



## Problems And Prospects Of Internet Marketing

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**Dr. Mohammad Talha, Deputy Head of Accounting Department, Faculty of Business and Law, Multimedia University.**

Web: [www.mmu.edu.my/~bm/fbl/talha.htm](http://www.mmu.edu.my/~bm/fbl/talha.htm)

Email: [mohammad.talha@mmu.edu.my](mailto:mohammad.talha@mmu.edu.my)

Dr. Mohammad Talha is Deputy Head of Accounting Department in the Faculty of Business and Law, Multimedia University. He has about 20 years teaching experience in accounting subjects. His research interest is financial accounting and reporting, Management Accounting and electronic commerce. He also supervises a number of Master of Philosophy and Doctorate students. Dr. Talha has successfully published more than 50 papers at international and national journals, proceedings and conference proceedings.

**Mr. Deepak Shrivastva, Lecturer of Management Department, Bhilai Institute of Technology, Durga (India).**

Web:

Email: [deepak\\_bitm@rediffmail.com](mailto:deepak_bitm@rediffmail.com)

Mr. Deepak Shrivastva is a MBA and presently working as a lecturer in the Department of Management of Bhilai Institute of Technology, Durga (India). He is also pursuing doctorate in Indian public sectors reform. He has authored a book, entitled "Globalisation, Privatisation & WTO with reference to India". He has published about 10 research papers and 25 articles in various national & international journals.

**Mrs. Pooja Kabra, System Management Analyst, Bhilai Institute of Technology, Durga (India).**

Web:

Email:

Mrs. Pooja Kabra is a MBA, in system management. Her area of working is applications of Internet in business. His areas of working are e-commerce, international business environment with special reference to new-liberal economic policies and WTO; public sector reforms in India and public policies. His columns are publishing regularly in various Indian newspapers on the issue of Indian political economy.

**Mr. Abdullah Sallehuddin Abdullah Salim, Accounting and Economics Lecturer, Center for Affiliate and Diploma Programme, Multimedia University.**

Web: [www1.mmu.edu.my/~abduls](http://www1.mmu.edu.my/~abduls)

Email: [abdullah.sallehuddin@mmu.edu.my](mailto:abdullah.sallehuddin@mmu.edu.my)

Mr. Abdullah Sallehuddin, is currently lecturing accounting and economics at Center for Affiliated and Diploma Program, Multimedia University. He has jointly written papers with Dr. Muhammad Talha in the area of merger and acquisitions, budgeting, segmental reporting and electronic commerce. His research interest is financial accounting and reporting, public sector accounting, strategic management and economics. Besides, he also experiences in teaching Mathematics, Computer System and Application and E-Commerce for the same academic center.

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## Abstract

Though the Internet provides a new means for conducting business but fundamental of doing business remain unchanged. The present study has designed to examine the marketing strategy on Internet. For this purpose, it says that by integrating the Internet technology into the marketing strategy, business firms will be able to use the Internet as a tool to gain competitive advantage, this article explains Internet marketing mix, which consists five P's: product, price, promotion, place and personalization. The concept of marketing has not changed in essential has a result of using the Internet as a new marketing channel but Internet offers an unlimited opportunity for business. Internet marketing goes beyond banner advertising and e-mail marketing. It includes all the activity aimed at creating a distinct niche for the business like segmentation, differentiation etc.

**Keywords:** Internet marketing, Internet value chain, 5 P's of Internet marketing, Models of Internet marketing

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## Internet Marketing

We are witnessing of a fundamental shift, which is occurring in the world economy. Business are moving progressively further away from a world in which national economies were relatively isolated from each other by barriers to cross border trade and investment; by distance, time zones and language; and by national difference in government regulation, culture and business systems. National economies are merging into an interdependent global economic system. The rapidly emerging global economy raises a multitude of issues for business both large and small. It creates opportunities for business to expand their revenues, drive down their costs and boost their profits. While the emerging global economy created opportunities such as this for new entrepreneurs and established business around the world, it also give rise to challenges and threats that yesterday's business did not have to deal with.

