.

• The internet can be used to support customer service. For example easyJet (www.easyjet.com), which receives over half its orders electronically, encourages users to check a list of frequently asked questions (FAQ) compiled from previous customer enquiries before contacting customer support by phone.

1.6.5 Industry Restructuring

Disintermediation and reintermediation are key concepts of industry restructuring that should be considered by any company developing an eMarketing strategy. For the marketer defining their company’s communications strategy it becomes very important to consider the company’s representation on these intermediary sites by answering questions such as ‘Which intermediaries should be represented on?’ and ‘How do offerings compare or competitors to those of competitors in terms of features, benefits and price?’.

1.6.6 Independence of Location

Electronic media also introduce the possibility of increasing the reach of company communications to the global market. This gives opportunities to sell into international markets that may not have been previously possible. The internet makes it possible to sell to a country without a local sales or customer service force. In such situations and with the restructuring in conjunction with disintermediation and reintermediation, strategist also needs to carefully consider channel conflicts that may arise. If a customer is buying direct from a company in another country rather than via the agent, this will marginalize the business of the local agent who may want some recompense for sales efforts or may look for a partnership with competitors.
Table 1.1 Interpretation of the Differences Between the Old and Digital Media

<table>
<thead>
<tr>
<th>Old Media</th>
<th>Digital Media</th>
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<tbody>
<tr>
<td>One-to-many communication model</td>
<td>One-to-one or many-to-many communication model</td>
</tr>
<tr>
<td>Mass marketing push model</td>
<td>Individualized marketing or mass customization. Pull model for web marketing</td>
</tr>
<tr>
<td>Monologue</td>
<td>Dialogue</td>
</tr>
<tr>
<td>Branding</td>
<td>Communication</td>
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<tr>
<td>Supply-side thinking</td>
<td>Demand-side thinking</td>
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<tr>
<td>Customer as a target</td>
<td>Customer as a partner</td>
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<tr>
<td>Segmentation</td>
<td>Communities</td>
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</tbody>
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1.7 Web Marketing Strategies

Companies are classifying customers into groups and creating targeted messages for each group. The sizes of these targeted groups can be smaller when companies are using the web – in some cases, just one customer at a time can be targeted. New research into the behavior of web site visitors has even suggested ways in which web sites can respond to visitors who arrive at a site with different needs at different times. This ways companies are making money by selling advertising on their web sites.

Most companies use the term marketing mix to describe the combination of elements that they use to achieve their goals for selling and promoting their products and services. When a company decides which elements it will use, it calls that particular marketing mix its marketing strategy. A company’s marketing strategy is an important tool that works with its web presence to get the company’s message across to both its current and prospective customers.

Most marketing classes organize the essential issues of marketing into the four Ps of marketing: product, price, promotion, and place. Product is the physical item or service that a company is selling. The intrinsic characteristics of the product are important, but customers’ perceptions of the product, called the product’s brand, can be as important as the actual characteristics of the product. The price element of the marketing mix is the amount the customer pays for the product. In recent years, marketing experts have argued that companies should think of price in a broader
sense, that is, the total of all financial costs that the customer pays to obtain the product. This total cost is subtracted from the benefits that a customer derives from the product to yield an estimate of the customer value obtained in the transition. The web can create new opportunities for creative pricing and price negotiations through online auctions, reverse actions, and group buying strategies. These web based opportunities are helping companies find new ways to create increased customer value.

Promotion includes any means of spreading the word about the product. On the internet, new possibilities abound for communicating with existing and potential customer. Using the internet companies can engage in meaningful dialogs with their customers using email and other means.

For years, marketing managers dreamed of a world in which instant deliveries would give all customers exactly what they wanted when they wanted it. The issue of place is the need to have products of services available in many different locations. The problem of getting the right products to the right places at the best time to sell them has plagued companies since commerce began. Although the internet does not solve all of these logistics and distribution problems, it can certainly help. For example, digital products such as information, news, software, music, video, and e-books can be delivered almost instantly on demand through the internet. Companies that sell products that must be shipped have found that the internet gives them much better shipment tracking and control than did previous information technologies.

