CHAPTER V
INTERNET MARKETING

5.1 INTERNET MARKETING CONCEPT.

The importance of Internet Marketing has increased after the spread of the commercial use of the internet; Internet marketing has opened new visions in the world of Marketing. Internet marketing offers a chance to organizations to reach the customers and consumers individually, (Individual Electronic Marketing), individual electronic marketing has great importance in the field of promotion, because if the organization has the ability to communicate with the customer directly and individually so the customer will be attracted to the organization and a sense of loyalty will develop between them.

Internet marketing is “company efforts to inform, communicate, promote and sell its products and services over the internet.” 93 While others see it as “the application of broad range of information technologies for transforming marketing strategies to create more customer value through more effective segmentation, targeting, differentiations and positioning strategies more efficiently planning and executing the conception, distribution, promotion and pricing of goods, services, and ideas: and creating exchanges that satisfy individual consumer and organizational customer’s objectives”. 94 Kenneth has defined it as ”using the web as well as traditional channels to develop a positive, long term relationship with the customer, thereby creating a competitive advantage for the

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firm by allowing the firm to charge a higher price for products or services than its competitors can charge.” 95

Rafi. A. Mohammed defines it as “the process of building and maintaining customer relationships through online objectives to facilitate the exchange of ideas, products and services that satisfy the goals of both parties.” 96 From all these definitions we can say that, internet marketing is the administration of interaction between the organization and the customer in the space of virtual environment in order to achieve joint benefit. Virtual environment for internet marketing depends on internet technology, the internet marketing process doesn’t focus only on the selling processes of the products to customer only, but it focuses also on managing the relations between customer and elements of internal and external environment of the organization. The function of internet marketing is achieving the co-ordination and integration with other organization functions like production, buying, storing, financial, RD…etc.

5.1.1 Nature of Internet as a New Marketing Method.

Some researchers say that, marketing is marketing by any method. There is some truth in that, but marketing on the internet is a different internet culture and has certain challenges and unique features. We have to understand its importance in order to work on the net actively. The reasons:-

- Convenienc:e On-line marketing can be done from any place anytime.


• Information: Customer can gain information about travel and travel destination, and information about goods or services.

• Price: Customer has the feeling, that he will get a better price.  

• Changing: Today the internet is not like it was before, it is always changing.

• New equipments: New equipments are developing every day, like software and hardware.

• New investors: The entire world is connected by the net, commercial services are attracting more and more investors, internet providers have created a revolution every where in the lives of the people.

• Internet has its own culture like any society, so the marketers must understand this culture before entering it. What are the features of this culture?

  1. Internet users expect that, they will get more and more information.

  2. They expect they will get information free of cost.

  3. They don’t like commercial e-mail

  4. They expect new content in the website, generally they don’t like a very bright logo and a statement that is paring in its content.  

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5.2 THE ARTHUR E-MARKETING MODEL.

Arthur D. Little introduced a model explaining the e-marketing cycle, this cycle constitutes four phases.

1. Preparation phase: In this phase we must know the needs and wants of the customer, know the target market that has value and attraction, consider the nature of competition. In order to succeed we need information quickly so that the organization may collect the data and information from the internet by using Marketing Research and also take the help of Research centers which specialize in marketing research that work on internet. The organization may also collect the information and data by traditional methods. The knowledge about the needs and wants of customer, size of attractive market, and the nature of competition helps the organization to launch suitable products on internet to achieve the objectives of the organization.

2. Communication phase: In this stage an organization achieves the process of communication with the customer to inform him about new products which have already been launched in the markets.

Communication phase constitutes from four secondary stages:

A. Attention: Several methods be used to attract the customer attention. The most important of these methods comprise; Advertising Banners, E-mail Messages.
B. Information: At this stage the organization makes the information available to the customer who wants it. This information helps him to build his opinion about product.

C. Desire: The organization focuses on increasing the desire in the customer. In order to make this process successful we must make the offering process and presentation very active. We must use the multimedia technology.

D. Action: As result of the previous stages the customer decides to purchase the product launched on the internet.

3. **Transaction Phase:** This stage expresses the process of exchange that takes place between the seller and the buyer. The organization makes the product available at the right time in the right place and the buyer makes the payment. There are several ways to make payment, the most important being pay by credit card through the internet and this need the use of secure payment systems and exchange including monetary transactions and non-monetary transactions.

4. **After Sales Phase:** The organization doesn’t only complete the sale process but it maintains good relation with the customer and tries to retain him as a regular customer. The marketing process doesn’t stop at attracting and winning new customers. It is also necessary to retain them, so that the organization must use all the electronic methods to retain these customers making use of the following :-

- Virtual societies and chatting rooms.
- Communication through e-mail and providing the customer which new information about the product.
- Availability of the form of repeated question FAQ.
- Supporting and updating services. 99

5.3 INTERNET MARKETING EFFECTIVENESS.

To make the process of internet marketing successful and effective we must make some facilities available to the customers, some of these are:

1. **Offering benefit to the customer**: The organization must offer sufficient and clear benefit while launching the products (service and goods) on the internet, so as of secure repeat orders. The contents of the commercial electronic website must include all the supporting services which satisfy the needs and wants of the customer and the organization must try to provide individual needs and wants of the customer as far as possible through the adoption of the concept of personalization. The organizations work on the internet should be distinctly different by offering unique and distinguished benefits to the customers, and the level of supporting services should be of great importance to achieve the process of differentiation 100.

2. **Achieving integration with all activities of electronic business**: The organization must achieve integration between internet marketing and other electronic business activities in order to observe these activities in all the stages of internet marketing process (preparation, communication, transaction and after sales service). For example the process of sale doesn’t achieve its objectives if there is no integration

and interaction with the payment systems through the internet, and also if the security and protection systems are not available. Also if quality workers are not available the electronic business technology cannot be conducted in a proper way.