A powerful force drives the world towards a converging commonalty, and that force is technology. It has proletarianized communication, transport and travel. The result is a new commercial reality – the emergence of global markets for standardized consumer products on a previously commercial reality – the emergence of global markets for standardized consumer products on a previously unimagined scale of magnitude. The multinational corporation operates in a number of countries and adjusts its products and practices to each at high relative costs. The global corporation operates with resolute consistency – at low relative cost as if the entire world were a single entity it sells the same thing in the same way every-where. Communication technology i.e. Internet has always been a major driver of economic progress. The Internet, because of its global reach, rapid growth and potential for transmitting huge bundles of information at almost zero cost, well have a particularly dramatic impact in the near future. Internet and WWW promise to develop into the information backbone of tomorrow's global economy.

The Internet is an extremely important new technology. It has received so much attention from business world. It has led many companies, dot-com and incumbents alike, to make bad decisions-decisions that have eroded the attractiveness of their industries and undermined their own competitive advantages. Some companies have used Internet technology to shift the competition away from quality, features and service and toward price, making it harder for anyone in their industries to turn a profit. Business needs to move away from the rhetoric about "internet-industries", "e-business strategy" and a "new-economy".

## Internet And Value Chain

Value chain is the basic tool for understanding the influence of information technology on companies. Value chain is the set of activities through which a product or service is created and delivered to customers. Every company performs a number of discrete but interconnected value-creating activities,

such as operating a sales force, fabricating a component or delivering products, and these activities have connection with the activities of suppliers, channels, and customers. Therefore, value chain is a framework for identifying all these activities and analyzing how they affect both a companies costs and the value delivered to buyers. The one of the biggest advantage of the Internet is the ability to link one activity with others and make real-time data created in one activity widely available, both within the company and with outside suppliers, channels, and customers. Internet technology provides a standardized infrastructure, common and open set of communication protocols and browser interface for information access and delivery, bi-directional communication, and ease of connectivity, all of these at much lower cost than private networks and electronic data interchange.

### **Prominent applications of the Internet in the value chain (Whitely d., 2000)**

Porter (1985) introduced his model of the generic value chain in his book competitive advantage: creating and sustaining superior performance. This was essentially concerned with the internal activities of the company. The three (basic) primary activities of a product process are:

1.Inbound logistics: It refer to handling goods that are bought into the company, storing them and making them available to operations as required.

^Real time integrated scheduling, shipping, warehouse management, demand management and planning, and advanced planning and scheduling across the company and its suppliers.

^Dissemination throughout the company of real-time inbound and in-progress inventory data.

2.Operation: the production process, in many cases a series of sub activities that can be represented on a detailed value chain analysis.

^Integrated information exchange, scheduling, and decision-making in in-house plants, contract assemblers, and components suppliers.

^Real time available -to- promise and capable-to-promise information available to the sales force and channels.

3.Outbound logistics: taking the products of the company, storing them if necessary and distributing them to the customer in a timely manner.

^ Real-time transaction of orders whether initiated by an end consumer, a sales person, or a channel partner.

^Automated customer-specific agreements and contract terms.

^Collaborative integration with customer forecasting system.

^Integrated channel management including information exchange, warranty claims, and contract management.

To these basic primary activities Porter adds two further activities:

1.Marketing and sales: finding out the requirement of potential customers and letting them know of the products and services that can be offered.

^ On-line sales channels including websites and marketplaces

^On-line product configurators

^Push advertising

^Tailored on-line access

^Real time customer feedback through Web surveys

^Customer profiling

2.Service: any requirement for installation or advice before delivery and then after-sales service once the transaction is completed.

^On-line support of customer service representatives through e-mail response management, billing integration.

^Customer self-service via Web sites and intelligent service request processing including updates to billing and shifting profiles.

