Chapter – II
Review of Literature
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REVIEW OF LITERATURE

INTRODUCTION

Review of literature is an important integral part of research. Review of literature helps to avoid the rediscovery of known facts and duplication of research efforts. Innovative developments result only from innovative research. Earlier research work thus provides a foundation and direction for new researchers. Over and above, review of literature also helps in deciding upon the variables that may be taken for scrutiny in the new research projects. Similarly, such review also helps in identifying the most appropriate research methods and designs that would yield the best outcomes. Ultimately, a review of related literature also provides, at times, an innovative approach to take up the study.

A sound base for any research exercise is the awareness of the work already done in the area of the research being undertaken for study. To acquaint with the subject and the research work already done, the researcher reviewed books, journals, research articles, dissertations, thesis and many web sites. E-Marketing is being the latest marketing method to capture the attention of the growing tech savvy population world. Hence, the researcher has reviewed about E-Marketing, E-tailing and Strategies for successful online marketing to influence Online Shoppers. Researches previously done on e-marketing using TAM (Technology Acceptance Model) and Commitment – Trust theory were also reviewed by the researcher.
The articles, books journals, documents pertaining to the topic were reviewed by the researcher are listed below.

**GROWTH OF INTERNET**

*Means, Grady E, Faulkner, Matthew (2000)*, stated that Internet is short form for ‘Interconnected network’. The power of the network grows in relation to the number of players in the network. This is true in innovation as well as any other business process.\textsuperscript{16}

*Rao (1999)*, revealed that E-commerce offers increased market activity for retailers in the form of growing market access and information and decreased operating and procurement costs.\textsuperscript{17}

*Namchul, S (2001)*, reviewed that E-Commerce and digital technology will play significant roles in enriching the sales and marketing strategies of an organisation. It has forced companies to find new ways to expand the markets in which they compete, to attract and retain customers by tailoring products and services to their needs, and to restructure their business processes to deliver products and services more efficiently and effectively.\textsuperscript{18}

*Singh, (2002)*, opined that the internet is the fastest growing technology in the world, taking approximately seven years to reach a 25 percent market share from its
conception, as opposed to the telephone that took 35 years, and the television, which took 26 years.¹⁹

**Bonn, Furr and Susskind (1998),** commented that the growth in online sales can be partially attributed to the advancement of internet and technology and its advantages of providing large amount of information quickly and inexpensively supported by its growing accessibility.²⁰

**Grandson and Pearson (2004),** commented that the widespread use of the internet facilitates greater opportunities to enhance efficiency and effectiveness of firms. It is widely recognised that Information and Communication Technologies (ICTs) such as the internet are rapidly expanding and have affected the way businesses are performed and the way organisations compete.²¹

**Barnes and Hinton (2007),** revealed that the growth of the internet as a marketing tool has progressed daily since its inception. Over the last decade, organisations in all sectors of the economy rushed to join the online business community and adopted the internet in their daily business activities.²²

**Peterson R and Balasubramanian S (1997),** opined that the internet represents an extremely efficient medium for accessing, organising and communicating information. In the present scenario, interest in the Internet is unprecedented and its use in CRM and
marketing is increasing exponentially.\textsuperscript{23}

\textbf{Leiner et al. (2000)}, stated that the communication protocol (TCP/IP) was in operation by the 1970s, but use was restricted to the government with the exception of a few academic researchers. In 1993, the Internet burst into public consciousness with the development of the tools that made the Web possible. This graphical interface made the Internet much more user friendly and by the mid 1990s, many businesses and consumers began to use the technology.\textsuperscript{24}

\textbf{Armstrong and Kotler (2005)}, revealed the explosion in the worldwide growth of internet usage forms the so-called “New Economy”. The internet enables consumers and firms to access and share vast amounts of information by making use of just a few mouse clicks.\textsuperscript{25}

\textbf{Cooke and Buckley (2008)}, predicted Web 2.0 and the Internet would be the-marketing tactics of the future.\textsuperscript{26}

\textbf{Gopalakrishna D. (2001)}, pointed out that the focal point in Marketing Management is Internet. Creation of a website is only starting point of e-business. Individuals with the knowledge to think outside their traditional paradigm will thrive in the work environment of the future. The Internet, like big tidal waves, sweeps everything that comes its way. Traditional business will be caught unawares. It would pose threats to many industries (products and services) forcing them to redefine and readjust to the Net.
The Net serves as an entry to all industries and markets.\textsuperscript{27}

**Ray Kurzweil (1999),** posed the ‘Law of accelerating returns’. Technological change happens exponentially rather than additively. This suggested that the digital media revolution will continue at a rate of change that is accelerating. More changes were expected in the next five years than in the last ten.\textsuperscript{28}

