Evaluating Efficacy of Internet Marketing

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Abstract

The Internet has become an epitome of the concept of free-market and companies are making use of this platform to promote their products. Some companies enter into the internet marketing not just to sell but to increase product recognition. Huge amount of money is spent by these companies for promotion of their products through internet.
Unfortunately, till now, many companies tend to underestimate the effectiveness of internet marketing. Some of them think that by making a website and posting an ad here and there, are good enough a strategy for selling their products. Companies would spend hundreds or thousands of dollars to create a site but after a few months, would find out that there is no return on this investment since nobody seems to be buying in response to internet ads. Others would hire people to create a site that would have drawn a massive traffic, but their sales targets were not met.

The present study is an attempt to gauge the efficacy of internet marketing with special reference to Indian customers and their reactions to marketing through internet. According to a survey, Indian customers mostly purchased products like automobiles, car, mobile phones, apparel, electronic gadgets, furniture and other household products through internet. There is a need for an effective strategy in order to make internet B to C segment of internet marketing more active.

Key Words*: Internet marketing, effectiveness, Indian consumer, marketer, sales target*

Introduction

The internet marketing is the use of the Internet to advertise and sell goods and services. This includes pay per click advertising, banner ads, e-mail marketing, search engine marketing (including search engine optimization), blog marketing, and article marketing.

The internet marketing is a component of electronic commerce. The internet marketing can include information management, public relations, customer service, and sales.

The electronic commerce and internet marketing have become popular as an access to internet is becoming more widely available and used. Well over one third

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of consumers who have Internet access in their homes, report using the Internet to make purchases.

The internet marketing first began in the early 1990s as simple text-based websites that offered product information. It then, evolved into advertisements complete with graphics. The most recent step in this evolution was the creation of complete online businesses that use the Internet to promote and sell their services and goods. Internet marketing is associated with several business models. The main models include business-to-business and business-to-consumer (B2C). B2B consists of companies doing business with each other, whereas B2C involves selling directly to the end consumer.

The internet is a powerful tool for strengthening relationships. By offering customers content and time value, the E-Marketing has opened new vistas for marketers. The greatest feature of the digital economy is that it enables the E-Marketer to eradicate main traditional barriers before entering new markets. These barriers include economies of scale and geographic positioning.

Internet has opened up new avenues for reaching the consumer. It is true that there is never a fixed way or strategy that a marketer can use to market its products and services on the internet but it is still very much an arena where creative thinking can take the company reach new heights.

Internet Users in India and Growth of Internet Marketing in India

The Internet in India has significantly grown in the past decade. According to I-Cube, IMRB's annual syndicated study on Internet in India in September 2009, India had 52 Million active internet users. It was estimated that in the year 2007-08, Ad monetization per internet user on display ads was Rs. 50 (USD 1.2) which increased to Rs. 65 per Internet user in year 2008-09.

In 2009-10, Display ad industry is estimated to be Rs. 417 crores and Text ads is Rs. 368 crores; hence online Ad monetization per internet user for India in the year 2009-10 is Rs. 58 for Display ads and Rs. 52 for Text Ads. Ad Monetization per internet user is estimated based on total industry size per internet user as on September 2009. This indicates that online ad monetization per internet user has not grown significantly in the year 2009-10 as compared with previous year.

As per the NASSCOM survey, the total volume of E-commerce transactions in India was about Rs.131 crore in the year 1998-99. Out of this volume, about Rs.12 crore were contributed by retail Internet or Business-to-Consumer transactions and about Rs.119 crore were contributed by Business-to-Business transactions. The survey also revealed that E-Business transactions in India were expected to exceed Rs.300 crore during 1999-2000. Out of this, about Rs.50 crore comprised of retail transactions. The Table 1.1 gives a fair idea of the current world internet usage.

According to data available with NASSCOM, about 60 per cent of Indian Internet users are mainly found in the age group of 19-34. Almost 80 per cent of Internet users are males. It is estimated that the Internet user spends an average of 10 hours per week on the Net, and usually earns over 6000 per month. More than 55 per cent of such Internet users live in towns with a population of over 40 lakhs.