To support these primary functions there will be a company infrastructure that performs a number of support activities. Porter classify these activities as:

1.Procurement: The function of finding suppliers of the materials required as input to the operations of the organization. Procurement is responsible for negotiating quality supplies at an acceptable price and with reliable delivery.

^Internet-enabled demand planning; real-time available-to-promise/capable-to -promise and fulfillment

- ^Automated "requisition to pay"
- ^Direct and indirect procurement via marketplaces, exchanges, auctions.

**2. Technology development:** The organizations need to update its production processes, train staff and to manage innovation to ensure that its products and its overall range of goods and services remain competitive.

- ^Collaborative product design across locations and among multiple value-system participants
- ^Real-time access by R&D to on-line sales and service information

**3. Human resource management:** The recruitment, training and personnel management of the people who work for the organization.

- ^Self-service personnel and benefits administration
- ^Web-based training
- ^Internet-based sharing and dissemination of company information

**4. Firm infrastructure:** The overall management of the company including planning and accountancy.

- ^On-line investor relation
- ^Web-based, distributed financial and ERP systems.

## Types Of Various Mode Of Marketing

Traditionally Mass and direct marketing have aimed at broadcasting a message to large number of customer but interactive marketing have aimed at allowing customer to browse, explore, and compare and customization. In contrast to traditional approach in which company “ push” its product, but in interactive marketing aims is putting the customer first by pull down the information. These are some basic differences.

	Mass Marketing	Direct Marketing	Interactive Marketing
Distribution Channel	Broadcast and print media (consume is passive)	Postal service using mailing lists (consumer is passive)	The Internet (consumer is the active and is the catalyst for what is shown on screen)
Market Strategy (and sample product)	High volume (food,beer,autos, personal and home-care products)	Targeted goods (credit cards, travel, autos, subscriptions)	Targeted audience (services and all types of product information)
Enabling Technology	Storyboards and desktop publishing	Databases and statistical tools	Information servers,client browsers,bulleting boards, and software agents
Authors of Marketing Material	Ad agencies	Ad agencies and companies	Companies and consumers
Expected Outcome from Successful Implementation	Volume sales	Bounded sales, data for analysis	Date for analysis,customer relationships,new product ideas, volume sales

Source: Kalakota and Whinston(2002)” frontiers of e-commerce”

## Strengths Of Internet As A Medium Of Marketing

The Internet as a medium presents great opportunities for marketers. In last decade Internet has witnessed an exponential growth rate. Presently there are 275 million Internet users in across the world. Similarly, Internet users in India have crossed the a million count, under a liberalizing the telecommunication and ISP policy.

In the Developed countries such as United States and Canada 136 million users, approximately half of the population has accessibility to the Internet. Further, 50 million Americans use the web at least once a week, and 15 million are daily users. Moreover, studies show that the average Internet user spends 8.6 hours a month online. Similar trends are reported around the globe. All these point to a very healthy growth in the usage figures, as well as the usage patterns of the Internet.

The demographics of Internet users is broadening. In financial terms, 60% of those who used the Internet in the past 6 months have household incomes above Rs. 16000 per month almost double the Indian middle class average income.

## Income Of Internet User (India 2000)

INCOME LEVEL (Rs)	PERCENTAGE (%)
Under 8000	16
8000-12000	7
12000-16000	14
16000-20000	16
Over 20000	14
Not answered	33

Source: Survey of Internet commerce research center ([icrc.iiml.ac.in](http://icrc.iiml.ac.in))

According to the finding, the Internet is increasingly useful in certain segments of the population. Indian men aged 21-35, with incomes above Rs 16,000 per month; the web can provide access to about 2 million users. It is about 40 percent of the targeted demographic segment.

