



## Internet's role in business as an electronic marketing tool

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**Abstract:** Internet marketing and e-services are considered the latest areas of research, which represent a strategic importance for businesses that have directed their efforts towards e-marketplace. Studies have shown that online consumer behavior differs from consumer behavior in the traditional marketplace. On the other hand, managers seem to have a good understanding of the needs of consumers to meet them effectively and efficiently in the electronic environment. Few things have dramatically and instantly affected our lives and the way many businesses operate more than the development of the internet. The ways in which some marketing activities are carried out have changed since businesses turned to trading. The Internet offers opportunities for an organization to grow its business in an efficient and practical way. This means that the internet can be used to conduct marketing research, reach new markets, better serve customers, distribute products faster, solve customer problems, and communicate more efficient with business partners. The benefits of online marketing include improved information flow, new products and customer service, improved availability, and better market transparency. To design and implement a successful e-marketing program, a number of theories, applications, and technologies need to be carefully analyzed and understood. In this paper we will examine the best ways of Internet marketing for business success. The main objective of this article is to understand the impact of the Internet on various areas of marketing, such as product development and service delivery, promotion, pricing and channel distribution. The paper shows that when manufacturers connect directly with customers and shorten distribution channels, inefficiencies can be eliminated, product delivery time can be reduced, and manufacturers can build closer relationships with customers. Consumers use the internet to reduce costs, find otherwise unavailable products, or increase the ease of their purchase. Online customers expect simple, understandable and secure ordering and payment systems. Consumers want confidence that orders will be fulfilled immediately. E-commerce creates value for consumers in many ways. Consumers are treated as a market of one. They may have access to a greater variety of products, often at lower prices. The study suggests that businesses need to pay special attention to the impacts of the Internet and its uses in marketing to be successful and profitable.

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### Introduction:

The foundation of the Internet has offered new advanced business transactions and models for the world economy. Internet marketing is born to adapt to this rapid development of online business. Especially, online advertising has been achieving many successes. According to IDC, the total worldwide spending on Internet advertising will reach USD 65.2 billion in 2008, which represents nearly 10% of all ads spending across all media. It is predicted that this number will be over USD 106 billion in 2011. Internet marketing is defined as the application of the Internet and related digital technologies in conjunction with traditional communications to achieve marketing objectives (Chaffey, D., Ellis-Chadwick, F., Johnston, K. and Mayer, R. 2006, 8). In reality, there are some

alternative terms for Internet marketing such as emarketing (electronic marketing) or digital marketing even though they have a broader scope since they include electronic customer relationship management systems (e-CRM systems) as well. The importance of internet marketing stems from the actual fact that it corresponds to how customers make purchasing decisions. In keeping with several sorts of research, an increasing proportion of consumers are using social media and mobile Internet research to try to preliminary product and pricing exploration before making final judgments. Internet marketing together with **social media management services** reflects the shift from mainstream advertising by allowing you to make relationships with clients and potential through frequent, low-cost individualised communication.

In the rapidly expanding and ever-shifting digital age in which we live, the role of Internet marketing in modern marketing is no longer a minor one. Internet marketing is a vital part of the success of any organization. From IT support to lead generation to sales, Internet marketing is beneficial to nearly every aspect of the business. Internet marketing, which also goes by the names of online marketing, digital marketing, web marketing, e-marketing, etc., is defined as the process of promoting brands, products, or services, over the Internet. It includes any promotional actions that are done via the Web or wireless media, including email marketing, blogging, SEO, and social media. The worldwide reach of the Internet has made it possible for businesses to easily reach hundreds of new customers and has redefined relationships between businesses to businesses (B2B) and businesses to consumers (B2C). Through the Internet, marketers from organizations of all sizes are now able to share brands, products, and services on a global scale and can do so all the time. Through websites, blogs, and social media platforms, consumers are able to find and access information about and from an organization twenty-four seven, from wherever they are. Due to the major role of Internet marketing in modern marketing, organizations cannot afford to ignore marketing online. Because the vast majority of people spend a significant amount of time online, whether they are at work or home on a desktop computer, at school on a laptop, or waiting at the airport on a smartphone or digital device, marketing through the Internet provides organizations a more effective way to promote themselves. It also provides a more efficient way because it does not involve the costs that often come with traditional marketing. Costs that often include printing brochures, shipping out promotional mailers, and paying for billboard advertising. By cutting down on expenditures, Internet marketing allows organizations to experience higher revenue.