1.7.1 Product-Based Marketing Strategies

Most companies offer a variety of products that appeal to different groups. When creating a marketing strategy, managers must consider both the nature of their products and the nature of their potential customers.

Managers at many companies think of their businesses in terms of the products and services they sell. This is a logical way to think of a business because companies spend a great deal of effort, time and money to design and create those products and services. If you ask managers to describe what sell or use to create a service. When customers are likely to buy items from particular product based organization makes
sense. Most office supplies stores on the web believe their customers organize their needs into product categories.

### 1.7.2 Customer-Based Marketing Strategies

Web creates an environment that allows buyers and sellers to engage in complex communications modes. The communication structures on the web can become much more complex than those in traditional mass media outlets such as broadcast and print advertising. When a company takes its business to the web, it can create a web site that is flexible enough to meet the needs of many different users. Instead of thinking of their web sites as collections of products, companies can build their sites to meet the specific needs of various types of customers.

A good first step in building a customer-based marketing strategy is to identify groups of customers who share common characteristics.

### 1.8 Different Market Segments Communication

Identifying groups of potential customers is just the first step in selling to those customers. As equally important component of any marketing strategy is the selection of communication media to carry the marketing message.

In the physical world, companies can convey large parts of their messages by the way they construct buildings and design their floor spaces. For example, banks have traditionally been housed in large, solid looking buildings that provide passersby an ample view of the main safe and its thick, sturdy door. Banks are these physical manifestations of reliability and strength to convey an important part of their service offerings – that a customer’s money is safe and secure with the bank.

Media selection can be critical for an online firm because it does not have a physical presence. The only contact a potential customer might have with an online firm could well be the image it projects through the media and through its web site. The challenge for online businesses is to convince customers to trust them even though they do not have an immediate physical presence.
1.8.1 Trust and Media Choice

The web is an intermediate step between mass media and personal contact, but it is a very broad step. Using the web to communicate with potential customers offers many of the advantages of personal contact selling and many of the cost savings of mass media. Figure 1.5 shows how these three information dissemination models compare on another important dimension: trust.

Although mass media offers the lowest level of trust, many companies continue to use it successfully. The cost of mass media advertising can be spread over the many people in its large audiences. For example, the cost of creating a television ad can be several hundred thousand rupees, but that ad will be viewed by millions of people. Thus, the cost of advertising per view is very low. Its low cost makes mass media advertising attractive to many companies.

After years of being barraged by television and radio commercials, many people have developed a resistance to the messages conveyed in the mass media. The impact on an audience of the shouted expression “New and Improved!” is very low. The overuse of superlatives has caused many people to distrust or ignore much mass media. Television remote controls have mute buttons and make channel surfing easy for a reason. Attempts to recreate mass media advertising on the web are likely to fail for the same reasons – many people ignore or resist messages that lack content of any specific personal interest to them.

Mass media advertising campaigns that are successful often rely on the passive nature of the media consumption experience. People watching television or listening to radio are usually in a passive and receptive state of mind. Thus, advertisers can include message in mass media advertising the recipients might not consider valid or convincing if they were actively evaluating those statement. The messages are accepted by recipients because they are in a no questioning and passive state of mind. In contrast, web users are actively engaged in the medium, with hands on the keyboard and mouse, as they view web pages. This active state of mind makes web users far more likely to actively evaluate advertising messages they see and less likely to accept the content of those messages.
Companies can use the web to capture some of the benefits of personal contact, yet avoid some of the costs inherent in that approach. Most experts agree that it is better to make the trust based model of personal contact selling work on the web than to adopt the mass marketing approach on the web.

The internet has created new communications modalities for individuals and companies. People can post their thoughts on a web site and invite others to add commentary. This type of web site known as a web log or blog has provided an outlet for political, religious, and other statements of strongly felt beliefs. In recent years, some retailers have experimented with blogs as an adjunct communication device. These retailers hope that blogs will give their online stores a personality and prove customers with a reason to visit their web sites even if they are not shopping. Blogs are examples of how companies can use the web to engage in communications that more closely resemble the high trust personal contact mode of communication than the low trust mass media mode. And they allow companies to achieve some of these benefits without incurring the high cost of traditional personal contact techniques.