3. The ability to present the content and services of electronic shop in a active way:

The content and services of the electronic shop, must present through website a new picture which is in accord with the new nature of electronic business. The presentation of different content of electronic shop must be differentiated from the Traditional offline business. Internet marketing has features which distinguish it from offline traditional marketing. There are some organizations not having experience in e-business and marketing on internet. These organizations go for adopting the traditional offline marketing in their marketing activities through internet and this puts them in a weak and wrong position. The contents of electronic shop must include three essential marketing elements:

a. Availability of all and necessary information about products presented for selling on internet, demonstrating the details about the content of the product and the manner of using them. It is very important to make such information available to them through fast and clear channels.

b. Interaction with the customer. The customer should be able to contact and interact with important persons doing the marketing activities like seller, manager of electronic shop, reference group and old customers. This needs the availability of electronic methods and devices to achieve this objective efficiently.
c. Achieve the process of interaction efficiently. This involves the availability of all the things that satisfy the needs and wants of the customer and availability of supporting services which relate to the products (services, goods) like, after sale services.

**Figure 5.1** home page of Hp Company has the ability to present content and services of electronic shop.

4. **Easy and creative building of electronic shop:** The building of electronic shop must be creative and make the process of getting information easy. The process of exchange and interaction should be easy for the customer. For example the links must not be more than three to get the information for purchasing the services or goods (not more than three links, pages and layers). To achieve this we need to create a balance between the three related elements:
a. Offering enough information to save the customer's time

b. Availability of accurate information that the customer is looking for.

c. Arrange the website pages (electronic shop web site) in a very well organized and proper manner.

5. The office of electronic marketing must inform the general administration of the organization about the actual picture of the situation by daily or weekly reports and research and always update the information.

6. Impart training in the use of the internet and its different services since there is something new in the net which should be known.

7. Appoint a manager especially for internet marketing, which is better than a committee, particularly for markets having slow movement and development.

8. Pay more attention to the feedback and take suitable action in the matter.

9. Support internet marketing by other methods like on line promotional activities and by other methods for the organization's website.

Chart 5.1 Benefits of Internet Marketing.

<table>
<thead>
<tr>
<th>Internet Marketing Benefits</th>
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<tbody>
<tr>
<td>Online mass customization personalization</td>
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<tr>
<td>24/7 convenience</td>
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<td>Self-service ordering and tracking</td>
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<td>One-stop shopping</td>
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<tr>
<th>Internet Marketing Decreases Costs</th>
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<tr>
<td>Low cost distribution of communication messages</td>
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<td>Low cost distribution channel for digital products</td>
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<tr>
<td>Lowers costs for transaction processing</td>
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<td>Lowers costs for knowledge acquisition</td>
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<tr>
<td>Creates efficiencies in supply chain</td>
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<td>Decreases the cost of customer service</td>
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<tr>
<th>Internet Marketing Increases Revenues</th>
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<tbody>
<tr>
<td>Online transaction revenues such as product, information, advertising and subscriptions sales; or commission/fee on transaction or referral</td>
</tr>
<tr>
<td>Add value to products/services and increase prices</td>
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<tr>
<td>Increase customer base by reaching new markets</td>
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<tr>
<td>Build customer relationships and thus increase current customer spending</td>
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5.4.1 The Selling Process on Internet Network.

The process of selling on internet constitutes many steps to achieve total sales on the net:-

1. The buyers enter the electronic market and select through the net the goods they want to buy and also come to know about new products that have entered the market.

2. The information banks on the net supply the customer additional information, about products (good or services) that he wants to buy.
3. The buyer mentions the specifications of goods that he needs and places the purchasing order through the net for the products by using e-mail or by using normal communication methods with the selected organization.

4. Payment of price through the net by credit card or by any other banking arrangement.

Electronic commerce is classified in internet economic, as the economic activity which is conducted on the internet network only and not those conducted through local network (Intranet and Intranet) and include the direct selling via internet and all commercial transaction.
Figure No. 5.2 Transactions in Electronic Markets.

Order taking (Buyer)  

1. Log on to seller’s site or to a market place
2. View catalogs
3. Collect items in shopping cart or trolley
4. Final decision what to buy; purchasing
5. Select payment and delivery options

Order fulfillment (Seller)

6. Order received electronically; process
7. Inventory system; checks availability
8. Payment authorization request
9. Buyer’s Bank
10. Seller’s Bank
11. Manufacturing or acquisition (if needed)
12. Delivery

5.4.2 The Advantages of the Internet Marketing.

The commercial organizations recognized the ability of internet marketing around the end of the last century, and thus new subscriptions of about 70% - 80% are coming from these organizations. 

The importance of internet increases with the increasing use of the internet due to several factors like increase in the sale of personal computers, development of the web network, and wide promotion of the internet network on media. The merits of internet increase day by day as can be seen from the following:-

- It gives the organization enormous geographical coverage and can reach almost all the parts of the world through the web and get inquiries for business.
- It passes by gatekeepers and puts the organization directly in touch with important decision makers.
- It enables the organization to zero in on prospects with highly specific needs or interest.
- Compared with face-to-face networking, its time effective. It saves time of sellers who need not the meet customers face to face.
- It helps the organization to get quick results and response from the market and don’t need to wait to get the results through traditional channels.
- Because millions of people come across any particular messages and pass on to others, the reach of the organization goes far beyond the online universe.

• Compared with the telephone and person to person communication, the organization doesn’t need to be quick tongued.

• The organization can in a short time build its reputation.

• It helps the organization to find prospects that the organization may not be able to reach through other media.

• It keeps the organization in touch with beliefs, assumptions and preferences of the organization’s market. ¹⁰³

• Communication with people from many fields of business leads to enhanced communication and the intelligent businessman knows that, it is not only important what you know but it is very important to know who knows. This communication method allows the organization to communicate with people who are available on line round the clock.

• Ready business information. The basic information about products, prices, address, phone number and times of direct communication.

