CHAPTER IV

ORIGIN AND EMERGENCE OF E-MARKETING

Introduction

Now a Day, Electronic communication media has rapidly become a powerful alternative marketing tool for many companies which are used to promote and sell products more quickly and efficiently. One of the characteristics of the electronic communication media is that it allows almost anyone in supply chain to reach customer more directly and at much lower cost than using other media.

Internet is very powerful Electronic communication media. It provides producer with a direct marketing alternative. Indeed it allows to broadcast E Marketing messages to a potentially large audience without costly advertising expenses and to keep in touch with the customers through E-mails, news, letters etc.

4.1 Origin of E-Marketing:

The Internet is nearly 50 years old. It has started in 1969 as the ARPANET, it was commissioned by U.S. Department of Defense’s Advanced Research Project Agency (ARPA) as a network for academic and military use. The first online community, the USENET, began 10 years later and over 800 million messages are now achieved in Google groups.

The first web pages and internet browsers appeared in 1993 and that was the internet’s tipping point. This was web 1.0. Companies, media and users flocked to this new web and it grew more quickly than had radio, television or any other medium. This first generation of e-business was like a gold rush. New start-ups and well established business alike created web presence and experimented plenty.
Many companies quickly attracted huge sales and market shares, but only a handful brought anything to the bottom line. In early 2000, one estimate listed 21 firms with 12 months sales growth between 100% and 500%, but all had negative profits. Between early 2000 and 2002, however, more than 500 internet firms shut down in the U.S. alone, the so-called dot.com bust. After the bust dust had settled, almost 60% of the public dot.com companies making it through hard times were profitable by the fourth quarter of 2003.

### 4.2 Marketing Implication of Internet Technology

Early marketers who grasped what internet technologies could do were better poised to integrate information technology into marketing practices. Compare these practices to those of the telephone. The telephone is a mediating technology, has global reach and has network externality. In contrast, the internet has properties that create opportunities beyond those possible with telephone, television, postal mail or other communication media. It is those differences that excited early marketers and had them wondering how to best capitalize on them.

These internet properties not only allow for more effective and efficient marketing strategy and tactical implementation but actually changed the way of marketing is conducted.

E-marketing is the use of information technology in the process of creating, communicating and delivering value of customers and for managing customer relationship in ways that benefit the organization and its stakeholders. It is the application of information technology to traditional marketing practices.

### 4.3 E-marketing Today:-

The dynamic e-marketing environment offers opportunities to develop new product, new markets, new media and new channels. Individual buyers have more power because of the television remote control, the computer mouse, the ability to compare product and pricing online, and the ability to...
upload content that affect broad images. Web 2.0 communities from online to discuss product, share file and more and this activity out of marketers control most business in developed nations have adopted at least some information technologies;

However they continue to strive for effective and efficient IT use to entice and sell to buyers. The internet deeply affects the citizens of many countries.

4.4 E-marketing in the future:-

In future, web 3.0 will be a time of engagement, participation and co-creation where consumer control, increased wireless networking, receiving-appliance convergence, merging of traditional and social media, refined engagement metrics and the semantic web will change the marketing landscape. It is essential for marketers to realize the television programmes, radio shows, news, movies, books and photos are simply digital data sent by their creators in electronic form via satellite, telephone, wires or cables and then viewed by the audience on receiving appliance such as televisions, computers, radios, cell phones and others. This understanding opens the door for many new products opportunities that provide value to demanding customers of the future.

4.5 Applications of E-marketing

1] E-Commerce:- Fifteen percent of service revenue and 18 percent of all Wholesaler trade sales have been using online technologies.

2] Advertising Online:- It has finally become an important part of adviser media budgets with a full growth.

3] User-generated content:- It is now a huge part of online content. It includes everything from consumer-created commercials to YouTube videos, flicker photos, iTunes podcasts, as well as all the text on blogs and user review sites.

4] Online communities: The online communities gather users with like-minded interest for conversation and networking sites such as LinkedIn and Facebook, social media Wikipedia, Yahoo Answers, and more. Marketers use these sites to build brands and create a buzz.

5] Personalization: The Web sites recommendation engines such as Amazon and Yahoo Music help marketers target individuals based on their online behaviors.

6] Internet Communications: It is an instant messaging tool for e-mail marketing, and telephony.