![Figure 1.5 Trust in Three Information Dissemination Models](image)

**Figure 1.5 Trust in Three Information Dissemination Models**

### 1.9 Technology Enabled CRM

The nature of the web, with its two-way communication features and traceable connection technology, allows firms to gather much more information about customer behavior and references than they can gather using micromarketing approaches. Now,
companies can measure, large number of things that are happening as customer and potential customers gather information and make purchasing decisions. The information that a website can gather about its visitors is called a click stream.

The idea of technology-enabled relationship management has become possible when promoting and selling on the web. Technology-enabled relationship management occurs when a firm obtains detailed information about a customer’s behavior, preferences, needs, and buying patterns, and uses that information to set prices, negotiate terms, tailor promotions, add product features, and otherwise customize its entire relationship with that customer.

Although companies can use technology-enabled relationship management concepts to help manage relationships with vendors, employees, and other stakeholders, most companies currently use these concepts to manage customer relationships. Thus, technology-enabled relationship management is often called customer relationship management (CRM), technology-enabled relationship management or electronic customer relationship management (eCRM). Table 1.2 lists seven dimensions of the customer interaction experience and shows how technology-enabled relationship management differs from traditional seller-customer interactions in each of those dimensions.
### Table 1.2 Technology-Enabled Relationship Management and Traditional CRM

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Technology-enabled relationship management</th>
<th>Traditional relationships with customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>Provide information in response to specific customer inquiries</td>
<td>Push and sell a uniform message to all customers</td>
</tr>
<tr>
<td>Targeting</td>
<td>Identify and respond to specific customer behaviors and preferences</td>
<td>Market segmentations</td>
</tr>
<tr>
<td>Promotions and discounts offered</td>
<td>Individually tailor to customer</td>
<td>Same for all customers</td>
</tr>
<tr>
<td>Distribution channels</td>
<td>Direct or through intermediaries; customers’ choice</td>
<td>Through intermediaries chosen by the seller</td>
</tr>
<tr>
<td>Pricing of products or services</td>
<td>Negotiated with each customer</td>
<td>Set by the seller for all customers</td>
</tr>
<tr>
<td>New product features</td>
<td>Created in response to customer demands</td>
<td>Determined by the seller based on research and development</td>
</tr>
<tr>
<td>Measurement used to manage the customer relationship</td>
<td>Customer retention; total value of the individual customer relationship</td>
<td>Market share; profit</td>
</tr>
</tbody>
</table>

1.10 e-Business Patterns: The Structural Foundation

Market turbulence makes understanding, let alone predicting, strategic movements very difficult. Practicing managers, consultants, investors, and students all face the problems associated with analyzing a dynamic market environment. For the manager, market volatility makes it more difficult to see the forest from the trees. As the environment changes, managers need to ask the following questions.

- Are we investing in the right business opportunities?
- Are these opportunities ever going to be profitable?
- Are we using the right business model to attack these opportunities?

In today’s environment, more than ever, managers of old-economy companies need the right tool to support and to improve their effectiveness when making major strategic moves, allocating scarce resources, and managing risk. Why? Because the large old economy companies from consumer products to industrial manufacturing have begun to see relatively small pieces of their markets taken away be new, web
enabled firms. As a result, those companies are waking up to the e-business threat and have started to push toward more efficient digital strategies based on optimizing the customer’s experiences, integrating their value chains, and accelerating information flow.

But choosing a target strategy is complex. For instance, as large brick-and-mortar corporations move online, they often choose one of two options: (1) swallow a start-up and take advantage of its domain knowledge, brand awareness, experienced staff, and established fulfillment services; or (2) go it alone. But what is the right approach? Take, for instance, Kodak, which is adopting a hybrid approach, both competing and collaborating with digital companies. Kodak made an equity investment in Snapfish, an online photo-processing company but also launched its own photo-finishing service: PrintAtKodak. Simultaneously, Kodak unveiled a vendor supplier relationship with Shutterfly, whereby Kodak will process prints for Shutterfly. Kodak is clearly hedging and attempting to reduce risk by pursuing multiple strategies at the same time.