## Age Of Internet Users (India, 2000)

AGE	PERCENTAGE (%)
18-20	11
21-35	66
26-35	15
Above 35	5
Not answered	3

Source: Survey of Internet commerce research center ([icrc.iiml.ac.in](http://icrc.iiml.ac.in))

## Interactive Marketing Process On The Internet

Basic issues permeate the entire six step interactive marketing process, which is given by Kalakota & Winston (2002), outlined below:

Step 1	<p><b>Segmentation and identification of potential customers and product differentiation.</b></p> <p>Segmentation is the process of dividing the market into various customer groups. By segmentation a company can focus more on business in one part of the market than another. Typical segmentation approaches &amp; which can be carried out on the Internet are the following:-</p> <p><b>Demographic Approaches:</b> It categorizes the market in terms of population characteristics such as age, sex, income, occupation, race, family size or religion. The objective is to find out the relationship between profits or volume with the demographic characteristics.</p> <p><b>Behavioral Approaches:</b> It divides the market according to behavioral aspects of people such as their attitudes, buying patterns. For example, this segmentation can be based on differentiating between people who use the Internet for transactions or those who use it only for prospecting and searching information. Volume Approaches: this approach distinguishes heavy, medium, light or non users of a product category and</p> <p><b>Business Specialization Approaches:</b> It categorizes the market by type or size of industry or institution. This type of segmentation applies commonly to business or institutional markets. Special programs for small business are examples of business specialization segmentation.</p> <p>Internet marketing due to its interactive nature depends on customer satisfaction, careful identification, and segmentation of population on the Internet. Smaller segments of population provide approaches for developing highly customized marketing strategies.</p> <p>Product differentiation is very common in business practices. It is successful in appealing to desirable market segments. Product differentiation is the process of focusing on the identification of tangible and intangible customer needs and creating an appropriate superior cluster of products, value-added services and images to meet those needs. Segmentation is only one technique for creating value added differentiation. Differentiation is wider than segmentation; it consists of some other techniques also such as product bundling, packaging, price, service quality, delivery systems and etc.</p>
	<p><b>Creation promotional, advertising plan.</b></p> <p>The first step in development of an advertising plan is to specify advertising goals. Why a company advertises online and what a company wants to achieve. Goals of advertising include increasing awareness of business, attracting competitors and generating immediate sales.</p> <p>Second step after determining advertising goal, select the target audience for the message of advertisement. Because successful advertisement is written with a specific customer in mind.</p>