7] Local Marketing: The Local Marketing efforts work well online, huge popular sites show that the charging a transaction fee works well online.

8] Online aggregators: The sites that bring together users and information, such as of entertainment, Monster.com. Wikipedia.com. are useful for E Marketing.

9] Infrastructure Processing allows supply chains to save costs by moving products, information, and financing data quickly, accurately and automatically.

4.6 E-Definitions

E-marketing or electronic marketing refers to the applications of principles and techniques via electronic media and more specifically the internet. The term e-marketing, Internet marketing and online marketing is frequently interchanged and can often be considered synonymous.
E-marketing is the process of marketing a brand using the internet. It includes both direct response marketing and indirect marketing elements and uses a range of technologies to help connect business to their customers.

1. **Institute of direct marketing defines** E-marketing as “the use of internet and related digital information and communications technologies to achieve marketing objectives”.

2. **Mohammad** defines Internet marketing as the process of building and maintaining customer relationship through online activities to facilitate the exchange of ideas, products and services that satisfy the goals of both parties.

3. **Strauss** “E-marketing covers a wide range of IT related applications with the following main aims:
   a) Transferring marketing strategies to create more customers value through more effective segmentation, targeting, differentiation and positioning strategies.
   b) More efficiently planning and executing the conception, distribution, promotion and pricing of goods, services and ideas’
   c) Creating exchanges that satisfy individual customer and organizational customer’s objectives.

With reference to above definitions it concludes that the Internet is useful for many organizations refocusing their marketing strategies.

4. **Smith and Chaffey**- They emphasize the importance of the database in e-marketing and the utilization of a variety of ‘e-tools’ to generate a dynamic dialogue, which goes beyond a purely transactional process. Prominence is given to the role of technology in relationship building.

*Ref:* On line marketing-a customer lead approach 2007, Richard Gay, Alan charlesworth and Rita Esen, Oxford Univ. Page No 3 to 10
customer retention, customization and loyalty by means effective two-way communications. The Internet enables more customer input to influence marketing decisions. The ideal outcomes are customer’s satisfaction added value and improved company revenues.

5. According to Philip Kotler- An Intelligent management of information and use of technology supported customer interaction are among the e-marketing rules for the new economy’, marketers need to make creative and innovative use of information employing both technology and institution to tease out trends and opportunities.

6. “E-marketing encompasses all the activities a Business conducts via the worldwide web with the aim of attracting new business, retaining current business and developing its brand identity.”

4.6.1 E-commerce:-

Rayport and Jaworski –They define e-commerce as “technology mediated exchanges between parties (individuals or organizations) as well as the electronically based intra or inter organizational activities that facilitate such exchanges.”

The e-commerce definition emphasis on digital transactions facilitated every stage by technologies such as electronic data interchange (EDI) standardization of electronic data formats enables computers speak to each other, speeds information exchanges and reduces transaction cost.

4.6.2 E-Business:-

According to Philips-
The term e-business as ‘the application Information Technologies for internal business process as well as activities in which a company engages during commercial activities. These activities can include functional activities such as finance, marketing, human resources management and operations.

Ref:-On line marketing-a customer lead approach 2007,Richard Gay,Alan charlesworthandRita Esen, Oxford Univ.Page No-3 to 10, 281
Lou Gerstner of IBM cited in Turbanetal extols the potential payback from e-business by saying that it is all about time cycle, speed, globalization, enhanced productivity, reaching new customer and sharing knowledge across institution for competitive advantage. It requires the redesign of the cooperate environment and total integration of information and communication technologies across the business functions to exploit such opportunities.

4.6.3 M.Commerce

The M-commerce can be defined as ‘the buying and selling of goods and services throw wireless handheld devices such as mobile phones and personal digital assistants.

The M-commerce enables user to access the internet without needing to find a place to plug in providing anytime, anywhere communications.

4.6.4 M-marketing or mobile marketing:

The Mobile phone is wireless handheld device which is used for marketing functions, for examples financial institutions already provide useful sms customer alert on overdraft facilities. Other customer services can be permanently accessible. Alternatively mobile devices could be used instant marketing research or location based sales promotions. The mobile phone has been transformed into a multifunctional device incorporating phone, text and video and mp3 capability as standard on new phones and provides more marketing opportunities.