Given that the usage of the Internet is the highest amongst young male viewers belonging to the larger towns and higher SEC groups, targeting these groups through this medium would be effective for companies. For example companies that are doing well in the internet marketing are telecom, financial products and services, products related to entertainment like movies (promotions and tickets), plays, contests etc, FMCG products where the core target audience is younger (deodorants, soft drinks), consumer durables to some extent and high-end services like tour operators, airline services, hotels etc.

As shown in Table 1.1 though half of world population is living in Asia , internet penetration is only 9 % . Out of total world users of internet, only 34% live in Asia. Data only reflect that there is much scope for internet usage and expansion in Asian countries.

Tale 1.1 World Internet Usage and Population Statistics (As On Sep 30, 2005)

World Regions	Population (2005 Est.)	Population % of World	Internet Usage, Latest Data	Usage Growth 2000-2005	% Popu-lation (Penet-ration)	World Users %
Africa	896,721,874	14.0 %	23,867,500	428.7 %	2.7 %	2.5 %
Asia	3,622,994,130	56.4 %	327,066,713	186.1 %	9.0 %	34.2 %
Europe	731,018,523	11.4 %	273,262,955	165.1 %	37.4 %	28.5 %
Middle East North	260,814,179	4.1 %	21,422,500	305.4 %	8.2 %	2.2 %
America Latin	328,387,059	5.1 %	223,779,183	107.0 %	68.1 %	23.4 %
America/ Caribbean	546,723,509	8.5 %	70,699,084	291.31 %	12.9 %	7.4 %
Oceania / Australia	33,443,448	0.5 %	17,655,737	131.7 %	52.8 %	1.8 %
WORLD TOTAL	6,420,102,722	100.0 %	957,753,672	165.3 %	14.9 %	100.0 %

Source: http://www.internetworldstats.com/stats.htm

Strategies to make E-Marketing Effective

As currently, the market is continuously evolving and dynamic, there is no single formula that works for every market or every product. There are different experiences in diverse product areas. Factors determining the efficacy of e-marketing are also diverse among products. In the e-marketing, the efficiency depends on range of factors e.g. penetration of on-line marketing, competition, customer preferences, attitudes, unit price of product, features, technicality of product, literacy levels of the target consumer, cyber laws of the particular country, banking services and many more factors are responsible for the development of e-marketing. Following are some of the strategies to improve efficiency of Internet marketing:

1. **Attracting the Right Customer** is the first crucial step. Rising digital penetration would mean that the number of customers visiting particular sites would inevitably go up. While the number of eyeballs or page views has so far been conveniently used as a satisfactory measure by most web sites, it would be unwise to cater to the whole gamut of visitors. Rather selecting right kind of customer would be more advisable.

2. **Delivering Content Value** to engage the user's interest, is the utmost importance in retaining customer participation. This is because content serves as a powerful differentiator. Delivering proper content to make existing customers in the traditional "brick" business switch to Web-enabled transactions makes a lot of sense because the cost of Web-Based transactions is much less than physical ones.

3. **E-Learning to facilitate personalized interactions** with customers has been the biggest contribution of the Web marketing strategists. Customers in traditional stores leave no record of their behavior unless they buy something and the follow up is also scarce. In the digital marketplace, however technology has made the entire shopping

experience a transparent process. For example, if the customer exits the web-site when the price screen appears, he is a price sensitive consumer.

4. Ensuring E-Loyalty is vital to the success of any online activity. This is because acquiring customers on the Internet is a great deal expensive and unless customers are loyal and make repeat orders, the firm cannot survive. Contrary to the general view that Web customers are vacillating, they in fact follow the old rules of the customer loyalty. Web customers stick to sites that they trust and with time consolidate their purchases with one primary supplier to the extent that purchasing from the supplier's site becomes part of their daily routine. The issue of trust is integral to the issues of privacy, security and timely delivery.

5. Providing Digital value to the consumer has become possible because of customized interactions and emerging business models. These models have often disturbed the traditional status quo and created new rules of business. The sectors where new business models have emerged, are the music industry, financial services, tours and travel industry and publishing. The modern customer is looking for value every time he makes a purchase. Digital value implies promising convenience, facilities, and giving the customer a sense of belonging that traverses the physical boundaries.