• To serve customer. The availability of ready data base about products and alternatives allows the customer to know and select who will become a regular customer. ¹⁰⁴

• For selling things. This is the main reason to be available on www.

• To put pictures, sounds and films in ready files, a good picture is better than a thousand words and sound makes advertising more active and attractive.

• To reach target markets which have higher quality. The biggest segment now available on net is higher education, giving rise to higher income. If we want to reach these through off line traditional marketing it is very expensive.

• To communicate with sales people. Sales people always need information and some times need new information to gain advantage at the opportune moment, putting information on the website at the right time helps them greatly.

• To build 24 hours services. The time is not same around the world but the availability on the internet allows the organization to offer and communicate round the clock.

• To test new markets of products (services, goods). This process is very costly through offline traditional marketing but by using the internet we can reach the market much faster and can test the product at cheapest cost and in minimum time. 105

• To reach the educational organizations and youth markets. Even the market organization doesn’t include the educational organizations but they are very important for identification. The organization can introduce many products through these organizations like books, educational equipment …etc.

• To reach the media methods. Every economic activity needs the help of various media channels like, TV, the press. This relies on information as the basic

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material present itself to the public. Most media now days depend on the digital environment and there are several group discussions. If the organization wants to communicate with the public through the media it must subscribe to these group discussions room and be in constant contact with them.

- To reach the specialized markets. Internet is not a suitable method for selling vegetables and fruits, but it is suitable for selling equipments of higher technology and antiques.

- Internet marketing helps to stop brain drain.

- To support the quality of national product in order to face international competition.

- The information systems are available on the internet on many firms and subject, include all the contents of public libraries and special information about products, markets and formal statistics. The entering of such information is very easy and not expensive.

- Internet marketing helps the developing countries to become like the developed countries. 106

- Decreasing the cost of marketing channels on local products in order to reduce the ultimate cost of goods and services.

- Local organizations, small and medium size organizations have great need for electronic business to open new markets.

106 Adnan, Alhusaini, “Current position of using internet in the Arab World”, Arab World Internet (March, 1998)
• To reduce the cost of communication specially the cost of fax, post and to reduce the documents.

5.5 THE MODERN MARKETING TECHNIQUES FOR THE INTERNET NETWORK.

The techniques and services of marketing are increasing on the internet network very fast as also the development of files per month and net per year. Here are some indicators:

• The speed of transmission of information across the network has increased.
• There are several multimedia.
• There are several applications of virtual reality.
• There are many search engines and their accuracy is increasing day by day.
• The problems of security have great importance especially for commercial transactions. 107

Computer techniques are many and increasing day by day, for example:

• The multimedia through sound and picture in communication / VIDEO / PHONE.
• Electronic Commerce
• Internet Marketing
• Information Bank on the net
• Electronic Payment

5.5.1 Homepage on the Internet Network.

The Homepage presents the face of the working of an organization’s website on the internet. In order to become a supplier of information and marketer on the internet the organization must have its own homepage. This homepage has its own address like, http://your.site.com/ your page. Html. May be through this homepage the organization could participate on internet network and can promote its products. The homepage contains many files and links, and it is available in the provider computer of organization. This home page prepared by the organization to describe the most important products and services of it. Specialists of the advertising agency also are involved in making the homepage and keeping it updated and presenting the unique features of goods and services of the organization. The internet network is dynamic in nature and constructing the homepage must include marketing information of the organization and its services. It makes the changes ranging from introduction of new products to new policies of the organization. The Internet experts influence the process of building the homepage of the organization and is a very important step in the process of internet marketing because it consists of the first impression in the minds of the customers of the organization and is considered as a good opportunity for small local organizations to present their products on the homepages of website to open new marketing channels around the world.

To build website on the internet network we must consider some things that have great importance in building it:

\[^{108}\text{Ahemed, Handy, “Internet as New Marketing Method”, Altechniy (October, 2005).}\]
1. Attractive design: The design of the firm is of great importance on the internet pages and it attracts the clients if it is good, and vice versa.

2. Updating the website by new information, news and commercial services.

3. Easily entering the website.

4. Clarity and conciseness of the available information when we want to design the homepage to attract the customer's attention.

5. Flexibility and continuous development and updating the website by new information about the organization.

6. The homepage must be clear in and accordance with the customer's desire.

7. The organization must consider the unreality of the homepage and therefore must be designed in a very good manner. There are several ways that are used by organization to advertise their websites like:

   - Search engines: Most people use search engines to get information, these research engines like AltaVista and Excit, design the homepage so as to be found by research engines, and we must use one of the registration equipments of website.

   - The exchange strategy of links: This second method of advertising websites on the internet, if the organization has more links it will get more advertising.

   - The virus strategy: The organization must encourage people to advertise its homepage to their friends and relatives. The actual virus attacks the cell and goes to others, this strategy like that.

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• Public relations: Encourage the publisher to write something about the websites of the organization and encourage the public leaders to speak about the organization.

• Traditional Media: The majority of people read newspaper and magazines so that we can put a small advertisement in the traditional media to make people know about the websites of the organization.

• By using e-mail: The organizations must use e-mail to advertise their websites.

• Networks: The owners of small business know that, if they join the trade union they will get a chance to promote themselves and make transaction with other members of the union.

• Paid advertisements: If the organization wants to reach new markets and have thousands of visits to its websites it must advertise.

• Banners: The pictures that appear in the middle of pages are mostly moveable and have links to the website.\(^{110}\)

• The visitor returns to visit the website of organization as a result of many factors that push them to be usual visitor for company website.

• Create curiosity: If the website of the organization is large and has a lot of information, the visitors will come back to visit it many times. The information must not be mixed with activities, but the visitor must always feel that there is something new in every page.

• Availability of changeable article: At least the organization must offer one changeable article per day that changes every day, in order to enable the visitor

\(^{110}\) Abdula, Ali, “Methods of designing the homepage”, World of computer and internet (September, 2000).
to get additional information it may be any new action, address (URL) and a new sound file.