4.7 E-marketing communication tools:

The Marketing communication tools are used as a technology to build brands, in conjunction with value-added product experiences, are important in capturing attention and winning long term customer relationship.


281
An Integrated marketing communication is a cross functional for planning, executing, and monitoring brand communications designed to profitability acquire, retain and grow customers. Marketers use specific marketing communication tools to achieve their communication objectives. After implementation, they measure effectiveness, make any adjustment required and evaluate results. Marketers’ use the internet for marketing communication can be understood in light of the AIDA (awareness, interest, desire and action) model or the “think feel do” hierarchy of effect model. These models suggest that consumers first become aware and learn about a new product, (think) develop a positive or negative attitude about it (feel) and then more to purchasing it (do). Each online tool is more or less effective a particular levels of these models. Advertising is no personal communication of information through various media, usually persuasive in nature about product and usually paid for by an identified sponsor. Display ads (rectangles, banners, buttons, pop-ups and sky scrapers), rich media ads, e-mail advertising, sponsorship and mobile advertising are the major vehicles for internet advertising.

The least expensive type of online advertising is e-mail ads. The content sponsored advertising for mobile devices is the wireless version of display and other ads that sponsor web content, similar to commercials that typically support broadcast television programming. The Marketing public relations (MPR) include brand-related activities and non-paid, third-party media coverage to positively influence target marketers. The MPR activities using internet technology include web site content and online events. The Direct marketing online covers techniques such as outgoing e-mail and text messaging, as well as location-based marketing, targeted display ads and other forms of advertising and sales promotions that solicit a direct response.

Ref:-On line marketing-a customer lead approach 2007,Richard Gay,Alan charlesworthandRita Esen, Oxford Univ.Page No 281to 300
Outgoing e-mail is a highly efficient and customizable form of internet direct marketing with potential for maintaining a dialogue with targeted customers. Marketers are starting to use permission marketing to send short text messages (sms) over the internet to cell phones.

4.8 E-marketing

The E-marketing means using digital technologies to help sell your goods or serve technologies are valuable complement to traditional marketing methods which your company or your business model.

The basic marketing remains the same creating a strategy to deliver the right people. There are number of options available to make use of traditional marketing methods such as advertising, PR, e-marketing adds a whole new element to the marketing mix. Many business producing great result with e-marketing and its flexible and cost effectiveness particularly suitable for small business.

Advantages of E-marketing

1] Extremely low risk

2] Reduction in cost through automation and use of electronic media.

3] Faster response to both markets and the user.

4] Increased ability to measure and collect data.

5] Opens the possibility to a market of one through personalization.

6] Increased interactivity.

7] Increased exposure of products and services.

8] Boundless universal accessibility.

Ref:-On line marketing—a customer lead approach 2007,Richard Gay,Alan charlesworthandRita Esen, Oxford Univ.Page No 19 to32
Disadvantages of E-marketing

1] Dependability on technology
3] Maintenance cost due to a constantly evolving environment.
4] Higher transparency of pricing and increased price competition.

4.9 The online marketing environment in the modern economy:-

The organization that fails to consider the influence of the environment around it will be in imminent danger. The organizational response to the environment will be given clear indications concerning its marketing and corporate culture, aims and objectives. The environment factors are influenced and driven the Internet’s growth and ongoing developments, as well as its sway upon the factors. The factors are grouped as under:

1. Microenvironment factors
2. Macro environment factors

4.9.1 Microenvironment factors: - The functional areas such as supply chain management and logistics which had focused the attention on cost and developing effective business relationship to provide value and satisfaction –before commercialization of the internet.

4.9.1.1 Suppliers: - The Internet has had a major impact on exiting supplier arrangement as partnership relationship and more intimate vertical integration is desired to streamline supply chain and improve efficiency. The internet has opened up the market for many companies to access potential new supplier across national boundaries faster.

Ref:- On line marketing-a customer lead approach 2007, Richard Gay, Alan charlesworth and Rita Esen, Oxford Univ., Page No 19 to 32
4.9.1.2 Distributor: - The society places more demands on distributor regarding their performance to meet customer expectation and to overcome the delivery problems associated with the early dot.com operators. The Internet has impacted upon traditional distribution channels removing some intermediaries whilst creating new channels in existing markets.