Research Survey

A primary survey was conducted to evaluate the effectiveness of Internet marketing among 100 respondents residing in Delhi NCR. The respondents were from different strata of society with access to Internet connection and obviously were computer literate. A questionnaire was formed and administered to find out their perception on the issue. Some of the questions included their reliance on internet for buying decisions, have they actually relied and used the source to make a buying decision? What were the most likely products for which they used internet for information was one of the questions asked in it.

Usage of Internet Marketing in India: empirical analysis

The survey covered customers from different age groups to get the complete view of the usage of the

internet marketing. The questionnaires were distributed among 200 samples, however, the response rate was 50 only percent e.g. total numbers of proper responses were 100. One of the possible reasons could be computer illiteracy or inaccessibility to Internet connection. However, all the respondents who responded had access to Internet and the responses were analysed using simple statistical techniques like graphs. Data analysis is presented in the following section.

Out of total 100 respondents, 40 percent belonged to 20-25 age group, 40 percent were from 25 to 50 age group and 20 percent were from the age above 50 years. Therefore, data analysed truly represents the demographic dimension of the concerned universe. Twenty percent respondents were not really aware of the Internet marketing tools. However, 80 percent had used it for their purchase decisions from time to time. Mainly the products coverage included railway booking, air tickets and hotel booking, car, mobile phones, apparel, electronic gadgets, furniture and other house hold products.

Chart 1 : Internet Usage by Respondents

50% Air Ticket Booking
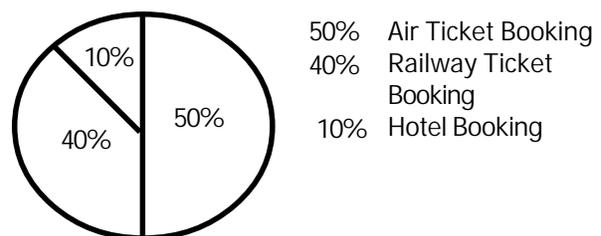40% Railway Ticket Booking
10% Hotel Booking

Chart 1 depicts the internet usage by respondents for various purposes as per the questionnaire. About 50 percent of consumers have used Internet for air ticket booking; followed by 40 percent for railway bookings and 10 percent respondents used it for hotel bookings. Chart 2 shows their perceptions of the reliability of services / products offered by respective sites. Although fifty percent had a favourable image but about 20 (16+4) percent were not satisfied with the services. This information is an alarming signal for marketers in India.

Chart 2: Perception of Respondents about Reliability of the Internet Services


50% Strongly agree
30% Agree
16% Disagree
4% Strongly Disagree
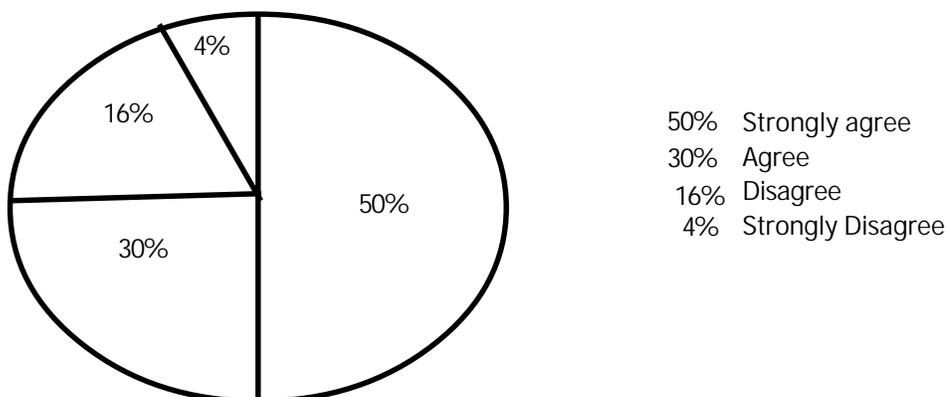
Perception about Price

The perception of respondents about prices of products offered was similar to their perception of reliability as depicted in Chart 3. Around 74 percent felt satisfied with the pricing while about 26 percent

were not. Again, this is another factor which Indian marketer would need to emphasize in their marketing strategy to persuade more Indian customers to buy online. An atmosphere of trust needs to be created in the minds of Indian consumer that products can be bought through Internet safely without being cheated.