- Availability of sources and equipments: The homepage of the organization must offer link with the data base, internet guides, search engines and groups of pictures. These sources make the visitor come back to the website of the organization.

- Ability of personalization: The visitor may make the website of the organization his website and make the homepage of website the main page to the visit like, http://my.yahoo.com.

- To refer to source or unique action: The page may offer contests, gifts, some website give costly gifts or offer financial covering to contribute or participate in conferences or festivals.

- The organization must make other organizations on the internet visit its website for which the organization must promote its website by using offline traditional media and also online media.

To make the website of the organization successful, the organization must pay attention to all the details and information to make internet marketing campaign successful and reach new markets, new customers and create demand for the products of the organization.\textsuperscript{111}

\textsuperscript{111} Rame, Alhasani, “How you can build your commercial website”, The Science Today (June, 2005)
5.5.2 Electronic Payment System.

The financial transactions have developed with availability of modern techniques on the internet network. More than 650 International financial institutions are conducting their business across the internet, about 70% in the USA and such business even exceeds banks.112 The banking web sites on the net are divided into smaller and simple website for conducting activities like doing correspondence, exchange and promotion. Websites medium and large in size are not available any where only on the internet. The business of banking has new countenances on the net especially in relation to the customer which is charged automatically, buying from far off places involves expenditure and the net

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112 Braid, Dourgam. “The role of internet and communication in modernization the economic”, Economic (March, 2005)
offers suitable dealing solutions. Availability of developed banking services means requirement to deal with internet marketing services and these days there are international studies about projects of electronic money.

5.5.3 Varying Marketing Techniques on the Internet.

- Net meeting: There are now many systems of conducting meetings at the actual time with actual voice. The numbers of such meetings are increasing; some of the systems involve live communication within the organization, while others conduct general meetings. The systems of meeting allows modification of text and sound called (white boarding)\(^{113}\), it allows moving to homepage and other websites. The page of internet conferences is http://conferences.Calendar.com.

- Usenet Newsgroups: These groups aim to issue the latest news and activities concerning social, political and economical affairs of the people around the world. The news networks like ANN.CNN are considered as examples in the use of net news groups. The most open commercial transactions and contracts that happen between the biggest organizations are broadcast and analyzed by news groups.

**The features of News groups are:-**

- Gives the latest news anytime through sound and pictures.

- Uses several languages easily.

- The external information system of the organization is fed by it.

- News about the most important daily commercial transactions.

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\(^{113}\) Naseem, Katani, “Internet Marketing Techniques”, Information Technology Magazine (September, 2005)
• The internet investors can make a contract with it. There are thousands of news groups covering mostly all the subjects concerning economic, social, political...etc. Before entering any group, the organization should read the files of FAQ of that news group and their rules so that the organization can get information about the advertising and product news. Some groups send news monthly with indications to other sources of information http://www.cis.ohio.

• FAQ: It is a document that offers a list of common questions about specific subjects and answers to these questions. FAQ (Frequently Asked Questions) are developed to ensure that people in the news groups do not see the same questions and answers throughout the month.

• Mail list: Groups of lists include group of electronic addresses of persons and organizations having same interest and products, and who would like to exchange information through e-mail about the new items and products. These lists like social clubs or economic forums enable the members to meet each other to exchange ideas and information.

• E-stamp: It is considered a new service resulting from the revolution of internet, the cost of stamp must be paid to special websites prepared for it, we can directly put the stamp by laser printer. This technique has special software called SMART STAMP. ¹¹⁴

5.6 INTERNET MARKETING MIX.

There is no clear agreement and unified division of the elements of internet marketing mix between the scientists and researchers in the field of electronic marketing. This difference in the division and classification of the internet marketing mix is a result of the unavailability of the unified division agreed upon to the traditional marketing mix in the field of traditional business for example Fery (1961) divided the elements of marketing mix into two elements, offer and tools. While Kelly (1962) divided it into three elements, Goods mix, Distribution Mix and communication mix. Others see the marketing mix contents from the point of view of traditional marketing mix, product, price, place and promotion. These elements are called 4Ps. Boarden in 1955 divided the marketing mix into five or six eventual elements. On the other hand, the elements of internet marketing mix are developed from the retailing mix, which contains the following elements:

- Customer service
- Location
- Promotion
- Price
- Assortment
- Store Design

The researchers have different views about the division of the elements of internet marketing mix. Some researchers view that it contains the same elements of traditional

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marketing mix 4Ps with differences in application. Kalyanam and McIntyre offered in 2002 a clear and comprehensive division of the elements of internet marketing mix, they called it P2C2S, 24, these elements are:

- Site Design
- Security
- Product and Assortment
- Promotion
- Virtual communities
- Distribution / Place
- Customer services
- Price
- Communities
- Privacy
- Personalization

This figure explains the development of the elements of marketing mix from traditional marketing mix to retailing mix and further to internet marketing mix.
5.6.1 The Nature and Characteristics of E-product.

Product is considered the core of internet market elements, the other elements depend on it and it is the heart of marketing mix and the center of marketing process. Product here is that what the organization offers and presents on its electronic shop on the internet in order to achieve the objectives of the organization to satisfy the needs and wants of target customers.\footnote{Derek, Leebaert, *The Future of the Electronic Market Place*, Cambridge, Mass : MIT Press, 1998, P. 120.} So, the product (goods, services, ideas, people, organization

…etc.) is the core of any commercial activity, whether this activity is traditional commercial activity or commercial activity through the internet network but when we deal with the product in the electronic manner in the frame work and content of electronic business strategy, many cases related to the product become different. The deals of sale and purchase through internet change and many bases and concepts that are common in the world of traditional trade get converted.