4.9.1.3 Stakeholders: - As a part of any organization’s promotional Planning, Communicating effectively with various stakeholders or Public is critical for successful ongoing relationship. The careful use of E-mail and the corporate website, internet and extranet, stakeholders can be informed, influenced, persuaded and sold to in a faster and more flexible way.

4.9.1.4 Competitors: - The Internet has brought a greater transparency especially in terms of a price; promotions and organizational development etc. customer get such information online and compares it to various online competitors.

4.9.2 Macro environmental factors:-

The natural environment has had little effect on the Internet’s development, though the web plays an important role in disseminating information and providing a forum for ecological debate. The legal issues and specific Internet legislation is important that online marketers are fully aware of the law wherever they trade whether it is within its own national boundaries or inside economic trading block such as European union or other nation’s state.

4.9.2.1 Societal: - The adaptation of any technologies relies upon society’s acceptance of its need or benefits.

O’Conner, Galvin and Evans, suggests that customers are more sophisticated and demanding now. There are the three keys in the developments of customer’s life style and attitude such as:

Ref:-On line marketing-a customer lead approach 2007,Richard Gay,Alan charlesworthandRita Esen, Oxford Univ.Page No 19 to32
a) **Cash rich, time poor:** - The consumers generally have higher level of disposable income compared to years ago but whilst they are wealthier, they have less time to enjoy the fruits of their labour.

b) **Increased leisure time:** - The occupation provides high income which provides them with more leisure time and the resource to enjoy it.

c) **Increased technology ownership:** - The rate of technological changes has increased exponentially and the ‘now’ consumer society used various digital and wireless equipment for their day to day life.

### 4.9.2.2 Technological:

The technology is an impacting on changing marketing practices such as Customer Relation Management (CRM), Database marketing applications and related privacy issues as marketers grapple with the problem of establishing and maintaining meaningful relationship with customers.

CRM is a classic example of relying too heavily on technology to achieve corporate and marketing objectives without customer centric applications organizations are now benefiting from customer insight.

### 4.9.2.3 Economic:

The unique nature of e-commerce business exchanges with global reach, have the potential to impact upon relationship between individual, organizations, industry sectors, national and global operations. The growth of the so-called ‘New Economy and Information Age’ has had an immediate and lasting impact on economies, economics and prices in short term. In the post bubble economy the empirical evidence is mixed on the effect of Internet on prices as market settle and high street retailer’s fight back.

---

Ref:-On line marketing-a customer lead approach 2007, Richard Gay, Alan charlesworth and Rita Esen, Oxford Univ. Page No 19 to 32
The commercialization of the Internet has had a number of economic impact affecting the adoption rate of web related technologies some of them as follows-

a) The internet should increase competition within industry sector leading a position of equilibrium where a demand equals supply.

b) Buyers and sellers can reach market previously inaccessible for geographic, early barrier or other reason creating new segments and new players in market sectors.

c) Promotional communications such as e-mail are significantly cheaper and often achieve higher response rates than traditional method.

d) Improved ‘reach’ may facilitate improved economics of sale.

e) Buyers search cost are reduced whilst choice as increased with availability if supplier information.

f) E-procurement and online payment processing will streamline administrative and buying procedure and cut transaction cost.

g) The internets have lead to disintermediation and occasionally reinter mediation in supply chain and distribution channel. This has often resulted in cost being driven out with the elimination of intermediaries.

h) The Internet and related technologies also impact upon employment level and practices. This can be evidenced in two ways. First automated process can replace human labour or combination of the two can lead to job losses.
4.9.2.4 Political: -

The Government across the globe has recognized the economic and social impact of internet and its related technology have had as well as exploiting its potential. The level of government commitment to e-commerce adaptation will significantly influence how each nation state will be able to compete across to globe.

Most of the countries are providently of the models for their citizens by becoming adopters of network process and technologies enable them convenient, cost effective, online business to government, and government-to-citizen and government-to-government services.

Bandyo – Padhay (2002) put forward examples of potentials e-government activities e.g.

1. Electronic polling and voting.
2. Electronic communication by the police.
3. Establish link with other government education.
4. The coordination of international regulations.
5. The establishment of intellectual property rights.

To encourage the internet practices government can adopt the following policies or practices.

1. Government services such as passport application and tax assessment.

2. Deregulating the telecom sector to increase competition and drive down broadband prices to make high speed connections readily available.