Internet marketing allows you to be available for business 24 hours daily, seven days every week, without having to stress about establishment timings or employee overtime pay. Customers will appreciate it if you sell your stuff online. They will back up your online store whenever it's appropriate for them and place orders whenever it's suitable for them. Internet and modern technology also transformed the way people behave, interact, communicate and purchase. Big data has become not only the business reality, but also the reality of each consumer, that has to adopt to the informational age and develop new patterns of behaviour. Entering the Internet market companies are actually taking the veil of a massive market and new age audience that cannot be ignored. Internet customers are easy for tracking, especially because

smartphones has become dominant medium for accessing Internet across all age groups. They prefer digital channels for investigating, selecting and purchasing brands. Internet customers are not passive observers of the market happenings; they are active participants of a dialog with companies, co-creators of marketing strategies and active judges of all companies' activities and decisions. Their power is related to four sources (i) "technological – right to be heard; (ii) economic – right to choose; (iii) social – right to be informed, and (iv) legal – right to safety". Besides sharing information about products and services they use, they are highly attracted with multiple options for sharing information about themselves. Yung described online public as "discerning, fragmented and cynical", indicating the amount of freedom, space and power they gained over the last few years. Online consumers are very demanding in terms of their satisfaction with marketing communication and experience with the products and services they use. Information without engagement and entertainment is not enough for reaching delight. Consumers are looking for special, different and hyper-personalized content all the time that is in accordance with their lifestyle and ideal self-image. They use all online options to discover the best solution for their interests. Phases that consumer passes through while engaging with brands in online environment are: awareness, engagement, purchase, post purchase, advocacy, and brand evangelist. They expect the relevant and inspiring content at every point of their journey

#### **THE INTERNET AND THE MARKETING MIX**

Nowadays, the concept of Internet marketing has expanded and brought more opportunities for companies to approach their customers. In the past, the Internet was only used as a tool to contact customers, part of direct marketing. Nowadays, the Internet, particularly websites has been becoming a popular media for any firms to introduce their products and services. The Internet is considered as an independent and effective marketing tool. During eight years, from 2000 to 2008, the number of Internet users has increased by 4 times from about 361 millions to more than 1, 46 billion (<http://www.internetworldstats.com/stats.htm>), in which, Asia, the continent with the biggest population accounts for 39.5% of World Internet Users.

In Finland, nearly four out of five Finns aged 15 to 74, or over three million persons, used the Internet in Spring 2007 ([www.stat.fi](http://www.stat.fi)). To understand precisely how the Internet offers new opportunities to traditional marketing model, it is necessary to examine it based on the marketing mix which is traditional but still applicable. In 1960, Jerome McCarthy introduced

the marketing mix - widely referred as the 4 Ps of Product, Price, Place and Promotion. Until now, it still plays an important role in formulating and implementing marketing strategy. The 4 Ps have been developed and extended to the 7 Ps with the appearance of People, Process and Physical evidence (Booms and Bitner, 1981). It provides an effective strategic framework for changing different elements of a company's product offering to influence the demand for products within target market (Chaffey et al. 2006, 215). However, the researchers only focus on the first main and traditional 4 Ps in this paper due to some limitations. According to Philip Kotler (2003), Product is the solution to customers wants or/and needs. It refers to the characteristics of a product, service or brand. The Internet offers options for varying the core product, options for changing the extended products, conducting research online, velocity of new product development and velocity of new product diffusion (Chaffey et al. 2006, 217 - 222). Many digital products now can be purchased easily over the Internet via providers' website. For other products, instead of providing actual products to customers, many companies publish the detailed product information with pictures or images. Thanks to this, consumers still have concepts about different kinds of product even when staying at home. Besides that, for some companies, it is possible for buyers to customize products. Dell is a typical example. Through its websites, a customer can build a laptop or a desktop with the desired functions and features. Besides that, companies also can supply more extended product user guides, packaging, warranty, after sales services in a new method. For example, new drivers or updated package for a computer or software are easily downloaded via producers' websites. It brings conveniences for both of buyer and seller/producers. In addition, it is obvious that the Internet provides a new tool to collect customer feedback quickly and accelerate new product development since process of testing new products is more rapid and effective. The information about new products will spread out more wildly and quickly. Price is the most flexible element comparing to other three elements of the marketing mix, since it can be changed quickly to adapt to the market's demand. Companies can use the Internet to build differential price for different customers in different countries, based on IP (Internet Protocol) analytic technologies. For buyers, they are able to find out the price differences by visiting companies' websites or price comparison sites. In addition to this, the Internet also reduces costs and price per product by reducing operating costs of stores and number of staffs. Therefore, the Internet is considered as the most effective marketing tool (D P S Verma et al. 2003, 135-156). Together with these

advances, many new payment methods are created. The online payment method using credit cards is the most popular, efficient, convenient and flexible way for companies and customers. Bills can be paid at any time and in anywhere. Moreover, companies can cut costs by reducing paper works since the customers fill all the necessary information such as their own private information and credit cards information by themselves. Beside these conveniences, online customers still have to worry about securities and privacy matters. Hence, some third parties provide services to protect consumer privacy and to secure transactions. PayPal is one of the most successful companies in this business sector. Place in the marketing mix refers to how the product is distributed to customers. New method of distributing goods through online selling is offered by the improvement of the Internet. It is possible for customers to make their purchasing decisions anywhere at any time. The Internet has the greatest implications for the Place in the marketing mix because it has a large market place (Allen and Fjermestad 2001, 14-23). Companies now can expand their business from local 12 areas to the whole country even to international market. They also can use the Internet to exploit new markets with low cost international advertising since they do not have to establish sales infrastructure in different countries (Chaffey, 2006, 237-243). The Promotion element of the marketing mix refers to how marketing communications are used to inform customers and other stakeholders about an organization and its products (Chaffey, 2006, 243). The Internet can be used to review new ways of applying each of elements of communications mix such as advertising, sales promotions, PR and direct marketing; assess how the Internet can be used at different stages of the buying process; and assist in different stages of customers relationship management from customer acquisition to retention (Chaffey, 2006, 243 - 245).