As the focus shifts from physical assets to digital assets, managers should monitor macroeconomic and customer trends to trigger new e-business structural design. The resulting new business models, in turn, are the genesis for the next generation of corporate strategic planning. However, many companies still don’t take the digital world seriously.

Clearly, we are in the early stages of a revolution that is changing the business landscape. As with any revolution, there will be moments of extreme optimism. When the potential reveals itself; there will also be moments of extreme pessimism, when skepticism rules, however, one thing is certain: e-Business is creating new opportunities for companies willing to adapt. For other companies, this same revolution represents a destabilizing threat to the status quo of business as usual. When all is said and done, we will find a few big corporate winners joining the ranks of the premier companies in the world.
1.11 Online Security Issues Overview

In the early days of the internet, one of its most popular uses was electronic mail. Despite e-mail’s popularity, people have often worried that a business rival might intercept e-mail messages for competitive gain. Another fear was that employees’ no business correspondence might be read by their supervisors, with negative repercussions. These were significant and realistic concerns.

Today, the stakes are much higher. The consequences of a competitor having unauthorized access to messages and digital intelligence are now far more serious than in the past. Electronic commerce, in particular, makes security a concern for all users. A typical worry of web shoppers is that their credit card numbers might be exposed to millions of people as the information travels across internet. Recent surveys show that more than 80 percent of all internet users have at least “some concern” about the security of their credit card numbers in electronic commerce transactions. These echoes the fear shoppers have expressed for many years about credit card purchases over the phone.

Consumers are now more comfortable giving their credit card numbers and other information over the phone, but many of those same people fear providing that same information on a web site. Increasingly, people doubt that these companies have the willingness and the ability to keep customer’s personal information confidential.

Consumer security is the protection of assets from unauthorized access, use, alteration, or destruction. There are two general types of security: physical and logical. Physical security includes tangible protection devices, such as alarms, guards, fireproof doors, security fence, safes or vaults, and bombproof buildings. Protection of assets using nonphysical means is called logical security. Any act or object that poses a danger to computer assets is known as a threat.

1.11.1 Managing Risk

Countermeasure is the general name for procedures, either physical or logical, that recognizes, reduces, or eliminates a threat. The extent and expense of countermeasures can vary, depending on the importance of the asset at risk. Threats that are deemed low risk and unlikely to occur can be ignored when the cost to protect
against the threat exceeds the value of the protected asset. The risk management model shown in Figure 1.6 illustrates four general actions that an organization could take, depending on the impact (cost) and the probability of the physical threat.

The same sort of risk management model applies to protecting internet and electronic commerce assets from both physical and electronic threats. Examples of the latter include impostors, eavesdroppers, and thieves. An eavesdropper is a person or device that can listen in on and copy internet transmissions. People who write programs or manipulate technologies to obtain unauthorized access to computers and networks are called crackers or hackers.

A cracker is a technologically skilled person who uses their skills to obtain unauthorized entry into computer or network systems – usually with the intent of stealing information or damaging the information, the systems’ software, or even the system’s hardware.

Figure 1.6 Risk Management Model

Originally, the term hacker was used to describe a dedicated programmer who enjoyed writing complex code that tested the limits of technology. Although the term
hacker is still used in a positive way – even as a compliment – by computer professionals, the media and the general public usually use the term to describe those who use their skills for ill distinction between good hackers and bad hackers.

To implement a good security scheme, organizations must identify risks, determine how to protect threatened assets, and calculate how much to spend to protect those assets. The primary focus in risk management protection is on the central issues of identifying the threats and determining the ways to protect assets from those threats, rather than on the protection costs or value of assets.

### 1.11.2 Consumer Security Classifications

Computer security is generally classified into three categories: secrecy, integrity, and necessity. Secrecy refers to protecting against unauthorized data disclosure and ensuring the authenticity of the data source. Integrity refers to preventing unauthorized data modification. Necessity refers to preventing data delays or denials (removal). Secrecy is the best known of the computer security categories. Every month, newspaper reports on break-ins to government computers or theft of stolen credit card numbers that are used to order goods and services. Integrity threats are reported less frequently and, thus may be less familiar to the public. For example, an integrity violation occurs when an internet e-mail message is intercepted and its contents are changed before it is forwarded to its original destination. In this type of integrity violation, which is called a man-in-the-middle exploit, the contents of the e-mail are often changed in a way that negates the message’s original meaning. Necessity violations take several forms, and they occur relatively frequently. Delaying a message or completely destroying it can have grave consequences.