**Most of the features of the products that are launched on the internet are:**

- The buyer on the internet can buy the product he wants from any organization around the world at any time.
- According to the systems of payment and delivery which are available to the electronic business organization in the world, the buyer through the internet can receive the product very fast since, the speed of delivery in the electronic business is much faster than the traditional business.
- The traditional relationship between the life of product and its price is not decreased like in the field of traditional business. It is not necessary to have a converse relationship between the life of product and its price. The price of product depends on other factors.
- The level of availability of data and information plays an important role in the success of the product in the market. The customer goes to buy the products which have detailed information of the same in the market.

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• Several products are available on the internet network which gives the electronic buyer many opportunities for electronic shopping also for many similar products available in the market, which are launched by the organization or other competitive organizations.

• Availability of the trade mark to the product, which is launched through the internet is one of the requirements for success of the product in the market.

• Spreading many free products on the internet. Many organizations launch free products as a promotional method to sell and market their products.

• The information technology and administrative information systems contribute in designing and planning the new product. The organization can collect the information about the customer’s wants and needs quickly so that the time between the wants and needs of customer and the time of producing the suitable product will be short.

• The customer behavior changes and so do their wants and needs therefore the organization must respond in a very short time by producing the desired product.

• It may be that one of the competitors of the organization may seize the opportunity and launch its product before the organization can do so.

The Services.

The American Marketing Association defines services as “activities benefits or satisfactions which are offered for sale or are provided in connection with the sale of
goods". Service can be defined as deeds, efforts or performances. The examples of services are banking, advertising, marketing research, medicine, lower services and educational services...etc. Internet network is considered as net of services in economics, social and financial fields.

**The Unique Features of Services:**

1. A service is performance.
2. Services do not involve any ownership transfer.
3. Intangibility
4. Inseparability / Immediacy
5. Perishability:-there are no inventories in this kind of service and it cannot be stored.
6. In a service where the consumer is a part of the production process there is close interaction between the service provider and the consumer.
7. In channel matters too, services differ significantly from products.

The internet network affects the product as one element of marketing mix through:-

1. The relationship between the products and international standards in this age.

According to the need of international markets the Internet network helps the

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management of organization to get the information about international product and competitors.

2. The internet network contributes to produce new products and services that help diversification of the offered products.

3. The guarantee and after sales services increase after the organization is connected to the internet.

4. People, who don’t like to go for shopping, can buy their products from the internet and they can get information about the products they want to buy along with different assortments.

**Figure 5.5 eBay web site offers electronic products and services**

5.6.2 The Price.

Price is the amount of money charged for a product or service. Broadly speaking price is the sum of all the values (such as money, time, energy and psychic cost) that buyers exchange for the benefits of having or using goods or services. Throughout
history, prices were set by negotiation between buyers and sellers and that remains the
dominant model in many emerging countries.\textsuperscript{121} The electronic price strategy on internet
must be in harmony with the basic principles of organization business and its strategies.
On the other side the organization must continuously process the data and information
about the target markets and make market tests in order to know the level of effective
prices. The organization must also rely on the system of prices and pricing, that has the
ability to achieve competitive pricing. Doing business through internet and through the
process of electronic commerce gives a chance to the organization to build competitive
pricing strategy, which has the ability to achieve the objectives of organization and
increase the level of its growth, and its market share. The elasticity of electronic pricing
helps the organization to increase its benefits through:

1. \textbf{The accuracy in defining the levels of prices}: This accuracy results from the
higher ability of the organization in collecting the data to plan the electronic
pricing. The accuracy is achieved on the internet as a result of the facilities
offered by net to conduct market research research has speed and low cost.

2. \textbf{Fast response to changes}: The electronic pricing through the internet gives the
organization the ability for quick adjustment to the changes in the market (like
changes in the levels of competitors' prices, changes in the economics of markets
and alternative products). There is a higher ability for quick adjustment in the
electronic business on the internet a more than traditional offline business.\textsuperscript{122}

\textsuperscript{121} Judy, Strauss, Adelel-ansary & Raymond, Forts, E-marketing, 3\textsuperscript{rd} Ed., New Delhi, Prentice-Hall,
2005, P.308.

\textsuperscript{122} Michael, Mam, et al., Internet pricing: A greater of value – Not a destroyer, Mckinsey Marketing
Practice, 2003, P. 70.
3. **Segmentation of the prices**: Organizations that work on the internet don’t rely on one strategy only, but collect data and information about different market sectors from different sources in order to arrive at a proper price for each segment of market and achieve its objectives. For doing that the organization must collect information about its customers.

4. **Nature of E-pricing**: The process of pricing the products (goods, services and idea…etc.) and buying on the internet, is dynamic, flexible and is not fixed. The prices may change every day, some times even in the same day. There are also some products whose prices remain fixed for some time. The large amount of products for sale on the internet creates fierce competition and the prices play a very important role in the field of competition. The prices change according to many variables like, the merits and advantages the buyers get after buying the product, size of the sale and the demand for the product.  

5. **The internet network has great influence on the pricing as one element of marketing mix, as can be seen below**:
   
   - The internet network contributes in decreasing the level of pricing as a whole.
   
   - The internet helps the organization to determine the price for its products by collecting the data and information about the competitive prices in the domestic and international markets.

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6. Using the internet network in the process of selling contributes in decreasing the prices of goods and services as a result of lowering the fixed cost.

7. Marketing through internet contributes to minimize the distribution channels resulting in the decrease of the product while retaining the quality.

8. Electronic commerce decreases tax in many fields like exchange of money and sale which helps in decreasing the cost of products.

9. Electronic pricing depends on the marketing and market research so that the price will be in harmony with the changes in the market.

The internet network will guide organization to decrease the cost of the product and it will increase the competition when we want to sell on the net and this helps the organizations to decrease the prices in general.

**Figure 5.6 Nile Commerce web site offers different methods to pay the price.**
5.6.3 Electronic Distribution on Internet.