Step 2	<p>After deciding the target audience, should decide what your advertising would say. Because advertising should speak convincingly to target audience and explain the benefits of product and service in advertising. In this moment AIDA must in mind: attract Attention, hold Interest, arouse Desire and motivate Action.</p> <p>Traditional advertising tends to be liner in nature and typically assigns the customer a passive role. But internet provides Interactive advertising, in which customer has control over what he is watching, known as nonlinear advertising. It is made possible through the use of hypermedia that allows to viewer to click for access more information.</p> <p>But interactivity is not enough, to support it value-laden content is essential. Valued added information is required for internet. Content oriented marketing requires a company to master a broad range of knowledge, the technology in which it competes, its competitor its customers, new sources of technology that can alter the competitive environment.</p>
Step 3	<p><b>Put the materials on customer's computer screens</b></p> <p>There are two choices for dissemination of information about the company and its products, pull based or push based marketing. Various news groups, and e-mail will be a less expensive method to reach large numbers of individuals in various target audiences. Although on the surface this closely resembles a traditional push strategy, an important difference lies in the ability to build in valuable feedback loops.</p> <p>Alongside this approach, however, a strong pull-based marketing i.e. "marketing by invitation", not intrusion, is a more effective method of marketing on the Internet. Skilled management of customer information and their activities on the Internet is the important ingredients of pull-based marketing. Therefore, most responsive customers can be identified through the use of predictive models. These models will enable us to send the right message, at the right time, to the right people in the right form through, news group postings, e-mail, news letters.</p> <p>Feedback loops should be incorporated in the marketing strategy to help continuously drive the marketing program to greater efficiencies and productively. These loops will capture and store respondent names, response rates to various mailings, and customer activity in terms of access logs of the interactive content stored on the WWW page.</p>
Step 4	<p><b>Correspond and Interaction with customers</b></p> <p><b>Passive interaction via anonymous FTP sites:</b> A broad variety of information about the company, product, and other related material can be placed in a public area accessible by any interested party by simply dialing in and using the user name: anonymous and password: guest. This is a well-known method used on the internet for the dissemination of research papers, software programs, photographs, videos, and other material. The goal is to provide a channel where the customer is completely unfettered to do as he / she pleases with no sales pressure.</p> <p><b>Direct interaction (one-on-one) via electronic mail (e-mail) or chat facility:</b> This allows two parties to hold a discussion on-line. The goal of direct interaction is to answer questions, answer requests for more information, and follow up on a customer.</p> <p><b>Group dialog:</b> It is Between company and customers through bulletin boards, news groups, and other forum. The goal of group interaction is to encourage discussion among customers, provide an easy way to answer questions about unanticipated problems that may occur during product usage, and simply build a database of long-term experience-based knowledge about the product and its usage. USENET news group can be used for discussion of products. Company can create own forum, moderating the submissions, and providing high-quality information, not only about their products but also about their particular commercial sector, company can establish a growing readership in much the same way that newsstand magazines function.</p> <p><b>Video conferencing:</b> On the Internet using the Multicast Backbone (Mbone) facility where several distributed parties can actively participate and monitor product-related activities. In the case of medical products, for example, companies could broadcast actual medical procedures being conducted in the field. Mbone allows the digital broadcast of live audio, video, and text with interaction among the participants through a common blackboard (actually white-board in computing terms).</p>
Step 5	<p><b>Learning from customers, Incorporating feedback from customer in advertising, marketing strategy</b></p> <p>By measuring level of consumer awareness, product trial, repeat purchase, market share, sales volume, and the market gives some indication of the productivity of the elements of the marketing plan. The information regarding that tracking of accesses to companies materials over the internet can be compared with any tangible result obtained through other channel such as inquiries, contacts with distributors, end sales. This analysis will be used to determine how the company promotional and marketing strategies and materials can be altered to better suit the needs of the target groups they are reaching as well as to determine how best to reach the target groups not yet responding.</p>
Step 6	<p><b>Providing On-line customer service and support</b></p> <p>On line customer service is an essential parts of the electronics commerce were pupil are more in touch with one another than in any other type of market. Information of the product can spread quickly and widely thus company must be constantly on their toes when it comes to customer service. Grand loyalty through customer service needs to be cultivated among on line customers so that they can come back for repeat purchases few consumer seems to be demonstrated lack of brand loyalty quite like those on line when information is needed the customer is more interested in the source then in a particular brand or even small variation in price. So there is to definite need to develop loyalty-building methods in the electronic market place.</p>

## P's Of Internet Marketing

Internet marketing is not merely transforming traditional activities of commerce from non-electronic world to an electronic plat form. But e-commerce demands radical changes in the overall marketing mix such as product, promotion, prime, distributor etc. Now let us elaborate P's of Internet marketing, mainly these are:

- ^ Price,
- ^ Product,
- ^ Personalization,
- ^ Promotion
- ^ And place.

**a.Pricing strategy on the Internet**

Price is the most important factor of on-line business. An on-line supplier can't raise prices indiscriminately. Poorly justified price changes can be cause of long -term damage to a company's price proposition. Internet gives companies greater precision in setting and announcing prices, more flexibility in changing prices, and better information, which can lead to improved customer segmentation. Companies can use the Internet to make pricing more precise, to be more adaptable in responding to fluctuations in supply and demand, and to segment customers more effectively. There are three important factor of pricing on Internet (Walter Baker, Mike Marn, Craig Zawada, 2001):

- ^Precision
- ^Adaptability
- ^Segmentation

^Precision:

All products have a "pricing indifference band", a range of possible prices within which price changes have little or no impact on customers purchase decisions. These can range different for different product. For example, 17 percentages for FMCG product, 10 percentage for engineered industrial components, 2 percentage for some financial products. Being at the top rather than the middle or the bottom of this band can have a huge impact on profits. Determining the borders of these indifference bands in the off-line business is difficult, expensive and time-consuming. But on the Internet, however prices can be tested continually in real time and customers' responses can be instantly received.