In the website [www.referenceforbusiness.com](http://www.referenceforbusiness.com), internet marketing is considered as an important component of multi channel marketing which helps in effective co-ordination and greater efficiency.\textsuperscript{29}

**Gordon, M.E; and De Lima – Turner, K., (1997),** felt that the provision of electronic marketplace within the internet significantly improves the productivity and competitiveness of all participating suppliers or customers.\textsuperscript{30}

**Chen & Wells (2000),** analysed how the internet should be differentiated from more traditional means of advertising.\textsuperscript{31}

**Cheong and Morrison (2008),** opined that the internet has become a proven medium for advertising and has become a viable alternative to traditional media such as television and billboards. There is continuing and steady rise of online traffic well after the subsiding of enthusiasm associated with the dotcom craze. Although current figures
fail to meet previous expectations, the online environment has established itself as a unique venue for commerce that has high growth potential. With advances in technology and the growth in digital media usage, marketers and advertisers are seeking new ways to reach consumers.\textsuperscript{32}

\textbf{Johnson and Bharadwaj (2005)}, commented that while adopting the Internet for basic purposes does not require major investments or organisational changes, adopting advanced Internet operations as a market channel might require the firm to change its established channels of distribution and routines, sustain short-term losses, and also require significant competencies and financial resources. Using the Internet for marketing operations may reshape the ways firms interact with their customers, destroying investments in existing market channels, sales force operations, and relationships with suppliers and customers.\textsuperscript{33}

\textbf{Tushman and Andersson (1986)}, reviewed that integrating the Internet into a firm’s marketing operations has the characteristics of radical innovation, which has the capacity to destroy established markets and products.\textsuperscript{34}

\section*{ONLINE MARKETING}

\textbf{Kotler and Armstrong (2008)}, stated that there are four major online marketing domains. They are business-to-consumer (B2C), business-to-business (B2B), consumer-to-consumer (C2C) and consumer-to-business (C2B).
The B2C online marketing domain is the most famous one. It deals with the selling of the goods and services directly to the consumers.\(^{35}\)

**Chaffey et al. (2003)**, revealed that analysis can be done by measuring the contribution of Internet marketing to the organizations:

*Business efficient and effectiveness:* This is determined by measuring the website’s online revenue contribution and profitability and comparing that to the cost of producing updating and promoting the website.

*A cost benefit analysis is done to find out the marketing efficiency and effectiveness.*

These measures include:

- Leads
- Sales
- Consumer retention and trustworthiness, dependability and loyalty
- Market share
- Brand enhancement
• Consumer service.36

E TAILING

Turban (2006), defined that E-tailing as retailing conducted online, over the internet.37 Wang (2002), provided a broad definition of e-tailing by defining it as the selling of goods and services to the consumer market via the internet.38

Myerson (1998), expressed that consumers are getting smarter in using e-tailers websites and online search engines for convenience and comparison – shopping.39

Meeker (1997), narrated that retailers cried foul, but the new shopping paradigm they have to face is the e-tail alternative which is patronized by shoppers in larger numbers.40

M. Usha, Dr. M. Nandhini, Dr. P. Palanivelu (2013), in their article stated that rapid growth of integrated multichannel retailing combined with the rise of the Internet as a nearly ubiquitous tool is used by the firms to interact with customers. The cusp of a new era has settled amidst retailers. Personalized URLs, landing pages, tracking and real-time reporting would help in soliciting customers to purchase online.41

USES OF INTERNET IN MARKETING

Vida, Reardon & Fairhurst (2000), reviewed that the retailer can reduce costs
in their global supply chain, enhance global customer relationships or build a stronger and more consistent global brand.\textsuperscript{42}

\textbf{Wei et al., (2004),} highlighted the importance of the internet in contemporary business and marketing practices. In contemporary businesses, each firm is currently forced to connect to the internet as this new technology has revolutionized the way in which businesses are conducted. Having access to the internet is no longer a question of choice to any business but a must.\textsuperscript{43}

\textbf{Nothnagel (2006),} summarised that firms can utilize the internet for marketing purposes in three main ways. Firstly, it can be used to provide information concerning the firm and its offering. Second, the internet allows for the purchasing or reserving of products and/or services with delivery through mail or courier. Thirdly, the internet makes transaction easy and fast as well as providing the physical delivery of products to the consumer.\textsuperscript{44}

\textbf{Malcom Macdonald, Hugh Wilson (1999),} have stated that development of customer-tailored products and IT-enabled marketing would help marketers to exploit the benefits the technology.\textsuperscript{45}

\textbf{Davidson Alistair et al (2006),} in their research paper described how consumers may have to face various factors such price, feature, technology etc which influence their
decision making. This influences them to seek advice from web mavens which provide product information. In such situations, consumer would use the internet for purchase with web maven & thus can review the factors that would influence their mindset.\textsuperscript{46}

Gray, Charlesworth & Esen (1997) discussed the various advantages of online marketing as follows:

1. Cost of marketing through the internet is low.
2. It is a fast and flexible channel for marketing
3. No opening, closing hours for business
4. It is a two way channel wherein the views of the customer can be easily gathered.