3. Providing consultancy and other support networks.

4. Supporting the development of leading edge IT-infrastructures.

5. Developing e-citizen portals to improve delivery of public services whilst encouraging wider web usages.

6. Engaging in joint initiative with the private sector.

Ref:-On line marketing—a customer lead approach 2007, Richard Gay, Alan charlesworth and Rita Esen, Oxford Univ. Page No 19 to 32
7. Supporting IT training to overcome specific skills shortage.

8. Developing training initiatives and addressing skills shortages through e-learning delivery.

9. Introducing legislation to curb SPAM and monitor anti-competitive practices.

4.9.3 Internet Advantages and Disadvantages

4.9.3.1 Advantages

The advantages / benefits of internet are depends upon the sector It has a strategic vision and application of new technologies and so on. But following are the some benefits that the internet has brought to marketers.

1) The internet can increase an organization’s geographic coverage beyond its traditional heartland.

2) New customers can be reached.

3) The internet provides a low cost, effective way of transacting with customers compared to traditional selling cost.

4) A site can be open for business all day every day providing customer convenience.

5) The Internet is fast and flexible communication tool.

6) Communications can be tailored to customer needs based on account histories and other data.

7) It is an interactive marketing tool enabling effective two-way dialogues between customer and organization to help achieve acquisition and retention objectives.

8) The internet can be used as a timely sales promotion tools with the use of targeted e-coupons and specialist's privileges.

Ref: On line marketing-a customer lead approach 2007, Richard Gay, Alan charlesworth and Rita Esen, Oxford Univ. Page No 9 to 12
9) The internet provides vital measurement of events and accountability providing marketers with ammunition to secure budget increases.

10) The internet’s global reach also provides opportunities to source new suppliers and Distributors to maintain competitive advantages.

11) The Web only models can pass cost of sale saving onto customers and offer very competitive pricing.

12) The internet provides marketers with a rich source of marketing data for decision making purposes.

13) The Online marketing research supported with appropriate software provides real time data analysis to streamline to the research process.

14) The internet can provide a test bed for product or campaigns.

15) The Online shoppers are growing in confidence.

4.9.3.2 Disadvantages / Problem

The followings are the possible problems associated with the internet.

1) The customers resist changing, especially older and disadvantaged people.

2) The Public concern over privacy issues, such as SPAM and chat-rooms.

3) The Lingering security doubts over fraud and phishing (hackers) and network security and stability.

4) The Lack of trust with unknown virtual traders.

5) The internet’s sensory boundaries limiting of senses like taste and touch which influence buyers decisions.

Ref:-On line marketing-a customer lead approach 2007,Richard Gay,Alan charlesworthandRita Esen, Oxford Univ.Page No 9 to 12
6) The limited web accesses for low–income groups and those in rural areas.
7) The continued high cost of broadband connections deterring high speed take up.
8) The social impact of the internet such as debts – generated online gambling.
9) The poor levels of online customer service and fulfillment.
10) The technology gap between users and providers.
11) The complexities of cross-border trading.
12) The failure to provide an exciting and reliable online shopping experience.

Ref:- On line marketing-a customer lead approach 2007, Richard Gay, Alan charlesworthand Rita Esen, Oxford Univ. Page No 9 to 12
SUMMARY:

The literature related to success and failure of e-marketing systems was studied and concluded that they are not simple uni-polar measures but are complex and difficult to measure. They would mean different things to different stakeholders. Literature related to earlier scales developed to measure success were studied. The need to measure E-marketing success in the Indian context from a multi stakeholder perspective was seen as a research gap. Literature related to e-marketing models was studied. The different studies emphasized different aspects of the implementation process. The success and critical factors have been studied extensively. A research gap is the lack of studies that look at the implementation process holistically. This research would attempt to address this gap.

Finally, literature regarding the use of theories in understanding adoption of E-marketing was studied. The key theories of structured expectation confirmation, agency, change and interaction were seen to impact E-marketing implementations. This research attempts to extend use of these theories in better understanding the mechanisms by which causal factors impact E-marketing project outcomes.
BIBLIOGRAPHY


2. On line marketing-a customer lead approach 2007, Richard Gay, Alan charlesworthandRita Esen, Oxford Univ. Page No 3 to 10