Chart 3 : Perception of Respondents about Prices of Products

49% Strongly agree
25% Agree
13% Disagree
13% Strongly Disagree
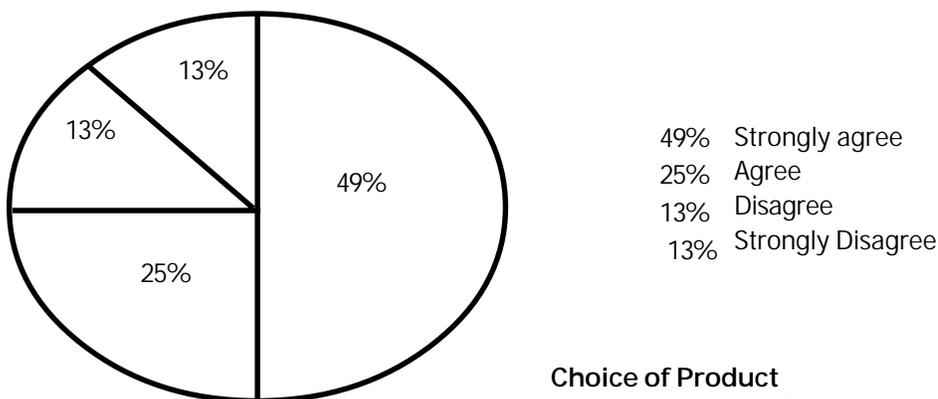
As per data, around 54 percent strongly felt that all the information about every brand is available on the net. While 22 percent were of the opinion that the brand information was mostly adequate, about 24 percent were not satisfied with the available. information The Chart 4 indicates the frequency of placing an order from the net by respondents.
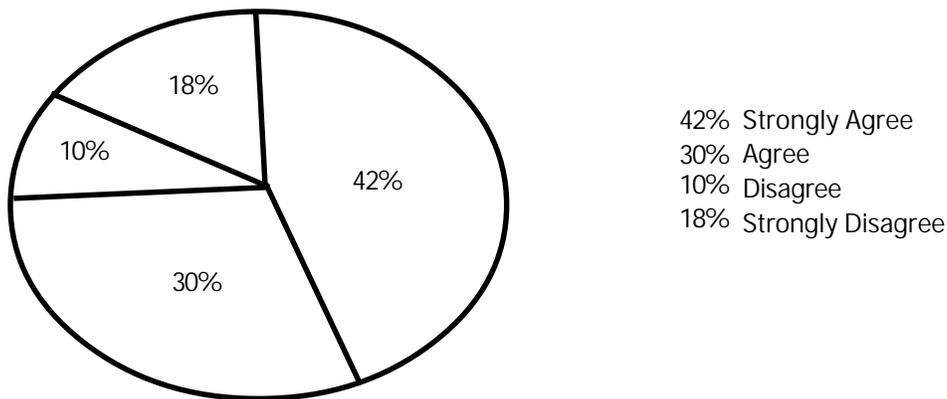
Choice of Product
Out of total respondents, 40 used the Internet for purchasing mobile phones, 30 used it for selecting cars, 40 for buying electronic gadgets, and 2 respondents surfed the net for deciding about apparels. Chart 5 depicts the perception of respondents about the after sales service and delivery. Forty two percent strongly agreed that after sales services are quite satisfactory. Ten percent disagreed with the same. Thirty percent respondents agreed but 18 percent strongly disagreed with the same.