### 1.11.3 Security Policy and Integrated Security

Any organization concerned about protecting its electronic commerce assets should have a security policy in place. A security policy is a written statement describing which assets to protect and why they are being protected, who is responsible for that protection, and which behaviors are acceptable and which are not. The policy primarily addresses physical security, network security, access authorization, virus protection, and disaster recovery. The policy develops over time
and is a living document that the company and security officer must review and update at regular intervals.

Both defense and commercial security guidelines state that organizations must protect assets from unauthorized disclosure, modification, or destruction. However, military security policy differs from commercial policy because military applications stress separation of multiple levels of security. Corporate information is usually classified as either “public” or “company confidential”. The typical security policy concerning confidential company information is straightforward: do not reveal company confidential information to anyone outside the company.

The first step an organization must take in creating a security policy is to determine which assets to protect from which threats. For example, a company that stores its customers’ credit card numbers might decide that those numbers are an asset that must be protected from eavesdroppers. Then the organization must determine who should have access to various parts of the system. Next, the organization determines what resources are available to protect the assets identified. Using the information it has acquired, the organization develops a written security policy. Finally, the organization commits resources to building or buying software, hardware, and physical barriers that implement the security policy. For example, if a security policy disallows any unauthorized access to customer information, including credit card numbers and credit history, then the organization must either create or purchase software that guarantees end-to-end secrecy for electronic commerce customers.

A comprehensive plan for security should protect a system’s privacy, integrity, and availability, and authenticate users. When these goals are used to create a security policy for an electronic commerce operation, they should be selected to satisfy the list of requirements shown in Table 1.3. These requirements provide a minimum level of acceptable security for most electronic commerce operations.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secrecy</td>
<td>Prevent unauthorized persons from reading messages and business plans, obtaining credit card numbers, or deriving other confidential information.</td>
</tr>
<tr>
<td>Integrity</td>
<td>Enclose information in a digital envelope so that the computer can automatically detect messages that have been altered in transit.</td>
</tr>
<tr>
<td>Availability</td>
<td>Provide delivery assurance for each message segment so that messages or message segments cannot be lost undetectably.</td>
</tr>
<tr>
<td>Key Management</td>
<td>Provide secure distribution and management of keys needed to provide secure communications.</td>
</tr>
<tr>
<td>No repudiation</td>
<td>Provide undeniable, end-to-end proof of each message’s origin and recipient.</td>
</tr>
<tr>
<td>Authentication</td>
<td>Securely identify clients and servers with digital signature and certificates.</td>
</tr>
</tbody>
</table>

Table 1.3 Requirements for Secure Electronic Commerce

1.11.4 Communication Channel Security

The internet serves as the electronic connection between buyers and sellers. The most important thing to remember about communication channel security is that the internet was not designed to be secure. Although the internet has its roots in a military network, that network was not designed to include any significant security features. It was designed to provide redundancy in case one or more communications lines were cut. In other words, the goal of the internet’s packet-switching design was to provide multiple alternative paths on which critical military information could travel. The military always sends sensitive information in an encrypted form so that the content of messages traveling over any network—even in intercepted—remain secret. The security of messages traversing the military predecessors to the internet was provided by software that operated independently of the network to encrypt messages. As the internet developed, it did so without any significant security features that become a party of network itself.

Today, the internet remains largely unchanged from its original, insecure state. Message packets on the internet travel an unplanned path from a source node to a destination node. A packet passes through a number of intermediate computers on the network before reaching its final destination. The path can vary each time a packet is sent between the same source and destination points. Because users cannot control the path and do not know where their packets have been, it is possible that an
intermediary can read the packets, alter them, or even delete them. That is, any message traveling on the internet is subject to secrecy, integrity, and necessity threats.