The function of distribution is considered as one of the basic functions of electronic business strategy, the process of doing things that relate to this function are different from logistic sides with differentiation of the product that is being sold and marketed through internet. The electronic shop and supporting systems for electronic commerce are the most important things for achieving electronic business strategy. "The decisions of distribution are the most important decisions to the organization management, since it affects the other marketing decisions." 124

How to distribute the purchased products on internet:

After completing the process of selling and buying on the internet, the second step is distribution of the sold product (delivering of the product), here the manner of distribution differs according to the nature of product (goods, services):

1. **Distribution of Goods**: The process of promotion and conducting sales on the internet: The process of distribution depends on the supporting logistic systems that are available in the actual field (the process of promotion and selling is virtual and the process of distribution is actual).

2. **Services Distribution**: As a result of the nature of services, there is opportunity to achieve the maximum integrated electronic commerce, here the process of distribution of the sale service is done by several methods:

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A. Distributing the services through the website of seller organization: The customer enters the service by using a password which he get from the seller after paying its price.

B. Distribution of service by downloading method: This happen after the organization gets the price of services according to the method of payment. This manner relies on the process of selling programs, files and files of sound and pictures.

C. Hybrid Distribution: In hybrid distribution part of the service is conducted on the internet and the remaining part in the traditional manner.

D. E-mail: E-mail is used in a very effective manner in the process of distribution of many services which are sold on the internet and delivered through e-mail like, selling the files, hotels and airplane reservations,…etc.

Impact of Internet on Distribution Channels:

Internet causes essential changes in the building and structures and deletes other elements in the distribution channels, this depends on the nature and kind of product, which is sold and bought on the internet. This table clears the present mission of the staff sales and alternative solutions offered by internet:
Table 5.1 Impact of Internet on Sales People.

<table>
<thead>
<tr>
<th>Internet Solutions</th>
<th>Present Function / Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supports the customer by new details of product through e-mail and others electronic methods</td>
<td>Presenting the organization and establishing contact with the customer</td>
</tr>
<tr>
<td>Direct entering to the system of entering the orders in office, that support the customer by details of buying transaction</td>
<td>Processing the orders and making arrangements to purchase.</td>
</tr>
<tr>
<td>Seller using internet for the process of selling and buying</td>
<td>Conducting negotiation for purchase of requirements.</td>
</tr>
<tr>
<td>The customer can use the electronic equipment and methods to classify his needs</td>
<td>Analysis of customer needs</td>
</tr>
<tr>
<td>The customer can enter directly to the system of entering orders</td>
<td>Satisfy the orders of support and distribution and financial accounting</td>
</tr>
<tr>
<td>Offering products according to customization</td>
<td>Understanding the future need of customer</td>
</tr>
<tr>
<td>Customer can directly contact with customer service and discussion with him</td>
<td>Achieving interactive communication for buying orders</td>
</tr>
</tbody>
</table>


On the other hand the role of Retailer has changed as a result of electronic commerce; this table explains the impact of using internet on retailer.
Table 5.2 Impact of Internet on Retailer Function.

<table>
<thead>
<tr>
<th>Internet Solution</th>
<th>Present Function / Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer can buy from the website of organization</td>
<td>Supplying an easy method for the process of buying and marketing</td>
</tr>
<tr>
<td>The website of organization allows the customer to contact the supplier for these services</td>
<td>Availability of additional services</td>
</tr>
<tr>
<td>Quick delivery for purchasing order</td>
<td>Level of stock</td>
</tr>
<tr>
<td>Ability to get latest information about product</td>
<td>Distribution of the information of product</td>
</tr>
<tr>
<td>Using different methods of finalizing and analyzing the needs of customer</td>
<td>Analyzing the needs of customer</td>
</tr>
</tbody>
</table>


Internet marketing has great impact on the channel of distribution we can see this impact in these figures:

**Figure No. 5.7 Traditional Distribution Channel.**

5.6.4 Promotion on Internet.

Conducting promotional activities on the Internet in order to promote commercial business is a new development and was started in 1994. Before that it was an endeavor to exploit internet network in commercial promotion.\textsuperscript{125} As a result of fast development in the field of electronic business, the organizations have become competitive in establishing unique websites on the net. One of the main requirements nowadays is establishing a special website for the organization and its products on the internet, and to use it to reach new markets and sell their products on the internet. There are a number of means which are used to promote electronic business on internet. These means allow the

organizations to reach their customer and inform them about their products and create satisfaction so that they may go in for the purchase. The most important means are:-

1. Using website as a promotional tool:

   Electronic website is one of the effective promotional tools for electronic business, but this website need, to be promoted in order to achieve success in its promotional functions and its marketing functions in an effective manner. Designing and establishing website for electronic commerce on internet is not enough but it needs promotional activities. Just establishing the website may attract the customer only by chance as is the case with shop. Therefore, promotion of the website is very important and essential for the organization. ¹²⁶

2. Using Search Engines in Promotion:

   Customer search for wanted products by using search engines are available on the internet. These engines guide the customers to their targets by giving them available alternatives, so that the electronic buyers can select what they want from these alternatives. Most of the search engines offer two kinds of search, normal search and advanced search.

   The most popular search engines in internet network:-

   Google.com

   Altavista.com

   Yahoo.com

   Go.com

Snap.com
Infoseek.com
HotBot.com
Webcrawter.com
Lycos.com
Excite.com
Looksmart.com
Askjeeves.com
Ayna.com
Arabvista.com
Mckinley.com

All electronic websites try to get a prominent position in the search engines, which means that the site must be in the first list of search results when the customer is conducting a search on the subject. That makes the website more promotional and a wanted website and increases the ability of the customer to reach it in all possibility and the probability of buying from the website will increase as result of the higher position of the site in search engines. \[127\]

\[127\] Yousf, Abofarh, ibid.,P.280.
3. Using Directories in Promotion:

There are several directories available on the internet, having different subjects and are available in the index. Thus the electronic customer can reach for the wanted product through the index and this offers him a chance to know the alternative products that are marketed and launched by competitors. If the electronic business organization wants to market itself and its products, it must list itself in the directories in these correct manners.