^Adaptability:

In off-line business changing in prices may take several months to a year to communicate changes to distributors, to print and send out new price lists, and to reprogram their computers. Conversely On-line pricing is far more adaptable, allowing companies to make adjustments in a fraction of the time. This pricing flexibility gives opportunities for companies to accurately assess and respond to the overall balance between supply and demand in their industry.

^Segmentation:

Perception of consumers regarding value of product benefits will be differently, some are willing to pay more for it than others. But in the physical business, it is difficult to charging different prices for different segment of consumers. But On-line business can segment their customers quickly using personalized information of consumer. After identification on-line customer segment, company can offer a segment-specific price or promotion immediately

	Source of value from the Internet	Conditions for Selection	B2C Examples	B2B Examples
<b>Precision</b>	^Greater precision in setting optimal price ^Better understanding of zone of price indifference	^ Testing needs to be run on at least 200 transactions to be significant	^Toys ^Books ^CDs	^Maintenance, repair, and operation (MRO) products
<b>Adaptability</b>	^Speed of price change ^Ease of response to external shocks to the system (changes in costs or competitive moves for example)	^Inventory or capacity is perishable ^Demand fluctuates over time	^Consumer electronics ^Luxury cars	^Chemicals ^Raw materials
		^Different customers value your products benefits differently	^Credit cards ^Mortgages ^Automobiles	^Industrial components ^Business services

Segmentation	<ul style="list-style-type: none"> <li>^Ability to choose creative, accurate segmentation dimensions</li> <li>^Ease in identifying which segment a buyer belongs</li> <li>^Ability to create barriers between segments</li> </ul>	^Customer profitability varies widely		
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Source: Walter baker, Mike marn, Craig zawada, "Price Smarter on the net", Harvard business Review, February 2001

## b.Product

A product is good or service that a business offers to customer. Internet has allowed the creation of new virtual product such as on line news and real time stock quote services. This virtual product has consisted features of both physical goods as well as of services. Distinguishing between goods and services is not always easy in Internet. For example, an electronic greeting card might be categorized as a physical good as well as service product. If the recipient prints the card upon receipt, classifying it as a physical good but if recipient merely views it and then deletes it, classifying as a service product.

In the Internet, bundling of information is easy because of hyperlink capability. Bundling is a marketing strategy in which two or more complementary products and / or services are offered as a package at a discounted price. For instance, a computer video can be linked to compatible or complementary products such as software that runs best on it, hardware that optimizes video performance, and so on. Examples of bundling include two-for-the-price-of-one airline tickets, computer hardware combinations, season tickets for sports and meal specials in restaurants.

Life cycle of product is shortening in Internet marketing than traditional marketing. Internet economy is based on three I's i.e. Ideas, Inventions and innovations (Veena Pailwar, 2001). Internet provide a ground for converting ideas into inventions and also for commercial exploitation i.e. Innovation. This innovation leads to the emergence of new products at growing rate. This phenomenon is shortening the average product life cycle.

## c.Personalization

It is the process of tailoring pages to individual user characteristics or preference. It is means of meeting the customers, needs more effectively and efficiently, making interaction faster and easiest and consequently, increasing customer satisfaction and the likelihood of repeat visits. It can be classified into two broad categories:

**User driven personalization:** In this type of personalization, user can personalized their home page with their personal interest. Users are not required to open a account to do so on the web site.

**Marketer driven personalization:** in this type of personalization, marketer uses its knowledge of consumer to suggest product they might like, on the basis on personal information of user. Marketers learn consumer's preferences in on what they really like.

Internet is making a fundamental shift from mass marketing to personalized marketing. Databases, cookies and telecommunications technology make it very easy and cost –efficient to mass market personalized services, because personalization is automated and it is at the core of many Internet marketing methods.