## **INTERNET MARKETING – SCOPE AND TERMINOLOGY**

Internet marketing is a term that is expanding its scope each day. Besides, communication with consumers through the Internet channel is getting various forms and names almost each day. Generally, this is the area that implies fast changes and new dimensions in all its segments. Thus, it is important to become familiar and follow the pace of all changes in Internet marketing, given that there is a whole new terminology connected with a variety of Internet-based marketing approaches and strategies that are fundamental for gaining sustainable competitive advantage. The most common comparison is made between Digital and Internet marketing. These two terms are similar but not synonyms. Even though

Digital marketing is also known as Internet marketing, online marketing, web marketing or data-driven marketing [4], it is the umbrella term for a group of marketing processes that exploit all available digital channels and Internet technologies with the aim of promotion of branded products and services. Its development is a direct result of the increased electronic data, digital media usage and its impact in business sphere globally. So, its development has primarily followed Internet improvements, which is the reason why it has so many manifestations. Some authors claim that Digital marketing and Internet marketing are not the same things [5]. Accordingly, Digital marketing is wider term that includes both online and offline digital technologies and multiple channels under it, while Internet marketing bases its activities only on the Internet. Some of digital marketing channels are “sms marketing, digital print ads,

### **The Advantages and Disadvantages of Internet Marketing**

Melody and Robert (2001) remarked that the Internet can provide timely information to customers because of its ability for instant communication, and its availability 24 hours a day, 7 days a week [Lane, 1996]. On-line marketing offers more choices and flexibility [Lamoureux, 1997] and, at the same time, eliminates huge inventories, storage costs, utilities, space rental, etc., [Avery, 1997]. People tend to associate Internet marketing with direct marketing because companies participating in online marketing usually shortened the supply chain [Edwards, et al., 1998] and reduced commission and operating costs. The ability to serve as both a transaction medium and a physical distribution medium for certain goods is a unique feature of Internet marketing. Such advantages can be best realized by companies that provide digital products/services such as software, music, news, consulting services, online ticketing and reservations, telemedicine, insurance, banking, stock brokerage, tax, and other financial service industries. Using the Internet as the distribution channel can reduce not only the delivery cost substantially, but also ensures instant delivery of products/services. Moreover, Ruckman (2012) suggested that Internet research becomes an increasingly important tool during the purchasing process; more marketers are seeing the advantages too. It's a win-win situation. Marketing departments are investing more into online marketing today because it's: Attractive to a significant segment of the demographics for most customer profiles. It can effectively reach the target customer. Faster and less expensive to conduct direct marketing campaigns• Measurable, which means that successes are

identifiable and repeatable• Open 24-hours a day• Cost-effective, in the long run.•

### **Disadvantages:**

There is no actual face-to-face contact involved in the Internet communication. For the types of products that rely heavily on building personal relationship between buyers and sellers such as the selling of life insurance, and the type of products that requires physical examination, Internet marketing maybe less appropriate. While internet marketing cannot allow prospective buyers to touch, or smell or taste or 'try on' the products, However a survey of consumers of cosmetics products shows that email marketing can be used to interest a consumer to visit a store to try a product or to speak with sales representatives [Martin at el (2003)]. Some of the disadvantages of e-Marketing are dependability on technology, Security, privacy issues, Maintenance costs due to a constantly evolving environment, Higher transparency of pricing and increased price competition, and worldwide competition through globalization.

### **Conclusions and Recommendations**

This paper deals the conceptual knowledge of search engine marketing or e-commerce, literature review, current and future aspects of e-commerce in Indian context. This paper discussed about the top motivator factors of shopping online. The present development would be a valuable addition to researcher and academicians; and useful theory for practitioners, advertisers, and entrepreneurs. Some of the disadvantages of e-Marketing are dependability on technology, Security, privacy issues, Maintenance costs due to a constantly evolving environment, Higher transparency of pricing and increased price competition, and worldwide competition through globalization. While considering the aforesaid limitations; advertisers and end-users can effectively use this modern platform to make life easier and faster. In the next 3 to 5 years, India will have 30 to 70 million Internet users which will equal, if not surpass, many of the developed countries. Internet economy will then become more meaningful in India. With the rapid expansion of internet, Ecommerce, is set to play a very important role in the 21st century, the new opportunities that will be thrown open, will be accessible to both large corporations and small companies [Waghmare (2012)]. Karoor (2012) explained that Ecommerce encapsulates many of the dynamics of 21st century of India. The potential huge and wit and energy of the entrepreneurs in the sector is impressive. Online commerce in India is destined to grow both in revenue and geographic reach. The further research areas in ecommerce are; the quality of

sponsored ad text, ad position, Search Engine Optimization (SEO), PageRank, yellow pages, and bid management etc.

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