This two way communication helps in acquiring new customers as well as retaining existing customers.\textsuperscript{47}

S. Sargunam (2001), in his dissertation has found that e-marketing was very important strategy for businesses to improved Productivity, improved product Quality, & improved Customer Service and web security was intended to be strengthened.\textsuperscript{48}

Ratchford (2001), opined that through internet, consumers can gather information about merchandise and they compare a product across suppliers at a low cost.\textsuperscript{49}

Zwass, V. (2003), concluded that the principal aspects of e-commerce are identified in five domains: commerce, collaboration, communication, connection, and computation. These aspects lead to specific innovational opportunities that can be exploited to
organize and address marketplaces, offer innovative products, collaborate with business partners, transform business processes, and organize the delivery of information-system services.\textsuperscript{50}

\textbf{Scott F. Geld (2003),} in his article examined conventional, customary & traditional marketing techniques. Internet marketing uses the power of online networks and interactive media to reach the marketing objectives without the use of paper, telephone call or in person appearances. Internet marketing can save time, capital and resources. Distribution costs are the same whether the marketer reaches one or one million.\textsuperscript{51}

\section*{RETAILERS FOCUS TOWARDS E-MARKETING}

Retailers have to take into consideration many factors during their presence in the field of internet marketing. Some of the retailers may be new entrants into e-marketing which is driven by various factors. Basically, retailers should understand which marketing channel is best for their products / services. Retailers need to keep in mind what product information is to be disclosed and how to provide web security for the disclosed information so as to prevent hackers and cyber frauds from getting access to the website information. The retailer should be in a position to build confidence of e-shoppers so that they can make purchases without the fear of credit card misusage and other cyber crimes.

The retailer should focus more on building trust and confidence among customers
since customer retention and satisfaction would go a long way in building e business.

The following factors would be of the interest for companies pursuing e-marketing:

- Optimum size of e marketers
- Personalisation in e-marketing
- Success strategies in e-marketing by building customer relationship
- Importance of trust building by e marketers to achieve customer satisfaction
- Products and services purchased mostly online
- Influential medium in e-marketing
- Sustainable development by conserving the environment

**OPTIMUM SIZE OF E MARKETERS**

**BarNir et al. (2003),** commented that E commerce would be more prevalent in small and young firms adopting technology.52

**Schmalensee (1988),** showed that there is a connection among various factors like amount of capital that is invested in research and development, firm size and the amount of successful innovations.53

**Aldrich and Auster (1986),** indicated that an increase in firm size, with a growing administrative apparatus and bureaucratic inertia, negatively influence essential qualities linked to creativity, experimentation and innovation processes.54
Maria Bengtsson et al (2007) provided valuable information in her publication regarding what are the factors that would drive companies to adopt e-marketing. Her study is based on a survey conducted in various Swedish companies of different sizes. They have categorized companies into different sizes depending upon the number of employees. The study states that different factors drive companies of different sizes to pursue internet marketing. The drivers are such as willingness to cannibalize, entrepreneurial drivers, management support and market pressure. In addition to this, the study also pointed out which of these factors drive what size of firms. Besides considering the number of employees as the only criteria for categorizing companies by size, the author has also taken into account the turnover and profit of the Company.

PERSONALISATION IN E-MARKETING

Strauss and Frost (1999), pointed out that the Internet enables a new kind of personalization that is built into the structure of the Internet use experience. Online marketing offers great opportunities for businesses. Marketing activities supported by online advertisements allow companies to directly communicate with their consumers without time or location barriers. The idea of consumer relationship marketing is still strong, but the idea of personalization has broadened.

Lohse and Spiller (1998), commented that once a consumer arrives at the web site,
there should not be any problem with navigation and finding products should facilitate the purchase process.\textsuperscript{57}

\textbf{Cowles, Kiecker and Little (2001),} enumerated that e-tailers have a clear understanding of the role of the Internet in their retail mix (products and services provided, promotion and so on), while their brick-and-mortar counterparts need to fully integrate their Internet strategies with their traditional store offerings.\textsuperscript{58}

\textbf{Ranganathan & Ganapathy (2002),} concluded that Online marketing provides the marketer the ability to effectively interact with a massive numbers of customers and potential customers. At the same time, the online marketer has to well understand the perception of the consumer because the profile of an online shopper is very different from that of a traditional retail consumer.\textsuperscript{59}