## d.Promotion

Advertising is one of the powerful tools of promotion. The objective of advertising is to increase the awareness about the advertised product, service, eventually an increase in the sales volume. Success of marketing strategies depends on well- suited advertisement plan. Each effective marketing advertisement plan should be suited for the objective, the message, and the target audience because success of a good market campaign depends on two elements audience and their buying pattern. An audience is a part of the target market and it can be expected to experience the advertisement or series of advertisements .The behavior attributes of the audience such as demographics, psychographics and other factors determine the composition of the "audience". The number of the "audience" is referred to as the advertisement's 'reach'. Experience of audience for an advertisement, known as and 'impression'. These impressions must be effective. The effectiveness of an advertisement is usually



depending on number of impressions.

### **Models of Internet Advertising**

Over the past few years several advertising models have evolved over the Internet, these can classify (Kalakota & Winston, 2002), into Active or push based advertising and passive or pull-based advertising. Let us deal these models in detail.

#### ***Active or Push based advertising***

##### ^The Broadcast Model

Broadcasting messages provides a means for reaching a great number of people in a short period of time. Broadcast models typically use direct mail, spot television, or cable television. A spot television can run on one station in one market. The number of viewers of particular advertisement depends on the penetration and channel/program viewer ship in a given market. The main advantage of this advertisement model is big number of viewer ship; an additional advantage is its ability to convey the message with sight, sound, and motion. The disadvantages of this advertising are relatively high cost of production; limited exposure time; short airtime, which making it difficult to present a complex or detailed message.

##### ^The Junk Mail Model

Direct mail advertisers targeted to reach highly specialized audiences. In addition to low waste in ad exposure, direct mail provides an advertiser with great flexibility in the message presentation. Disadvantages of direct mail include relatively high cost per contact, the need to obtain updated and accurate mailing lists, the difficulty in getting the audience's attention, and the possible cost to customers who pay for e-mail.

But Junk mail is the most intrusive of all forms of Internet advertising, because it is easily implemented using electronic mail. Some people pay usage fees based on time on-line, or storage charges for mailboxes, and probably would not want to receive unsolicited junk mail.

#### ***Passive or Pull-Based Advertising***

Push-based advertising has not adaptability, flexibility, and responsiveness. Effective marketing requires a feedback loop leading back into the organisation. Pull-based advertising provide a feedback loop, connecting company and customer. Pull based model of advertising is essential for a truly market-driven company; a company that adapts in a timely way to the changing needs of the customer.

##### ^World Wide Web (WWW) Model

WWW model refers to information placed where it will come to the attention of customers in the course of other activities and does not require active search. This advertising is often used to reinforce or remind the consumer of the advertising messages communicated through other media. This is not so easy to implement without cooperation from others who link into your content and make you part of the World Wide Web.

The advantages of this advertising are ability to completely cover a market and maintain high levels of viewing frequency. The advantage of this model lies in its having no cost to customers.

The disadvantages of this advertising are related to viewing time. Because target consumers are typically surfing or moving, an advertisement must communicate with a minimum of words. Messages must be simple, direct, and easily understood.

##### ^Endorsements:

Endorsements often come in the context of a question answered or an experience shared mode. Endorsements are among the most effective advertisements on the Internet, because they are offered publicly in an interactive medium. Anyone can post his or her own opinions, and such debates provide the best and most unbiased analyses of products and services.

#### **e.Place**

Traditional distribution system is characterized by the linear point-to-point pattern. In the physical world,

direct contact between consumers and producers is not feasible due to wide geographical location of producers and consumers unit. Therefore existence of intermediaries, namely distributors/ whole sellers & retailers are essential, and definitely it reduces transaction cost for both producers and consumers.

Conversely, in the process of e- commerce transaction, a consumer can contact and place an order with manufacture instantly and directly. Consumer not only can the order be placed on internet in a few seconds but also various services such as financial, legal and health etc can be delivered on line.