4. Electronic Advertising:

The process of advertising activity on the internet is improving, the size of this activity is also increasing year by year and also the number of organizations working in this field has increased. Advertising on internet offers several merits to the advertiser that are not available in traditional advertising. The customer and consumer can know the product in correct and clear manner because there is no time limitation about the time of advertising and time of display. Advertising on the internet enables the organization to undertake
studies about the benefits of advertising on the net, because the organization can easily calculate the number of visits and number of orders which are very important for the department of marketing and marketing research. Business organizations have gained benefit from electronic information marketing in organizing their advertising campaign on the internet, and these advertisements will be displayed on the organization’s website or other websites. Advertising on the internet has many advantages:

- Customer can get elaborate information about products.

- Customer can complete the process of buying directly from the website and receive the product according to the method of delivery.

- The cycle of watching advertisements will be short, so that the customer can make a marketing tour in the electronic shop and buy products. This results from the integrated nature of the internet.

- Have higher ability to focus on wide segments of customers in the world markets and attract a very large audience.

- Have higher ability to know the capability and effectiveness of advertising activities and combine the results of achievement with the level of cost.

- Flexibility: the organization can change the content of advertising with changes that take place in the markets easily.

5. Traditional Advertising:

Internet causes many changes in techniques and methods of advertising, it adds several sites and pens new vistas in the field of advertising, but this new field (electronic

\[\text{Allen, Stewarth, “How you can advertise about your website”, PC Arabic Magazine, April, 2005.}\]

advertising on internet) doesn’t mean that the organization doesn’t go for the techniques and methods of traditional advertising. Electronic advertising is not an alternative to traditional advertising, but it is integrated and supported by it. On the other hand, they are interchangeable, organizations use electronic advertising to promote their traditional business and use traditional advertising to promote their electronic business on the internet.

6. Chatting as a Promotional Tool:

A lot of electronic business communication take place with current and prospective customers by using chatting rooms, the sales staff works to inform the customers about the products of the organization and they try to convince them to buy the products, it is not necessary to have voice chatting but we can type on the keyboard and the people can immediately contact by clicking enter.

7. Using E-mail in Promotion:

E-mail considered as a modern method of communication. This method has many advantages for the organization like speed in transmitting the message anywhere in the world and to as many persons as we like. E-mail is a very important tool in the process of promoting about the organization and its products in electronic business, several organizations use e-mail for promotion of their traditional business.

8. Usenet News Groups:

These groups are named by News Groups and this service is considered as one of the important services available on the internet, so that the person can get information from
Usenet News Groups like Chatting Rooms. We can use Usenet news groups in many different ways of marketing ways like:

- Using Usenet News Groups as marketing communication tools. The organization can answer the questions of the customer, discuss with them, send messages to inform them about new products, latest modifications and inform them about the use of the new products. Through this tool organization can reach new markets.

- Using Usenet News Groups as search engines: The customer can search here about new products, quality, alternatives, and on the other hand the organization can get information about customer, competitors and new markets.  

5.6.5 Virtual Communities Concept.

Manner of virtual communities has been spreading and increasing since the nineties of the last century. Many electronic tools contribute to support virtual communities and some websites play an important role in spreading these virtual communities. Virtual communities allow persons and groups to meet each other on the internet to speak about them and question, discuss, build new friendship and participate in correspondence. These activities are done by several methods like chatting rooms and some web pages. We can define virtual communities as a social assembly result on the internet network, and a number of persons are usually available in this assembly discussing about specific subjects for a long time. Virtual communities establish relationship between its members

\[130\] Bill, Eager & Cathy, McCall, *The complete smart’s guide to online marketing*, New Jersey : Prentice, Hall, Inc. 2003, P. 220.
on the internet and members of virtual communities may have actual relationship or not but they do build a relationship on the internet:

- **Uses of virtual communities**:

  There are many uses for virtual communities by user:
  
  - For entertainment reasons.
  - For social and cultural reasons.
  - For tourism reasons.
  - For economical reasons.
  - For political reasons.
  - For educational reasons.

- **Characteristics of virtual community**:

  1. Assembly of number of members who have some interest in activities.
  2. Interactive participation between members including friendship
  3. This assembly can enter to share resources.
  4. Exchange information, support services among members of this assembly.
  5. General and participatory sphere between members in language communication protocols, and traditions.\(^{131}\)

- **Virtual community model**:

  This model explains the concept of virtual communities. This model indicates the contents of virtual communities and explains the roles and dimensions of this

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community. This community has place, virtual and simple dimension. Simple
dimension indicates the specific culture or ideology.

**Figure 5.10 Virtual Community Model.**

![Figure 5.10 Virtual Community Model](image)

**Source:** Youcheng, Wang, Ya Allaehee, Daniel R. Fesenmair, *Defining the virtual

**5.6.6 Site Design of Electronic Store.**

Business organizations who are doing their business on the internet meet their
customer through website. Thus we can see the website as a marketing tool from
different angles:-

- Website as part of promotion and advertising activities.

- As a marketing Channel.
Website as part of the process of packaging; website plays the role of a package for the organization’s products.

Transmission of business messages.

Website plays the role of a business card.

Business organizations have special department for organizing and coordinating the works of the organization on the internet and it is called the web division or they appoint professionals in electronic business administration (Web Master). Design of electronic store is one element of the elements of electronic marketing mix, and it is an important and vital element, therefore the organization tries to encourage the customers to visits its websites and maximize the size of these visits through Outbound Marketing Activities. Hence the importance of web design is like the importance of traditional store design to attract the customers and retain them. 132

- Website Effectiveness:

We can judge the effectiveness of website by these standards:

- Level of website reputation. We can increase the reputation through different marketing activities, especially by promoting website through famous websites like search engines websites.