\textbf{Carroll & Broadhead (2001),} revealed that first and foremost in online marketing is to understand the tendency of the online shopper. An online shopper is more information oriented and not only seeks best prices, but also value. The quality of the product can be best conveyed through the content and design of the website. The online shopper should be able to easily read the information that he is looking for in the website. The web site design should be in par with the customer needs.\textsuperscript{60}

\textbf{Zeithaml (2002),} has defined that the success of e-tailing depends on the efficient web site design, effective shopping and prompt delivery.\textsuperscript{61}
Bela Florenthal (2007), in her article suggested three levels of interaction – product, process, and partnership – to assess on-line strategies. At the product level, personalisation of product attributes based on customer preferences is addressed. At the process level, recommendation agents are evaluated and their trust quotient is weighed. And at the partnership level, long term relationships with customers are examined.62

Haubl, Gerland and Valerie Trifts (2000), in their article concluded that interactive tools designed to assist consumers in the initial screening of available alternatives and to facilitate in-depth comparisons among selected alternatives in an online shopping environment may have strong favourable effects on both the quality and the efficiency of purchase decisions-shoppers can make much better decisions.63

TRADITIONAL VS E-MARKETING CHANNEL

Guttman (1998), described several unique elements make online shopping different from the traditional in-store retail model. Besides offering convenience and expanded product variety, the online model also makes it easy for consumers to access and compare data from multiple sources.64

Jaeki song et al (2006), in his study compared the company’s motivation to choose between internet channels and traditional channels. The study suggests that web can be a serious alternative to traditional marketing. Proper pricing by internet companies
could be one of the most important factors which attract the consumers. Various aspects like market access, price information, competition and pricing policies have been used to compare the company’s motivation to choose between both the channels. But issues like internet security and fraudulent practices in the field are excluded in the study. The primary finding is that the internet offers consumer better prices.65

SUCCESS STRATEGIES IN INTERNET MARKETING BY BUILDING CUSTOMER RELATIONSHIP

Rust & Kannan (2002), concluded that the success factor for firms has been heavily dependent on the extent to which the Internet can be harnessed as a marketing tool and better service can enhance consumer relationships.66

Thorbjornsen et al. (2002), opined that due to its potential for interactive communication, the Internet has been considered a promising tool for relationship marketing.67

Reichheld F (2003), examined the costs of maintaining current customers and concluded that it was significantly lower than attracting new ones.68

Hoffman and Novak (1996), studied about e-commerce and its focus on consumer behaviour issues to provide insight to marketing strategy.69
Griffith & Krampf (1999), opined that retailers’ primary objectives are to attract customers to their web site and encourage people to buy.  

Narayandas et al., (2002), identified several reasons for success of internet marketing. These are low prices, expedited delivery, long term relationship with customer, truly transactional approach and quick service with relatively little expense and customer satisfaction.  

Brynjolfsson and Smith (1999), found that lower prices are being charged on-line than in traditional outlets.  

Rayport J.F., and Sviokla., J.J. (1995), revealed that the success of online shopping depends on how it matches consumer characteristics and in satisfying consumer needs. Internet is more suited for products consisting of intangible digital assets.  

According to Chaffey et al. (2006), to be successful in Internet marketing, a strategic approach is needed to manage the risks and deliver the opportunities available from online channels. The key strategic decisions for e-marketing are the same as strategic decisions for traditional marketing including selecting target customer groups, specifying how to deliver value to these groups. Segmentation, targeting, differentiation and positioning are all keys to effective digital marketing.
Constantinides., E. (2004), reviewed firms conducting online B2C business and found that they face several difficulties.\textsuperscript{75}

Alan D.Smith and William. T.Rupp (2003), in their article opined that E-tailers need to understand the complexities of online shopping before selling their products / services online.\textsuperscript{76}

C.Rajamanickam (2012), in his thesis stated that customers’ repeat purchase intentions are highly related to the propensity and satisfaction experienced in the online buying behaviour. So, marketers should try to satisfy and retain their existing customers before going in search of new customers.\textsuperscript{77}

Aldridge Alicia et al (1997), in their paper discussed about what companies should consider when operating in internet commerce space. From the author’s point of view, to be successful in internet marketing companies should recognize various aspects like the consumer market is different, information provided about product to the consumer cannot be changed, open competition has to be faced and market accessibility is going the key factor, net users want more control, authenticity is important as touch and feeling is missing and security to protect consumer privacy. All these aspects play an important role in Internet Marketing. In addition to this author discusses about various strategies that could be used on the internet namely targeting, promotional strategy, product strategy and distribution strategy. These strategies are indeed important for
survival in the internet space. 78