Traditional intermediaries are replacing by cyber – mediaries like e-retailers, and portals. The e-retailer and portals facilitate accessing information about large number of sellers as well as price comparison by consumers. These facilitators i.e. cyber mediaries also provides space for advertisement, search facilities. High degree of customization is rising new opportunities for inter-mediaries. The following Graphic 1 gives the difference between traditional distribution system and cyber distribution system.

### **Graphic 1: Traditional Distribution System And Cyber Distribution System**



**(Traditional Distribution System)**



**(Cyber Distribution System)**

Source: Pailwar Veena, "E-Commerce: Emerging Economic Implications", *Productivity* October, 2001

## Critical Issues In Internet Marketing

As most of the countries today gradually entering Internet Marketing environment, there are some issues remain elusive. One of the major problems is a gap of richness between developed, developing and under-developed countries. Developed countries like United States of America, Canada and Australia have significantly venture the world of Internet Marketing and their investments have yielded greater revenue. Furthermore research and development activities have taken place for several times that enable them to equip marketing activities through electronic channels with the latest and the most advanced information communication technology (ICT).

Meanwhile, the developing countries such as the nation in South East Asia region have begun their information technology evolution in numerous areas including business transactions. Education system has been upgraded by incorporating the studies of ICT, introducing incentives for entrepreneurs to go online and improving facilities.

However, the situation does not that encouraging in under developed countries. They are lack of fund, expertise, technology and exposure on the importance of venturing Internet Marketing. This widen gap among the countries must vigorously be eradicated if the entire world would like to flourish and share the wealth generated from doing business through electronic channels such as Internet. Therefore, world bodies like World Bank and United Nations for Development Program (UNDP) have uphill tasks to improve these conditions.

The next critical aspect of Internet Marketing is trust and confidence, which are significantly attributed to security. Lack of security is the leading barrier to widespread commerce on the Internet due to the inherent openness of the web (Wen, 2001). The lack of security is experienced in several ways such as unauthorized use of corporate network, packet sniffing, data modification, unregistered transactions, eavesdropping, repudiation and spoofing. The threats and attacks to Internet based enterprises have included such Yahoo, E-trade and Amazon.com (Sussan and Kassira, 2003). These threats and attacks deteriorated the three main aspects of security that are confidentiality, integrity and availability of data. The absence of these three elements causes lack of confidence for wider customers doing business electronically.

However, some necessary actions have been taken to cushion the lack of security in e-commerce like the introduction of new protocol version 6 (Ipv6), a \$100 million initiative by USA government. The new protocol will address the areas of confidentiality, data integrity, non-repudiation and selective application of services. A number of multinational companies like NTT (Japan), Sun, Nortel, 3Com have already got the new version of Ipv6, where as Cisco and Microsoft have it in prototype. The limitations of the new protocol vary from the need of higher bandwidth and some current wireless providers do not support Ipv6.

## Conclusion

The application of Internet in today's business has resulted in interactive marketing. It refers to buyer-seller communications in which the customer controls the amount and type of information received from a marketer through Internet. The interactive marketing offers immediate access to major product information when the consumer needs it. It also frees communications between marketers and their customers from the limits of the traditional, linear, one-way messages to passive audiences using broadcast of print advertisement (Boone and Kurtz, 1999).

In addition, the application of Internet in marketing creates many to many exchanges; where consumers can interact with one another using e-mail, chat room, electronics bulletin boards and virtual reality kiosks. These electronics interactions establish innovative relationships between users (consumers, marketers and suppliers) and the technology. It provides customized information based on users'

interests and levels of understanding as well as supports almost unlimited exchanges of information. In short, customers become active participants in the interactive marketplace, controlling the amount and type of information they receive with the click of a mouse.

The Internet has made a fundamental change in business transactions. Internet serves as a backbone and connecting different business process and persons such as customers and suppliers. While a new means of conducting business has become available, the fundamentals of competition remain unchanged. Only by integrating the Internet into overall strategy, this powerful new technology becomes an equally powerful force for competitive advantage

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