- Level of customer visits to website. Increasing level of visiting guide to increase website effectiveness and vice versa.

- Level of change customer from the competitive business to organization website. This indicates loyalty of customer and size of their purchase.

• Level of remembering website by organization’s customers. Increasing this level indicates the effectiveness of website and vice versa.

• Level of website performance. We can know it by measuring at the time of page loading.

• Level of not functioning. Website must work all the day without stopping, if the website will go out of order it will affect the level of website performance.

Figure 5.11 the Times of India Web Site is Designed for Effective Use by User.

5.6.7 Personalization.

Personalization is considered as the basic element of electronic marketing mix. This element focuses on using data and information which is related to customer, in order to design better products and launch them to markets through internet and direct them to the customer. This product has the ability to satisfy the customer, as a result of higher

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dependence on data and information in designing, producing and launching product to markets. The importance of personalization is increasing day by day toward user and mass customization, electronic business organization consider it as an effective element in the process of electronic marketing and it use has enlarged in web applications.\textsuperscript{134} Electronic business organization focuses on users in the process of personalization, a user may be a customer or consumer and he may be a website visitor or an individual, or can even be a group. Using the method of personalization personalizes customer experience or consumers experience in electronic store and this helps to increase the relationship and loyalty of customer with the store and the probabilities of future visits can increase. The process of transition from the user experience personalization to actual is done in several manners.

1. Individual websites pages collect the information and data about each customer and after that build special web pages for each customer or each similar group.

2. Introduce recommendations, suggestions, about specific products according to customer experience.

- \textbf{Objectives of personalization:}-

- Offering the best services to customer through continuous anticipation of his needs.

- Rendering the process of personalization in offering products (goods, services, ideas, information…etc.) to build lasting long relationship between customer and organization and encourage the customer to visit the electronic store website.

• Designing and developing products according to user needs and requirement. We can judge the effectiveness of product design through the ability of the product to satisfy the needs of the customer and giving him value that he is looking for.

• Doing the marketing of products. The process of marketing starting from the base of achieving the relation with purchaser value, marketing activity plays an important role in effecting the value and success in launching products according to customer needs. We can say achieving the personalization in design marketing process, selling and delivering products are very important element to achieve success of product and organization which launches product on internet.

• Product selling, delivery, supporting and matching it with the customer needs. 135

5.6.8 Privacy.

Privacy is one of the elements of electronic marketing mix; it is the expression about the rights of individuals, groups and organizations in deciding group of cases, which related to their data and information. The most important of these cases are:-

• Define the kind of information and data that are allowed to be used from electronic store and other sides.

• Define the size of information and data that are allowed to be used from electronic store and other sides.

• Define the method of using information and data that are related to individual, groups and organizations from the electronic store side and others electronic store with other websites.

• Define the time of using the given information and data from the side of electronic store and others sides. So information plays a pivotal role in the concept of privacy as well as that of marketing and electronic commerce. It is, therefore, not surprising that conflicts about how data should be collected and used have developed. Electronic stores facing difficulty of achieving balance between getting enough personal information and data of the customer from one side and privacy of the customer from other side. There are several electronic stores and websites that follow customers on internet and watch his visits behavior and purchase. This electronic store collects data about customer and uses it without the customer’s consent. This case forces internet authorities to enact laws, instructions and legislations related to privacy. On the other hand there are many websites entering advertising banners into others websites, to get benefit from personal data of customer who visit these websites and use these data and information without care to requirements of privacy. There are also several electronic stores and websites that build data bases about their customers by using the third side, these databases include hundred millions of personal files that are used to support electronic business on internet. These data and information allows the electronic stores and websites to achieve a Redlining and Web lining.

- **The important factors to achieve privacy are:**

  - The electronic store must guarantee that the collected information will not be used without permission from the customer.
  - The electronic stores must declare the methods of using collected data.
  - Allow the customer to reach his data and information to ensure its accuracy.
  - Placing different choices in front of the customer related to using collected information from him.  

5.6.9 Security of E-Business.

Security and safety of information, exchange between seller and buyer (in electronic business transactions) is very important and a necessary condition for success in this trade, specially when it is related to business secrets (specially in B2B) or in other financial cases (Accounting numbers of buyer and seller or electronic card number) then, the buyers and sellers financial data can be used in an illegal manner. Thus the problem of safety and security (specially financial) is very important and is engaging the attention of experts in the field of electronic business on internet who go for several methods, in order to achieve safety and security like encryption.  

Security is one of the elements of electronic marketing mix, its importance has surfaced and became the activities of Internet Hackers, whose activities have led to huge losses to the electronic business organization and has caused damage to these websites as a result of viruses put by internet thieves. We can say the problem of security is one of the

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main problems that the electronic business organization is facing and it is damaging the customer’s trust in their electronic transactions on the internet. Internet institutes have succeed in offering the best solutions to achieve security for financial and commercial transactions on internet, but the huge losses are still on the minds of the customers and it affects their transactions.

Electronic stores, electronic business organization, computer companies and internet institutes make every effort to support the idea of security financial and commercial transactions on the internet, so that at the end they will build a good picture about internet transactions and that depends on:

1. Level of customers doing E-Business.
2. Level of organizations going for E-Business.  

**Evaluating E-Business Security on the Internet**

We must not look to the problem of security in electronic business transactions without comparing it with the level of security achieved in the field of traditional business and communications. Many studies prove that, the level of security in the field of electronic business on the internet is similar to the level of security in the traditional business. Since 1998, electronic card companies and computer companies have launched a group of security standards related to dealings and transactions done on internet, these companies and organizations are conducting extensive advertising campaigns to persuade the

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internet user to make marketing and buying on the internet, because security and safety of these processes has become very high.\textsuperscript{140}

Figure 5.12 Web Site of Amazon .Com is designed to give More Security.