**Urban Glen (2006),** emphasised that companies should act as advocates in promoting customer interest if they have to win business and retain their customers. In the author’s own words, “When a company advocates for its consumers, the consumers will in turn advocate for the company”. The author has cited many valuable examples ranging from consumer products to high value industrial products and services to prove how various companies irrespective of the size of the company adopt techniques to satisfy consumer interest. The author is silent about the cost factor which could affect the company’s bottom-line on sustenance.79

**Natrajan, R. and Shekhar, B. (2010),** narrated that good customer relationship is important because it costs 6 to 7 times more to acquire a new customer than to retain an existing customer. An increase in customer retention rate by 5 percent can possibly increase the profits by up to 95 percent. Further, all customers do not contribute equally to the firm’s bottom line and thus are not equally valuable for the company.80

**Hobby, J., (1999),** emphasised that organisations should identify, attract, and increase retention of profitable customers by managing relationships with them.81

**Buttle, F. (2004),** remarked about the importance of identifying strategically significant customers.82
Pan and Lee. (2003), concluded that even though the internet is changing the rules of engagement with customers, it hasn’t changed the underlying fact that addressing customers’ needs leads to sustainable profit, and that E-CRM is related to customer satisfaction.\(^{83}\)

Boland et al. (1994), examined the option of internet as a new and innovative service delivery channel helps to optimize the value chain system of the organisation in the long run. As a result, a large number of organisations are integrating the internet for an effective interaction between the company and its customers. Information Technology can support distributed cognition by enabling individuals to make rich representations of their understanding, reflect upon those presentations, engage in dialogue with others about them, and use them to inform action.\(^{84}\)

**IMPORTANCE OF TRUST BUILDING BY E MARKETERS TO ACHIEVE CUSTOMER SATISFACTION**

Allen et al (2002), felt that building a strong relationship by showing trust and commitment will go a long way in satisfying customers in E-Marketing.\(^{85}\)

Colombo et al (2001), felt that the e-marketer has to customize his website to suit the needs of different array of consumers. Building an e-CRM strategy according to
the customer needs would help in successful online marketing.\textsuperscript{86}

\textbf{Best (2005),} stated that growing business should necessarily measure customer satisfaction levels. It is viewed as a forward looking indicator of success. Customer satisfaction and customer retention are directly linked with the profitability of a business. Dissatisfied customers are dangerous to the business as they vent their dissatisfaction by spreading their views to others. This is all the more dangerous in online shopping as many customers purchase a product only based on the reviews of the product / service. Customers prefer to purchase ‘high rated’ products as many customers have already been satisfied with the overall quality and performance of the product.\textsuperscript{87}

\textbf{Anderson and Srinivasan (2003),} emphasised that customer satisfaction is one of the most important reactions in Internet shopping, and its importance is reflected in the ability to help firms build up customer loyalty.\textsuperscript{88}

\textbf{Carroll & Broadhead (2001),} stated that building credibility is of utmost importance in an online business. The customer is hesitant in sharing his personal information or credit card details especially for startup companies.\textsuperscript{89}

\textbf{In the journal, Marketing Mastermind – July 2002; Vol II; No:7 on Internet Advertising,} the author stated that E-commerce has not gathered as much pace as expected in India. This has been largely attributed to the dichotomy in Indian
consumers' online behaviour. Brands need to build transparent communities that empower consumers and strengthen their trust in online purchasing. This can be done only when brands strengthen their online presence by sharing information with customers and by achieving impeccable product-delivery standards. Internet had a share of 2.8 percent in Advertising Media as compared to other medium in 2002. Internet Advertising is expected to become more significant as more sophisticated tracking and modeling techniques will allow online marketers to tailor their messages even more effectively.\textsuperscript{90}

\textbf{Efthymios Constantinides (2007),} in their article identified the main constituents of the online experience as website’s usability and interactivity and communicating trust. Credibility of the online vendor and Web site were considered as the main requirement of online marketing.\textsuperscript{91}

\textbf{Delafrooz, Narges (2009),} in her thesis found that trust was essential in the construction of perceived behavioural control. Attitude had higher direct effect while Convenience, prices, wider selection of products and income had higher indirect effect on the students’ online shopping intention.\textsuperscript{92}

\textbf{Tianyong Wang et al (2005),} provides information about the importance of interactivity and individualization in consumer decision making process. These two techniques namely interaction & individualization can build trust in the consumers mind
about the product and the company and thus drive internet marketing in a personalized fashion.\textsuperscript{93}

\textbf{Cheung Christy M K and Lee Matthew K O (2006),} stated that a company and its website can gain customers' trust easily if a recognized third party certifies that the website is secured. In addition, guarantee terms also contribute to build trust in customers' minds.\textsuperscript{94}