Chart 4 : Frequency of Placing Order through the Internet

38% Rarely
44% Often
10% Many a times
8% Almost every time
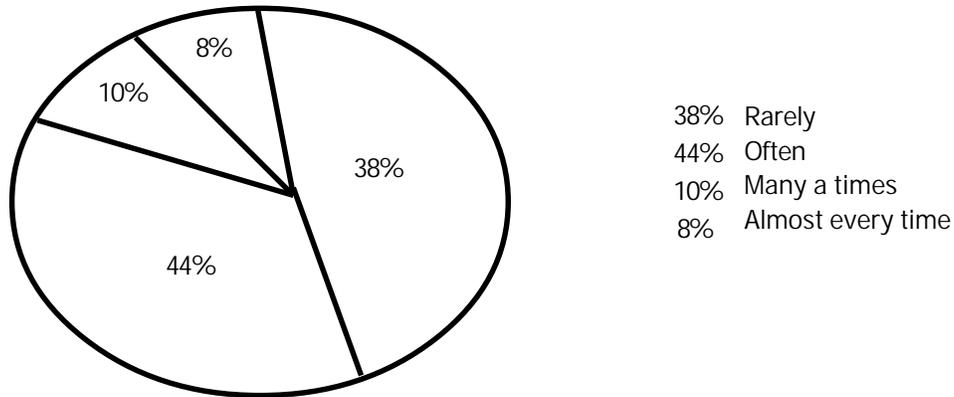
Chart 5 : After sales service and delivery

42% Strongly Agree
30% Agree
10% Disagree
18% Strongly Disagree

Perception on Internet marketing replacing Traditional Marketing

Respondents were asked if the traditional marketing can be replaced with Internet marketing. To this question, 30 percent strongly agreed but 40 percent agreed, however, 16 percent disagreed that traditional marketing can be replaced by internet tools in the years to come. About the question whether "Internet Marketing is time saving" or not, 70 percent answered in affirmative whereas 30 percent respondents felt it otherwise. This is a clear indication for Internet marketers that Internet is not the sole source of information dissemination rather consumers are relying on a number of sources for information before deciding about any purchase decision.

Conclusion

➢ Most of the customers using internet know about the Internet Marketing.

➢ Most sample customers use internet as a source for taking information about the product.

➢ Internet is mostly used to take information about the products like air tickets, hotels , Mobiles, cars and electronic gadgets and is rarely surfed for clothes, furniture and other household products.

➢ Internet is mostly used for Air Ticket and Railway Ticket Booking.

➢ Most of the customers find reliable and sufficient information about the products through the internet and the prices quoted there are also reasonable.

➢ Mobiles and electronic gadgets are the major products for which the order is generally placed through internet.

➢ Most of the customers find that after sales service and delivery are satisfactory.

Most of internet users say that the internet marketing will eventually replace traditional form of marketing in India. Almost all the customers felt that the Internet marketing is time saving, full of information with reasonable prices and after sales services. Travelling has become a lot more easy and comfortable with the booking of hotels, air, and train tickets on the net. Broadly, products and service purchased through the internet are rail& air tickets, hotel booking, automobiles, car, mobile phones, apparel, electronic gadgets, furniture and other house hold products.

Implications for Marketers

Traditional ways of advertising and information sharing are here to stay in the large diversified market like India where access to computers is still very minimal. There is a greater need for creating trust and confidence by ensuring safe, timely delivery of goods and information, effective customer grievances handling apart from customer care and after sale services and customer management services. Indian marketers should try to evolve strategies to increase value to prospective buyers by offering discounts and other schemes. This would increase the interest of surfers to place orders on the net and prospective buyers would not hesitate from placing orders through websites.

Another area which needs to be explored is the use of social media networking as a tool of increasing customer awareness and interest in B to C marketing on the internet. The fear and mistrust about quality and timely delivery need to be handled more effectively as most customers did not have very good experience of the delivery process whenever they placed orders on the net.

Internet has enabled various new dimensions that allow marketers to reach target segments in the most measurable, interactive and more essentially, cost-effective ways. While advertising on the Internet knows no geographic boundaries, technology is already available to help marketers to focus only on specific markets and target segments. With so much on platter, inevitably Internet is a medium to stay and not wither away. Internet in India has significantly grown in the past decade. According to I-Cube, IMRB's annual syndicated study on Internet in India, in September 2009, India had 52 Million active internet users.

In sum, with a rising Indian Internet user base as well as the advantages that online advertising offers, it will be increasingly difficult for advertisers to neglect the Internet as an advertising medium. In addition, it is becoming very important for advertisers to build an emotional connect with consumers. Internet would go a long way in enabling this bond, which bodes well for the online advertising industry as a whole.

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