\textbf{Chung W (2002),} based on his study of New Zealand consumers, has suggested that companies must have a privacy policy statements under their website. This policy will assure consumers that the company would not misuse the information gathered from them.\textsuperscript{95}

\textbf{Voss et al (2004),} found that the use of systematic procedures for capturing customer feedback and complaints had a direct and positive influence on satisfaction.\textsuperscript{96}

\textbf{Fornell (1992}, found in their study that high customer satisfaction resulted in increased loyalty for the current customers, reduced price elasticity, insulation of the current customers from competitive efforts; satisfaction also lessened the costs of future transactions, reduced the failure costs, minimized the costs of attracting new customers and an enhanced the reputation of the firm.\textsuperscript{97}
Nishant Vallabhbai Vachhani (2009), in his thesis concluded that by establishing, communicating, and maintaining consumer trust and confidence on issues of personal information, online retail business can survive and grow. The retailer should strive to cultivate consumer feelings of safety, security, and trust in the system. Consumers are often apprehensive and wary of shopping online because of computer illiteracy, technological complexity, or a lack of understanding of the buying/transaction process via the Internet. A consumer should be able to search the Web and transact with ease.\(^98\)

**PRODUCTS AND SERVICES PURCHASED MOSTLY ONLINE**

Kim D.J, Kim W.J and Han J.S (2007), studied about online travel agency service and concluded that the top priority factor which affected customers’ decision making in purchasing was lowest price, security, ease of navigation of the website and fast loading time of the website. It is true that human intervention is less when doing online booking. Hence, consumers naturally expect good support from such websites.\(^99\)

**INFLUENTIAL MEDIUM IN E-MARKETING**

Rainer Olbrich and Christian Holsing (2011), in their research paper stated that the
sharing of reviews of products and giving advice in social networking sites can increase trust, thus reducing perceived risk when purchasing online. The usefulness of Community and Awareness is discussed in this paper.¹⁰⁰

**Fernando Angelo (2007),** explained how social media marketing schemes are becoming popular. He emphasises the fact that consumer based content has importance which can be exploited by marketing personnel. Social media advertising in his perspective means intersection of software marketing, media, information and entertainment.¹⁰¹

**Naím Moisés (2007),** claimed that the Youtube.com has certainly made an effect on the mindsets of people. The power of individuals could easily overpower journalists because millions could post their videos. The approach is interesting because individuals can sometimes bring out information which journalists would not like to share with the public. This may either have a positive or negative effect in the society.¹⁰²

**Dobele Angela et al (2007),** explained how emotions could play a vital role in making viral marketing a success. Emotions such as joy, surprise, sadness, anger, fear and disgust were considered in their research. Their campaigns should be effective in capturing the imagination of the recipient in order to make it successful. It is also accepted that viral marketing offers other advantages such as low cost, reduced
response time and increased potential for impact on the market. Increasingly, online communities are also being used to support business and organisational needs. Some companies build their own discussion groups to provide customer support.\textsuperscript{103}

\textbf{Wasko and Faraj (2000),} explained that electronic communities are implemented within organisations to enable knowledge sharing. Others participate in existing online forums attempting to influence customer purchase decisions.\textsuperscript{104}

\textbf{Rindova, V. P. and Petkova, A. P. (2007),} revealed that the online community may develop a shared and mutual understanding of what the new product design is about and whether its features are valuable. It may create product or firm loyalty and establish among community participants a sense of belonging and meaning.\textsuperscript{105}

\textbf{Kozinets, R. (1999),} explained that a web based communication model utilizes the features of the network for B2C as well as peer to peer communication. On the Internet, electronic tribes structured around consumer interests have been growing rapidly. To be effective in this new environment, managers must consider the strategic implications of the existence of different types of both virtual community and community participation.\textsuperscript{106}

\textbf{SUSTAINABLE DEVELOPMENT BY CONSERVING THE ENVIRONMENT}
Chen et al (2000), claimed that internet marketing will bring about a greener atmosphere (environmental protection) by reducing fuel consumption needed for regular purchase. Internet marketing was looked from environment perspective as it promotes paperless office and saves space and brings about energy savings by preventing kiosk displays. It is also true that it promotes easy shopping of commodities which would be difficult in traditional sales.  

CONSUMER ATTITUDE TO ONLINE SHOPPING

The present day consumers have more awareness to e-marketing. They look for getting all information about the products and services through the internet. The consumer may also be wary of doing online purchases due to various cyber threats and frauds associated with e-marketing.

The following factors would be of the interest for customers who do online shopping:

- Demography of online shoppers.
- Problems & threats in e-marketing.

DEMOGRAPHY OF ONLINE SHOPPERS

Kim & Ammeter (2008), concluded that the net-generation is made up of individuals (Net-geners) born between 1977 and 1997. This is the first generation to grow up surrounded by digital media and the Internet” For those born before the 1970s, the
online market is a new innovation for them so they are less familiar with online shopping. Pre Net-geners have a relatively lower capability to utilize the excess of information available on the Internet. The online retailers try their best to keep up the consumers’ needs by constantly making various improvements and changes to their online stores. Online retailers need to market to the net-generation in order to be successful and profitable.\textsuperscript{108}

\textbf{Rogers (2003),} analysed the relationship between age and computer use appears to be strong. Age is one of the critical factors that affect the adoption of any new technology. It was found that adopters of new communication technologies are younger than non-adopters due to the fact that younger people are more adventurous in trying new innovations.\textsuperscript{109}

\textbf{Siliconindia news} states that ‘India is the only country where the 18-29 years age group has the highest average spend on online shopping.’\textsuperscript{110}

\textbf{Delone and Reif (2004),} found that at present consumers are more probably to continue shopping online while they have a greater know-how of online shopping. It is also found that young adults have a more positive attitude towards online buying.\textsuperscript{111}

\textbf{Goldsborough (2009),} found that teenagers were primarily the first users of social networks, a growing population of 25 to 34-year-olds and white-collar professionals
now also use them. The growth of these demographics more generally demonstrates the growing applicability of social networks to everyday life. Numerous studies indicate an increase in social network usage.\textsuperscript{112}

**Muhammad Umar Sultan and MD Nasir Uddin (2011),** in his thesis concluded that in Gotland, security was an important concern among online shoppers in Gotland. He has also found that there are some other factors which influence online shoppers including, less price, discount, feedback from previous customers and quality of product. The correlation results for the age and attitude towards online shopping has showed that elderly people are not so keen to shop online.\textsuperscript{113}

**Chiu Yu Bin, Lin Chieh Peng and Tang Ling Land (2005),** in their work figured out how important the role of gender was in online retailing. The purchasing habits of male customers are partially different from female Customers. Male consumers prefer fast loading, speed websites, secured websites (their privacy is better protected). Meanwhile, female customers have confidence to purchase via the Internet mostly because they listen to other females. This can be considered as a big difference between males and females in perceiving Internet marketing.\textsuperscript{114}

**Kargaonkar and Smith (1986),** found that age was inversely related to internet shopping attitude. But age was positively related to Internet shopping in electronic banking service industry.\textsuperscript{115}
P. Durkasree (2014), in her thesis concluded that online shopping is growing among young consumers. The online retailers should devise different strategies for various customer segments and the less experienced e-retailers should try to follow the successful internet marketers in future.\textsuperscript{116}

Md. Mahbubur Rahaman (2014), in his thesis concluded that between male and female students, male students are purchasing products online more than female students in Bangladesh. It was found that people were trying to familiarise and get habituated with online shopping. But, the internet infrastructure and socio-economic condition of Bangladesh did not allow the e-tailers as well as the actual and potential customers to remain and become optimistic about the new business concept of e-commerce.\textsuperscript{117}

PROBLEMS & THREATS IN E-MARKETING

V.Srikanth & R.Dhanpal (2012), felt that the government has to take effective steps to resolve all barriers or disadvantages for e-commerce growth in the country.\textsuperscript{118}

Maray De Swardt (2008), in her thesis stated that convenience, time saving and ability to make price comparisons are the main advantages of online shopping in South African
context while the lack of personal touch and service are considered as main
disadvantages.\textsuperscript{119}

\textbf{Prateek Rastogi} (2008), in his article stated that though online shopping has witnessed
growth in India it is still not pervasive like the west and the growth is also limited to
certain areas like online travel booking and perhaps stock trading. The main reason why
shoppers in India are not willing to shop online is that they don’t get any real value or
incentive. The e-shoppers are wary about fraud, delivery and customer service and their
fears are not imaginary.\textsuperscript{120}

\textbf{Gefen, David, Elena Karahanna and Detmar W, Straub (2003),} concluded that
online trust is built through (1) a belief that the vendor has nothing to gain by cheating,
(2) a belief that there are safety mechanisms built into the Web site, and (3) by having a
typical interface, (4) one that is, moreover, easy to use.\textsuperscript{121}

\textbf{George Joye F (2002),} opined that customers feel confident to make an order only
when they have made a few purchases. They are afraid their privacy can be revealed
and misused without their acknowledgment. If buyers do not trust the company which
provides online sales services, they will never want to make any online buying
decisions. He explains the factors which could actually influence consumer behaviour in
deciding whether to make purchases or not. His contribution was innovative because he
had taken assistance of Theory of Planned Behaviour so as to conceive his research
model. It is accepted that the intention, attitude and prior experience of consumer
largely influence their behaviour. He has extensively focused on privacy concerns and provided valuable suggestions on the same.\textsuperscript{122}

Chung W. and Paynter J (2002), concluded that it was a must for companies to have privacy policy statements under their website to protect consumer privacy information, to make sure that their customers’ information cannot be misused.\textsuperscript{123}

Liebermann Yehoshua and Stashevsky Shmuel (2002), analysed the factors which can prevent customers from using and believing in e-commerce are Internet credit card stealing, fear of supplying personal information, pornography and violence, vast Internet advertising, information reliability, lack of physical contact, not receiving Internet products purchased, missing the human factor when Internet purchases are made, Internet usage addiction.\textsuperscript{124}

FUTURE OF E-MARKETING

Doherty, Neil F. and Ellis-Chadwick, Fiona (2010), in their article concluded that on-line shopping is moving rapidly from a minority hobby, to an everyday part of most peoples’ lives. The review states that the growth and impact of on-line retailing, from the perspective of the past, the present and the future is increasingly vibrant and sophisticated in the Internet market-place. The established retailer will also need to
consider how they can more effectively integrate their on-line and off-line channels to provide customers with the very highest levels of service.\textsuperscript{125}

\textbf{Anupama Nerurkar (2014),} in her article concluded that online trading is here to stay and will be extensively used in future. Leading online retail traders are finding out the ways to retain profitability and long term sustainable development. Globally also the challenges are similar in nature. Indian entrepreneurs said this latest focus on business fundamentals points to growing maturity of the local market. In past, everyone was looking at who the leaders will be. Now the market leaders are emerging and no one doubts the viability of e-commerce.\textsuperscript{126}

\textbf{E.Nalini (2013),} in her thesis concluded that online shopping is still in its infancy stage in India. She also found that convenience, excitement, customization and quality of product information provided by retailers and customer friendly approach would help to boost online sales. Online retailers should address the threats and face the challenges in future.\textsuperscript{127}

\textbf{Reena (2011),} in her thesis concluded that online marketing definitely brings increased customer satisfaction for the customers. Web Presence was considered to be the most important type of e-marketing compared to online advertising and online banners in Indian scenario. Online marketers should strengthen the payment options through online channels and address the threats.\textsuperscript{128}
Ankur Kumar Rastogi (2009) examined online Shopping and gave insights into theoretical perspective of online buying. It stated that, Online Shopping in India is in its growing stages. However, more and more people are gaining confidence about purchasing products online. Initially, the customer base for online shopping activities was the rich class with a lot of purchasing capacity. However, now, with the passage of time, more and more people are going to prefer to make purchases online, thus getting a massive change in the online shopping trends. Online shopping allows people with a broad range of products in different categories. It also gives a chance to compare the same product with the others and also shows the best deal. In addition the transportation is also easy and additionally some websites also offer free shipping to other countries. Once an item is purchased we can easily know the current status and location of the item before it reaches us.129

Sharad Madhukar Dashaputre (2012), in his thesis found that revenue generated through internet Marketing will be more than traditional Marketing. Further, it was also found that the potential of internet marketing is bound to increase and also this will generate more revenue for companies. It was also concluded that Internet marketing will be successful in coming days.130

Salwani et al (2009), found that the relationship between e-commerce and business performance is normally affected by the experience in which the business has used e-commerce.131
RESEARCH GAP

There is no exclusive study on online marketing environment in the Chennai context. Hence the present study has made an attempt to fill up the research gap with the help of proposed SEM & Research model. There is very little published literature on the impact of internet marketing on retailer’s business in Chennai region. Firstly, there is very little published information on the impact of internet marketing on growth and development of retail sector in Chennai. Secondly, researchers are presenting contradictory views regarding the e-marketing strategies and firm performance and profitability.

The researcher has identified the research gap. To fulfill this gap, this study examined the relationship between internet marketing usage and business profitability in the Chennai retail sector. Internet marketing was used as an umbrella term in this study encompassing the commonly used internet marketing methods namely e-mail marketing, web advertising, online branding as well as the use of search engines and newsletters for marketing products / services.

Different and contradictory findings probably result from different units of analysis, different measures of performance, a limited theory base and reliance on cross-sectional methods. Thus, past research on the impact of internet investment on financial
performance and growth has been rather inconclusive. The financial benefits of internet marketing in the retail sector and shortage of published literature on the impact of e-commerce in the Chennai retail sector, becomes the major drive in carrying out this study. The study is imperative because e-marketing can boost the retail business and thereby give a fillip to the growth of the Indian economy as a whole.

The researcher has given an overview of e-marketing and the theory related to e-marketing in the third chapter.
Chapter – III
An overview of E-Marketing